OME - 6348 (Mercury)
Contract - 2190
Victor Betts & Joseph Johnson.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Stage I | Bulldozer 320 | Mobr | Drilling 800' | Steam | Drilling | Drilling | Core bits | Incidl | | | |
| Contract | Trans. 2 hrs | Demob. | overburden | Nawa | Coal | Rodwell | Material | | | | |
| | $100 | $816/hr. | $765. | $0.75 | $2.15 | $3.75/ft | $12.75/hr | $400. | | | |
| Sept | $96 | 16.5 hrs $276.15 | $372.50 | | | | | | | | |
| Oct-Nov | | | | 348' | | | | | | 208.80 | |
| Dec-Jan | operator (792) 422 | ? | Fillo. (783') 422 | 41' | 6 hrs | $14.50 | | | | | |

Stage I
Assays
60 @ 0.00

Dec-Jan 24

Operator's letter Mar 27 - to Fillo

#3 - drilled to 174' - contract 200'

#7A - " " 140'

11B " 100' (NW of #7)

Fillo -

#10 - drilled to 100'

#9 - ?

Fillo authorized a 100' hole on 1200 of #11 in contract.

Comments

Sept. 1964 Completed installation of power equipment [illegible]

Oct. Nov. - The operator entered into a drilling contract on a basis of $8.00 per foot with the only extras being the cost of bits used. This does not conform with the contract. Washington wrote Region II, Dec. 21, re this matter. The operator's vouchers for Oct. Nov were calculated at $10.25/ft. of drilling, only the contract price of $7.15/ft. was allowed.

| | | | | contract depth |
|---|---|---|---|---|
| | Hole #1 - completed 148' - | 1.1 #/ton | 33'-38' | 150 |
| | Hole #5 completed 100' - | about 0.8 #/ton | 94'-98' | 100 |
| | Hole #6 completed 100' - | 0.8 #/ton | 32'-34' | 100 |
| 1964 Dec. - 1965 Jan | Hole #2 completed 132' - | 1.5 #/ton | 55'-57' | 150 |
| | | 1.0 #/ton | 28'-34' | |
| | Hole #4 completed 100' | 2.2 #/ton | 65'-75' | 100 |
| | | 1.6 #/ton | 169'-178' | |
| | Hole #3 completed 200' | minor tlg to end of hole. | | |

Stage II

MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE  Contract No. 14-23-2190  Docket No. MME-6348

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits March 1966
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 6-11-66
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52615

Docket

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

# Report of Cost Review - Contract 2190
# Docket No. OME-6348 (Mercury)
# Victor V. Botts, Jr., and Joseph A. Johnson
# San Luis Obispo County, California

Report Issued: March 1966

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

# Report of Cost Review - Contract 2190
# Docket No. OME-6348 (Mercury)
# Victor V. Botts, Jr., and Joseph A. Johnson
# San Luis Obispo County, California

Report Issued: March 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: February 9 to 11, 1966

IN REPLY REFER TO:

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

OFFICE OF THE DIRECTOR

March 29, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Report of Cost Review - Contract 2190
Docket No. OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

We have made a cost review of Contract 2190, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance. Also, we examined the Contract Operator's reimbursement vouchers for the period September 1964 through October 1965 and payments made for the Government's 50 percent contribution to the contract operations. Our examination of the October 1965 voucher was a preaudit before payment on it had been made.

The documentation submitted by the Operator in support of claimed costs for Government participation included variations from the rates for work specified in the contract. Also, there are indications in the contract file that some functions which were to be performed by independent contractors were actually performed by employees of the Operator and that a bulldozer used in the work was smaller than the bulldozer called for by the exploration contract.

This case is not ready for audit. This report is intended to reveal matters which will be subject to adjustment or audit disallowance unless the contract is amended. However, if it is administratively determined by OME that the performance under the contract was substantially in conformity with the intent of the contract an amendment is not required.

In conclusion, the contract file indicates: (a) that the exploration was unsuccessful, (b) that it is probable that no Certification of Possible Production will be issued, and (c) that no further exploration work under Contract 2190 will be performed. We believe that if this contract had received proper administrative review by OME during the early stages of exploratory operations, the noted deficiencies would have been apparent, calling for amendment or disallowance at that time.

William T. McClelland

William T. McClelland

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# REPORT OF COST REVIEW - CONTRACT 2190
# DOCKET NO. OME-6348 (MERCURY)
# VICTOR V. BOTTS, JR., AND JOSEPH A. JOHNSON
# SAN LUIS OBISPO COUNTY, CALIFORNIA

## INTRODUCTION

By memorandum dated February 7, 1965, the Chief, Office of Minerals Exploration, U.S. Geological Survey, suggested that a pre-audit analysis of the Operator's claimed costs be made in order to determine whether the supporting invoices have been sufficient, and the work has met the terms of the contract. The necessary examination of the records and preparation of an interim audit report was authorized by the Chief Auditor on February 9, 1965, under Audit Assingment No. 43 and was performed on February 9 to 11, 1965.

