UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

June 28, 1965

~~OFFICE~~
COPY
O. M. E.
RECEIVED
JUN 30 1965
WITH ACS CODE
Cal 210 800

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed are the original and two copies of the Termination Agreement of the above subject contract, properly executed by the operator. The remaining copies of the Termination Agreement have been distributed in the usual manner.

Also enclosed are copies of the operator's letter, C. P. A. report and his geologist's report for your information.

Paul V. Fillo

Enclosures

cc:
Chief, Div. of Field Operations, OME, Wash., D. C.

Audit's Co py

EXPLORATION CONTRACT
SAN SIMEON KEYSTONE, INC., ASSIGNEE
OME-6168

TERMINATION AGREEMENT

It is agreed this 14th day of May, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and San Simeon Keystone, Inc., Assignee, hereinafter called the "Operator", parties to that certain Exploration Contract No. 2157 (OME-6168), dated April 19, 1962, as amended, hereinafter called the "Contract", that:

1. Effective March 17, 1965, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government will contribute only to the allowable costs incurred prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including furnishing to the Government three copies of a final report (in addition to the final monthly report) which 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 related costs thereof.

4. All rights of the Government respecting certification of possible production, percentage royalty and liens to secure the payment thereof, reports (including preservation of the Operator's records), accounts, audits, and the right to recover any overpayment are hereby preserved.

5. 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.

IN WITNESS WHEREOF, those 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

SAN SIMEON KEYSTONE, INC., ASSIGNEE

By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 23, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract No. 2157

Interim Inspection

The property was inspected by the Acting Field Officer on February 19, 1965 accompanied by the operator, Mr. H.A. Savage.

The operator has three men employed in rehabilitating an old adit, at his own expense, in hopes of opening up the winze that is mentioned in U.S.G.S., Bull. 922-R, pp. 572-573, where a favorable showing of cinnabar mineralization is exposed. At times the work of repairing the adit during the past 6 months was discouraging because of the unstable rock and inexperienced miners. At present the personnel Mr. Savage has now are timbering in accordance with good mining standards.

The surface drilling program, which was also done at his expense, has proven to be a disappointment in disclosing any significant cinnabar mineralization. A termination Agreement was discussed with Mr. Savage and his comments are that they have expended over $40,000 of their own funds, and that for their final attempt to find ore on the property, they are going to clean out the 50 foot winze for a verification of cinnabar showing as mentioned in the U.S.G.S. bulletin.

They hope to complete this work in the next four to six weeks. In Amendment No. 3, the completion date of the subject contract is stated as April 19, 1965.

Paul V. Fillo

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

January 26, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract No. 2157

Enclosed is a copy of a letter from the subject operator for your information and files. It will be interesting to see how much mineralization is exposed at the bottom of the winze.

Paul V. Fillo

Enclosure

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

DEC 1 0 1964

Mr. H. A. Savage
Vice President and General Manager
San Simeon Keystone, Inc.
915 Helm Building
Fresno, California

Re: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract 2157

Dear Mr. Savage:

Supplementing my letter to you dated December 4, 1964, please be advised that photostatic copies have now been received from the Treasury Department of the two checks for work performed by your company in 1963. Particulars with respect to these checks follow:

Check No.	Date	Amount	Payee
52,822,407	4/9/63	$1,549.74	San Simeon Keystone, Inc. Assignee for Jack Selby & William J. Dawson 770 Fifth Street Morro Bay, Calif.
53,863,134	8/14/63	746.23	San Simeon Keystone, Inc. San Luis Obispo County, California

Both checks bear the following stamped endorsement:

For Deposit Only
Pay to the Order of
Mid-State Bank
San Simeon Keystone, Inc.
3702-0

Both checks bear bank stamps of Mid-State Bank, Arroyo Grande, California, the first being dated April 19, 1963, and the second September 10, 1963.

CEFisher/ama 12-8-64

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

Sincerely yours,

George Fumich, Jr.
Acting Director

Check Claims Division
Office of Treasurer of the United States
Treasury Department
Washington, D. C. 20025

Re: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract 2157

Gentlemen:

Enclosed for your record is Form TUS 2244 A executed by San Simeon Keystone, Inc., 915 Helm Building, Fresno 21, California, pertaining to check No. 71 251 247, amount $2,413.08, covering the Government's participation in certain exploration costs under the subject contract.

This office has been informed by San Simeon Keystone, Inc., that the duplicate check issued in replacement of check No. 71 251 247 has been received by that company.

Sincerely yours,

George Furnich, Jr.

Acting Director

Enclosure

CEFisher/ama 12-7-64

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

DEC 4 - 1964

AIR MAIL

Mr. H. A. Savage
Vice President and General Manager
San Simeon Keystone, Inc.
915 Helm Building
Fresno, California

Re: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract 2157

Dear Mr. Savage:

The statement in your letter dated November 30, 1964, that the duplicate check for $2,413.08 constitutes the first payment San Simeon Keystone, Inc., has ever received on account of the subject contract comes as a surprise to me.

Our records indicate that a voucher submitted for work accomplished in January 1963 was approved for payment in the amount of $1,549.74. I am informed that a check for this amount was issued in April 1963 in favor of San Simeon Keystone, Inc., Assignee of Jack Selby and William J. Dawson, 770 5th Street, Morro Bay, California.

On July 16, 1963, our Audit Division issued an Interim Report of Review indicating that an additional amount of $746.23 was due the Operator covering work accomplished during the period January through April 1963. A copy of this Report of Review was mailed to Mr. James B. Thwaites, 1015 Grand Avenue, Arroyo Grande, California, by Mr. Fillo on July 30, 1963. Payment of this amount was authorized and I am informed a check for such amount was issued in August 1963. I am also informed that this check was improperly addressed to San Luis Obispo, California.

It is possible that neither of these checks have actually reached your company. The Treasury Department is investigating and will let me know in a few days what their records may show with regard to them. In the meantime you may wish to make an investigation of your own.

Enclosed is a brief statement of payments made to your company under this contract as shown by our records.

Our records indicate that the total payments aggregating $4,709.05 represent the Government's proportion of acceptable costs claimed to date. These are substantially less than your actual costs as shown by drilling invoices, etc. The first paragraph of your letter dated July 22, 1964, to Mr. Fillo indicates you are aware that many of the expenses shown on your vouchers are not eligible for Government participation.

I will keep you informed regarding the developments with the Treasury Department so that duplicate checks may be obtained if such action should be found to be in order.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure

CEFisher/ama 12-3-64

cc:
Docket
Director's Reading File
CA & A Division
Region II
Fiscal Section (w/cy of inc. ltr.)

Approved Costs
San Simeon Keystone, Inc.
OMZ-6168

	Per Report of Review 7/16/63	June 1964	July 1964	August 1964	Totals
Drilling, non-core 1357' @ $1.50	$2,035.50				$2,035.50
Drilling, underground 258'		$1,304.75			1,304.75
" " 477'			$2,358.50		2,358.50
" " 65'				$320.00	320.[illegible]
Transportation of drill & equipment		75.00		75.00	150.00
Drain pipe	79.56				79.56
Reaming				20.90	20.90
Fixed Unit Costs					
Bulldozing road, 38 hours @ $14.00	532.00				532.00
Bulldozing dam, etc., 45 hours @ $14.00	630.00				630.00
Spring, dam, and water system	175.00				175.00
Incidental Allowance, 1357' @ $0.84	1,139.88				1,139.88
" " 258' @ $0.84		216.72			216.72
" " 477' @ $0.84			400.68		400.63
" " 65' @ $0.84				54.60	54.60
Total Acceptable Costs	$4,591.94	($1,596.47	$2,759.18	$470.50)	$9,418.09
Government Participation - 50%	$2,295.97		$2,413.08		$4,709.05

Checks issued:

April 1963	$1,549.74
August 1963	746.23
October 1964	2,413.08
	$4,709.05

H. A. SAVAGE
RICHARD L. SHEPARD
JAMES S. SHEPARD

SAVAGE & SHEPARD
ATTORNEYS AT LAW
915 HELM BUILDING
FRESNO, CALIFORNIA
TELEPHONE AMHERST 8-4536

4/2 BEF

[illegible]

[illegible]

Gentlemen:

[illegible] 2,413.09
[illegible] received any
[illegible] this
[illegible] accid
[illegible] Lake Tom
[illegible] and we
[illegible] all of the
[illegible] money to
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need the [illegible] contract to finish
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[illegible]

TREASURY DEPARTMENT
TREASURER, U. S.

APPLICATION TO OBTAIN THE ISSUANCE OF A SUBSTITUTE CHECK (OR CHECKS) WITHOUT THE EXECUTION OF AN UNDERTAKING OF INDEMNITY

(See instructions on reverse side)

1) _____

(Type (or clearly write) the name of the owner of the check, by first name, middle initial, and last name)

2) Whose permanent address is _____ (Number and street) _____ (City) _____ (State)

represents to the United States of America that he is the owner of the check (or checks) hereinafter described, drawn on the Treasurer of the United States, that the intended payee of said check (or checks) be stopped, and does hereby make application for a substitute (or substitutes) for said check (or checks).

NAME OF PAYEE	AMOUNT	CHECK NO	DATE	SYMBOL
Sam Simeon Keystone, Inc	$2,4[illegible].08	71 251 247	10/27/64	3000

3) That said check (or checks) _____ received by the payee or by someone on his behalf.
("was" or "was not")

If the check (or checks) was received, the owner should state below all information known by him regarding the loss, theft, mutilation, destruction, or otherwise of the check (or checks).

_____

_____

_____

4) That the check (or checks) _____ endorsed (If endorsed, state exact manner of all endorsements
("was" or "was not")
appearing thereon) _____

_____

That except as stated above the whereabouts of the check (or checks) is unknown to him.
And he hereby agrees that should the original of any substitute check issued hereunder come into his possession or control at any time, he will not cash both the original and the substitute thereof, and will surrender immediately to the Treasurer of the United States, Check Claims Division, Washington 25, D. C., the check not cashed.

5) Signed and dated this _____ day of _____, 19____

WARNING

The making or presenting of any false or fraudulent claim against the United States or statement in support thereof is punishable by fine or imprisonment or both.

(6) SAM SIMEON KEYSTONE, INC. (SEAL)
(If an individual, sign in longhand exactly as name is shown on line 1)
(If partnership, corporation, etc., see instructions for line 6) President

CERTIFICATE OF AUTHORITY

(To be executed if applicant is a corporation, society, lodge, association, etc.)

I, the undersigned, certify that I am the _____ (Title) of the _____ (Name of applicant), and that SAM SIMEON JONES who signed the application on behalf of said applicant was then _____ (Title) thereof, and authorized to execute the application on behalf of the said applicant, and that his signature thereto is genuine.

_____
(Signature of person making certificate)

SEAL OF APPLICANT IF ANY

AIR MAIL

NOV 2 5 1964

Mr. H. A. Savage
Vice President and General Manager
San Simeon Keystone, Inc.
915 Helm Building
Fresno, California

Re: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, Calif.
Contract 2157

Dear Mr. Savage:

This refers to your letter dated November 18, 1964, to Mr. Paul Fillo.

I have been informed that the Treasury Department mailed a check in the amount of $2,413.08 to your company on October 27, 1964, in payment for the Government's contribution to acceptable costs of work performed in June, July, and August 1964. However, the check was misdirected accounting for the failure of its being delivered to you. A new check is being sent to your company today directed to the above address.

I am sorry that this mix-up occurred and hope that the check has now been received by you or will be received within a day or two.

Sincerely yours,

George Fumich, Jr.

Acting Director

CEFisher/ama 11-25-64

cc:
Docket
Director's Reading File
CA & A Division
Region II
Fiscal Section (w/cy of inc. ltr.)

[illegible] SAVAGE
RICHARD A. SHEPARD
[illegible] SHEPARD

SAVAGE & SHEPARD
[illegible]
[illegible]
[illegible]
[illegible]

[illegible]

H. A. SAVAGE
RICHARD L. SHEPARD
JAMES S. SHEPARD

SAVAGE & SHEPARD
ATTORNEYS AT LAW
915 HELM BUILDING
FRESNO, CALIFORNIA
TELEPHONE AMHERST 8-4536

maybe someone put the matter aside and never got back to it again; but we are glad to cooperate with the OME as we have always done, and I think the Bureau of Mines and its subsidiaries are doing a wonderful job.

I sincerely hope that you will now give this matter your prompt attention and send the participating amount San Simeon Keystone, Inc. is entitled to receive for the many, many thousands of dollars which we have expended in carrying out our OME contract No. 2157.

Very truly yours,

SAN SIMEON KEYSTONE, INC.

By
H. A. SAVAGE, Vice President and
General Manager

HAS:m
cc: Bureau of Mines
Office of Minerals Exploration
Washington, D. C.

OCT 2 3 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, California
Contract 2157

Core boxes are allowable costs for Government participation under this contract only if they can be shown to be direct actual costs incurred in connection with the drilling program. Ordinarily such costs must be substantiated by vendors' invoices.

Boyles Bros. Drilling Company's proposal dated May 13, 1964, under item 2, states that cardboard core boxes will be supplied by the driller. No mention is made of any charge for such core boxes so the natural assumption would be that none is contemplated. Presumably the driller has considered core boxes, along with drilling bits, to be an item of drilling costs for which it is reimbursed by the footage charges included in the proposal.

In his letter dated October 15, 1964, Mr. Savage has indicated he realizes that core boxes do not represent "direct actual costs incurred", but rather are included in the footage rates paid to the drilling contractor.

George C. Selfridge

CEFisher/ama 10-28-64

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

Approved Costs
San Simeon Keystone, Inc.
[illegible] - 61[illegible]

	Per Report of Review 7/16/63	June 1964	July 1964	August 1964	Totals
Drilling, non core 1357' @ $1.50	$ 2,035.50				$ 2,035.50
Drilling*, underground 253'		$ 1,304.75			1,304.75
" " 477'			$ 2,353.50		2,353.50
" " 65'				$ 320.00	320.00
Transportation of drill & equip.		75.00		75.00	150.00
Drain pipe	79.56				79.56
Reaming				20.90	20.90
Fixed Unit Costs					
Bulldozing road, 38 hours @ $14.00	532.00				532.00
Bulldozing dam, etc. 45 hours @ $14.00	630.00				630.00
Spring, dam, and water system	175.00				175.00
Incidental Allowance, 1357' @ $0.83	1,139.08				1,139.08
" " 253' @ $0.83		216.72			216.72
" " 477' @ $0.83			400.68		400.68
" " 65' @ $0.83				54.60	54.60
Totals Acceptable Costs	$ 4,591.94	$ 1,596.47	$ 2,753.18	$ 470.50	$ 9,418.09
Government Participation 50%	2,295.97		$ 2,413.08		4,709.05
~~Amount Paid~~					~~2,295.97~~
~~Amount due Sponsor~~					$ 2,413.08

* See attached statement prepared by Acting Field Officer, Region II, San Francisco.

Disbursement:
April 1963 $ 1,549.74
August " 746.23
October 1964 2,413.08
$ 4,709.05

June Voucher

[illegible]	[illegible]	[illegible] ?	[illegible]
	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	$ [illegible]

July Voucher

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible] ?	[illegible]
	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible] 50

August Voucher

[illegible]	BX	[illegible]	$ [illegible]
	AX	[illegible]	[illegible] .00
[illegible]	[illegible]	[illegible]	[illegible]
			$ [illegible] .00

800

June Voucher

	Size	Distance		Cost
Drill Hole No. 1	BX	17 ft. @ $6.75/ft.	=	$ 114.75
	BX	226 ft. @ 5.00/ft.	=	1130.00
	AX	15 ft. @ 4.00/ft.	=	60.00
		258 ft.	=	$1304.75

July Voucher

[illegible]	[illegible]	[illegible] ft.	=	$ 176.00
[illegible]	[illegible]	[illegible] ft.	=	67.50
[illegible]	[illegible]	[illegible] ft.	=	875.00
[illegible]	[illegible]	[illegible] ft.	=	1045.00
[illegible]	[illegible]	[illegible] ft.	=	195.00
			=	$2358.50

August Voucher

[illegible] Hole [illegible]	BX	[illegible] ft. @ [illegible] ft.	=	$ 205.00
	AX	[illegible] ft. @ [illegible] ft.	=	20.00
[illegible]	[illegible]	[illegible] ft.	=	95.00
				$ 320.00

Mr Fisher

Again - under ground drilling approved for payment as recommended by Field Officer since less than actual cost. also - approved reaming at actual cost rather than amt approved by Field officer -

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6168
Contract No.
14-23-090- 2157
Contract Amount $ 45,388.50
Gov't. Participation % 50 $ 22,694.25
Mineral(s) Mercury

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1964

Operator's Name San Simeon Keystone, Inc
Address 915 Helm Bldg. , Fresno, Calif.

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing		1,162.00	1,162.00		1,162.00	1,162.00
Mobilization & Demobilization	875.00	875.00	1,750.00	75.00	75.00	150.00
Reaming	20.90		20.90	20.90	—	20.90
Drilling Core Drilling	1433.13	3,500.00	4,933.13			
NX Core	198.00	943.00	1,141.00	320.00	3,663.25	3,983.25
BX Core	440.00	2,680.00	3,120.00			
AX Core	648.00	226.00	874.00			
Non Core	-0-	2,035.50	2,035.50		2,035.50	2,035.50
(2) Personal Services:						
Supervision & Technical		1,236.96	1,236.96			
Outside Consultants	142.21	1,000.00	1,142.21			
Labor	530.00	1,000.00	1,530.00			
(3) Operating Mat'l. & Supplies:						
Timber		545.57	545.57			
Explosives		32.00	32.00			
Pipe		62.50	62.50			
Rail						
(4) Operating Equipment:						
Rental		520.00	520.00			
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Spring Dam & Water		175.00	175.00		175.00	175.00
Payroll Taxes Drain Pipe		79.56	79,56		79.56	79.56
Employee's Liability Ins.		750.00	750.00			
Assays		56.00	56.00			
Core Boxes	30.50	52.70	83.20			
Incidental Allow.		1,139.88	1,139.88	54.60	1,757.28	1,811.88
TOTALS	4,317.74	18,072.47	22,390.21	470.50	8,947.59	9,418.09

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

Date Oct 2 *Payee San Simeon Keystone Inc By H. A. Savage, President

Per H. A. Savage Title Vice President & Mgr.

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

$ 235 25

Signature BAB
(Authorized Certifying Officer)

Date 10/24/64 Vou. No. 554-1

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul O. Zilla Title Acting Field Officer Date Oct. 12-1964

Approved by OME Executive Officer or Alternate:

Signature Paul O. Zilla Title Acting Field Officer Date Oct. 12-1964

OME Region II

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of ~~August, 1964~~ Docket No. ~~6168~~

Operator's Name ~~San Simeon Keystone, Inc.~~ Contract No. 14-23-090- ~~2157~~

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground Reaming		11'	11'	20.90	11	11	38.50
Drilling, Core-Diamond		280'	1,015'	17,777.37	65	800	3983.25
Allowance ~~Rotary~~					65	800	672.00
Drilling, Non-core-Diamond							
Rotary		none	1,257'	3,175.38		1257	3,175.38
Churn							
Percussion							
Miscellaneous Drain Pipe				79.56			79.56
Spring, Dam, & Water				175.00			175.00
Roads and Trails			83 Hrs.	1,162.00			1,162.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work Bartlett							150.00
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				23,390.21			9435.69

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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 Oct 2 Operator San Simeon Keystone Inc

Per J H Havens Title Vice Pres & Dev Engr

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Paul D. Fillo

Title Acting Field Officer

OME Government Representative

Date Region II Oct. 12-1964

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59- 61577

HOLE NO. 4 DATE STARTED: August, 1964 DRILLER: Boyles Bros.
LOCATION: Keystone Mine Adit Level BEARING: N. 20 E.
COORDINATES: 403 N 382 W (1" = 40' Map, Ary-Ward 7-14-64) VERT. ANGLE: -37°
REASON FOR HOLE: Check inferred min. as lens. ELEV. COLLAR: Track level.

DRILL SIZE	FOOTAGE From - To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	0' 7'	84"	60"	All silica-carbonate w/1/8-1/2" white CO_3 veins, minor disseminated HgS ~~throught~~ thru out some FeS_2
"	7 20'	156"	96"	All silica carb. w/abndt FeS_2 blebs no HgS @approx 18' have 6" of mineralized black sh or gouge.
"	20' 31'	132"	96"	All hard mineralized black sh or gouge, (contorted) cut by networks of small CO_3 veinlets some frag. sh; movement by shears, abnt small FeS_2 ~~[illegible]~~ definite soft black gouge @ 30' no HgS
"	31' 41'	120"	90"	All med-coarse grained gray dense ss. w/little gouge at 32' ss is cut by few small sh partings which show some movement. Some FeS_2 No HgS.
"	41' 54'	156"	126"	1' contorted black sh 8' soft black gouge, 4' of gouged & contorted ss & sh, cut by networks of CO_3 veinlets some FeS_2 & white soft alteration material (poss. form SiO_2) No HgS
"	54' 66'	144"	96"	9' contorted & gouged sh as above, 2' white hard contorted material highly mineralized w/FeS_2 1" black gouge
"	66' 80'	168"	72"	Contorted sh, ss, & white material as above. abnt. FeS_2 & some dark green (chloritization?) in white material No HgS.
AX	80' 85'	60"	36"	(Lost circulation at approximately 82+ feet) Same as above.