The purpose of the subject contract, dated June 12, 1964, was to explore by diamond drilling for ores of mercury on land owned in fee by Nicholas A. and Irene E. Marquart on which the Operator held a mining lease. The drilling was to be performed in two stages. Subsequently, by Amendment No. 5, dated June 21, 1965, a Stage III was added to the contract providing for certain trenching on the property.

The exploration contract contemplated that the necessary bulldozing and diamond drilling would be performed for the Operator by independent contractors and that the Government's contribution to such costs would be limited to 50 percent of the maximum costs specified in the exploration contract. In addition, the Government was to contribute 50 percent of fixed unit costs for core boxes, a core house to be constructed on the property, cost of assays for mercury and an additional allowance of 60¢ for each foot of drilling completed.

## SCOPE OF THE AUDIT

Our examination of OME Contract 2190 with Victor V. Botts, Jr., and Joseph A. Johnson included a review of the monthly vouchers and supporting documentation, 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.

The principal objective of our examination was to ascertain whether or not the Contract Operator had complied with the provisions of the contract, and to determine the effectiveness of the contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor minerals exploration agencies. This report presents our findings and conclusions, together with our recommendations and other suggested actions where applicable.

## AUDIT FINDINGS

### General

Our examination, an interim audit analysis, has been performed without benefit of a final Operator's report or final report by the Field Officer, OME, Region II, pertaining to the acceptability of the exploration work performed and the results from such exploration. This audit report is based on the assumption that the work performed will be administratively determined by OME as having accomplished the essential purposes of the exploration project.

Our analysis disclosed a number of items included in claimed costs which are questionable from an audit standpoint or are clearly subject to disallowances from costs acceptable for Government participation. Possibly some of these matters may be satisfactorily explained upon receipt of additional information; may be administratively determined to be acceptable for Government participation; or may be the subject of amendment to the exploration contract.

Apparently the exploration work contemplated by the contract is essentially complete and the Government has participated in all costs except $80 worth of assays. It would seem that possible exceptions as more fully discussed below will exceed $80 and that the Operator has been overpaid. We recommend that no further payments be made by OME to the Operator at this time.

Bulldozing

The contract provides for maximum costs of bulldozing as follows:

| | | |
|---|---|---|
| Stage I | | |
| Transportation of dozer in and out | $100.00 | |
| 20 hours @ $16.00/hr. | 320.00 | $420.00 |
| Stage II | | |
| 30 hours @ $16.00/hr. | | $480.00 |
| Stage III | | |
| Transportation of dozer in and out | 100.00 | |
| 120 hours @ $15.00/hr. | 1,800.00 | $1,900.00 |

Paragraph 10 of General Provisions in Exhibit A of the exploration contract provides, "The bulldozer used for construction of access roads and for drill site preparation shall be not less than D-7 size or equivalent dozer of other make."

The Government has participated in the cost of transporting a D-6 dozer to and from the job and performing dozing of road and drill sites under Stage I of the contract by Rainey Construction Company, Paso Robles, California, as indicated by invoices from that company.

| Invoice No. | Date | | | Amount |
|---|---|---|---|---|
| 0343 | 9-4-64 | Move D-6 to job | $52.50 | |
| 0345 | 9-8-64 | Move D-6 from job | 43.75 | $96.25 |
| 0344 | | Make road & clear drill sites | | |
| | 9-5-64 | D-6 8 hrs. @ $15.50 | $124.00 | |
| | 9-7-64 | D-6 8½ hrs. @ $17.90 | 152.15 | 276.15 |
| | Total - Stage I Dozing | | | $372.40 |

It appears that the dozing operations were performed by a smaller dozer than the D-7 provided by the contract. Unless the contract is amended to provide for the performance of the work by a D-6 dozer at appropriate rates for such a dozer or an administrative determination is made that the dozer actually used was an "equivalent dozer of other make," these charges are subject to disallowances under the terms of the contract.

Should the D-6 dozer be accepted by OME as "equivalent" to a D-7, a disallowance of $16.15 is in order, representing the excess cost of 8½ hours of dozing on September 7, 1964, at $17.90 per hour over the allowable maximum of $16.00 per hour allowed by the contract.