END HOLE NO. 4

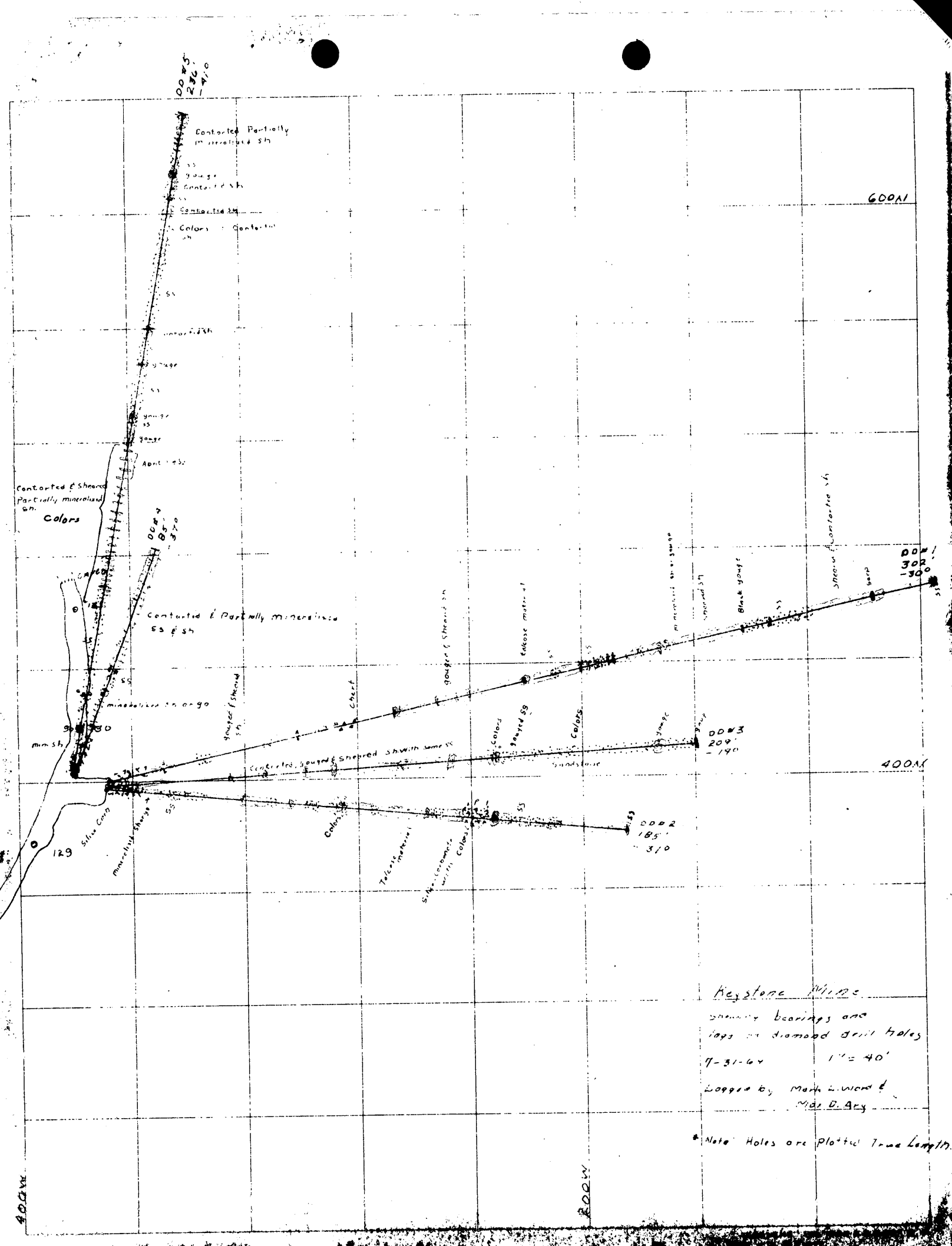
NEW IDRIA MINING AND CHEMICAL COMPANY

HOLE NO. 5 DATE STARTED: August, 1964 DRILLER: Boyles Bros.
LOCATION: Keystone Mine Adit Level BEARING: 10 E.
COORDINATES: 403 N 383 W (1"=40' Map, Ary-Ward 7-14-64) VERT. ANGLE: -41°
REASON FOR HOLE: Check inferred min. ss lens. ELEV. COLLAR: Track level.

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	0'	[illegible]	120"	60"	8' silica-carb w/abnt FeS_2 but no HgS. 2' hard mineralized black sh or gouge.
"	10'	19'	108"	78"	2' hard mineralized sh or gouge. 7' soft black gouge. No colors.
"	19'	27'	96"	80"	All med-very coarse grained gray-light gray poorly sorted ss.
"	27'	37'	120"	108"	3' broken & gouged ss, 7' ss as above w/few small FeS_2 stringers & few sh partings.
"	37'	48'	132"	105"	All ss as above.
"	48'	56'	96"	78"	Same as above.
"	56'	65'	108"	96"	2' ss as above. 5' contorted & slightly gouged black sh w/some FeS_2 & cut by small CO_3 veins 1' crse. gr. ss as before.
"	65'	76'	132"	108"	All gouged & contorted black sh w/some ss & blebs of ss in sh. abnt FeS_2 & networks of small CO_3 veinlets the CO_3 veinlets carry blebs & grains of HgS. Definite gouge @ approx. 68'.
"	76'	79'	36"	24"	3' contorted black sh w/some ss, CO_3 stringers have HgS & FeS_2
AX	79'	101'	164"	78"	All contorted & brecciated black sh w/some ss, cut by CO_3 veinlets. The CO_3 veinlets carry HgS, dissiminated in vein. abndt small blebs of soft blue green material, abnt FeS_2 from 82' to 100' (Panned interval from 84' to 90' got 1" tail HgS in 6" pan)
"	101'	118'	204"	96"	Contorted & brecciated sh w/ss as above. No apparent colors in core, abnt FeS_2
"	118'	128'	120"	108"	7' gouge & gouged sh. & ss, w/some FeS_2, 3' gray med. gr. ss. No colors, some FeS_2
"	128'	139'	132"	108"	2' black contorted & gouged sh, 9' med-crse. gr. poorly sorted ss w/abnt black sh chips giving ss a mottled appearance, little FeS_2, No Hgs.

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
AX	139'	151'	144"	108"	6' gray crse. gr. poorly sorted ss as above. 2' gouged ss & sh, 4' ss as before.
"	151'	161'	120"	108"	4' ss as above. 6' gouged & contorted black sh, w/some ss. cut by CO_3. some chloritization. minor FeS_2. No HgS.
"	161'	172'	132"	108"	All med-crse. gr. poorly sorted gray ss, w/black sh. partings.
"	172'	182'	120"	108"	Same as above. Minor FeS_2.
"	182'	193'	132"	108"	1' ss as above. 10' gouged, contorted & brecciated sh. cut by CO_3 veinlets, minor FeS_2, No colors.
"	193'	203'	120"	96"	Contorted sh. as above. Minor HgS @ 195'.
"	203'	213'	120"	108"	3' contorted sh. as above, 2' med gr. gray ss, 5' contorted sh. as before.
"	213'	224'	132"	108"	3' soft gouge, 5' med gr. light gry. ss, 3' contorted & brecciated black sh. w/abnt inclusion of ss frag, minor FeS_2. No HgS.
"	224'	236'	144"	108"	10' contorted & breciated sh. as above. 2' med. gr. light gray ss.

END HOLE NO. 5



Keystone Mine

Showing bearings and logs of diamond drill holes

7-31-64 1" = 40'

Logged by Mark L. Ward & Mac D. Ary

* Note: Holes are plotted True Length.

NEW IDRIA MINING AND CHEMICAL COMPANY

IDRIA, SAN BENITO COUNTY, CALIFORNIA

Telephone: New Idria Number One

September 1, 19[illegible]4

Mr. H. A. Savage
San [illegible]
915 [illegible]
Fres[illegible]

Dear [illegible]

I a[illegible] plotted
to [illegible] ctions thru
the [illegible] map. Also
enc[illegible] d 5.

The [illegible] ber of cro
box [illegible]

[illegible] No. [illegible] es

I have ordered the photo index sheets for the Laymore area, they should be here soon. From the index sheets we can select the photos needed for mapping.

Mark and I plan to start mapping on the 12th or 13th of September, if that is satisfactory with you.

Very truly yours,

NEW IDRIA MINING AND CHEMICAL COMPANY

Max D. Ary

Max D. Ary
Chief Geologist

Encl: 10

MDA/rcp

EXTRA COPY
O. M. E
RECEIVED
DATE | INITIALS

Mr. Fisher—
again, amts. for underground
drilling are pd in accordance with
Field Officers request since amt approved
is less than actual costs. Also,
there is an error in addition of $.09
Field Officers "total approved costs to
date" MME form 61

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6168
Contract No.
14-23-090- 2157
Contract Amount $ 45,388.50
Gov't. Participation % 50 $ 22,694.25
Mineral(s) Mercury

OPERATOR'S MONTHLY VOUCHER

For Month of JULY, 1964

Operator's Name SAN SIMEON KEYSTONE, INC.
Address 915 Helm Bldg. Fresno, California

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing Mobilization		1,162.00	1,162.00		1,162.00	1,162.00
~~Drilling~~ Demolization		875.00	875.00		75.00	75.00
~~Crosscutting~~ Core Drilling	3,500.00		3,500.00			
Drilling NX Core	679.80	264.00	943.80			
BX Core	1,660.00	1,020.00	2,680.00			
AX Core	160.00	56.00	216.00	2,358.50	1,304.75	3,663.25
AX core (over 300')	10.00		10.00			
Non-Core		2,035.50	2,035.50		2,035.50	2,035.50
(2) Personal Services:						
Supervision & Technical	756.96	480.00	1,236.96			
Outside Consultants	500.00	500.00	1,000.00			
Labor	520.00	480.00	1,000.00			
(3) Operating Mat'l. & Supplies:						
Timber	385.57	160.00	545.57			
Explosives		32.00	32.00			
Pipe		62.50	62.50			
Rail						
(4) Operating Equipment:						
Rental	205.00	315.00	520.00			
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
~~Payroll Taxes~~ Drain Pipe		79.56	79.56		79.56	79.56
Employee's Liability Ins.		750.00	750.00			
Assays		56.00	56.00			
Core Boxes	34.00	18.70	52.70			
Spring, Dam, & Water		175.00	175.00		175.00	175.00
Incidental Allow.		1,139.88	1,139.88	400.68	1,356.60	1,757.28
TOTALS	8,411.33	9,661.14	18,072.47			

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

Date Sept. 3 1964 *Payee San Simeon Keystone Inc

Per H Savage Title Vice Pres. & Gen. Mgr.

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 2,759.18 - 6,188.41 - 8,947.59

$ 1,379.59

Signature [illegible]
(Authorized Certifying Officer)

Date 10/24/64 Vou. No. 5547

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul V. Fillo Title Acting Field Officer Date Oct. 12-1964

Approved by OME Executive Officer or Alternate: OME Regional

Signature Paul V. Fillo Title Acting Field Officer Date Oct. 12-1964

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of JULY , 1964 Docket No. 6168

Operator's Name San Simeon Keystone, Inc. Contract No. 14-23-090- 2157

OPERATION	UNITS	FOR OPERATOR'S USE			FOR GOVERNMENT USE		
		UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond		477'	735'	13,480.53	477'	735'	3663.25
Rotary					477	735'	617.40
Drilling, Non-core-Diamond							
Rotary		none	1,257'	3,175.38		1257	3,175.38
Churn							
Percussion							
Miscellaneous Drain Pipe				79.56			79.56
Spping, Dam, & Water				175.00			175.00
Roads and Trails			83hrs.	1,162.00			1162.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work							75.50
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				18,972.47			8947.50

REMARKS
See attached letter of transmission of documents

(Continue on back)

REMARKS

(Continue on back)

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 Sept 3, 1964 Operator San Simeon Keystone Inc

Per H A Savage Title Vice Pres & Gen Mgr

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature

Title
Government Representative

Date

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

NEW IDRIA MINING AND CHEMICAL COMPANY

HOLE NO: 2 DATE STARTED: July, 1964 DRILLER: Boyles Bros.
LOCATION: Keystone Mine, Adit Level. BEARING: S. 85 E
COORDINATES: 396.5'N 370.5'W (1"=40' Map, Ary - Ward 7/14/64) Vert. ANGLE: -31
REASON FOR HOLE: Check inferred min. as lens. ELEV. COLLAR: Track Level

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	0	6'	72"	65"	65" silicacarbonate w/sparse diss. ZLS of HgS thruout length of core, numerous xls pyrite.
"	6	10'	48"	42"	Same as above.
BX	10	14'	48"	46"	42" same as above, 4" hard blk min. shale & silica carbonate w/numerous pyrite & CO_2 veinlets. No colors.
"	14	29'	180"	84"	32" blk hd to med hd gouged shale w/blebs of green silica carbonate & qtz, many stringers & xls of pyrite, few gr. of HgS 52" slightly brecciated & contorted blk siltstone & light gry med gr. ss, grading into more ss near end of ~~zone~~ - has abm't pyrite stringers & xls, numerous qtz veinlets.
"	29	38"	108"	90"	65" slightly contorted light gry ss & blk siltstone, 25" blk gouge w/blebs green (serpentine)? numerous pyrite veinlets thru entire core, including go.
"	38	43'	60"	60"	100% blk gouge.
"	43	54'	132"	109"	100% blk gouge w/about 8" fine to med gr. drk. gry. ss near middle of core - indicating ss boulder in go.
"	54	60'	72"	58"	19" 100% blk go., 39" light to dk. gry fine-med. gr. ss. partially gouged, (Probable boulder in gouge.)
"	60	70'	120"	102"	Same as above w/slightly more ss., some pyrite.
"	70	79'	108"	96"	72" slightly contorted med gr. light gry. ss w/numerous small veins of pyrite, 12" gouge w/blebs of gry ss & green Material (serp?)

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	79	84'	60"	58"	21" gouge w/blebs green material & ss, 37" light green partially altered serp. cut by numerous small veinlets of CO_3 & qtz. The veins carry some HgS. One veinlet has numerous gr. of HgS @ 83'. Part of core is a white soft (talcose) bleached rock.
"	84	93'	108"	60"	20" light tan-white talcose material as above, numerous small gr. CO_3 & qtz. no colors 40" gouged serp., ss, & sh.
"	93	98'	60"	60"	16" contorted siltstone & ss 34" white poorly sorted ss 12" gouged ss w/blebs serp.
"	98	107'	108"	49"	39" brecciated & contorted sh & ss med hd. w/abn't very small CO_3 veinlets, 10" soft white sandy poorly sorted rock.
"	107	115'	96"	90"	71" white (mudstone)? soft w/some blebs qtz & few small (1/16") pebbles. 19" partially gouged & contorted siltstone & ss.
"	115	125'	120"	48"	20" light colored ss, soft w/small pebbles, 28" gouged sh & ss.
"	125	130'	60"	50"	100% silica carb. shot thru w/veinlets of CO_3 & qtz. numerous small veinlets of HgS and abn't diss. HgS Xls.
"	130	135'	60"	52"	100% light green silica carb. w/CO_3 & SiO_2 veinlets. Abn't diss. HgS throughout core w/few veinlets HgS.
"	135	144'	108"	92"	18" silica carb. w/HgS as above. 25" gouged & contorted ss. 49" med gr. gry ss.
"	144	150'	72"	60"	100% light gry med-coarse gr ss. cut by few calcite stringers.
"	150	160'	120"	95"	40" same as above, but with numerous sh partings. 31" gouged ss as above. 24" fine gr. poorly sorted, light gry ss w/subrounded gr., numerous CO_3 veinlets.
"	160	170'	120"	108"	4" ss as above, 104" gouge & gouged ss.
"	170	180'	120"	110"	100% gouge. The gouge has greenish tint. May be gouged serp. of Jfsh.

DRILL SIZE	FOOTAGE From - To		INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	180	185'	60"	55"	45" gouge as above. 8" med-coarse gr light gry ss.

END HOLE

NEW IDRIA MINING AND CHEMICAL COMPANY

HOLE NO. 3 DATE STARTED: July, 1964 DRILLER: Boyles Bros.
LOCATION: Keystone Mine, Adit Level BEARING: N 86° E
COORDINATES: 396.5'N 370.5'W (1"=40' Map, Ary & Ward) VERTICAL ANGLE: -14°
REASON FOR HOLE: Chekk inferred min. as lens. ELEV. COLLAR: Track level

BRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	0	10'	120"	108"	98" silica carb w/poor colors overall, HgS occurs as small stringers & dissemination. Abn't FeS_2 in parts of core. 10" of Blk gouge.
"	10	20'	120"	115"	All gouged & contorted, blkish w/some green inclusions.
"	20	35'	210"	190"	All gouged & contorted Blk. sh & gry ss mostly contorted sh w/grn inclusions (cloritization)
"	35	56'	252"	210"	All as above w/except. of minor FeS_2 XYLs.
"	56	78'	264"	204"	All gouged & contorted sh & ss as above. Note, the material is cut by numerous small CO_3 veins which seem to follow the slippage or fract. veins.
"	78	102'	288"	191"	22" white soft material w/inclusions of light grn. blebs cut by networks of small CO_3 veins which appear to carry minor FeS_2. 169" of gouged and contorted sh & ss cut by networks of CO_3 veins, minor FeS_2
"	102	118'	192"	136"	50" light gry med ang. grained ss w/small blk. sh partings. 86" blk contorted & gouged sh & ss with some grn. chlorite? inclusions.
"	118	128'	120"	101"	32" contorte & gouged sh & ss., 14" white thlocose material; 55" of blk. gouge w/some brecciated sh frag.
"	128	138'	120"	107"	68" gouge as above; 4" very fine gr. ss. w/abn't small calcite XLYS; material is soft, the small CO_3 veins cutting the core carry numerous gr. HgS 12" blk med. hd. sh or hdened gouge w/small partings of white soft material some FeS_2. 9" ligh gry. very fine gr. ss or siltstone w/abn't soft angular clear XYLS prob. calcite cut by small CO_3 veins which carry HgS, also numerous disseminated gr. HgS. Pan sludge from 133-138 had few gr. HgS w/½" tail FeS_2. 18" fine gr. gry. ss w/blk sh partings.

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	138	148'	120"	115"	15" gouged gry ss. 10" lt. gry. med gr. ss. 90" gry. med gr. partially gouged ss. Pannings from 138-142 ½" FeS_2 w/1-2 gr. HgS.
"	148	159'	132"	106"	43" gouged med. gr. ss., 30" blk. gouge or gouged sh. 33" lt. gry. med. gr. ss w/blk. sh partings.
"	159	167'	96"	90"	40" gry. md. gr. ss w/sh partings. 50" gry. med. coarse gr. ss. cut by few CO_3 veins which carry minor amts. HgS.
"	167	177'	120"	114"	All med. gr. lt. gry. ss. cut by numerous CO_3 stringers scat. FeS_2, No colors.
"	177	182'	60"	55"	Same as above.
"	182	192'	120"	106"	Lt. gry. med. coarse gr. ss, slightly frac. & w/numerous blk. sh. partings.
"	192	204'	144"	103"	20" gry. frac. ss., 31" blk. gouge. 52" frac. med. coarse gr. gry. ss. no colors.
"	204	209'	60"	45"	33" med. coarse gr. gry. ss. cut by numerous CO_3 stringers, 12" blk. gouge.

END HOLE

NEW IDRIA MINING AND CHEMICAL COMPANY

HOLE NO. 4 DATE STARTED: August, 1964 DRILLER: Boyles Bros.
LOCATION: Keystone Mine Adit Level BEARING: N. 20 E.
COORDINATES: 403 N 382 W (1" = 40' Map, Ary-Ward 7-14-64) VERT. ANGLE: -37°
REASON FOR HOLE: Check inferred min. ss lens. ELEV. COLLAR: Track level.

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	0'	7'	84"	60"	All silica-carbonate w/1/8-1/2" white CO_3 veins, minor dissiminated HgS ~~throught~~ thru out, some FeS_2
"	7	20'	156"	96"	All silica carb. w/abndt FeS_2 blebs no HgS @appros 18' have 6" of mineralized black sh or gouge.
"	20'	31'	132"	96"	All hard mineralized black sh or gouge, (contorted) cut by networks of small CO_3 veinlets. some frag. sh, movement by shears, abnt small FeS_2 stringers definite soft black gouge @ 30' no HgS
"	31'	41'	120"	90"	All med-coarse grained gray dense ss. w/little gouge at 32' ss is cut by few small sh partings which show some movement. Some FeS_2 No HgS.
"	41'	54'	156"	126"	1' contorted black sh 8' soft black gouge, 4' of gouged & contorted ss & sh, cut by networks of CO_3 veinlets some FeS_2 & white soft alteration material (poss. form SiO_2) No HgS
"	54'	66'	144"	96"	9' contorted & gouged sh as above, 2' white hard contorted material highly mineralized w/FeS_2 1" black gouge
"	66'	80'	168"	72"	Contorted sh, ss, & white material as above. abnt. FeS_2 & same dark green (chloritization?) in white material No HgS.
AX	80'	85'	60"	36"	(Lost circulation at approximately 82+ feet) Same as above.

END HOLE NO. 4

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6168
Contract No. 14-23-090-2157
Contract Amount $45,388.50
Gov't. Participation % 50 $22,694.25
Mineral(s) Mercury

OPERATOR'S MONTHLY VOUCHER

For Month of June, 1964

Operator's Name San Simeon Keystone, Inc.
Address 915 Helm Building Fresno, California

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing		1,162.00	1,162.00		1,162.00	1,162.00
~~Xxxxx~~ Mobilization & Demobilization ~~Costeaning~~ 1/2 (1,750)	875.00	None	875.00	75.00	–	75.00
Drilling NX Core	264.00	"	264.00			
AX Core	56.00	"	56.00	1,304.75	–	1,304.75
BX Core	1,020.00	"	1,020.00			
Non Core		2,035.50	2,035.50		2,035.50	2,035.50
(2) Personal Services:						
Supervision & Technical	480.00	None	480.00			
Outside Consultants	500.00	"	500.00			
Labor	480.00	"	480.00			
(3) Operating Mat'l. & Supplies:						
Timber	160.00	"	160.00			
Explosives	32.00	"	32.00			
Pipe	62.50	"	62.50			
Rail						
(4) Operating Equipment:						
Rental	315.00	"	315.00			
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
~~Payroll Xxxx~~ Drain Pipe		79.56	79.56		~~79.56~~	~~79.56~~
Employee's Liability Ins.	750.00	None	750.00			
Assays	56.00	"	56.00			
Core Boxes	18.70	"	18.70			
Spring, dam, & Water		175.00	175.00		~~175.00~~	~~175.00~~
Incidental Allow.		1,139.88	1,139.88	216.72	1,139.88	1,356.60
TOTALS	5,069.20	4,591.94	9,661.14	1,596.47	4,591.94	6,188.41

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

Date July 21 1964 *Payee San Simeon Keystone Inc

Per _____ Title By J. H. Savage & P. Stevings

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

$ 798.24

Signature BHB
(Authorized Certifying Officer)

Date 10/24/64 Vou. No. 5541

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul V. Lillo Title Acting Field Officer Date Oct. 12-1964

Approved by OME Executive Officer or Alternate:

Signature Paul V. Lillo Title Acting Field Officer Date Oct. 12-1964

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of June, 1964 Docket No. 6168

Operator's Name San Simeon Keystone, Inc. Contract No. 14-23-090-2157

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond		258'	258'	5,069.20	258	258	1304.75
~~Rotary~~					258	258	216.72
Drilling, Non-core-Diamond							
Rotary		None	1,257'	3,175.38		1257	3,175.38
Churn							
Percussion							
Miscellaneous Drain Pipe				79.56			79.56
Spring, dam, & water				175.00			175.00
Roads and Trails			83hrs.	1,162.00			1162.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work Mobilization							75.00
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				9,661.14			6188.41

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date July 21-64 Operator San Simeon Keystone Inc

Per _____ Title W. A. Savage V.P. Eng. Mgr.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Paul D. Tillo

Title Mining Field Officer.

Government Representative

OME Region III

Date Oct. 12 1964

(INSTRUCTIONS ON REVERSE)

Boyles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

General Offices and Plant

1624 Pioneer Road P. O. Box 58 HUmber 7-7393

SALT LAKE CITY 10, UTAH

DRANCH OFFICES
PHOENIX
ROME
GRENADA
DENVER
PUEBLO, CALIF.
ST. LOUIS

DATE July 11, 1964

NUMBER

NUMBER 1

CONTRACT 10-291

TERMS Net

LOCATION Keystone Mine, Cambria, California

Mr. H. A. Savage
915 Helm Building
Fresno, California

Item No.	Description	FROM	TO	PROTRACE	RATE	TOTAL
1 -	Mobilization and Demobilization, at 50%			Lump Sum	1,750.00	875.00
2 -	Core Drilling - 20 Shifts			per shift	140.00	2,800.00
	NX Core drilling 0 - 40 Ln.Ft.			40 Ln. Ft.	6.60	264.00
	BX Core drilling 40 - 244 Ln. Ft.			204 Ln. Ft.	5.00	1,020.00
	AX Core Drilling 244 - 258 Ln. Ft.			14 Ln. Ft.	4.00	56.00
				258	Sub Total	5,015.00
	LESS -					
	1 Shift on June 6, 1964		at $ 140.00	140.00		
	4 Shifts on 6/10, 6/12, 6/15, & 6/16.		at 50% @ shift	280.00		
	1 Spark arrestor		at $ 38.00	38.00		458.00
					Total	4,557.00

875
3682

PAID JUL 17 1964
J. L. Gordon
BOYLES BROS. DRILLING CO.
P. O. BOX 831
AUBURN, CALIF. 95603

Submitted by: Peter Cherston

SAN SIMEON KEYSTONE, INC.
Cash Flow Statement
For the Six Month Period Ended June 30, 1964

(Prepared Without Audit)

CASH RECEIVED:

Beverly Jones	$5,000.00	
Four Shares of Stock of Lucas	400.00	
H.A. Savage	2,000.00	
Four Shares of Stock of Thwaiter	400.00	
J.J. Nagel	2,000.00	
Gregory Stone	2,000.00	
E.J. Harp	2,000.00	
Edw. H. Goodwin	2,000.00	
John Garabedian	2,000.00	
Total Cash Received		$17,800.00

CASH EXPENDED:		Fresno	San Luis	Total
Miscellaneous Expense		$ 28.00	$ 5.62	$ 33.62
Travel		37.26		37.26
Supplies		518.02	1,030.89	1,548.91
Assays and Freight		31.35		31.35
Telephone		76.16		76.16
Repairs and Maintenance		30.56	34.36	64.92
Escrow Fee		20.00		20.00
Groceries			139.89	139.89
Labor			5,849.67	5,849.67
Contract Labor			131.25	131.25
Equipment Rental			204.94	204.94
Gas and Oil			270.28	270.28
Organization Expense:				
State of California	$ 221.00			
H.A. Savage (7 Months Rent)	700.00			
James and Jeanne Thwaiter	1,000.00	1,921.00		1,921.00
Prepaid Expenses:				
State Compensation Insurance	$750.00			
Phelan Land and Cattle	400.00			
Franchise Tax Board	100.44	1,250.44		1,250.44
Equipment		213.20	230.00	443.20
D-4 Cat Repairs		1,515.49	20.80	1,536.29
Total Cash Expended		$5,641.48	$7,917.70	$13,559.18

- Forward -

SAN SIMEON KEYSTONE, INC.
Cash Flow Statement
For the Six Month Period Ended June 30, 1964

(Continued)

(Prepared Without Audit)

CASH RECEIVED: Brought Forward	$17,800.00
CASH EXPENDED: Brought Forward	13,559.18
NET CASH RECEIVED OVER CASH EXPENDED:	$ 4,240.82

NOTE: Cash transfers from Fresno Account to San Luis Obispo Account amounted to $7,000.00

This report was prepared from information supplied by client; therefore, we are unable to express an opinion thereon.

James B. McCallum, C.P.A.

NEW IDRIA MINING & CHEMICAL COMPANY
IDRIA, CALIFRONIA

Sheet #1.

HOLE NO: 1 DATE STARTED: 6/8/64 DRILLER: Boyles Bros.
LOCATION: Keystone Mine, Adit Level BEARING: N 77 E
COORDINATES: 16.5' S54E from surv. Pt #18. VERT. ANGLE: -30
REASON FOR HOLE: Check inferred min. s.s. lens. ELEV. COLLAR: Track level.

DRILL SIZE.	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
NX	0	7'	84"	60"	Silica carbonate with diss. HgS, bands unaltered serp. after ls't 23"
"	7	10'	36"	36"	100% Silica carb. with some dis. HgS.
"	10	17'	84"	84"	64" Silica carb. with colors., 20" min. s.s, gouge, sh, breccia, with reticulated veinlets CO_3 ? much pyrite (Fault breccia contact approx. 15')
BX	17	23'	72"	72"	18" Same, 30" contorted silica carb. with much pyrite diss. & in blebs., 12" breccia with pyrite, 12" med. soft gouge or sh.
"	23	37'	168"	89"	66" med soft to hd sh or go., with numerous hard frag. containing much pyrite, 17" med gr. S.s. with contort. bands silica carb., some pyrite. 6" min. go or sh with pyrite.
"	37	48'	132"	96"	100% Contorted & brecciated gouged sh, serp. & s.s., some hard frag. containing pyrite.
"	48	58'	120"	98"	8" Black med hd go, 82" siltstone & fine gr s.s., 8" blk go. (some serp?)
"	58	69'	132"	120"	100% med to med hd contorted & brecciated go or siltstone, fine gr s/s. some silica carb, with pyrite 68-69'
"	69	80'	132"	96"	46" med hd contorted sh or go., 50" light gray chert, with pyrite diss. & in patches. (Hit chert at 74')
"	80	90'	120"	120"	30" Same, 90" brecciated chert with brown veinlets & patches of same, Ret. veinlets of $CaCO_3$, some diss. pyrite.
"	90	103'	156"	120"	100% Brecciated chert, altered & bleached ls't 3'. Some diss pyrite.
"	103	113'	120"	83"	8" gouge, 18" brecciated chert, 57" contorted, brecciated go.
"	113	123'	120"	113"	100% med soft dark br. to blk go. with 12" sect. med gr s.s. at 119'
"	123	134'	132"	114"	Same, with s.s. sections.
"	134	144'	120"	118"	100% contorted, brecciated med hd go. with more s.s. frag. trace pyrite.
"	144	153'	108"	88"	76" hd go. or sh & S,s breccia, chert frag., many reticulated CO_3 veinlets last 44", 12" light tan highly altered (talcose) material, possibly rhyolite? Contains white rounded grain
"	153	164'	132"	108"	27" same tan talcose material, 40" hd dark contorted brecciated go or sh with reticulated veinlets CO_3, 29" fn gr s.s., some sh or go bands, 12" gouge.

NEW IDRIA MINING & CHEMICAL COMPANY
IDRIA, CALIFORNIA

HOLE NO: 1 cont.

DRILL SIZE	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	164	174'	120"	120"	60" dk gr med hd go or mashed sh, 6" soft dk go. at 169', 54" contorted fn grained s.s. breccia.
"	174	184'	120"	119"	46" contorted S.s. sh breccia, harder & more silicious with blebs & string. qtz & $CaCO_3$, some pyrite, 73" Same with br chert frag.
"	184	196'	144"	144"	40" s.s. sh/go breccia, less veinlets, 16" s.s., 2" soft go. at 189', 40" light tan altered material, (rhyolite) pyrite on frac., 27" s.s., 18" gougy contorted s.s & sh.
"	196	206'	120"	108"	33" blk go, some serp?, 15" blk to tan talcose serp. or alt. rhyolite, 60" contorted, brecciated s.s. & go. with reticulated string. of CO_3, slightly harder towards end.
"	206	216'	120"	96"	36" hd silicious sh or go., with much reticulated $CaCO_3$, light diss. pyrite. (This section more min. than previous sections), 60" brecciated s.s. & go or sh. Little min.
"	216	226'	120"	100"	48" med soft blk go, 52"same.
"	226	231'	60"	60"	42" soft go.,S.S. breccia, no min., 28" blk go.
"	231	241'	120"	112"	62 s.s. & go., 106" med to fn gr s.s. Hit s.s. at 231.5' 6/27/64

Note: Hole will be continued to 300'

M.L. Ward

Logged By: M.L. Ward
Geologist, New Idria Mining & Chemical Company

NEW IDRIA MINING AND CHEMICAL COMPANY

IDRIA, SAN BENITO COUNTY, CALIFORNIA

Telephone: New Idria Number One

Sheet #3

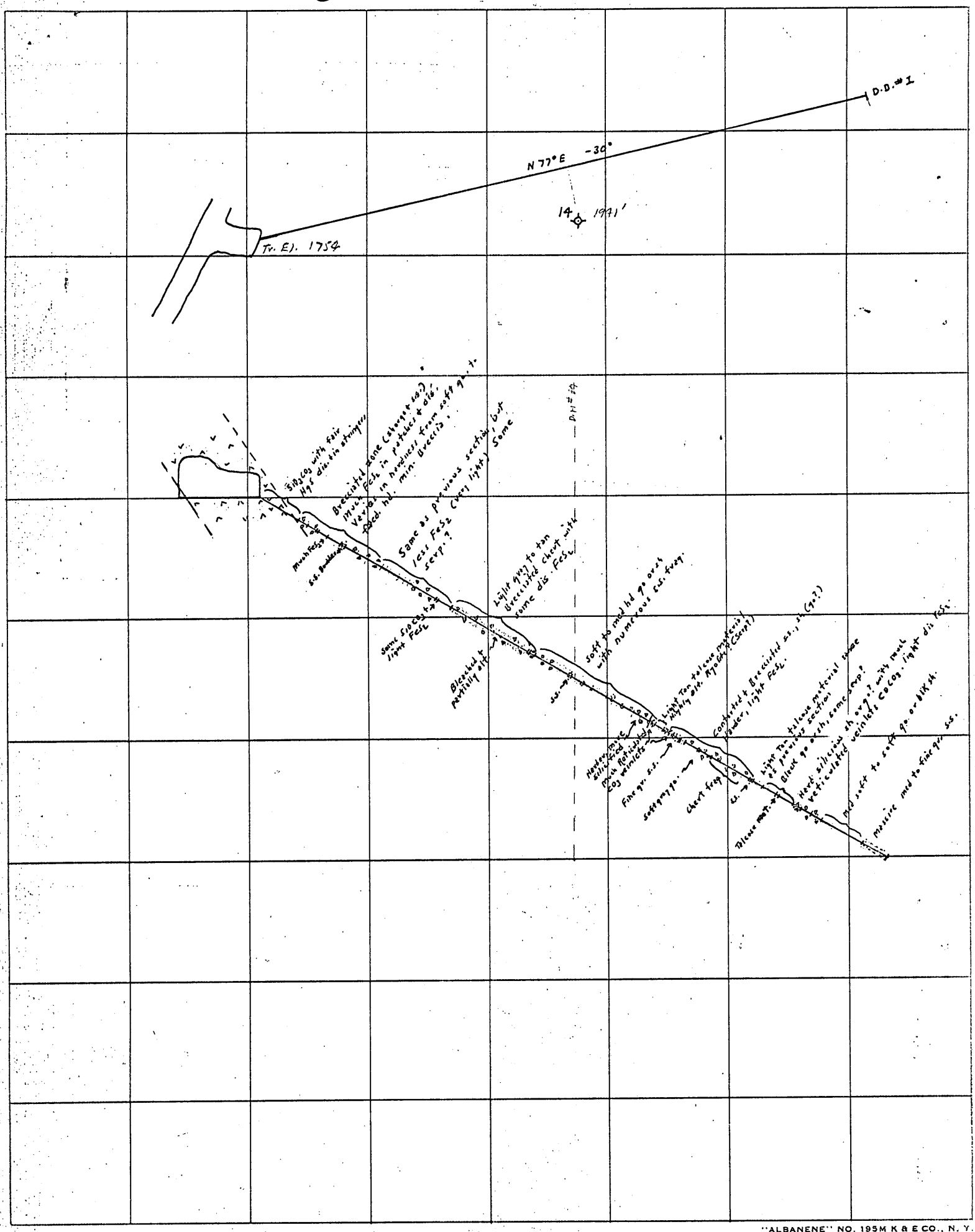
HOLE NO: 1 DATE STARTED: 6/8/64 DRILLER: Boyles Bros.
LOCATION: Keystone Mine, Adit Level BEARING: N 77 E
COORDINATES: 396.5'N 370.5'W (1" = 40' Map, Ary - Ward 7/14/64) VERT. ANGLE: -30
REASON FOR HOLE: Check inferred min. ss lens. ELEV. COLLAR: Track level.

DRILL SIZE.	FOOTAGE From	- To	INCHES CORED	INCHES RECOVERED	DESCRIPTION
BX	241	243'	24"	21"	100% med-coarse gr. gray ss, with few small CO_3 stringers.
AX	243	250'	84"	76"	100% med-coarse gr. light gray ss, widely scat. xls of pyrite. Numerous small CO_3 veins.
"	250	262'	144"	121"	13" med-coarse gr. gray ss, 23" very fine gr light gray ss w/numerous soft black sh partings & numerous CO_3 veinlets, 8" soft blk sandy sh, 77" soft blk gouged & brecciated sh.
"	262'	270'	96"	76"	76" contorted, gouged & brecciated blk sh, light gry ss, possibly some chert. Numerous networks of CO_3 veinlets, which appear to be post faulting.
"	270	282'	144"	142"	85" contorted & brecciated material as above, 14" light green soft brecciated serpentine?, cut by networks CO_3 veinlets with pyrite, 43" contorted & gouged brecciated ss & sh as above.
"	282'	292'	120"	108"	108" contorted blk sh & gray ss same as above.
"	292	302'	120"	115"	80" blk gouge, 25" fine gr gray ss w/ abundant soft blk sh partings, 14" med-coarse gr light gray unmineralized ss w/small Co_3 stringers.

Logged by: Max Ary
Geologist, New Idria Mining & Chemical Company

Max D. Ary

MA/mw



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

August 18, 1964

Memorandum

To: Files

/s/ E. D. Talbert

From: Chief, Contract Administration and Audit Division

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Mr. Fillo telephoned on the afternoon of August 17 with, as he said, "one question" regarding our August 11 memorandum about the subject Operator's June 1964 MME Forms 60 and 61.

He questioned the statement in our memorandum that underground drilling was required to be BX size. He quoted item 5 of Amendment No. 2 as stating "Surface holes shall be drilled by using NX non-coring bits" but said he could find no specifications for the underground drilling.

I called his attention to the remainder of the sentence that he partially quoted, i.e., "and underground holes by using BX coring bits (1-5/8-inch core diameter".)

EDTalbert/ama 8-18-64

cc:
Director's Reading File
CA & A Division

AUG 1 1 1964

Memorandum

To: Acting Field Officer, Region II

(Signed) E. D. Talbert

From: Chief, Contract Administration and Audit Division

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

The enclosed copy of the subject Operator's June 1964 MME Forms 60 and 61, together with attachments, was submitted with your August 6 memorandum requesting "comments and advice as to what items are allowed in approving reimbursement for his contract work".

These forms claim costs as follows for the first 258 feet of underground hole no. 1:

Cat. (1) -	Mobilization	$ 875.00
	Drilling: NX core, 40' @ $6.60	264.00
	BX core, 204' @ 5.00	1,020.00
	AX core, 14' @ 4.00	56.00
Cat. (2) -	Supervision & Technical	480.00
	Outside Consultants	500.00
	Labor	480.00
Cat. (3) -	Timber	160.00
	Explosives	32.00
	Pipe	62.50
Cat. (4) -	Rental	315.00
Cat. (7) -	Liability Insurance	750.00
	Assays	56.00
	Core Boxes	18.70
Total		$5,069.20

The contract as amended authorizes contribution by the Government to the cost of not to exceed 800 feet of underground BX size core drilling by an independent contractor on an actual cost basis not in excess of a maximum average unit cost of $6.75/foot, exclusive of reaming and casing, or cementing or redrilling at a maximum average unit cost of $3.50/foot. In addition, the contract

authorizes contribution to the actual costs of necessary core boxes and assays for mercury plus a fixed unit cost (in lieu of all other costs whatsoever) of $.84/foot of core drilling.

The July 11, 1964, invoice of Boyles Bros. Drilling Company apparently supports total costs of $4,557.00, including $875.00 for mobilization, for the 258 feet of drilling. However, the invoice, as well as the drill log, indicate that the last 14 feet of the 258 drilled during June was AX size. The drill log further indicates that the AX size was continued for the hole's entire length of 302 feet. Furthermore, the claimed costs of core boxes and assays are not documented by invoices and priced assay reports, respectively. Accordingly, it appears that none of the claimed costs are allowable at the present time.

If the location, depth, direction, and inclination of drill hole no. 1 was approved in advance (as required by the contract) and was drilled accordingly, if the contract is justifiably amended to allow completion of the hole by AX size coring bits at the present maximum average unit cost, if all the charges stated on the driller's July 11 invoice are necessary direct costs of hole no. 1, and if the core boxes and assays are supported by appropriate documentary proof of the actual costs claimed, then it appears that the following June costs may be allowable for contribution by the Government:

Cat. (1) - Drilling, 258' @ $6.75	$1,741.50
Cat. (3) - Core Boxes	18.70
Cat. (7) - Assays	56.00
Incidental Allowance, 258' @ $.84	216.72
Total	$2,032.92

EDTalbert/ama 8-10-64

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

August 10, 1964

Memorandum

To: Chief, Division of Exploration Operations

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

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

It is suggested that, at such time that an amendment to the subject contract may be drafted, a correction in the Estimated Cost of the Project is advisable.

The contract as amended authorizes the performance of and provides Category (i) costs for 1,357 feet of surface drilling and 800 feet of underground drilling. Although this amounts to only 2,157 feet in total, an incidental allowance on a fixed unit cost basis is provided for 2,500 feet of drilling.

If the contract is not amended, we conceivably may be placed in the compromising position of contributing to incidental allowance on footage in excess of the acceptable drilling. The possibility of this situation is emphasized by the statement in the Operator's June 1, 1964, letter that "It is our present intention to continue core drilling beyond the 850 feet /sic/ covered by the OME if our original core drilling justifies it * * * ".

EDTalbert/ama 8-10-64

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

800

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

Memorandum

July 17, 1964

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Simeon Obispo, California
Contract No. 2157

Interim Inspection

The property was inspected July 9, 1964, and the Acting Field Officer was accompanied by H. A. Savage, manager of the property, and his geologists, M. C. Richardson and Mark Ward.

Number 1 underground diamond-drill hole was completed July 3, 1964, and it had been drilled a total footage of 303 feet. The drill hole penetrated through a large fault zone of brecciated chert and silica--carbonate rocks.

At the 231-foot mark a sandstone formation was encountered, and the drilling was continued in the sandstone to the 303-foot mark where the drilling was stopped. The results of this drill hole for mineralization of mercury was negative.

Number 2 drill hole was started at the time of my visit on the property and a discussion on the bearing of this hole was held with Mr. Savage's geologists. At the conclusion of this meeting the decision was to swing the hole more to the east N 80 E in the hopes of encountering a favorable mineralized zone. The dip of this hole was discussed and we agreed to have it about a 33 degree.