The Government has participated in the cost of 8½ hours of dozing access roads and drill sites at $15.00 per hour, totaling $127.50, under Stage II of the exploration contract. Invoice No. 9802, dated February 12, 1965, by Madrone Company, Bakersfield, California, submitted by the Operator in support of this charge does not indicate the size of dozer used. In order that the record may be complete and the propriety of the charge established, the size of the dozer should be ascertained.

Under Stage III of the contract the Government has participated in $100 of the cost of transporting a dozer to and from the job, plus $420 for 28 hours of dozing three trenches at $15 per hour. These charges are also supported by invoices from Madrone Company which do not indicate the size of dozer used in performing the work.

Investigation by OME has indicated that the bulldozer used in the trenchings under Stage III is owned in partnership by the Operator under the contract and a Mr. McDaniel, and that the bulldozer operator was a Mr. Odum. Based on this information a proposed Amendment No. 6 was submitted to the Operator on January 4, 1966. The effect of this amendment would change the basis of compensation applicable to Stage III from actual costs to fixed unit costs and reduce the hourly rate to $14. The docket file does not indicate that the proposed Amendment No. 6 has been accepted by the Operators. If this amendment is accepted a disallowance of $28 (28 hrs. @ $1.00 per hour) will be in order.

It would appear from the record in the docket file that the bulldozing under Stage II is subject to the same criticism and contract adjustment as that under Stage III.

Drilling

This exploration contract contemplated not to exceed 800 feet of NXWL drilling in 6 holes under Stage I and not to exceed 950 feet of NXWL drilling in 5 holes under Stage II.

The work was to be performed by an independent drilling contractor. The costs provided in the exploration contract for Government participation were based on a bid submitted by E. J. Longyear Company and were stated as follows:

| Item | Stage I | Stage II |
|---|---|---|
| Mobilization and demobilization | $ 765.00 | -0- |
| Overburden drilling and casing, per foot | 5.95 | $ 5.95 |
| NXWL drilling, per foot | 7.15 | 7.15 |
| Reaming and casing, per foot | 3.75 | 3.75 |
| Cementing and redrilling, per hour | 12.75 | 12.75 |
| Cementing and drilling materials | 400.00 | 500.00 |
| Total costs not to exceed | 8,204.00 | 9,315.00 |

This drilling was actually performed, however, by the Houston Tool Company under the terms of a Letter Agreement, dated September 26, 1964, signed by J. A. Johnson for the Operator and Don Jackson for the Houston Tool Company, independent drilling contractors. This contractor was not the contractor whose estimates were used to secure this OME contract.

The Letter Agreement provided: (a) that the work would start October 5, 1964, (b) that Houston would move in and out from the site without cost to the Operator, provided that a minimum of 1,000 feet of drill or cored hole was accomplished, (c) that Houston would furnish all labor, fuel and necessary equipment, except bits which were to be paid for by the Operator, for a sum of $8 per foot cored and drilled NXWL size or larger.

The exploration contract was never amended to reflect the terms of the Operator's letter agreement with Houston Tool Company.

Drilling was performed during the period October 5, 1964, through December 18, 1964, was recessed until February 12, 1965, and was completed on March 22, 1965.

Invoices were issued on invoice forms of Houston Tool Company or Don Jackson Company for the period ending December 18, 1964, on the basis provided by the letter agreement, aggregating $9,051.80 for 969 feet of core drilling at $8 per foot, plus $1,299.80 for the cost of bits. Subsequently,

revised invoices were prepared by Don Jackson Company indicating that the same drilling would have cost $9,594.60, computed on the basis set forth in the exploration contract based on the original estimates prepared by another driller. Invoices by the Don Jackson Company for the period February 12 through March 22, 1965, included in the docket file are stated on the basis of rates provided in the exploration contract rather than the rates set forth in the letter agreement.

There is nothing in the docket file to indicate that the letter agreement was ever modified. The assumption would be that the actual settlement made between the Operator and the drilling contractor was based on $8 per foot of drilling, plus the cost of bits.

The Operator submitted MME Forms 60 and 61 in support of his claim for the Government participation in the cost of 348 feet of drilling three holes that were completed during October and November 1964. The amount claimed by the Operator for this drilling was $3,568.74 at a rate of $10.255 per foot. This footage rate was determined by the Operator by dividing the maximum allowable drilling cost, $8,204, provided for Stage I of the exploration contract by the number of feet of drilling, 800 feet, contemplated by said Stage I. The Government participated in these costs for only $2,488.20, for 348 feet at the rate of $7.15 per foot provided in the exploration contract for NXWL drilling.