In my talking with the operator this morning by 'phone, he advised me that the No. 2 drill-hole has advanced 150 feet; however, the results have not been of any real importance. Mr. Savage and his geologist, Mr. Richardson, will be visiting the property this afternoon to decide what their next move will be after they inspect the cores.

With the information from these two drill holes, possibly for No. 3 drill hole, the dip will be steepened. A full report will be received from the operator within a week as to their decission.

PAUL V. FILLO

Paul V. Fillo

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

P. S. Enclosed is the Equal Employment Opportunity form for the Keystone mine.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

EXTRA COPY
RECD: May 8, 1964
DATE
800

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Interim Inspection

On April 14, 1964, the property was inspected by the Acting Field Officer, who was accompanied by H. A. Savage, the new manager for the subject company. The mining operation consisted of rehabilitating the old adit to the winze. By my crawling over considerable amount of loose muck, I was finally able to inspect the end of the old adit. Bill Dawson, mine foreman, mentioned that he felt that within 10 to 15 feet from where we were inspecting, the old winze might be exposed. A grab sample was taken from the footwall and hanging wall in the area.

In my discussion with Mr. Savage, we agreed that before any underground diamond drilling be conducted, the area of the winze should be exposed in order to determine the direction and dip of the winze.

It was suggested to Mr. Savage that the surface and the underground areas should be mapped and geologized to determine if it is possible to correlate the work that was done on surface drilling in the first stage of the contract. He approved the suggestion and he will have the area surveyed.

Mr. Savage was also reminded to submit a letter to our office requesting an extension of the contract in the completion date, and also informing us of or about the date the underground diamond drilling would start.

Indications are that they have the finances now to start and to complete this contract. Presently, they have five men working underground, cleaning up the adit. It is Mr. Savage's feelings that this underground diamond drilling will be started within 30 days. Mr. Savage was reminded to read Item 6 of the Amendment No. 2 which states that "...hole locations, depths, directions, and inclinations to be approved in advance by the Government...."

PAUL V. FILLO

Paul V. Fillo

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

INTERIM
REPORT OF REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM REPORT OF REVIEW

I have reviewed the Monthly Reports of:

San Simeon Keystone, Inc.
770 Fifth Street
Morro Bay, California
Assignee of
Jack Selby and William J. Dawson

pertaining to Exploration Contract 14-23-090-2157, OME No. 6168, including Amendment No. 1, for January 1963 to April 1963, inclusive, covering a mercury project at the Keystone Mine, San Luis Obispo County, California.

My review included an examination of the Monthly Reports (MME Forms 60 and 61) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of an audit of the Operator's accounts and records for the reasons given in the attached schedule.

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

Total cost billed by Operator		$4,636.97
Exceptions:		
Prior to this review	$ -0-	
Herewith	$103.45	103.45
Acceptable cost claimed by Operator		$4,533.52
Acceptable costs not claimed, to partially offset exceptions		58.42
Total acceptable cost		$4,591.94

The contract calls for a 50 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	$2,295.97
Paid to date	1,549.74
Balance due Operator	$ 746.23

E. D. Talbert

E. D. Talbert, OME Auditor

July 16, 1963

Reasons for Report of Review in lieu of an audit:

(a) a major portion ($2,476.88) of the acceptable costs was under a contract provision for contribution by the Government on the basis of fixed unit costs for work performed;
(b) a large portion ($2,035.50) of the acceptable costs covered work performed at unit rates under independent contract;
(c) the Monthly Reports were supported by documentary evidence of the acceptable actual costs under the contract; and
(d) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further exceptions.

Exceptions by this review:

(a)	Transportation of drill, as claimed by Operator, is not supported by documentary evidence; F. V. Clouser's January 9, 1963, invoice for $85.00 covers low-bed haul of D-8 dozer, not an authorized cost under the contract as amended	$ 85.00
(b)	Bulldozing dam, etc., claimed by Operator at invoiced cost of 45 hrs. @ $14.41, whereas contract as amended provides for a fixed unit cost of $14.00 an hour; difference	18.45
		$ 103.45

Acceptable costs not claimed:

(a)	Bulldozing road, etc., claimed by Operator partially at invoiced costs of 4 hrs. @ $14.41 and 12 hrs. @ $10.00 and partially at fixed unit costs of 22 hrs. @ $14.00, whereas contract as amended provides for a fixed unit cost of $14.00 an hour; difference	$ 46.36
(b)	Drain pipe claimed by Operator at $67.50, whereas Al Bafford's January 31, 1963, invoice is for $76.50 plus $3.06 sales tax; difference	12.06
		$ 58.42

Total acceptable cost:

Cat. (1) Drilling, non-core, 1357 ft. @ $1.50	$2,035.50*
Cat. (3) Drain pipe	79.56*

Total acceptable cost: (Cont'd.)

Fixed Unit Costs:

Bulldozing road, 38 hrs. @ $14.00	$ 532.00*
" dam, etc., 45 hrs. @ $14.00	630.00*
Spring, dam, and water system	175.00
Incidental allowance, 1357 ft. @ $.84	1,139.88
	$4,591.94

* Actual costs per invoices:

(a) R. B. Yager Drilling Contractor -
Drilling w/6" Hughes tri-cone bit 1357 ft. @ $1.50 ..... $ $2,035.50

(b) Al Bafford -
3 18" x 15' drains @ $1.70/ft. plus tax 79.56

(c) F. V. Clouser -
D-8 dozer, 49 hrs. @ $14.41
" " 12 hrs. @ 10.00 (no operator)
Low-bed haul, 5 hrs. @ 17.00 ..... 911.09

(d) Kenneth Winsor -
D-8 dozer, 18 hrs. @ $15.50
" " 4 hrs. @ 8.50 (no operator) 313.00

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

EXTRA COPY
O. M. E.
RECEIVED AUG 5 1963

DATE	INITIALS	CODE
July 30, 1963		
		800

Mr. James S. Thwaites
1015 Grand Avenue
Arroyo Grande, California

Re: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Dear Mr. Thwaites:

Enclosed is a copy of an Interim Report of Review of your monthly reports. The report was prepared in Washington by our OME auditor, Mr. E. D. Talbert.

This office concurs in the facts and accepts the units of work as being in accord with contract specification in the Interim Report of Review.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosure
cc:
Chief, Division of Field Operations, OME, Washington, D. C.
Chief, Contract Administration and Audit Division, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

[illegible] Battery [illegible]
San Fr[illegible]

July 11, 1963

Memorandum

To: E. [illegible] Talbert, C[illegible] [illegible] Administration and [illegible]
A[illegible] [illegible]

Fr[illegible]

Subject: [illegible] Mercury
[illegible] Keystone [illegible]
Ke[illegible]
[illegible]
[illegible] 4157

E[illegible] [illegible] of the subject [illegible]

[illegible] if they are [illegible]

In the January [illegible] $1,77[illegible]. This appears a bit "fuzzy" [illegible] of [illegible]

You will [illegible] from $648.45 to $6[illegible]

[illegible] Fiscal Section. [illegible]

[illegible]

[illegible]

[illegible]

JUL 17 1963

Memorandum

To: Acting Field Officer, Region II

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

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

By memorandum dated July 11 you forwarded the revised January 1963 and the Feb./Mar./Apr. 1963 MME Forms 60 and 61, together with supporting documentation, as recently submitted by the subject Operator-Assignee. You asked that I check the vouchers and then forward them to the Department's Fiscal Section.

In view of the past inadequacy and confusion in vouchering and the failure of the Operator's claim and your approval to take into consideration the effect on costs of Amendment No. 1, an Interim Report of Review appears to be in order. The original and two copies thereof, together with the original and two copies of the MME Forms 60 and 61 and attachments, are enclosed.

If you concur in the facts as stated in this Interim Report of Review and specifically accept the units of work as being in accord with contract specifications, please make the following distribution:

(a) Original to the Department's Fiscal Section, together with the original and both copies of the MME Forms 60 and 61 and attachments;
(b) One copy to Operator-Assignee; and
(c) One copy to your files.

As evidence of your concurrence please furnish this Division with a copy each of your transmittals. If for any reason you do not concur in the findings of this Interim Report of Review, please return the original and both copies to this Division with a memorandum of your reasons for non-concurrence.

Enclosures

EDTalbert/ama
7-16-63

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

MME FORM 60
SEPT. 1959

EXTRA COPY
O. M. E
RECEIVED AUG 13 1963

6168

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

DATE | INITIALS | CODE

For Month of [illegible]

Docket No.
Contract No.
14-23-090-[illegible]
Contract Amount $[illegible]
Gov't. Participation [illegible] $ [illegible]
Mineral(s) [illegible]

Operator's Name [illegible]
Address [illegible]

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	[illegible]	[illegible]	[illegible]			
Drifting						
Crosscutting						
Drilling	[illegible]	[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
[illegible]		[illegible]	[illegible]			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
[illegible]	dam	175.00	175.00			
[illegible]	[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]			
TOTALS	[illegible]	[illegible]	[illegible]	1492.45	3,099.49	4,591.94

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

Date 8/15/63 *Payee San Simeon Reystone Inc. by Jack W. Selby

Per _____ Title President

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

Gen Revenue

$ 746.23

Signature [illegible]
(Authorized Certifying Officer)

Date 8/15/63 Vou. No. _____

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul V. Gillo Title Acting Field Officer Date July 12, 1963

Approved by OME Executive Officer or Alternate: OME Region III

Signature Paul V. Gillo Title Acting Field Officer Date July 12, 1963

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of FEB/MAR/APR. 1963 Docket No. 6168

Operator's Name SAN SIMEON KEYSTONE INC. Contract No. 14-23-090- 2157

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary	[redacted]	[redacted]	[redacted]	[redacted]			
Drilling, Non-core-Diamond			[redacted]	[redacted]			
Rotary	2500'	522'	1357'	2,035.50		1357'	2,035.50
Churn			[redacted]	1,139.88			1,139.88
Percussion							
Miscellaneous [redacted]	62 HR.	-	45 HR.	630.00		45	630.00
[redacted]	-	-	F. UNIT	175.00			175.00
	96 HR	22 HR	38 HR.	485.64			485.64
Roads and Trails							
Stripping							
Trenching							
Test Pitting [redacted]	-	-	F. UNIT.	85.00			85.00
Other Surface Work [redacted]	50'	45'	45'	67.50			67.50
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				4,636.97			4,618.52

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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 5/15/63 Operator San Simeon Keystone Inc. by Joe W Selby

Per _____ Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Paul D. Zilla

Title Acting Field Officer

OMB Region IX Government Representative

Date July 12, 1963

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59- 61577

R. B. YAGER DRILLING CONTRACTOR

ROTARY DRILLING

SHOT HOLES - CORE DRILLING - SAND DRAINS

WATER WELLS GRAVEL PACKED

State License 709028

1062 Maple Street

Phone A.G. [illegible]

ARROYO GRANDE, CALIF. March 1, 1965

Mr. Sailor and Jensen - Keystone Bldg. Oxnard, Calif.

	Drilled 300' of test hole at $1.50 per ft:	$765.00		
	Mt Wpo, Rugbee tri-cone, Size, 8".			

STATEMENT

April 1 1963

Mr. Ernest Kupton Jr.
c/o Charles Ogle
To 770 - 5th St. Marko
Bay -
D-8 dozer + driver $15.50

Mar	1	4 hrs.			62 00
	2	4½ hrs.			69 75
	4	4½ hrs.			69 75
	6	2 hrs.			31 00
	30	3 hrs.			46 50
		4 hrs waiting time @ 8.50 per hr.			34 00
22 HRS:		CLEARING ACCESS ROAD-WORK			
CLAIM LIMITED TO $14.00 P. HR = $308.00					312.00

Thanking you -
J. Kenneth Kupton
Box 587
Cambria, Calif.

Sta. No. 15

KEYSTONE MINE

O .M.E. EXPLORATION 6188 SELBY AND DANSON

0- 15 formation same as is seen on the surface, probably a serpentinized sandstone of a dark color; A dark bluish gray.

15-17' silica carbonate which was not too hard and being quite osherous. This panned sem e colors but not enough to leave a tail in the pan. This was evidently a boulder laying alone because there was no more found during the drilling of the entire hole.

17-33' same as the top formation but with small angular pieces ofrock of various origin.

33-180' light gray sandstone showing no alteration and n o sulfides at all. No colors were panned.

180-225' Lost circulation at this point. Still in sandstone.

LOG

Sta. No. 13

KEYSTONE MINE

O .M.E. EXPLORATION 6168 SELBY AND DAWSON

0- 13 formation same as is seen on the surface, probably a serpentinized sandstone of a dark color; A dark bluish gray.

13-17' silica carbonate which was not too hard and being quite ocherous. This panned som e colors but not enough to leave a tail in the pan. This was evidently a boulder laying alone because there was no more found during the drilling of the entire hole.

17-33' same as the top formation but with small angular pieces ofrock of various origin.

33-180' light gray sandstone showing no alteration and n o sulfides at all. No colors were panned.

180-265' Lost circulation at this point. Still in sandstone.

NARRATIVE REPORT - FEBRUARY/MARCH/APRIL 1963.

OME 6168 - CONTRACT 2157

SAN SIMEON KEYSTONE INC.

WORK IN FEBRUARY, MARCH AND APRIL 1963 WAS MADE SPASMODIC BY HEAVY RAINS, NECESSITATING A FURTHER 22-HOURS BULLDOZER WORK TO RESTORE THE ACCESS ROAD.

DRILL HOLES 8 AND 13 WERE DRILLED AS DESCRIBED IN THE LOGS ATTACHED, BRINGING THE TOTAL FOOTAGE DRILLED TO 1357-FEET, OR 54.3% OF THE ORIGINAL CONTRACT DRILLING TOTAL OF 2,500-FT. NO MINERALIZATION OF SIGNIFICANCE WAS LOCATED, NOR ANY HOST ROCK REVEALED.

DRILLING OF HOLES 8 AND 13 AND ALL FURTHER DRILLING WAS TERMINATED BY THE DRILL STRIKING INTO THE 1873 WINZE AREA AND CONTEMPORANEOUS STOPE.

INVESTIGATION UNDERGROUND WAS BEGUN BY PROGRESSIVE CLEARING AND TIMBERING INTO THE FORMER SELBY-DAWSON ADIT, ITSELF A RE-ENTRY INTO THE 1873 ADIT AND WINZE.

EXCEPTIONAL BRECCIATION MADE PROGRESS IN THIS ADIT HEAVY AND SLOW, CONSIDERABLE TIMBER BEING INSTALLED.

APPROXIMATELY 200-FT OF THIS ADIT HAD BEEN CLEARED, DRAINED AND TIMBERED BY THE END OF APRIL, 1963.

THREE LARGE STOPES WERE EXPOSED LEADING VERTICALLY UPWARDS FROM THE ADIT, AND A FACE OF MINERALIZATION WAS EXPOSED ON ONE WALL.

THE ADIT IS REPORTED TO EXTEND FURTHER AND TO BRANCH INTO A WINZE, BOTH REPORTEDLY IN ORE WHEN THE MINE WAS WORKED IN 1873.

EXPLORATION BY CLEARING AND TIMBERING THE REMAINDER OF THIS ADIT AND WINZE IS NOW THE SUBJECT OF PROPOSALS A AND B OF TREASURER'S LETTER OF MAY 15, 1963.

****

San Simeon Key Stone Inc.
Jack W Selby
President

MME-FORM 50
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6168
Contract No. 2137
14-23-090-
Contract Amount $ 51,712.00
Gov't. Participation % 50 $ 25,856.00
Mineral(s) mercury

OPERATOR'S MONTHLY VOUCHER

For Month of January 1963

Operator's Name SAN SIMON MINING INC
Address SAN LUIS OBISPO, CO., CALIF.

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts: road	177.64	-	177.64			
Bulldozing dam	648.43	-	648.43			
Drifting						
Crosscutting						
Drilling 635' non-core	1252.50	-	1252.50			
transportation						
of drill	85.00	-	85.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
3x15' denim						
at $1.50 p.ft.	67.50	-	67.50			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
final unit costs						
635' @ .040	693.40	-	693.40			
clean spring/dam	175.00		175.00			
TOTALS	3099.49		3099.49			

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

Date 2/16/63 *Payee SAN SIMON MINING INC.

Per Jack W. Selby Title President

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

$ _____

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. _____

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul O. Gillo Title Acting Field Officer Date July 10, 1963

Approved by OME Executive Officer or Alternate:

Signature Paul O. Gillo Title Acting Field Officer Date July 10, 1963

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 51
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of January 1963 Docket No. 6168

Operator's Name San Simeon Keystone Inc. Contract No. 14-23-090- 2157

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary	1000'	835'	835'	1,252.50	835'	835'	1252.50
Percussion			f.unit	693.40	835'	835'	693.40
Miscellaneous ...benching	62 hr	45 hr	45 hr	648.45	45	45	630.00
...clean dam & spring	fix	fix full	full	175.00			175.00
Roads and Trails	4 mi.	4 mi.	4 mi.	177.64			177.64
Stripping							
Trenching							
Test Pitting ..haul drill	fix	1-way	1-way	85.00			85.00
Other Surface Work ..drains	150'	45'	45'	67.50	45'	45'	67.50
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3,099.69			3,081.04

Clearance - 84 [illegible]

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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 7/16/63 Operator SAN SIMEON KEYSTONE INC

Per Jack W Selby Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Paul D. Zilla

Title Acting Field Officer
Government Representative
OME Region IV

Date July 10, 1963

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP.,D.C.59- 61577

R. B. YAGER DRILLING CONTRACTOR

ROTARY DRILLING

SHOT HOLES - CORE DRILLING - SAND DRAINS

WATER WELLS GRAVEL PACKED

1062 Maple Street | State License 109028 | Phone A.G. 5633

ARROYO GRANDE, CALIF., Feb. 1, 1963 195__

M Selby and Dawson - Keystone Mine O.M.E. 6168

Morro Bay, Calif.

	Drilled 835' of test hole at $1.50 per ft:	$1,252.50	
	Bit type, Hughes tri-cone. Size, 6".		

5432

Dept. Dec. 31, 1962

Keystone Mining Company

DATE		DESCRIPTION	PRICE	AMOUNT
		12" x 15' Drum Pipe		

F. V. CLOUSER
EXCAVATING and LOWBED HAULING
1641 OBOE STREET PHONE LI 3-2893
SAN LUIS OBISPO, CALIFORNIA

OK

OUR NUMBER
4102

DATE
Jan 9-67

CUSTOMER'S ORDER

SALESMAN

TERMS

F. O. B.

Sold To
Keystone Mine - Jack Selby
Morro Bay

Lowbed Haul
Rate 17.00/hr D-8 Dozer 2-U -

Jan 9	Haul D-8 Dozer 2-U from San Luis Obispo To "Keystone Mine" Cambria	5 hrs

Red-form
7H 722

1641 OSOS STREET

INVOICE

F. V. CLOUSER

EXCAVATING • HEAVY LOWBED HAULING

BULLDOZING • WELDING • EQUIPMENT RENTALS

SAN LUIS OBISPO, CALIFORNIA

SUBMITTED AS DETAIL OF DATES ETC. FOR INVOICE 4114 PAID 9/9 11.09 AS PREVIOUSLY SUBMITTED

Keystone Mine
Selby & Dawson
Morro Del Mar
Morro Bay, Calif.

INVOICE NO. 1103
DATE BILLED: February 1, 1963
JOB LOCATION: Keystone Mine

DATE	TICKET NO.	EQUIPMENT RATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
1/8/63	4102	Hr. $17.00	Lowbed Haul from S.L.O. to Keystone Mine 5 hours	$85.00		
1/8/63		Hr. $16.00	Dozer time--operated--1½ hr.			
1/11/63			D 8 CAT 9 hr.			
1/12/63			9 hr.			
1/13/63			8 hr.			
1/14/63			8 hr.			
1/15/63			8 hr.			
1/16/63			4 hr.			
1/17/63			4 hr.			
1/22/63			2 hr.			
1/23/63			4 hr.			
1/25/63			5 hr.			
1/27/63			5 hr.			
1/28/63			6 hr.			
1/29/63			3 hr.			
			TOTAL 76½ hr	$1224.00		[illegible]
1/11/63			Time operated by Selby 4 hr			
1/12/63			4 hr.			
1/23/63			4 hr			
			Total . 12 hr @$6.00 per hour		$72.00	[illegible]

30 Day Past Due Accounts Subject to 2% Interest Per Month

800

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

July 30, 1963

Memorandum

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

From: Acting Field Officer, OME, R gion II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed are the original and two copies of the operator's monthly voucher and progress reports for the months of January, February, March, and April 1963.

Also enclosed is the original of an Interim Report of Review covering the above subject contract. This office concurs in the facts as stated in the Interim Report of Review.

PAUL V. FILLO

Paul V. Fillo

Enclosures

cc: Chief, Division of Field Operations, OME, Washington, D. C.
Chief, Contract Administration and Audit Division, OME, Washington, D. C.

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

July 9, 1963

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

EXTRA COPY
O.M.E.
RECEIVED JUL 11 1963
DATE | INITIALS | CODE
800

Interim Inspection

Accompanied by the operator, Jack Selby, this project was inspected on June 18, 1963. The operator rehabilitated 294 feet of the old adit. It is estimated the collar of the winze is about 10-25 feet beyond this point. Underground workings were inspected and three samples were taken where the company's geologist had taken samples for his report. In the area where the three samples were taken, the mineralization appeared to be in bunches, as well as disseminated in sandstone and silica-carbonate rock. The cinnabar is of a fine crystalline character.

It is the operator's wishes that the Government would assist them through an amendment of its contract by setting up a diamond-drill station, where the samples were taken, and by diamond drilling 4 holes in the direction of the old winze at a greater depth to determine the width of the vein.