As of this date the Government has participated in drilling costs as follows:

| | |
|---|---|
| 20' Drilling @ $5.95/ft. | $ 119.00 |
| 1569' Core Drilling @ $7.15/ft. | 11,218.35 |
| 185' Reaming and Casing @ $3.75/ft. | 693.75 |
| 6 hrs. Cementing and Redrilling @ $12.75/hr. | 76.50 |
| 5 sacks Gel @ $2.90/ea. | 14.50 |

The amount of $119 for 20 feet of drilling Core Hole No. 3 performed on March 22, 1965, may be subject to disallowance from Government participation. The core log submitted by the Operator and his letter dated April 12, 1965, indicate that the hole was drilled to a depth of 174 feet, the last 20 feet of which were not core drilled. The $5.95 per foot rate stated in the exploration contract ic applicable to overburden drilling and there is no contract provision authorizing payment for any other drilling except NXWL.

There is further question with respect to this hole that is subject to administrative determination. The contract provides that the hole shall reach an "approximate" depth of 200 feet. The question for administrative determination is whether the work performed on Core Hole No. 3 was in compliance with the terms of the contract since only 174 feet were drilled (with no samples recovered below 140 feet), and inasmuch as the last 20 feet were not core drilled.

The exploration contract as drafted appears to have comtemplated some overburden drilling and casing. At least provision was made for such contingency, and a rate of $5.95 per foot for such drilling and casing was provided in the exploration contract. We are unable to determine from the information in the contract files whether any portion of the 1,569 feet described as core drilling, included costs for Government participation at the rate of $7.15 per foot, was actually overburden drilling subject to the $5.95 rate.

In a memorandum dated February 26, 1965, the Acting Field Officer, OME, Region II, stated that coring was started in each drill hole, but that after a short distance the core recovery became very low and a

switch was made to the use of a system of reverse circulation under a vacuum with the recovery from the drill hole captured in polyethelane bags. It would appear that this practice constitutes a deviation from that contemplated by the exploration contract. Whether such deviation from the contract terms is substantial and would be considered a violation of the contract is a matter for administrative determination.

Incidental Allowance

The Government has participated in an additional allowance at the rate of 60¢ per foot applicable to 1,589 feet of drilling claimed by the Operator to have been completed. If any of the footage claimed is found to be unallowable under the terms of the contract, an appropriate adjustment of this additional allowance will be in order.

Determinations for Mercury

The Government has participated in the cost of 49 assays for mercury applicable to the drilling based on the rate of $5 per determination provided in the exploration contract.

A review of the core log statements submitted by the Operator, together with the list submitted with his letter dated February 17, 1965, indicates a total of 40 assays determinations made in connection with drill holes as follows:

| Hole No. | Assays | Hole No. | Assays |
|---|---|---|---|
| 1 | 1 | 7A | 5 |
| 2 | 4 | 8 | 8 |
| 3 | 3 | 9 | 3 |
| 4 | 3 | 10 | -0- |
| 5 | 4 | 11A | 5 |
| 6 | 4 | 11B | -0- |
| Total | 19 | Total | 21 |

The Government has participated in the cost of 9 assay determinations in excess of those fully substantiated by the available records.

In addition to the assay determination costs in which the Government has actually participated to date a further voucher has been submitted by the Operator claiming costs of $80 for 16 assay determinations for mercury from samples secured in connection with the trenching performed under Stage III. This item appears to be fully supported by copies of billings by the assayer and the location plat submitted by the Operator. Payment of the Government's 50 percent of these assay costs should be withheld pending determination of the other matters referred to in this report.

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING COMPANY
OME-6348

AMENDMENT NO. 6

It is agreed this 30th day of December, 1965, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, partners, doing business as Madrone Mining Company, hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective July 1, 1965, as follows:

1. Under the heading Estimated Costs of the Project, Stage III, the Actual Costs are deleted and the following is added to Fixed Unit Costs:

| | |
|---|---|
| Bulldozing (trenching) | |
| Transportation of dozer in and out | $ 100.00 |
| 128 hours (rounded) @ $14.00 per hour | 1,800.00 |

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor 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 Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title _____
Partners

Long
Appr. Sol. Office
Selfridge
Johnson
Kilgaard
Inch
Myers

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING COMPANY
OME-6348

AMENDMENT NO. 5

It is agreed this 21st day of June, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and Victor V. Botts, Jr. and Joseph A. Johnson, partners, d/b/a Madrone Mining Company, hereinafter called the "Operator", that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective June 1, 1965, as follows:

1. The time fixed by the contract, as amended by Amendment No. 3, for completion of the work is extended from 12 to 15 months from the date of the contract, or until September 12, 1965.

2. In Exhibit A, the first paragraph is revised to read as follows:

The purpose of this project is to explore by trenching and diamond drilling for ores of mercury occurring within a wide fault zone traversing, in part, silica carbonate rocks of the Franciscan formation and also explore the footwall thereof.

3. In Exhibit A under the heading General Provisions the last paragraph as amended by Amendment No. 1 is further revised to read as follows:

The work is divided into three stages; Stage I work shall be performed as outlined herein and as much of the Stage II and Stage III work shall be performed as is approved in advance by the Government.

4. Under the heading Description of the Work a new Stage III is added as follows:

Stage III

Three trenches shall be excavated to bed rock in a southwesterly direction across the general strike of the formations. One trench shall extend from the vicinity of Diamond Drill Hole No. 11-A, one from the vicinity of Diamond Drill Hole No. 7-A, and one approximately midway between those two holes.

5. Under the heading Estimated Costs of the Project, Stage III costs are added as follows:

Stage III

Actual Costs

Category (1) Independent Contracts

Bulldozing (trenching)

| | |
|---|---|
| Transportation of dozer in and out | $ 100.00 |
| 120 hours @ $15.00 per hour | 1,800.00 |

Fixed Unit Costs

| | |
|---|---|
| 50 determinations for mercury @ $5.00 | 250.00 |
| **Incidental allowance for each hour of bulldozing completed, 120 hours @ $5.00 | 600.00 |
| Total Stage III* | $2,750.00 |
| Government Participation @ 50% | $1,375.00 |

*Unused funds from Stages I and II may be used for Stage III.

**Includes all costs, Categories 2 through 7, except assaying.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor 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 Turnich
Acting Director, Office of Minerals Exploration

Longo
App'd. Sol. Off.
Selfridge
Johnson

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title Partners

Government's copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 4

It is agreed this 20th day of April, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective November 15, 1964, as follows:

1. In Amendment No. 2, dated December 21, 1964, the second specification under the heading Description of the Work is deleted.

2. In Exhibit A under the heading Description of the Work all descriptions and specifications for Stage II are deleted and replaced as follows:

Stage II

Under Stage II a maximum of six additional holes may be drilled at locations mutually agreed upon by the Government and the Operator. Prior to the drilling, such bulldozing shall be done as is necessary for access roads and drill site preparation. Not to exceed a total combined footage of 950 feet of drilling nor more than 30 hours of bulldozing may be performed under this Stage II of the contract.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor 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 Turner
Acting Director, Office of
Minerals Exploration

Leahy
Appd. Sol. Office
Murphy
Selfridge
Johnson

MADRONE MINING CO.

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title _____

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| | | |

April 13, 1965

Memorandum

To: The File

From: F. M. Murphy, Mining Engineer

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
d/b/a Madrone Mining Co.
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Justification for Amendment No. 4

Under Stage I of the contract the holes were drilled to the depths specified in the contract except Nos. 1, 2, and 3 which were drilled to depths of about 10 percent less than specified.

During his inspection on February 18, 1965, Fillo authorized the Operator to drill additional holes at locations not shown on the contract map and also to stop drilling within the first 100 feet if the results were negative.

~~The~~ All ten holes reported completed ~~all~~ traversed mercury-bearing material; however, the highest grade indicated was about 2 pounds of mercury per ton of material.

This proposed amendment allows drilling holes under Stage II at locations considered favorable and allows the Operator to stop drilling in any hole if the results appear unfavorable. There is no change made in the estimated costs.

F. M. Murphy

F. M. Murphy

FMMurphy/mm
cc: Director's Reading File

23263

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 3

It is agreed this 19th day of March, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter called the "Operator", that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended as follows:

1. The time fixed by the contract for the completion of the work is extended from 8 months to 12 months from the date of the contract, or until June 12, 1965.

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

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as 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 Turnich
Acting Director, Office of
Minerals Exploration

Long

App'd. Sol. Off.
Murphy
Selfridge
Johnson

MADRONE MINING CO.

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title _____

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 2

It is agreed this 21st day of December, 19 64, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter referred to as the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective November 15, 1964, as follows:

In Exhibit A, under the heading Description of the Work:

1. Under Stage I the Approximate Inclination of -50° specified for drill holes Nos. 5 and 6 are revised to read -20° and vertical, respectively.

2. Under Stage II the location of drill hole No. 8, as indicated on Figure 2 is changed to a location about 350 feet southwesterly of the one shown.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the amount of any item designated as "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 Turnich
Acting Director, Office of Minerals Exploration

MADRONE MINING CO.

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title Partners

Long
App'd. 2nd Off.
Murphy
Selfridge
Johnson

MME Form 7
(2/63)

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December 14, 1964

Memorandum

To: The File

From: F. M. Murphy, Mining Engineer
Division of Exploration Operations

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
d/b/a Madrone Mining Co.
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Justification for Amendment No. 2

Information obtained during the preliminary work under the contract indicated that the faults in the area of drill holes Nos. 5 and 6 have a shallower dip than was anticipated; therefore, the Operator in a letter dated November 5, 1964, requested that the inclination of these holes as specified in the contract be changed. Also the Operator requested that the location of drill hole No. 8 be moved because the anticipated dip of the north-limiting fault in this area was found to be to the south instead of the north.