In reviewing USGS Bulletin 922R, page 572, it is possible that the vein continues at a lower elevation. The portal, of the main tunnel shown in figure 81 of Bulletin 922R, is caved; and the adit, the operator rehabilitated, connects this tunnel about 150 feet from the portal.

The operator was advised for a diamond drilling underground he will have to submit three diamond drill bids for this work. The operator mentioned with their experiences so far that their contracting work has been a very expensive item and they should like to do their diamond drilling themselves.

It is my opinion that the operator and his associates need certain guidance in all phases of mining and diamond drilling. It appears to me that this is a borderline case; and if the samples, which I have taken, prove of any significant value, possibly a diamond drill program is in order.

A meeting was held the evening before this inspection with the operator and his associates, Mr. Ogle and Mr. Thwaites. In our discussion Mr. Thwaites was very anxious to have the Government rehabilitate the winze and find out what is down at the "bottom."

They have been advised that we would not rehabilitate the winze or any other part of the property because of the contract being let.

At this meeting the operator and his associates were very anxious to do something about this property in determining whether or not there is a cinnabar chute in the area.

I am of an opinion that they will need a good driller for their underground diamond drilling to help them do this work if this work is allowed.

The operator was advised in the Amendment No. 1, which I gave them and also with instructions in preparing their January Monthly report.

Upon returning from the field trip, I have their January Monthly voucher report. I am not satisfied in the way it was prepared--so it will be returned to the operator for correction.

Enclosed is Mr. R. Merriam's report on Keystone mine for your information and file.

A. NEALON

For: Paul V. Fillo

Enclosurer

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

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

EXTRA COPY
O. M. E
RECEIVED MAY 6 1963
DATE
May 2, 1963
800

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Reference to the last paragraph of your memorandum of April 12, 1963, it is recommended that the contract be amended because the cost would be less in repairing the present access road than in building the proposed mine road as shown in Figure 1 of the contract.

In reference to the two non-core drill holes the operator drilled in lieu of using coring bits, it did established a north and south boundary lines of their inferred ore body and that no mineralization of importance was disclosed. For the bulldozing work, since it was done by the assignee rather than by an independent contractor, the amended contract will have to be applicable accordingly.

The estimate cost on the items for the proposed changes for the access road is as follows:

(1) Bulldozing to repair and maintain access road
50 hrs. at $14.00/hr. $700.00

(2) 6 drains, 12" pipe, 15' long for access
road at $1.50/ft. $135.00

The work the operator so far has done on the contract is "messy." We are dealing with a lawyer, a certified public accountant, and a person who knows heavy construction, road building, etc., and not one of them has any idea about mining. The operator has been advised that the property should be mapped in order to evaluate their program intelligently.

PAUL V. FILLO

Paul V. Fillo

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

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

EXTRA COPY
O. M. E
RECEIVED MAY 3 1963
DATE

800

May 1, 1963

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed is a copy of a letter from the subject operator for your information and file.

PAUL V. FILLO

Paul V. Fillo

Enclosure

cc:

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

Ltr. from James S. Thwaites, April 29:

"I regret to say a further cave-in in the Breccia at the tunnel entrance during this rain calls for a further postponement until June.

I will keep you advised when the tunnel is fit for inspection."

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

May 2, 1963

Mr. James S. Thwaites
Certified Public Accountant
1015 Grand Avenue
Arroyo Grande, California

Re: OOB-6163 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Dear Mr. Thwaites:

This letter is in regards to your Company's revised January Monthly Voucher report, which this office forwarded to Washington April 1, 1963. I have been notified that the voucher as submitted is not acceptable for Government's contribution.

Please submit corrected MMX Form 60 and 61 for the month of January, together with adequate and proper documentations as set forth in the penultimate paragraph of the instructions on the reverse side of MMX Form 60. The original or certified copies of invoices must indicate items, quantities, unit prices, total charges, and payment terms.

The following items are to be corrected and properly documented:

(1) The independent contract rate of $14.41 per hour is in excess of the average $14.00 per hour maximum rate allowable under the contract;

(2) F. V. Clouser's invoice dated February 13 for "Dozer Time" to Rate $911.09 is inadequate, as it is not detailed as to dates, services, and rates;

(3) R. B. Yager Drilling Contractor's invoice dated February 1 is inadequate as it does not indicate size or type of bit;

(4) No documentation was furnished in support of the $67.50 claimed

for three 15-foot drains; and

(5) The allowance at $0.84 for 835 feet of drilling was claimed in the amount of $693.40; whereas $701.40 is the correct amount.

Possibly, you may feel these corrections are trivial, but our Fiscal Section in Washington checks all items to the penny.

Sincerely yours,

Paul V. Fillo
Acting Field Officer, CMS
Region II

cc:
Charles E. Ogle

Chief, Division of Field Operations, CMS, Washington, D. C.

APR 12 1963

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: CMR-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

The January 1963 MMR Forms 60 and 61 submitted in the name of the assignee of the subject contract were returned to you by my February 25 memorandum with the advice that payment of the Government's contribution could not be made until:

(1) an assignment and other related documents were approved by the Government;
(2) the contract was amended to provide for (a) repairing an existing road instead of constructing a new access road, (b) drilling holes entirely with non-coring in lieu of coring bits, and (c) bulldozing in part by the assignee rather than by an independent contractor; and
(3) the amounts claimed under "actual cost" provisions of the contract were adequately documented.

An assignment from Jack Selby and William J. Dawson to San Simeon Keystone, Inc., dated February 8, 1963, but effective December 17, 1962, was approved by the Government on March 5, 1963. Nevertheless, on March 29, 1963, revised January 1963 MMR Forms 60 and 61 in the name of and certified by Messrs. Selby and Dawson were approved by you and submitted to the Department's Fiscal Section for payment. The Fiscal Section informally has advised that payment, however, was made to the assignee and no administrative exceptions were taken.

A review of this voucher by the Contract Administration and Audit Division has disclosed that:

(1) An existing access road was repaired by bulldozing;

(2) In the assignee's own words, the road work "consisted of 12-hours of corporation personnel operation at equipment rental of $10.00 per hour and 4 hours bulldozing by independent contractor at $14.41 per hour" /underscoring supplied/;

(3) The independent contract rate of $14.41 per hour is in excess of the average $14.00 per hour maximum rate allowable under the contract;

(4) F. V. Clouser's February 13 invoice for "Dozer Time to Date $911.09" is inadequate as it is not detailed as to dates, services, and rates (although someone's notation of rates and hours has been pencilled thereon);

(5) According to the assignee all drilling claimed (835 feet) was non-core and covered holes nos. 1 and 33 in their entirety;

(6) R. E. Yager Drilling Contractor's February 1 invoice is inadequate as it does not indicate size or type of bit;

(7) No documentation was furnished in support of the $67.50 claimed for three 15-feet drains; and

(8) Incidental allowance at $.84 for 835 feet of drilling was claimed in the amount of $693.40, whereas $701.40 is the correct amount.

Please have the assignee submit corrected MMX Forms 60 and 61 for the month of January, together with adequate and proper documentation. As set forth in the penultimate paragraph of the instructions on the reverse of MMX Form 60, the original or certified copies of invoices must indicate items, quantities, unit prices, total charges, and payment terms.

After receipt and approval by you, the original (with documentation) and two copies of the corrected MMX Forms 60 and 61 should be forwarded to the Contract Administration and Audit Division for review and, if acceptable, further distribution.

Furthermore, you are again requested to give us your recommendations for such amendment to contract as may be indicated for the access road, bulldozer rental, and the non-core drilling. This is important.

George C. Selfridge

EDTalbert/ama
4-11-63

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

S-60 + 61

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

APR 10 1963

Docket No. OME-6168
Contract No. 14-23-090-2157
Contract Amount $ 52,730.00
Gov't. Participation 50% $ 26,365.00
Mineral(s) MERCURY

OPERATOR'S MONTHLY VOUCHER

For Month of JANUARY 1963

Operator's Name SELBY-DAWSON - OME 6168
Address

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts: ROAD	177.64	-	177.64			
Bulldozing DAM	648.45	-	648.45			
Drifting						
Crosscutting						
Drilling 535' NON-CORE	1,252.50	-	1,252.50			
TRANSPORTATION OF DRILL DOZER	85.00	-	85.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
3x15' DRAINS AT $1.50 PER FT.	67.50	-	67.50			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins. FIXED UNIT COSTS						
535' AT .84¢	693.40		693.40			
CLEAN SPRING/DAM	175.00		175.00			
TOTALS	3,099.49		3,099.49	3,099.49		3,099.49

Mr. Brown of Forest Service advised that check was made payable to Dave Dawson. Negotiated, but returned for endorsement by payee!!! Jackson 4/10/63

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

Date _____ * Payee Jack W. Selby

Per _____ Title _____

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

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

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

$ 1,549.74

Signature BLB
(Authorized Certifying Officer)

Date 4/8/63 Vou. No. 5208

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2157

Signature Paul O. Gillo Title Acting Field Officer Date March 29, 1963

Approved by OME Executive Officer or Alternate:

Signature Paul O. Gillo Title Acting Field Officer Date March 29, 1963

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

INT.DUP.,D.C.59- 61579

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of JANUARY 1963 Docket No. OME-6168

Operator's Name SELBY-DAWSON - OME 6168 Contract No. 14-23-090- 2157

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary	1000'	535'	535'	1,252.50			
Churn			F. UNIT	693.40			
Percussion							
Miscellaneous BENCHING	62HR.	45HR.	45HR.	648.45			
CLEAN DAM & SPRING	FIX	FULL	FULL	175.00			
Roads and Trails	4MI	4MI	4MI	177.64			
Stripping							
Trenching							
Test Pitting HAUL DRILL (Dozer)	FIX	1-WAY	1-WAY	85.00			
Other Surface Work DRAINS	150'	45'	45'	67.50			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3,099.49			

REMARKS

SEE NARRATIVE REPORT - JANUARY LETTER ATTACHED

(Continue on back)

REMARKS

(Continue on back)

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 _____ Operator Jack W. Selby

Per _____ Title _____

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature Paul V. Tillo

Title Acting Field Officer OME Region Government Representative

Date March 29, 1963

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

JAMES S. THWAITES
CERTIFIED PUBLIC ACCOUNTANT
1015 GRAND AVENUE • ARROYO GRANDE, CALIF.
HUNTER 9-4744 • RESIDENCE: HUNTER 9-7363

MAR 1963
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

MARCH 23, 1963

MR. PAUL V. FILLO
FIELD OFFICER
OME, REGION II
U. S. DEPT. OF INTERIOR
355 BATTERY STREET
SAN FRANCISCO 11, CALIF.

SUBJECT: OME-6168 (MERCURY)
SELBY AND DAWSON
KEYSTONE MINE,
SAN LUIS OBISPO, CO., CALIF.
CONTRACT 2157

DEAR MR. FILLO:

I HAVE REVISED THE JANUARY REPORTS ON THE BASIS OF YOUR ADVICE TO MR. CHARLES OGLE AND ACCORDING TO THE DATA PREVIOUSLY SUBMITTED TO YOU.

I ENCLOSE ORIGINAL AND FOUR COPIES OF:

1. FORM 60 (JAN). MONTHLY VOUCHER SIGNED BY SELBY & DAWSON INDIVIDUALLY IN THE TOTAL SUM OF $3,099.49.

   SUPPORTING EVIDENCE IN THE FORM OF INVOICES OF TWO INDEPDENT CONTRACTORS - CLOUSER $911.09
   YAGER DRILLING $1,252.50,
   IS ATTACHED, AS PRESENTED TO ME FOR PAYMENT BY SELBY AND PAID ACCORDINGLY.

   I AM INSTRUCTED TO REITERATE THAT TO THE BEST OF MY KNOWLEDGE AND BELIEVE THESE INDEPDANT CONTRACTORS ARE IN NO WAY SHARING IN THIS VENTURE, NOR THE CORPORATION SAN SIMEON KEYSTONE INC. AND ARE, IN FACT, UNCONNECTED INDEPDANT CONTRACTORS.

2. FORM 61 (JAN), OPERATORS PROGRESS REPORT SIGNED BY SELBY AND DAWSON INDIVIDUALLY.

3. NARRATIVE REPORT (JANUARY)

   NARRATIVE AS PREVIOUSLY SUBMITTED BY SELBY, SUPPORTED IN THE ORIGINAL SUBMISSION (FEB.13) BY COPIES OF THE INDEPENDANT DRILLER'S LOG PREPARED BY R. B. YAGER, INDEPENDANT DRILLER OF YAGER DRILLING CONTRACTOR, 1062 MAPLE STREET, ARROYO GRANDE, CALIF.

   AGAIN, I HAVE ACCEPTED THIS DATA WITHOUT VERIFICATION BUT UNDERSTAND YOU HAVE INSPECTED THE RESULTS OF THIS WORK ON THE SITE.

IN THE ABSENCE OF ANY SIGNIFICANT SHOWINGS OF ORE, ALL DRILLING (835' JAN; 522' FEB.) WAS NON-CORE. IF CORING HAD BEEN PERFORMED WITHOUT REGARD FOR COST OR USEFULNESS, THE YAGER DRILLING CONTRACT WITH THE VENTURE WOULD HAVE CALLED FOR PAYMENT AT $7.00 PER FOOT. THIS WASTE WAS AVOIDED, ALTHOUGH THE CORE BARREL INSPECTED BY YOU STOOD READY ON SITE AT ALL TIMES.

I AM INSTRUCTED TO REQUEST PROMPT PROCESSING OF THIS JANUARY VOUCHER, DELAYED THROUGH OUR FAULTY PREPARATION.

VERY TRULY YOURS

JAMES G. THWAITES
TREASURER
SAN SIMEON KEYSTONE INC.

JGT/JC

SAN SIMEON KEYSTONE INC.

NARATIVE REPORT - JANUARY 1963 - OME 6168

COMMENCING ABOUT FEB. 1, 1963 HEAVY RAINS HAVE HIT THE SAN LUIS OBISPO CO. AREA SUBSTANTIALLY STOPPING WORK ON THE MINE, AND PROBABLY PRECLUDING FURTHER WORK FOR A PERIOD OF SOME WEEKS. WORK PERFORMED SINCE JAN. 1, 1963 CONSISTS OF TRANSPORTING A D8 BULLDOZER AND DRILL AND DRILL EQUIPMENT TO THE JOB SITE; PREPARING APPROXIMATELY 4 MILES OF ROAD RUNNING FROM THE MACHADO RANCH (WHICH IS ON A COUNTY ROAD) TO THE MINE. THIS IS THE SAME ROAD THE SUBJECT OF LETTER FROM OME SAN FRANCISCO OFFICE TO CHARLES E. OBLE, DATED JAN. 4, 1963, FURTHER REFERRED TO AS THE "PRESENT ACCESS ROAD".

TWO ½ MILE SECTIONS OF THE ROAD HAD WASHED OUT AREAS WHICH WERE CUT AND REFILLED. THREE CROSSINGS WERE FILLED IN PREPARATION FOR CULVERTS. THREE 15' CULVERTS 12" OR LARGER IN SIZE WERE PURCHASED AND PUT ON THE SITE, WITH ONE BEING INSTALLED. BULLDOZER TIME RELATIVE TO THE ROAD CONSISTED OF 12-HOURS OF CORPORATION PERSONNEL OPERATION AT EQUIPMENT RENTAL OF $10.00 PER HOUR AND 4 HOURS BULLDOZING BY INDEPENDENT CONTRACTOR AT $14.41 PER HOUR.

THE SPRING WAS CLEANED AND AN EARTH DAM WAS CONSTRUCTED AT THE MINE. BENCHES FOR DRILL HOLES NO. 1, 8, 13, 32 AND 33 WERE CONSTRUCTED. BULLDOZING TIME RELATIVE TO THE LATTER ITEMS WAS 45 HOURS AT $14.41 PER HOUR BY INDEPENDENT CONTRACTOR. DRILL HOLES NOS. 1 AND 33 WERE DRILLED WITHOUT SIGNIFICANT INDICATIONS OF ORE BEING DISCOVERED.

COPIES OF DRILLERS LOG RESPECTING SUCH HOLES ATTACHED TO ORIGINAL JAN. REPORT SUBMITTED FEB. 13, 1963.

IN ADDITION, HOLE NO. 8 WAS DRILLED, BUT NOT COMPLETED, AND HENCE PAYMENT NOT CLAIMED TO DATE; HOWEVER, AT THIS SITE THERE WAS LOCATED AN EXTENSION OF THE 1873 WINZE PREVIOUSLY PROPOSED FOR EXPLORATION UNDER PHASE II. TO TAKE MAXIMUM ADVANTAGE OF THE FLEXIBILITY OF FURTHER DRILL HOLES, SURFACE DRILLING HAS BEEN SUSPENDED PENDING UNDERGROUND INVESTIGATION OF THE WINZE AREA.

REQUEST IS MADE THAT FUNDS BE MADE AVAILABE TO CONDUCT SUCH UNDERGROUND INVESTIGATION IN VIEW OF SAVINGS ON ROAD CONSTRUCTION AND PREVIOUS REPORTS OF ORE IN THE VICINITY OF THE WINZE AREA WHEN THE MINE WAS WORKED IN 1873.

MAR 1963
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

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

March 12, 1963

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
Jack Selby & William J. Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

O. M. E
RECEIVED MAR 13 1963
DATE

Interim Inspection

Accompanied by Jack Selby, the project was inspected on March 7, 1963.

Progress to date of inspection:

	Allowed	Completed	Remainder
Stage I			
Actual Cost, Independent Contract			
Bulldozing (Rep. existing road)	96 hrs.	16 hrs.	80 hrs.
Bulldozing (drill sites)	62 hrs.	45 hrs.	17 hrs.
Transportation of Bulldozer	$160	$ 85	$75
Non Coring	1000 ft.	835 ft.	165 ft.
Coring (above 300 ft.)	1358 ft.		1358 ft.
Reaming & casting, etc.	250 ft		250 ft.
Transportation of drill & equip.	$150		$150
Drain pipe 12 inch	$225	$67.50	$157.50
Core Boxes at $4.00	$160		$160.00
Assaying at $4.00	200 each		200 each
Fixed Cost			
Clean spring, construct earth dam	$175	$175.00	0
Incidental allowance for drilling $0.84 per foot	2500 ft.	835 ft.	1665 ft.
Stage II (Actual Cost)			
Bulldozing (Portal site)	$64		$64.00
Assaying at $4.00	104 each		104 each
Fixed Unit Costs			
Construct adit portal & timber	$485		$485
Crosscutting & drifting at $35.00/ft.	800 ft.		800 ft.
Timbering at $7.50/ft.	400 ft.		400 ft.

The present existing road to the property has been repaired and is passable but heavy rainstorms would impede travel. Three 15-foot culverts have been installed. The spring was cleaned and the earth dam was constructed. Roads and drill sites were bulldozed for drill holes 1, 8, 13, 32, and 33.

Three drill holes were plug drilled but only two holes (Nos. 1 and 33) were completed. Number 8 drill hole is an incomplete drill hole; the drill hit an old winze or stope workings.

The two completed drill holes showed no mineralization, and it appears the two holes have established a north and south boundary lines of an ore body.

Since No. 8 drill hole penetrated a "winze" or an old stope, the operators have suspended their surface drilling and have now, at the operators' expense started to rehabilitate 350-foot adit on the property, where they hope to examine the winze No. 8 drill hole hit.

Messrs. Selby, Ogle, and Thwaites have been advised that the property should have a good surface map before any more drilling is done; and now that they are rehabilitating a 350-foot adit, this should be geologically mapped so as to tie the surface map information with the underground mapping.

From these maps a program of exploring the ore body can be evaluated intelligently. If and when they reach the "winze," samples should be taken of the area and, if the assays disclose good values, possibly an underground diamond drill program would be more profitable than the surface drilling.

In reviewing Stage II of the contract, it appears most of the 800 feet of crosscutting and drifting would be dead work with the terrain such as it is. Possibly this work could be changed to a more realistic program--an opinion--extending the winze a 100 feet, providing the underground drilling program results are favorable.

(Miss) Augusta Nelson
For: Paul V. Fillo
Acting Field Officer, OME
Region II

cc:

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

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

RECEIVED O. M. E. MAR 18 1963

March 11, 1963

800

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
Jack Selby & William J. Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

A cursory visit and inspection was made on the above subject property. A conference was held with Messrs. Thwaites, Ogle, and Selby, reviewing the items in the contract and the pertinent items in your memorandum of February 25, 1963.

Mr. Ogle is preparing a letter explaining and requesting changes in the contract for amendment. A corrected January monthly Voucher and Progress Report will be submitted, accompanied with documentary evidence.

Paul V. Fillo

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

FEB 25 1963

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OMK-6168 (Mercury)
Selby and Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

By memorandum dated February 15 you forwarded to the Department's Fiscal Section the enclosed original and two copies of the January 1963 MMR Forms 60 and 61 together with logs for drill holes nos. 1 and 33. Your memorandum states that the voucher has been checked and payment of the Government's contribution is recommended.

This voucher has been submitted in the name of San Simeon Keystone, Inc., assignee of the Operator under the subject contract. Payment, however, cannot be made to the assignee until, as set forth in my January 28 memorandum, the assignment, a new performance bond, and a copy of the instrument transferring control of the property are received and approved by the Government and the contract is appropriately amended.

In a January 14 memorandum I advised that a contract amendment would be necessary to cover the change from construction of a new access road to the repair of an existing road. In my January 28 memorandum I further advised that amendment would be required if the drilling was performed by the assignee rather than an independent contractor. It now appears that part of the bulldozing was performed by the assignee rather than an independent contractor and that holes nos. 1 and 33 were drilled entirely with non-coring bits. If such is the case, further amendment will be necessary. Please give us your recommendations.