In addition, the Operator requested that the locations of drill holes Nos. 4 and 6 be moved about 75 and 25 feet, respectively, from the locations as shown on Figure 2. Since the locations shown are approximate, the contract does not need to be amended to permit these small changes in the location of the holes.

Mr. Fillo in a memorandum dated December 8, 1964, recommended the Operator's request be granted. The writer also concurs.

F M Murphy

F. M. Murphy

FMMurphy/mm
cc: Director's Reading File
Docket

23263

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

AMENDMENT NO. 1

It is agreed this 16th day of November, 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 Victor V. Botts, Jr. and Joseph A. Johnson, Partners, hereinafter referred to as the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, is amended effective November 1, 1964 as follows:

In Exhibit A under the heading General Provisions the last paragraph is revised to read as follows:

> The work is divided into two stages; Stage I work shall be performed as outlined herein and as much of the Stage II work shall be performed as is approved in advance by the Government.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the amount of any item designated as "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 Turnick
Acting Director, Office of Minerals Exploration

By Victor V. Botts Jr.
Victor V. Botts, Jr.

By Joseph A. Johnson
Joseph A. Johnson

Title Partners

Long
App'l Sol. Off.
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Selfridge
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Government's Copy

MME Form 50
June 1963

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

EXPLORATION CONTRACT
(Long Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME-6348 | Mercury | 14-23-090-2190 | San Luis Obispo | California |

It is agreed JUN 12 1964 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Victor V. Botts, Jr. and Joseph A. Johnson, a partnership

whose mailing address is 3127 19th Street, Bakersfield, 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 31 Aug 1964 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 8 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 $20,160.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $10,080.00 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 at the rate of 6-1/4 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:

See Annex I

(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:

See Annex I

(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.-- 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 four 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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 three 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 two 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.--In addition to the limitations imposed by paragraph (a) of this Article 6 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. The 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 retains 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 certicifation 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 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 or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer 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 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 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 or producer 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 or producer.

(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 contrued 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.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

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 of the Interior. 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. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The Office of Minerals Exploration may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

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.--

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Victor V. Betts Jr.

~~Xxxxxxxx~~ Victor V. Betts, Jr.

By Joseph A. Johnson

Joseph A. Johnson

By George Turner Long

Title Partners

App'd. Sol. Off.

Maxwell Talbert Johnson

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

[CORPORATE SEAL]

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

ANNEX I

The land referred to in Article 2 of the contract consists of five land parcels as listed below, with all rights pertaining thereto, in secs. 22, 27, and 28, T. 27 S., R. 10 E., Mount Diablo P.M., in the Madrone-Cypress Mountain area, San Luis Obispo County, California.

SW$\frac{1}{4}$, sec. 22

W$\frac{1}{2}$ of SE$\frac{1}{4}$ sec. 22

N$\frac{1}{2}$ of NW$\frac{1}{4}$ sec. 27

NE$\frac{1}{4}$ of NE$\frac{1}{4}$ sec. 28

NW$\frac{1}{4}$ of NE$\frac{1}{4}$ sec. 27

Total 400 acres more or less.

The land is owned in fee by Nicholas A. and Irene E. Marquart. The Operator is in possession of the land under a Mining Lease dated January 17, 1964.

The property is recorded in volume 780, pages 599 and 600 at the Recorder's Office of San Luis Obispo County.

The land is shown in blue color on the attached Figure 1, "Property Map".

In lieu of a Lien or Subordination Agreement covering the fee land, the Government accepts the attached Performance Bond in the sum of $10,080.00.

BOND NO. B-435034
EXECUTED IN DUPLICATE

Standard Form 25
November 1950 Edition
General Services Administration
Fed. Proc. Reg. (41 CFR) 1-16.801
25-102

# PERFORMANCE BOND

*(See Instructions on Reverse)*

DATE BOND EXECUTED: 24 June, 1964

PRINCIPAL
VICTOR V. BOTTS, JR., AND JOSEPH A. JOHNSON, a Partnership, at 3127 19th Street, Bakersfield, California

SURETY
UNITED PACIFIC INSURANCE COMPANY, a Washington Corporation, having its principal place of business at Tacoma, Washington.

| PENAL SUM OF BOND (*express in words and figures*) | CONTRACT NO. | DATE OF CONTRACT |
|---|---|---|
| TEN THOUSAND EIGHTY DOLLARS AND NO/100 ($10,080.00) | 14-23-090-2190 | 12 June, 1964 |

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. Lorraine M. Lathrum | as to | Victor V. Botts Jr. VICTOR V. BOTTS, JR. | [SEAL] |
| 2. Lorraine M. Lathrum | as to | Joseph A. Johnson JOSEPH A. JOHNSON | [SEAL] |
| 3. | as to | | [SEAL] |
| 4. | as to | | [SEAL] |

| WITNESS | | INDIVIDUAL SURETY | |
|---|---|---|---|
| 1. | as to | | [SEAL] |
| 2. | as to | | [SEAL] |

Attest:

CORPORATE PRINCIPAL

BUSINESS ADDRESS

BY

TITLE

AFFIX CORPORATE SEAL

Attest:

Catherine Mattiaccia

Catherine Mattiaccia

CORPORATE SURETY
UNITED PACIFIC INSURANCE COMPANY

BUSINESS ADDRESS Tacoma, Washington, and 616 So. Shatto Pl., Los Angeles, California

BY Robert E. Harris

TITLE ROBERT E. HARRIS
Attorney-in-Fact

AFFIX CORPORATE SEAL

STANDARD FORM 25
NOVEMBER 1950 EDITION

The rate of premium on this bond is ....$7.50..... per thousand.

Total amount of premium charged, $151.20.....

*(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: 1959 O—512918

UNITED PACIFIC INSURANCE COMPANY

SYMBOL OF SERVICE

A MEMBER OF UNITED PACIFIC INSURANCE GROUP

HOME OFFICE: TACOMA 1, WASHINGTON

FIDELITY AND SURETY DEPARTMENT

Nxx

# POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the UNITED PACIFIC INSURANCE COMPANY, a corporation of the State of Washington, having its principal offices in the city of Tacoma, Washington, pursuant to authority granted by By-Law No. 37-A of its By-Laws, which reads as follows:

"The President, any Executive Vice-President, any other Vice-President, any Assistant Vice-President, or any Resident Vice-President of this Corporation, shall have authority to appoint in writing such attorneys-in-fact as the business of the Company may require, and to authorize such attorneys-in-fact, and each of them, to execute on behalf of the Company, any bonds, recognizances, stipulations, contracts of indemnity and other undertakings of like character, or to exercise any lesser number of said powers as hereinbefore set forth.

"Said appointments shall be attested by the Secretary or an Assistant Secretary of this Corporation under its seal. The signature of the Secretary or any Assistant Secretary to certified copies of such powers of attorney may be original or facsimile, and when the corporate seal is affixed thereto, any third party may rely on said certified copies of powers of attorney as the act and deed of this Corporation. The President, any Executive Vice-President, any other Vice-President, any Assistant Vice-President, or any Resident Vice-President may revoke any appointment made pursuant hereto, and revoke any and all authority conferred by any such appointment."

does hereby nominate, constitute and appoint **Robert E. Harris, of Newport Beach, California**

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, as surety, and as its act and deed, **any and all bonds or undertakings of suretyship.**

The execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Tacoma, Washington, in their own proper persons.

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its **Assistant** Vice-President and its corporate seal to be hereto affixed, duly attested by its Assistant Secretary, this **4th** day of **October**, 19**56**.

UNITED PACIFIC INSURANCE COMPANY

Attest: **/s/ Keith W. Swartz**
**Keith W. Swartz** Assistant Secretary

By **/s/ C. M. Slininger** (SEAL)
**C.M.Slininger, Asst.** Vice-President

STATE OF **CALIFORNIA**
County of **Los Angeles** } ss.

On this **4th** day of **October**, 19**56**, before me, the undersigned, a Notary Public in and for the State of **CALIFORNIA**, duly commissioned and sworn, personally appeared **C. M. Slininger** and **Keith W. Swartz** to me known to be the **Assistant** Vice-President and Assistant Secretary, respectively, of UNITED PACIFIC INSURANCE COMPANY, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

**/s/ Esther Garcia**
**Esther Garcia**
Notary Public in and for the State of **California**
residing at **Los Angeles, California**
**My Commission expires June 25, 1960**

STATE OF **CALIFORNIA**
County of **Los Angeles** } ss.

I, **Keith W. Swartz**, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the copy of By-Law No. 37-A, set forth in the foregoing instrument, is a true copy of said by-law and now in force, and I do hereby further certify that the Power of Attorney above set forth was duly and regularly executed by said UNITED PACIFIC INSURANCE COMPANY in its usual form, and that the seal thereto affixed is the corporate seal of said Company, and that said Power of Attorney is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company at the City of **Los Angeles** this **4th** day of **October**, 19**56**.