Aside from the matters of assignment and amendment, the voucher as submitted is not acceptable for Government contribution. With the exception of the fixed unit costs of $175.00 for the job of cleaning spring, constructing dam, and installing water system, and the incidental allowance of $.84 for each foot of drilling, the claimed

amounts are under "actual costs" provisions of the contract. All such costs must be supported by documentary evidence as outlined in the penultimate paragraph of the instructions on the reverse of NRC Form 60.

George G. Selfridge

Enclosures

KDTalbert/ama 2-25-63

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

2/21/63

Mr. Talbert —

It appears that all work claimed, except the $175 for cleaning spring, is subject to documentation by contractor prior to payment. Would you recommend payment of the $175 and request contractor to furnish documentation of other work performed?

B. L. Brown

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
FEB 21 1963

February ~~15, 1963~~

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME 6168 (Mercury)
Shelby and Dawson
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed are the original and two copies of the Operator's Monthly Voucher and Progress Report for the month of January, 1963.

The voucher has been checked in this office and found to comply with the contract's specifications. Payment of the Government participation is recommended.

Paul V. Fil[illegible]

Enclosures

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

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OMS-6168
Contract No. 14-23-[illegible] 2157
Contract Amount $ $52,730.00
Gov't. Participation $ 50 $ 26,365.00
Mineral(s) Mercury

OPERATOR'S MONTHLY VOUCHER

For Month of January 1963

Operator's Name SAN SIMEON KEYSTONE, INC.
Address 770 - 5th Street, Morro Bay, Calif.

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing road	177.54	----	177.54			
[illegible]	[illegible]	----	[illegible]			
Crosscutting						
Drilling [illegible] ([illegible])	[illegible]	----	[illegible]			
Haul Bulldozer to site	[illegible]	----	[illegible]			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
3 15' drains @ $1.50 per ft.	[illegible]	----	[illegible]			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
Fixed Unit costs 835' drilling @ 84¢ ft.	693.40	----	693.40			
Clean Spring const.	175.00	----	175.00			
Earth Dam						
TOTALS	[illegible]		[illegible]			

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

Date 2-13-63 *Payee SAN SIMEON KEYSTONE, INC. By: [illegible]

Per _____ Title President

* 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.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

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

$ _____

Signature _____
(Authorized Certifying Officer)

Date _____ Voucher No. _____

MME FORM 61
SEPT. 1960

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of [illegible] Docket No: _____

Operator's Name [illegible] Inc. Contract No. 14-23-090-[illegible]

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary			332	[illegible]			
Drilling, Non-core-Diamond							
See Above. Rotary							
Churn							
Percussion							
Miscellaneous Contract			6	5 [illegible]			
Build Dam & Spring	1	1	1	1			
Roads and Trails	[illegible]	[illegible]	4 [illegible]	[illegible]			
Bulldozer			--				
Trenching							
Test Pitting							
Other Surface Work Adm. Exp.	3	3	3	[illegible]			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
~~Analytical Work~~ Fixed [illegible] @ [illegible] ft.				60[illegible]			
TOTAL TO DATE (per MME Form 60)							

REMARKS Commencing about Feb. 1, 1963 heavy rains have hit the San Luis Obispo County Area substantially stopping work on the mine, and probably precluding further work for a period of some weeks. Work performed since Jan. 1, 1963 consists of transporting a D6 Bulldozer and drill and drill equipment to the [illegible] Site, preparing approximately 4 miles of road running from the Machado Ranch (which is on a County

(Continue on back)

REMARKS

(Continue on back)

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.

SAN SIMEON KEYSTONE, INC.

Date Feb. 13, 1963 By Operator [illegible]

Per _____ Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

Title _____

Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

REMARKS (Cont.)

road) to the mine. This is the same road the subject of letter from OME San Francisco office to Charles E. Ogle, dated Jan. 4, 1963, further referred to as the "present access road". Two 1/4 mile sections of the road had washed out areas which were cut and refilled. Three crossings were filled in preparation for culverts. Three 15' culverts 12" or larger in size were purchased and put on the site, with one being installed. Bulldozer time relative to the road consisted of 12 hours of corporation personnel operation at equipment rental of $10.00 per hour and 4 hours bulldozing by independent contractor at $14.41 per hour. The spring was cleaned and an earth dam was constructed at the mine. Benches for drill holes No. 1, 8, 13, 32 and 33 were constructed. Bulldozing time relative to the latter items was 45 hours at $14.41 per hour in by independent contractor. Drill holes No.'s 1 and 33 were drilled without significant indications of ore being discovered. Copies of drillers log respecting such holes attached. In addition, hole No. 8 was drilled, but not completed, and hence payment not claimed to date; however, at this site there was located an extension of the 1873 Winze previously proposed for exploration under Phase II. To take maximum advantage of the flexibility of further drill holes, surface drilling has been suspended pending underground investigation of the Winze Area. Request is made that funds be made available to conduct such underground investigation in view of savings on road construction and previous reports of ore in the vicinity of the Winze area when the mine was worked in 1873.

REMARKS (Cont.)

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

LOG

Hole number 1 Stn, 14

O.M.E. Exploration 6168 at Keystone Mine.

0-143' Gray sandstone. Same as shows on surface of cut for drill bench.
143-167' Gray sandstone as above but of a little coarser texture and somewhat harder.
167-175' Gray sandstone highly altered by silica resembling shalcedony with some marcasite inclusions. No colors or oxidation of iron.
175-196' Gray sandstone with streks of silica, the streaks being a thickness of 8 to 12". No sulfides.
196-202' Gray sandstone(slightly darker) showing some serpentine and other dark rock resembling andesite or some other igneous rock. At this point slight signs of calcite crystals appeared and we panned six colors or crystals of cinnabar from one pan; First encountered.
202-238' Gray sandstone with slight trace of serpentine. Pannings showed a little black iron but no sulfides.
238-304' Same as above but with less serpentine and being somewhat darker in color. No signs of any mineralization.
304-500' Gray sandstone becoming lighter in color and slightly harder.

Remarks:

This sandstone seemed to be laminated at intervals of 10 to 25', the seams were 6 to 14" in thickness but showed no signs of any attrition, just silicas. There wasnt any oxidation and the hole appeared to be dry.

The sandstone found in this hole is identical to the sandstones found on the road between Rocky Butte Lookout and Pine mountain.and is locally called "Chico Sandstone".

LOG

Hole # Stn, 33

O.M.E. Exploration 6168 at Keystone Mine

0- 10' Same as shows on surface
10- 84' Serpentine and sandstone breccia with some dark [illegible] material indicating a gouge.
84-[illegible]' Metamorphic sandstone.
[illegible]-[illegible]' Brecciated brown chert- not too hard and a little [illegible] clay in it.
[illegible]-[illegible]' Brown metamorphic sandstone containing almost [illegible] of foreign material in it. Some sulfides but no calcite [illegible]
[illegible]-[illegible] Brown chert, very hard.
[illegible]-335 Gray sandstone unaltered and no sulfides at alt. The sandstone darkened at depth.

Remarks:

This hole seemed to be on the edge of a gouge as [illegible] will show and evidence on surface will indicate.

Samples were kept on both these holes at 5' in[illegible]

555 Battery Street
San Francisco 11, California

February 21, 1963

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
Jack Selby & William J. Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed is a copy of a letter from the subject operator for your information and files.

Paul V. Fillo

Enclosure

EXTRA COPY
O. M. E.
RECEIVED FEB 25 1963
800

CHARLES E. OGLE
ATTORNEY AT LAW
770 6TH STREET
MORRO BAY, CALIFORNIA
TELEPHONE SPRUCE 2-7393

C O P Y

February 19, 1962

Mr. Paul V. Miller, Acting Field Officer
OMS, Region II
United States Department of the Interior
450 Battery Street
San Francisco 11, California

Re: CMS-3168 (Mercury)
Jack Selby & William J. Sussman
Keystone Mine
San Luis Obispo County, Calif.
Contract No. 2[illegible]

Please accept this letter as a [illegible] and/or amendment of MRT forms 60 and 61 submitted with my letter of [illegible]

[illegible] should have been [illegible] rather than $4,500. [illegible] figure of $3 per foot was [illegible] contract whereas the [illegible] drilling [illegible] $1.[illegible] per foot* and for 835' the figure should then be $[illegible].

The total amount due should therefore be $2,090.40 rather than $4,711.50.

CHARLES E. OGLE

CEO:P

cc: Mr. J. Thwaites

* the sub-contract rate.

JAN 13 1966

Mr. R. A. Savage
915 Main Building
Fresno, California

Re: OMS-6168 (Survey)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Dear Mr. Savage:

Reference is made to the terminated exploration contract between San Simeon Keystone, Inc., and 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. Attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

We appreciate the interest and participation of San Simeon Keystone, Inc. in the OMS exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Messrs. Jack Selby and William J. Dawson
Charles E. Ogle
Oliver E. Lucas
Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
C. Curtis
Budget & Finance
Region II
Mr. Selfridge
IRM

OCSelfridge/mm (1/12/66)

MME Form 14
July 1965

Contract No. Idm-E) 14-23) 8157

Docket No. DMEA) MME) 6168

Date of Action March 2, 1966
Terminated Contract

DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

OBLIGATION DOCUMENT

To: Chief, Branch of Budget & Finance

From: Chief, Office of Minerals Exploration

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

Name and Address of Contractor:
San Simeon Keystone, Inc.
P. O. Box 993
Morro Bay, California

Date of Contract	Region	State	Commodity
April 19, 1962	II	California	Mercury

	Reserve	Obligation
Prior Amount	0	$22,670.00
Increase	0	0
Decrease	0	17,960.95
Revised Amount	0	4,709.05

Remarks:

cc: 110
800
210

MME Form 14
March 1961

Contract No. Idm-E) 14-23) 2157

Docket No. DMEA) MME) 6168

No. 311

Date of Action ~~October 9, 1964~~
Executed minus amendment

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

San Simeon Keystone, Inc.
770 5th St.
Morro Bay, California

Date of Contract	Region	State	Commodity
April 19, 1962	**II**	**California**	**Mercury**

	Reserve	Obligation
Prior Amount	0	$22,694.25
Increase	0	0
Decrease	~~0~~	~~24.25~~
Revised Amount	0	$22,670.00

Remarks:

cc: 110
800 ✓
210

88995-61

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXTRA COPY
O. M. E
RECEIVED OCT 9 1964

DATE	INITIALS	CODE
October 7, 1964		800

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California

Enclosed are the original and two copies of Amendment No. 4 of the above subject contract property executed by the operator.

The remaining copies of Amendment No. 4 have been distributed in the usual manner.

Paul V. Fillo

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

Audit's Copy

EXPLORATION CONTRACT
SAN SIMEON KEYSTONE, INC., ASSIGNEE
OME-6168

AMENDMENT NO. 4

It is agreed this 18th day of September, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and San Simeon Keystone, Inc., Assignee, hereinafter referred to as the "Operator," that Exploration Contract 2157 (OME-6168), dated April 19, 1962, as amended, is further amended effective as of the date of the contract as follows:

1. In Amendment No. 2:

In Item 5 the description of the drilling is deleted and replaced as follows:

> Surface holes shall be drilled by using NX non-coring bits. The underground holes shall be started BX core size (core diameter 1-5/8 inch) or larger. If drilling conditions necessitate, the core bit sizes may be reduced; however, all holes shall be completed not less than AX core size (core diameter 1-1/8-inch).

2. In Exhibit A of the contract and in Amendments Nos. 1 and 2, all reference to specifications and costs under Estimated Cost of the Project, Stage I, are deleted and replaced with the following:

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Surface drilling, 1,357 feet @ $1.50/ft.	$2,035.50
Underground drilling, 800 feet	5,400.00
NX core size @ $6.75/ft.	
BX core size @ $5.00/ft.	
AX core size @ $4.00/ft.	

Reaming and casing, or cementing and redrilling, 300 feet @ $3.50/ft.	$1,050.00	
Transportation of drill and equipment to and from job	150.00	
		$8,635.50

Category (3) Operating Materials And Supplies

None except:		
10 drains, 12" pipe, 15' long for access roads @ $1.50/ft.	$ 225.00	
200 cardboard core boxes @ $0.80/each	160.00	
		$ 385.00

Category (7) Miscellaneous

None except:		
Assaying 200 samples for mercury @ $4.00/sample	$ 800.00	
		$ 800.00
Total Actual Costs		$9,820.50

Fixed Unit Costs

Bulldozing to repair and maintain access roads, 50 hours @ $14.00/hr.	$ 700.00
Bulldozing to clean benches and level drill sites, and to construct earth dam, 62 hours @ $14.00/hr.	868.00
Clean spring, construct earth dam, install water system, job is unit of work, except bulldozing	175.00

Incidental allowance in lieu of all costs whatsoever, except those listed above, $0.84/ft. for 2,157 feet	$1,812.00
Total Fixed Unit Costs	3,555.00
Total Estimated Cost Stage I	$13,375.50

3. In Article 1(b) of the contract, as amended by Amendment No. 2, the figures $45,388.50 and $22,694.25 are revised to read $45,340.00 and $22,670.00, respectively.

4. In Exhibit A under Estimated Cost of the Project, the S U M M A R Y shown in Amendment No. 2 is revised to read:

Total Estimated Cost Stage I (rounded)	$13,375.00
Total Estimated Cost Stage II	$31,965.00
Total Estimated Cost of Project	$45,340.00
Government Participation @ 50%	$22,670.00

This amendment reduces the estimated total cost of the project and the aggregate total amount which the Government may be required to contribute, and it shall not be construed to increase the amount of any item designated as a maximum or the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnbull
Acting Director, Office of Minerals Exploration

SAN SIMEON KEYSTONE, INC., ASSIGNEE

By Fred Paul H. Savage

Title Vice Pres and Genl Mgr.

800

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

August 25, 1964

Memorandum

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

From : Acting Field Office, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc.
Keystone Mine
San Luis Obispo County, California

7157

Enclosed are copies of a letter from the subject operator explaining his difficulty in underground drilling of BX size holes and Boyles Brothers drilling contract. To complete the drill holes they had to use AX size bits and it is recommended that an amendment to the contract be prepared to allow AX drilling in completing a drill hole. In Boyles Bros. contract they show $4.00 per foot for drilling AX size.

Paul V. Fillo

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

Memorandum

June 24, 1964

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

From : Acting Field Officer, OME, Region II

Subject : OME-6168 (Mercury)
San Simeon Keystone
Keystone Mine
San Luis Obispo County, Calif.
Contract No. 2157

Enclosed are the original and two copies of Amendment No. 3 of the subject contract properly executed by the operator.

The remaining copies of the Amendment No. 3 have been distributed in the usual manner.

Also enclosed are copies of two letters from the subject operator for your information.

PAUL V. FILLO

Paul V. Fillo

Enclosures

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

Audit's Copy

EXPLORATION CONTRACT
SAN SIMEON KEYSTONE, INC., ASSIGNEE
OME-6168

AMENDMENT NO. 3

It is agreed this 9th day of June, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and San Simeon Keystone, Inc., Assignee, hereinafter called the "Operator," that Exploration Contract 2157 (OME-6168) dated April 19, 1962, as amended, is further amended, effective as of April 19, 1964, as follows:

1. The period fixed by Item 1 of Amendment No. 2 for completion of the work is changed from 24 months to 36 months from the date of the contract, or until April 19, 1965.

2. The maximum period for royalty payments and for the lien to secure the payments thereof provided for in Item 2 of Amendment No. 2 is extended from eleven (11) years to twelve (12) years from the date of the contract.

This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnick
Acting Director, Office of Minerals Exploration

SAN SIMEON KEYSTONE, INC., ASSIGNEE

By H A Lavoy

Title Vice Pres & Gen Mgr

Jack W Selby

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

EXTRA COPY
O. M. E
RECEIVED MAY 19 1964
DATE May 14, 1964 CODE 800

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed is a copy of letter from the subject operator. This office approves the operator's request for an underground diamond drilling program.

Upon completing hole No. 1, there may be a change in the bearing and inclination of hole No. 2. This office will be advised accordingly.

PAUL V. FILLO

Paul V. Fillo

Enclosure

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 Golden Gate Avenue, Box 36012
San Francisco, California, 94102

EXTRA COPY		
May 5, 1964		
RECEIVED MAY 11 1964		
DATE	INITIALS	CODE
		800

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed are copies of two letters from the subject operator which were received while I was on a field trip.

In order for them to complete their contract work, it is recommended an amendment be prepared to extend the contract time six more months.

Yesterday, the operator telephoned to ask for a meeting this Thursday to review for Government's approval their underground-drilling plans.

This information will be forwarded to your office for further approval.

PAUL V. FILLO

Paul V. Fillo

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum March 27, 1964

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed are copies of two letters from H. A. Savage advising us he has taken over the management of the Keystone mine.

Mr. Ogle, the attorney for the subject contract, has been instructed to submit immediately a copy of the agreement as well as a request for approval.

PAUL V. FILLO

Paul V. Fillo

Enclosures

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

EXTRA COPY
O. M. E
RECEIVED MAR 3 64
DATE
800

H. A. SAVAGE
RICHARD L. SHEPARD
JAMES S. SHEPARD

SAVAGE & SHEPARD
ATTORNEYS AT LAW
915 HELM BUILDING
FRESNO, CALIFORNIA
TELEPHONE AMHERST 6-4536

March 20, 1964

MAR 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

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

Attention: Mr. Paul V. Fillo, Acting Field Officer
O.M.E. Region II

Dear Sir:

I am pleased to advise you that I have been successful in removing all internal matters in connection with the San Simeon Keystone, Inc., and I am being made Vice President and General Manager. I am making available the money to pay for the core drilling to be done as Part II, as I understand it, of the O.M.E. contract, with full authority to act for and on behalf of the corporation. Mr. Charles Ogle and I are working in complete harmony.

I have long been acquainted with Mr. Hyde Lewis, President and General Manager of the New Idria Quick Silver Mine, and his Vice President and Mining Engineer, M. C. Richardson, and yesterday I spent all day at the New Idria Mine trying to bring my knowledge of mercury mining, exploration and development up to date. Mr. Lewis has offered to release Mr. M. C. Richardson, whom all of us call "Richie", to go to the mine and inspect the conditions there and make recommendations as needed, but primarily to meet with you at the mine when you can come, so that the direction and depth of core drilling under the O.M.E. contract can be commenced with definiteness.

Mr. Richardson is going to the mine primarily to look over all conditions, including water supply, camp site, location of mill and retorts; but would like very much to meet you and get the benefit of your own good judgment in connection with the drilling operations. Mr. Richardson can go to the mine next Thursday or Friday, and if it is convenient to you, I would meet you at San Luis Obispo and, if coming by plane, at any time you indicate, and take you to the mine with Mr. Richardson. Mr. Richardson can get away for a couple of days on Thursday, next, March 26th.

I worked with Mr. Richardson for many years and I believe in him as one of the finest, well-balanced, experienced executive mining engineers I have ever met and I will be guided by Mr. Richardson's advice throughout our development; and also Mr. Hyde Lewis' advice, whom I believe to be the foremost mercury mining engineer in the Western Hemisphere. I am sure you know more about the New Idria

MME Form 14
March 1961

No. 270

Contract No. Idm-E) 14-23) **2157**

Docket No. DMEA) MME) **6168**

Date of Action ~~**March 2, 1964**~~ **Executed minus amendment**

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

San Simeon Keystone, Inc.
770 5th Street
Morro Bay, California

Date of Contract	Region	State	Commodity
April 19, 1962	**II**	**California**	**Mercury**

	Reserve	Obligation
Prior Amount	**0**	**$25,856.00**
Increase	**0**	**0**
Decrease	~~**0**~~	~~**3,161.75**~~
Revised Amount	**0**	**$22,694.25**

Remarks:

cc: 110
800
210

88995-61

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum February 27, 1964

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract No. 2157

Enclosed are the original and two copies of Amendment No. 2 of the above subject contract properly executed by the operator.

The remaining copies of the Amendment No. 2 have been distributed in the usual manner.

PAUL V. FILLO

Paul V. Fillo

Enclosure

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

EXTRA COPY
O. M. E
RECEIVED MAR 2 964

DATE		CODE
		800

Audit's Copy

EXPLORATION CONTRACT
SAN SIMEON KEYSTONE, INC., ASSIGNEE
OMR-6168

AMENDMENT NO. 2

It is agreed this 22nd day of August, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and San Simeon Keystone, Inc., Assignee, hereinafter called the "Operator," that Exploration Contract No. 2157, as amended, is further amended, effective as of April 19, 1962, as follows:

1. The period fixed by Article 1 of the contract for completion of the work is changed from 12 to 24 months from the date of the contract, or until April 19, 1964.

2. The maximum period for royalty payments and for the lien to secure the payments thereof provided for in Article 7(b) of the contract is extended from ten (10) years to eleven (11) years.

3. Under Article 1 of the contract, as amended by Amendment No. 1, Item 1, the total estimated cost of the work is changed from $51,712.00 to $45,388.50, and the contribution by the Government is changed from a maximum of $25,856.00 to $22,694.25.

4. In Exhibit A, the first sentence is deleted and the following is substituted:

"The purpose of the project is to explore for ores of mercury occurring as cinnabar disseminated in a sandstone lens by means of drilling from the surface and from underground and by crosscutting and drifting in the Keystone mine property."

5. In Exhibit A, under the heading "General Conditions", the first sentence, as set forth in Amendment No. 1, is deleted and the following is substituted:

"Surface holes shall be drilled by using NX non-coring bits and underground holes by using BX coring bits (1-5/8-inch core diameter)."

6. In Exhibit A under the heading "Description of the Work," Stage I, the second paragraph is deleted and the following is substituted:

"1,357 feet of surface drilling shall be performed, at the approximate locations indicated in red color on Figure 2, titled "Grid for Exploration," attached hereto and made a part hereof. Also, not to exceed 800 feet of underground drilling shall be done, with hole locations, depths, directions, and inclinations to be approved in advance by the Government. The Government will contribute to the cost of assaying not to exceed 200 samples under Stage I."

7. In Exhibit A under the heading Estimated Cost of the Project, as amended by Amendment No. 1, Category (1) is deleted and the following is substituted:

"Stage I

Actual Costs

Category (1) Independent Contracts

Surface Drilling, 1,357 feet @ $1.50/ft.	$2,035.50	
Underground Drilling, 800 feet @ $6.75/ft.	5,400.00	
Reaming and casing, or cementing and redrilling, 300 feet @ $3.50/ft.	1,050.00	
		$8,485.50"

The sums of $15,984.00 and $19,747.00 shown in Amendment No. 1 as the Total Actual Costs and Total Stage I are changed to $9,580.50 and $13,423.50, respectively.

8. The Cost Summary shown in Amendment No. 1 is deleted and the following is substituted:

"Total Estimated Cost of Stage I	$13,423.50
Total Estimated Cost of Stage II	31,965.00
Total Estimated Cost of Project	$45,388.50
Government Participation	$22,694.25"

This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnbull
Director, Office of Minerals Exploration

SAN SIMEON KEYSTONE, INC., ASSIGNEE

By Jack W. Selby

Title President

800

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco, California, 94111

Memorandum

December 5, 1963

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

From : Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
San Simeon Keystone, Inc., Assignee
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed is a copy of a letter from the subject operator, requesting additional time to their contract. Their "dilly-dally" disposition for the past year has been discouraging, and this could be blamed on their inexperience of mining, etc.

Possibly another chance is all right and if this is the case, it is recommended this will be their last authorized extension.

PAUL V. FILLO

Paul V. Fillo

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

MME Form 14
March 1961

No. 219

Contract No. Idm-E) 14-23) 2157

Docket No. DMEA) MME) 6168

Date of Action ~~July 17, 1963~~ Executed minus amendment

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:

San Simeon Keystone, Inc. (assigned 2/8/63)
770 Fifth Street
Morro Bay, California

Date of Contract	Region	State	Commodity
April 19, 1962	II	California	Mercury
	Reserve		Obligation
Prior Amount	0		$26,365.00
Increase	0		0
Decrease	~~0~~		~~509.00~~
Revised Amount			$25,856.00

Remarks:

cc: 110
800
210

88995-61

Audit's Copy

EXPLORATION CONTRACT
SAN SIMEON KEYSTONE, INC., ASSIGNEE
OME-6168

AMENDMENT NO. 1

It is agreed this 7th day of June, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and San Simeon Keystone, Inc., Assignee, hereinafter called the "Operator," that Exploration Contract No. 2157 is amended, effective as of the contract date of April 19, 1962, as follows:

1. Under Article 1 of the contract, the total estimated cost of the work is changed from $52,730.00 to $51,712.00, and the contribution by the Government is changed from a maximum of $26,365.00 to $25,856.00.

2. In Exhibit A, under the heading General Conditions, the first sentence is deleted and the following is substituted:

"Holes shall be drilled using NX or larger size coring bits, except that non-coring bits may be used when drilling above the core zone and in other situations approved by the Government, and BX size bits may be used where necessary to complete a hole."

3. In Exhibit A, under the heading Description of the Work, Stage I, the first paragraph is deleted and the following is substituted:

"The presently existing access road shall be repaired and maintained, including bulldozing and installation of drains, (using a bulldozer of not less than TD 19 or equivalent size of another make); benches shall be cleared and sites leveled for drilling; a spring shall be cleaned and an earth dam constructed for the purpose of furnishing water for drilling. The Government will contribute to bulldozing costs of not to exceed fifty (50) hours to repair and maintain the access road and not to exceed 62 hours to clean benches, level drill sites, and construct an earth dam."

4. In Exhibit A under the heading Estimated Cost of the Project, all of the Stage I costs are deleted and the following is substituted:

"Stage I

Actual Costs

Category (1) Independent Contracts

Drilling, size NX or larger, 1,000 feet non-coring @ $3.00/ft.	$3,000.00	
1,356 feet coring, above 300-ft. depth, NX or larger size, @ $7.00/ft.	9,506.00	
Coring, size NX, @ $6.00/ft.		
142 feet coring, NX or larger size, @ $9.00/ft., below 300-ft. depth	1,278.00	
Coring, size NX, @ $8.00/ft.		
Reaming and casing, or cement and redrilling, 250 feet @ $3.50/ft.	875.00	
Transportation of drill and equipment to and from job	150.00	$14,809.00

Category (3), Operating Materials and Supplies

None except:		
6 drains, 12" pipe, 15' long for access road, @ $1.50/ft.	135.00	
40 wooden core boxes, @ $4.00/each	160.00	$295.00

Category (7) Miscellaneous

None except:		
Assaying 200 samples for mercury @ $4.00/each		$ 800.00
Total Actual Costs		$15,904.00

Fixed Unit Costs

Bulldozing to repair and maintain access road, 50 hours @ $14.00	$ 700.00	
Bulldozing to clean benches and level drill sites, and to construct earth dam, 62 hours @ $14.00	868.00	
Clean spring, construct earth dam, install water system, job, except bulldozing	175.00	
Incidental allowance in lieu of all costs whatsoever, except those listed above, $0.84/ft. for 2,500 feet of drilling	2,100.00	
Total Fixed Unit Costs		$ 3,843.00
Total Stage I		$19,747.00"

5. The Cost Summary on page 5 of Exhibit A is deleted and the following is substituted:

Total Estimated Cost of Stage I	$19,747.00
Total Estimated Cost of Stage II	31,965.00
Total Estimated Cost of Project	$51,712.00
Government Participation	$25,856.00

6. This amendment shall not be construed to increase the amount of any item designated as maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank Turnich
Director, Office of Minerals Exploration

SAN SIMEON KEYSTONE, INC., ASSIGNEE

By Jack W. Selby

Title President

Audit's Copy

EXPLORATION CONTRACT
JACK SELBY AND WILLIAM J. DAWSON
OKM-6168

ASSIGNMENT OF CONTRACT

WHEREAS, Jack Selby and William J. Dawson, a partnership, hereinafter called the "Assignor," and the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," entered into Exploration Contract No. 2157 (Docket OKM-6168), dated April 19, 1961, hereinafter called the "Contract," and

WHEREAS, San Simeon Keystone, Inc., a California corporation whose address is 770 Fifth Street, Morro Bay, California, hereinafter called the "Assignee," pursuant to Mining Agreement, dated 6/1/1957, amended by Supplement 7/24/1957, (assigned to corporatinn) has acquired an interest in the land which is the subject of the Contract and the Assignee desires to perform the work under the Contract;

NOW, THEREFORE, effective December 17, 19[illegible], the Assignor, subject to acceptance by the Assignee and consent of the Government, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all of its right, title and interest in the Contract, including such sums which might be paid by the Government as its share of the costs for work performed under the terms of the Contract.

The Assignor consents to all future amendments (including a termination agreement) and assignments of the Contract, and waives notice thereof.

Dated this 8th day of February, 19[illegible].

Jack Selby
JACK SELBY

William J. Dawson
WILLIAM J. DAWSON

ASSIGNEE'S ACCEPTANCE

The Assignee hereby accepts the foregoing assignment and agrees to be bound by the terms, provisions and conditions of the Contract. The Assignee expressly assumes and agrees to pay to the Government any royalty that may accrue under the provisions of the Contract.

Dated this eighth day of February, 3 196.

SAN SIMEON KEYSTONE, INC.

By Jack Selby

Title President

I, CHARLES E. OGLE certify that I am the duly elected and acting secretary of the corporation named herein; that JACK SELBY who signed this instrument on behalf of the corporation was then president of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Dated: February 8, 1963.

Secretary of San Simeon Keystone, Inc.

GOVERNMENT'S CONSENT

The Government, this 5th day of March, 1963, hereby consents to the above assignment without releasing the Assignor from any of the terms, provisions and conditions of the Contract, or any amendment (including a termination agreement) or assignment thereof.

THE UNITED STATES OF AMERICA

By George Turnich

Director, Office of Minerals Exploration

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(See Instructions on Reverse)

DATE BOND EXECUTED
2/8/1963

PRINCIPAL
SAN SIMEON KEYSTONE, INC.

SURETY CHARLES E. OGLE, 770 Fifth Street, Morro Bay, California.
OLIVER EDWIN "TED" LUCAS, P. O. Box 1073, Morro Bay, California.

PENAL SUM OF BOND (express in words and figures)	CONTRACT NO.	DATE OF CONTRACT
Twenty-Six Thousand, Three Hundred & Sixty-Five Dollars ($26,365.00)	O.N.E.6168	April 19, 1962

KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS — INDIVIDUAL PRINCIPAL

1. Affidavits of Individual Surety completed and executed by the as to [SEAL]
x 2. undersigned sureties in connection with Performance Bond execu- as to [SEAL]
xx 3. ted by said sureties October 15, 1962, with Jack Selby and Wil- as to [SEAL]
xx 4. liam Dawson as "principal", are incorporated herein and made a part hereof the same as if again executed; such figures supplied therein being substantially unchanged from that date to this. as to [SEAL]

WITNESS		INDIVIDUAL SURETY	
1. Frances L. Prosser	as to	s/ Charles E. Ogle	[SEAL]
2. Frances L. Prosser	as to	s/ Oliver Edwin "Ted" Lucas	[SEAL]

Attest:
/s/ CHARLES E. OGLE
Charles E. Ogle, Secretary

CORPORATE PRINCIPAL: SAN SIMEON KEYSTONE, INC.
BUSINESS ADDRESS: 770 Street, Morro Bay, Cal.
BY s/ Jack Selby
TITLE President
AFFIX CORPORATE SEAL

Attest:

CORPORATE SURETY
BUSINESS ADDRESS
BY
TITLE
AFFIX CORPORATE SEAL

STANDARD FORM 25
NOVEMBER 1950 EDITION

16—30441-2

The rate of premium on this bond is ..... per thousand.

Total amount of premium charged, $.....

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, CHARLES E. OGLE, certify that I am the elected & acting secretary of the corporation named as principal in the within bond; that JACK SELBY, who signed the said bond on behalf of the principal, was then president of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

s/ CHARLES E. OGLE

Charles E. OgleSecretary

[CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 28).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U. S. GOVERNMENT PRINTING OFFICE 16—30441-2

FOR VALUE RECEIVED, JACK SELBY and WILLIAM J. DAWSON hereby assign, transfer, and set over to SAN SIMEON KEYSTONE, INC., a California corporation, all their right, title and interest in and to a certain "Mining Agreement" dated June 1, 1957, by and between PHELAN LAND & CATTLE COMPANY, A California corporation, and said SELBY and DAWSON (and others), as amended in a document entitled "Supplement To Mining Agreement" dated July 24, 1957, between the aforesaid parties.

SAN SIMEON KEYSTONE, INC. hereby assumes the performance of all the covenants and conditions of said agreement, and also assumes all liability thereunder including payment of royalty as therein set out. Notwithstanding such agreement and obligation by said corporation, JACK SELBY and WILLIAM J. DAWSON agree to remain personally liable for all the covenants, terms and conditions of said agreement.

Dated:

December 17, 1962

s/ Jack Selby
Jack Selby

s/ William J. Dawson
William J. Dawson

SAN SIMEON KEYSTONE, INC.

By: s/ Jack Selby
President

ATTEST
A TRUE COPY

Charles E. Ogle, Secretary
of San Simeon Keystone, Inc.

Consent to the above assignment is hereby given.

PHELAN LAND & CATTLE COMPANY

By: _____
President

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

February 19, 1963

O. M. E.
RECEIVED
800

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: OME-6168 (Mercury)
Selby and Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed is a copy of a letter from the subject operator with the original and five copies of assignment of contract signed by Jack Selby and William J. Dawson; also the original and five copies of Performance Bond signed by Charles E. Ogle, Oliver Edwin, and Ted Lucas as sureties and San Simeon Keystone, Inc. as principal, and five copies of Selby and Dawson assignment transferred to San Simeon Keystone, Inc.

The above copies of assignments and Performance Bonds are to be reviewed to determine if they will meet Government approval for the Director's signature.

P. V. Fillo

Enclosures

NOV 1 9 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: GMK-6168 (Mercury)
Jack Selby and William J. Dawson
Keystone Mine
San Luis Obispo County, California
Contract 2157

Enclosed are the Operator's and Field Office's copies of the subject contract, signed by the Director for the Government. Also enclosed is the unsigned extra copy for the use of the Field Office.

Please forward the Operator's copy to the Operator's attorney, as requested, retaining the Field Office's copy for your files.

Please inform the Operator's attorney, in reply to the question in his letter of November 6, 1962, copy of which you forwarded with your memorandum of November 9, that any standard form of assignment of contract will be acceptable if it contains a clause recognizing the Government's rights under the contract and a clause providing for the Government's consent to the assignment. His attention should be called to Article 1(d) of the contract.

The assignment of contract form recently sent you in the case of GMK-6193, Gold Canyon Mines, Inc. can be used as an example.

Enclosures

George C. Selfridge

SPHolt/mm
11-19-62
cc: Director's reading
CA&A Division
Review Committee
Docket

MME Form 14
March 1961

No. 175

Contract No. Idm-E) 14-23) 2157

Docket No. DMEA) MME) 6168

Date of Action November 13, 1962
Executed contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

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

Name and Address of Contractor:
Jack Selby and William J. Dawson, partnership
P. O. Box 993
Morrow Bay, California

Date of Contract	Region	State	Commodity
April 19, 1962	II	California	Mercury

	Reserve	Obligation
Prior Amount	0	0
Increase	0	$26,365.00
Decrease	0	0
Revised Amount	0	$26,365.00

Remarks:

6% interest

cc: 110
800
210

88995-61

MME Form 50
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Audit's Copy

NOV 13 1962
O.M.E.

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6168	Mercury	14-23-090-2157	San Luis Obispo	California

It is agreed APR 19 1962 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Jack Selby and William J. Dawson, a partnership,

whose mailing address is P. O. Box 993, Morro Bay, California, hereinafter called the "Operator, as follows:

ARTICLE 1. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before January 1,1963 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 52,730.00 . The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $26,365.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest computed annually at the rate of 6 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) 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 rights in land.--(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 right 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:

Interest 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 lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

A Performance Bond is attached in lieu of a Lien or Subordination Agreement of the owner.

(c) The Operator shall preserve and maintain his right, title, or 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 royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 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, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws 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) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) 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 production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--(a) 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. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. 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 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; 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 monthly report). 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 related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's 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 the Government determines that 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 preparation or completion of the same 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. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--The Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. This provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the ~~Operator's~~ gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable 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. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" 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.

(2) 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.

(d) Unsold production.--If any production (ore, concentrate, 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, concentrate, 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) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) 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 Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is 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:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

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 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. 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.

See Article 16

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provisions.-- The provisions governing performance of work under Government contracts, as set out in Section 701 of Executive Order 10925, dated March 6, 1961 (a copy of which is attached hereto as Exhibit B and by reference hereby incorporated and made a part of this contract), shall be applicable to this contract, and shall be included in all contracts executed by the Operator for the performance of work contemplated by this contract, and for that purpose the term "contract" shall be deemed to refer to this instrument and to contracts awarded by the Operator and the term "contractor" shall be deemed to refer to the Operator and to contractors awarded contracts by the Operator.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By: Jack Selby
Jack Selby
(Operator)

By William J. Dawson
William J. Dawson
Partners

Title

By George Turnbull
Director, Office of Minerals Exploration

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

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52370

EXPLORATION CONTRACT
JACK SELBY AND WILLIAM J. DAWSON
OME-6168

ANNEX I

The land, with all rights pertaining thereto, referred to in Article 2 of the contract and shown outlined in blue color on Figure 1, titled "Topographic Map Showing Property Lines, Access Roads, & Proposed Road as Indicated, also Plans of Custom Milling," attached hereto and made a part hereof, comprises deeded agricultural land with mineral rights, as follows:

> The S½ NE¼, SW¼ NW¼, and W½ SE¼, sec. 23, T. 26 S., R. 8 E., Mount Diable Base and Meridian, San Luis Obispo County, California, total area 200 acres more or less, and commonly known as the "Keystone Field."

The Operator controls the land under the terms of a Mining Agreement, dated June 1, 1957, as amended by a Supplement to Mining Agreement, dated July 24, 1957, from the owner, Phelan Land & Cattle Company, a California corporation, the address of which is P. O. Box 317, Cambria, California.

A Performance Bond is attached hereto and made a part hereof, in lieu of Lien or Subordination Agreement of the owner of the property.

EXPLORATION CONTRACT
JACK SELBY AND WILLIAM J. DAMSON
OME-6168

EXHIBIT A

The purpose of the project is to explore for ores of mercury occurring as cinnabar disseminated in a sandstone lens by means of drilling from surface and crosscutting and drifting in the Keystone mine property. The work shall be performed in two stages. All of Stage I work shall be done as outlined herein, and as much of Stage II work as may be approved in advance by the Government. Stage II work shall be contingent upon favorable results having been obtained under Stage I, and Stage II work shall not be undertaken without prior approval of the Government.

General Conditions

Holes shall be drilled using NX or larger size coring bits, except that non-coring bits may be used when drilling above the ore zone, and BX size bits may be used where necessary to complete a hole. Holes shall be reamed and cased or cemented and redrilled where necessary. All cores shall be properly boxed and stored so as to be available for inspection by the Government. Core from drilling in significantly mineralized areas shall be split and one fraction reserved for the Government, stored in a suitable container properly identified as to the location. The remaining sample shall be assayed for mercury.

Sludge samples shall be taken during the core drilling; and in significantly mineralized sections where the core recovery is less than 60 percent, the sludges shall be assayed as above in addition to the core segments which have been recovered. No sample, either of core or sludge, shall represent a hole interval of more than 5 feet.

No work shall be done at locations closer than 100 feet to the property boundaries. The Government will not participate in the cost of incomplete holes. Casing left in drill holes at Operator's request will be for its sole account.

The locations and depths of all drill holes shall be subject to prior approval of the Government. No drill hole shall be drilled at a distance less than approximately 100 feet from another hole.

The Operator shall provide such supervisory and technical services as may be required to complete the project in a satisfactory manner.

Drifts and crosscuts shall be not less than 5 feet wide and 7 feet high in the clear of timber and shall be timbered as necessary, using standard drift sets consisting of not less than 8-inch by 8-inch timber, or the equivalent in round timber.

Mine rails shall be not less than 20-lb. size, air lines not less than 2-inch size, and water lines not less than 1-inch size. Ventilation lines shall be not less than 10-inch size.

Description of the Work

Stage I

An access road shall be constructed, located approximately as shown in brown color on Figure 1, heretofore mentioned (using a bulldozer of a size not less than TD-19 or equivalent size of another make); benches shall be cleaned and sites leveled for drilling; a spring shall be cleaned and an earth dam constructed for the purpose of furnishing water for drilling (using for this work a bulldozer of a size not less than TD-24 or equivalent size of another make). The Government will contribute to bulldozing costs of not to exceed 96 hours to construct the access road, and not to exceed 62 hours to clean benches, level drill sites, and construct an earth dam.

Approximately nine vertical holes shall be drilled, located approximately as shown in red color on Figure 2, titled "Grid For Exploration" attached hereto and made a part hereof. The Government will contribute to the cost of drilling not to exceed an aggregate total of 2,500 feet of drill holes. The Government will contribute to the cost of assaying not to exceed 200 samples under Stage I.

Stage II

Contingent upon favorable results of Stage I work, a portal site shall be prepared, using a bulldozer of a size not less than TD-24 or equivalent size of another make, portal constructed and timbered, and an adit crosscut and/or drift shall be driven for a distance of not to exceed 800 feet, located and in the direction approximately as shown in green color on Figure 2, hereinbefore mentioned, for the purpose of crosscutting to intersect mineralized area or areas indicated by Stage I work and/or drifting thereon. The Government will contribute under Stage II to the cost of not to exceed 800 feet of crosscutting and drifting, 400 feet of crosscut or drift timbering, and the assaying of 104 samples.

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Bulldozing to construct access road, 96 hours @ $14.00/hr.	$1,344.00	
Bulldozing to clean benches and level drill sites and to construct earth dam, 62 hours @ $16.00/hr.	992.00	
Transportation of Size TD-24 bulldozer to and from job	160.00	
Drilling, size NX or larger, 1,000 feet non-coring @ $3.00/ft.	3,000.00	
1,358 feet coring, above 300-ft. depth, NX or larger size, @ $7.00/ft.	9,506.00	
Coring, size BX, @ $6.00/ft.		
142 feet coring, NX or larger size, @ $9.00/ft., below 300-ft. depth	1,278.00	
Coring, size BX, @ $8.00/ft.		
Reaming and casing, or cementing and redrilling, 250 feet @ $3.50/ft.	875.00	
Transportation of drill and equipment to and from job	150.00	$17,305.00

Category (3), Operating Materials and Supplies

None except:		
10 drains, 12" pipe, 15' long for access road, @ $1.50/ft.	225.00	
40 wooden core boxes, @ $4.00/each	160.00	$ 385.00

Category (7) Miscellaneous

None except:

Assaying 200 samples for mercury @ $4.00/each		$ 800.00
Total Actual Costs		$18,490.00

Fixed Unit Costs

Clean spring, construct earth dam, install water system, job, except bulldozing	$ 175.00	
Incidental allowance in lieu of all costs whatsoever, except those listed above, $0.84/ft. for 2,500 feet of drilling	2,100.00	
Total Fixed Unit Costs		$ 2,275.00
Total Stage I		$20,765.00

Stage II

Actual Costs

Category (1) Independent Contracts

Bulldozing to prepare portal site, 4 hours @ $16.00/hr.	$ 64.00	

Category (7) Miscellaneous

None except:

Assaying 104 samples for mercury, @ $4.00/each	416.00	$ 480.00

Fixed Unit Costs

Construct adit portal, including timber, 1 job	485.00	
Drive adit crosscut, and/or drift, 800 feet @ $35.00/ft.	$28,000.00	

Timbering adit crosscut and/or drift, 400 feet @ $7.50/ft.	$3,000.00	
Total Fixed Unit Costs		$31,465.00
Total Stage II		$31,965.00

SUMMARY

Total Estimated Cost of Stage I	$20,765.00
Total Estimated Cost of Stage II	$31,965.00
Estimated Total Cost of Project	$52,730.00
Government Participation	$26,365.00

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 10925

ESTABLISHING THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

WHEREAS discrimination because of race, creed, color, or national origin is contrary to the Constitutional principles and policies of the United States; and

WHEREAS it is the plain and positive obligation of the United States Government to promote and ensure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on government contracts; and

WHEREAS it is the policy of the executive branch of the Government to encourage by positive measures equal opportunity for all qualified persons within the Government; and

WHEREAS it is in the general interest and welfare of the United States to promote its economy, security, and national defense through the most efficient and effective utilization of all available manpower; and

WHEREAS a review and analysis of existing Executive orders, practices, and government agency procedures relating to government employment and compliance with existing non-discrimination contract provisions reveal an urgent need for expansion and strengthening of efforts to promote full equality of employment opportunity; and

WHEREAS a single governmental committee should be charged with responsibility for accomplishing these objectives:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

SECTION 101. There is hereby established the President's Committee on Equal Employment Opportunity.

SEC. 102. The Committee shall be composed as follows:

(a) The Vice President of the United States, who is hereby designated Chairman of the Committee and who shall preside at meetings of the Committee.

(b) The Secretary of Labor, who is hereby designated Vice Chairman of the Committee and who shall act as Chairman in the absence of the Chairman. The Vice Chairman shall have general supervision and direction of the work of the Committee and of the execution and implementation of the policies and purposes of this order.

(c) The Chairman of the Atomic Energy Commission, the Secretary of Commerce, the Attorney General, the Secretary of Defense, the Secretaries of the Army, Navy and Air Force, the Administrator of General Services, the Chairman of the Civil Service Commission, and the Administrator of the National Aeronautics and Space Administration. Each such member may designate an alternate to represent him in his absence.

(d) Such other members as the President may from time to time appoint.

(e) An Executive Vice Chairman, designated by the President, who shall be *ex officio* a member of the Committee. The Executive Vice Chairman shall assist the Chairman, the Vice Chairman and the Committee. Between meetings of the Committee he shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee pursuant to its rules, delegations, and other directives. Final action in individual cases or classes of cases may be taken and final orders may be entered on behalf of the Committee by the Executive Vice Chairman when the Committee so authorizes.

SEC. 103. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules and regulations. It shall (a) consider and adopt rules and regulations to govern its proceedings; (b) provide generally for the procedures and policies to implement this order; (c) consider reports as to progress under this order; (d) consider and act, where necessary or appropriate, upon matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. Such reports shall be made at least once annually and shall include specific references to the actions taken and results achieved by each department and agency. The Chairman may appoint sub-committees to make special studies on a continuing basis.

PART II—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 201. The President's Committee on Equal Employment Opportunity established by this order is directed immediately to scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination within the executive branch of the Government.

SEC. 202. All executive departments and agencies are directed to initiate forthwith studies of current government employment practices within their responsibility. The studies shall be in such form as the Committee may prescribe and shall include statistics on current employment patterns, a review of current procedures, and the recommendation of positive measures for the elimination of any discrimination, direct or indirect, which now exists. Reports and recommendations shall be submitted to the Executive Vice Chairman of the Committee no later than sixty days from the effective date of this order, and the Committee, after considering such reports and recommedations, shall report to the President on the current situation and recommend positive measures to accomplish the objectives of this order.

SEC. 203. The policy expressed in Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), with respect to the exclusion and prohibition of discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin is hereby reaffirmed.

SEC. 204. The President's Committee on Government Employment Policy, established by Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), as amended by Executive Order No. 10722 of August 5, 1957 (22 F.R. 6287), is hereby abolished, and the powers, functions, and duties of that Committee are hereby transferred to, and henceforth shall be vested in, and exercised by, the President's Committee on Equal Employment Opportunity in addition to the powers conferred by this order.

PART III—OBLIGATIONS OF GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—CONTRACTORS' AGREEMENTS

SECTION 301. Except in contracts exempted in accordance with section 303 of this order, all government contracting agencies shall include in every government contract hereafter entered into the following provisions:

"In connection with the performance of work under this contract, the contractor agrees as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor,

state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled in whole or in part and the contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance: *Provided, however*, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

SEC. 302. (a) Each contractor having a contract containing the provisions prescribed in section 301 shall file, and shall cause each of its subcontractors to file, Compliance Reports with the contracting agency, which will be subject to review by the Committee upon its request. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Committee may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or other representative of workers, the Compliance Report shall include such information as to the labor union's or other representative's practices and policies affecting compliance as the Committee may prescribe: *Provided*, that to the extent such information is within the exclusive possession of a labor union or other workers' representative and the labor union or representative shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The Committee may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of any labor union or other workers' representative with which the bidder or prospective contractor deals, together with supporting information, to the effect that the said labor union's or representative's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative either will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union or representative shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement.

SEC. 303. The Committee may, when it deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including the provisions of section 301 of this order in any specific contract, subcontract, or purchase order. The Committee may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (a) where work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (b) for standard commercial supplies or raw materials; or (c) involving less than specified amounts of money or specified numbers of workers.

SUBPART B—LABOR UNIONS AND REPRESENTATIVES OF WORKERS

SEC. 304. The Committee shall use its best efforts, directly and through contracting agencies, contractors, state and local officials and public and private agencies, and all other available instrumentalities, to cause any labor union, recruiting agency or other representative of workers who is or may be engaged in work under government contracts to cooperate with, and to comply in the implementation of, the purposes of this order.

SEC. 305. The Committee may, to effectuate the purposes of section 304 of this order, hold hearings, public or private, with respect to the practices and policies of any such labor organization. It shall from time to time submit special reports to the President concerning discriminatory practices and policies of any such labor organization, and may recommend remedial action if, in its judgment, such action is necessary or appropriate. It may also notify any Federal, state, or local agency of its conclusions and recommendations with respect to any such labor organization which in its judgment has failed to cooperate with the Committee, contracting agencies, contractors, or subcontractors in carrying out the purposes of this order.

SUBPART C—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY AND OF CONTRACTING AGENCIES

SEC. 306. The Committee shall adopt such rules and regulations and issue such orders as it deems necessary and appropriate to achieve the purposes of this order, including the purposes of Part II hereof relating to discrimination in government employment.

SEC. 307. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Committee with respect to contracts entered into by such agency or its contractors, or affecting its own employment practices. All contracting agencies shall comply with the Committee's rules in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Executive order and of the rules, regulations, and orders of the Committee pursuant hereto. They are directed to cooperate with the Committee, and to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this order by conference, conciliation, mediation, or persuasion.

SEC. 308. The Committee is authorized to delegate to any officer, agency, or employee in the executive branch of the

Government any function of the Committee under this order, except the authority to promulgate rules and regulations of a general nature.

SEC. 309. (a) The Committee may itself investigate the employment practices of any government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency or through the Secretary of Labor, to determine whether or not the contractual provisions specified in section 301 of this order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Commitee, and the investigating agency shall report to the Committee any action taken or recommended.

(b) The Committee may receive and cause to be investigated complaints by employees or prospective employees of a government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in section 301 of this Order. The appropriate contracting agency or the Secretary of Labor, as the case may be, shall report to the Committee what action has been taken or is recommended with regard to such complaints.

SEC. 310. (a) The Committee, or any agency or officer of the United States designated by rule, regulation, or order of the Committee, may hold such hearings, public or private, as the Committee may deem advisable for compliance, enforcement, or educational purposes.

(b) The Committee may hold, or cause to be held, hearings in accordance with subsection (a) of this section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this order, except that no order for debarment of any contractor from further government contracts shall be made without a hearing.

SEC. 311. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate or reduce the basic causes of discrimination in employment on the ground of race, creed, color, or national origin.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 312. In accordance with such rules, regulations or orders as the Committee may issue or adopt, the Committee or the appropriate contracting agency may:

(a) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this order or of the rules, regulations, and orders of the Committee.

(b) Recommend to the Department of Justice that, in cases where there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in section 301 of this order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the aforesaid provisions.

(c) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Committee as the case may be.

(d) Terminate, or cause to be terminated, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be terminated absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(e) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any non-complying contractor, until such contractor has satisfied the Committee that he has established and will carry out personnel and employment policies in compliance with the provisions of this order.

(f) Under rules and regulations prescribed by the committee, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under paragraph (b) of this section, or before a contract shall be terminated in whole or in part under paragraph (d) of this section for failure of a contractor or subcontractor to comply with the contract provisions of this order.

SEC. 313. Any contracting agency taking any action authorized by this section, whether on its own motion, or as directed by the Committee, or under the Committee's rules and regulations, shall promptly notify the Committee of such action or reasons for not acting. Where the Committee itself makes a determination under this section, it shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Committee within such time as the Committee shall provide.

SEC. 314. If the Committee shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this order or submits a program for compliance acceptable to the Committee or, if the Committee so authorizes, to the contracting agency.

SEC. 315. Whenever a contracting agency terminates a contract, or whenever a contractor has been debarred from further government contracts, because of noncompliance with the contractor provisions with regard to nondiscrimination, the Committee, or the contracting agency involved, shall promptly notify the Comptroller General of the United States.

SUBPART E—CERTIFICATES OF MERIT

SEC. 316. The Committee may provide for issuance of a United States Government Certificate of Merit to employers or employee organizations which are or may hereafter be engaged in work under government contracts, if the Committee is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading and other practices and policies of the employee organization, conform to the purposes and provisions of this order.

SEC. 317. Any Certificate of Merit may at any time be suspended or revoked by the Committee if the holder thereof, in the judgment of the Committee, has failed to comply with the provisions of this order.

SEC. 318. The Committee may provide for the exemption of any employer or employee organization from any requirement for furnishing information as to compliance if such employer or employee organization has been awarded a Certificate of Merit which has not been suspended or revoked.

PART IV—MISCELLANEOUS

SECTION 401. Each contracting agency (except the Department of Justice) shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691): *Provided*, that no agency shall supply more than fifty per cent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice, the contribution shall be limited to furnishing legal services.

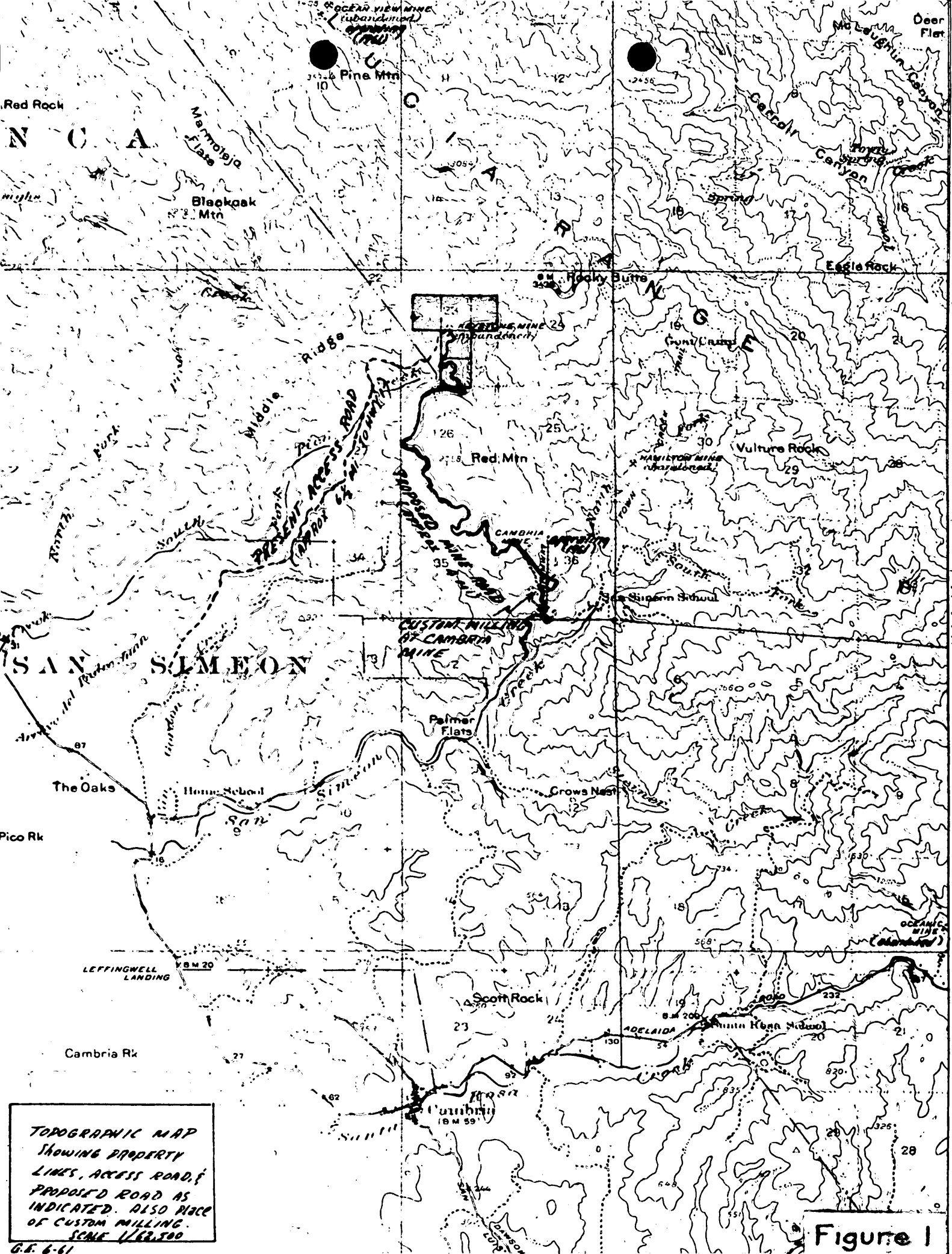
SEC. 402. This order shall become effective thirty days after its execution. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order and of the rules and regulations of the Committee.

SEC. 403. Executive Order No. 10479 of August 13, 1953 (18 F.R. 4899), together with Executive Orders Nos. 10482 of August 15, 1953 (18 F.R. 4944), and 10733 of October 10, 1957 (22 F.R. 8135), amending that order, and Executive Order No. 10557 of September 3, 1954 (19 F.R. 5655), are hereby revoked, and the Government Contract Committee established by Executive Order No. 10479 is abolished. All records and property of or in the custody of the said Committee are hereby transferred to the President's Committee on Equal Employment Opportunity, which shall wind up the outstanding affairs of the Government Contract Committee.

JOHN F. KENNEDY

THE WHITE HOUSE,
March 6, 1961.

[F.R. Doc. 61-2093; Filed, Mar. 7, 1961; 10:06 a.m.] 90048



TOPOGRAPHIC MAP SHOWING PROPERTY LINES, ACCESS ROAD, & PROPOSED ROAD AS INDICATED. ALSO PLACE OF CUSTOM MILLING. SCALE 1/62,500

G.E. 6-61

Figure 1

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(*See Instructions on Reverse*)

DATE BOND EXECUTED: 10/15/62

PRINCIPAL

JACK SELBY AND WILLIAM DAWSON

SURETY CHARLES E. OGLE, 770 Fifth Street, Morro Bay, California
OLIVER EDWIN LUCAS, aka OLIVER EDWIN TED LUCAS
Post Office Box 1073, Morro Bay, California

PENAL SUM OF BOND (*express in words and figures*)	CONTRACT NO.	DATE OF CONTRACT
$26,365.00 SIXTY-FIVE DOLLARS TWENTY-SIX THOUSAND, THREE HUNDRED 5/	O.M.E.6168	APRIL 19, 1962

KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS		INDIVIDUAL PRINCIPAL	
1. Frances L. Prosser	as to	Jack Selby	[SEAL]
2. Frances L. Prosser	as to	William Dawson	[SEAL]
3.	as to		[SEAL]
4.	as to		[SEAL]

WITNESS		INDIVIDUAL SURETY	
1. Frances L. Prosser	as to	Chas E. Ogle	[SEAL]
2. Frances L. Prosser	as to	Oliver Edwin Ted Lucas	[SEAL]

Attest:	CORPORATE PRINCIPAL	
	BUSINESS ADDRESS	
	BY	AFFIX CORPORATE SEAL
	TITLE	
Attest:	CORPORATE SURETY	
	BUSINESS ADDRESS	
	BY	AFFIX CORPORATE SEAL
	TITLE	

The rate of premium on this bond is ..... per thousand.

Total amount of premium charged, $.....

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, ..., certify that I am the ..... secretary of the corporation named as principal in the within bond; that .....,

who signed the said bond on behalf of the principal, was then ..... of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

..... [CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 28).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

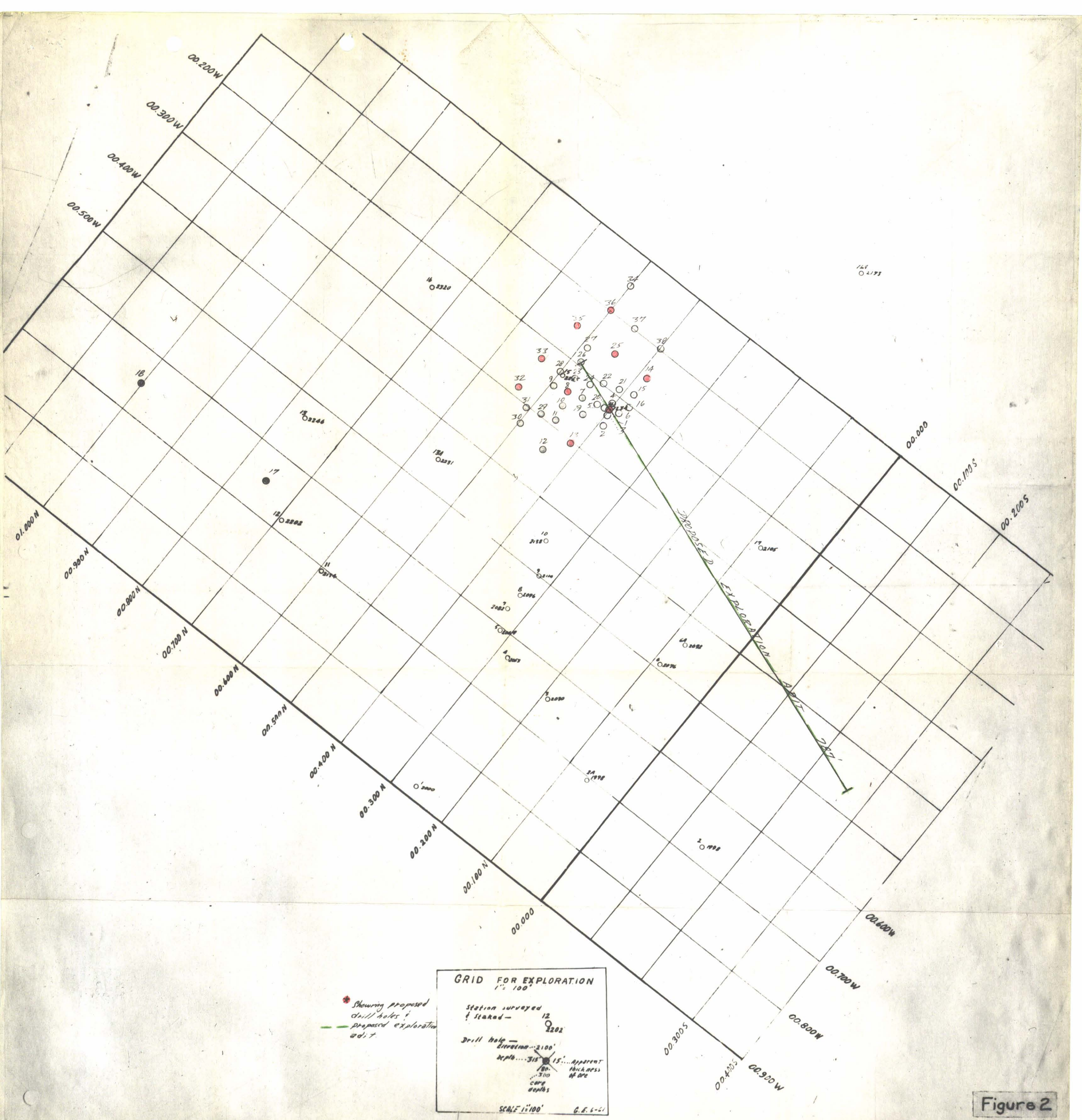
4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U. S. GOVERNMENT PRINTING OFFICE 16—30441-2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PROPOSED EXPLORATION ADIT 287'
GRID FOR EXPLORATION
1" = 100'
Station surveyed & staked —
Drill hole —
Elevation ... 2100'
depth ... 315'
15' ... Apparent thickness of ore
80-300 core depths
SCALE 1" = 100'
G.E. 6-61
Showing proposed drill holes &
proposed exploration adit.

Figure 2