**/s/ Keith W. Swartz** (SEAL)
**Keith W. Swartz** Assistant Secretary

STATE OF WASHINGTON
County of PIERCE } ss.

I, GERRY L. WHITE, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the foregoing instrument is a true copy of a Power of Attorney duly and regularly issued by said Company, and that the same is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company at the City of TACOMA this **12th** day of **June**, 19**64**.

Gerry L. White (SEAL)
Assistant Secretary

B-1027A—Rev. 5-57—General—Power of Attorney

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

EXHIBIT A

The purpose of this project is to explore by diamond drilling for ores of mercury occurring within a wide fault zone traversing, in part, silica carbonate rocks of the Franciscan formation and also explore the footwall thereof.

General Provisions

No work under this contract shall be performed at locations that are within 200 feet of the exterior boundaries of the property. No hole shall be drilled at a location which is within 100 feet of any other hole. All holes shall be cased through overburden and then continued NX wireline size (core diameter approximately 1-9/16").

The Government will not contribute to the cost of any hole
3 which does not reach the approximate depth indicated.

Significantly mineralized core shall be split and one split assayed for mercury. The other split shall be stored in proper
3 sequence with the unmineralized core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering drill sludges and such sludges shall be retained when drilling in significantly mineralized formations. Whenever the core recovery is less than 60 percent, the corresponding retained sludges shall be sampled and assayed, as shall also such core segments as may have been recovered. Such results shall be combined according to standard practice to form a representative sample.

The core from the diamond drilling shall be stored in core boxes, identified as to hole number and with markers to indicate the represented depths. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to source and location.

The stored core and splits of samples from whatever source shall be made available for Government inspection and possible use. With prior Government approval, the Operator may dispose of such stored material.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the locations and values of the samples, with the general rock formations, plus logs of holes drilled.

3 The Operator shall provide such supervisory and technical services as may be required to complete the work in a satisfactory manner.

The location, direction, and extent of each work item shall be subject to Government approval.

The bulldozer used for construction of access roads and for drill site preparation shall be not less than D-7 size or equivalent dozer of other make.

The work is divided into two stages; Stage I work shall be done as outlined herein and as much of the Stage II work shall be done as is approved in advance by the Government. [Such approval shall be contingent upon favorable results having been obtained under the first stage.] deleted by amendment No. 1

## Description of the Work

### Stage I

The northwesterly area of the project shall be explored by six diamond drill holes, numbered one through six, as indicated in red on the attached Figure 2, "Proposed Diamond Drill Holes". Prior to such drilling, bulldozing shall be done for the necessary access roads and preparation of drill sites. A total combined footage not to exceed 800' of drilling may be done. The combined hours of bulldozing may not exceed 20 hours.

The following tabulation indicates the proposed holes:

| No. | Approximate Inclination | Approximate Depth |
|---|---|---|
| 1 | Vertical | 150' |
| 2 | Vertical | 150' |
| 3 | Vertical | 200' |

| No. | Approximate Inclination | Approximate Depth |
|---|---|---|
| 4 | Vertical | 100' |
| 5 (S20w) | -50° | 100' |
| 6 (S20w) | -50° | 100' |

A wooden core house, of a minimum size of 10 x 4 x 6 feet shall be constructed for core storage.

## Stage II

Five additional holes shall be drilled, holes seven through eleven, to explore the central and southeasterly areas of the project, as indicated in green on Figure 2. Prior to the drilling, such bulldozing shall be done as is necessary for access roads and drill site preparation. Not to exceed a total combined footage of 950 feet of drilling may be done and not to exceed 30 hours of bulldozing may be performed.

The following tabulation indicates the proposed holes:

| No. | Approximate Inclination | Approximate Depth |
|---|---|---|
| 7 | Vertical | 150' |
| 8 (S45W) | -60° | 200' |
| 9 | Vertical | 200' |
| 10 | Vertical | 200' |
| 11 | Vertical | 200' |

## Estimated Costs of the Project

### Stage I

Actual Costs

**Category (1)** Independent Contracts

Bulldozing

| | | |
|---|---|---|
| Transportation of dozer in and out | $100.00 | |
| 20 hours @ $16.00/hr. | 320.00 | $ 420.00 |

| | | | |
|---|---|---|---|
| Diamond drilling | | | $8,204.00 |
| Mobilization and demobilization | $765.00 | | |
| Overburden drilling and casing, per ft. | 5.95 | | |
| NXWL drilling, per ft. | 7.15 | | |
| Reaming and casing, per ft. | 3.75 | | |
| Cementing and redrilling, per hr. | 12.75 | | |
| Cementing and drilling materials | 400.00 | | |
| | | | $8,624.00 |

Fixed Unit Costs

| | | |
|---|---|---|
| 80 cardboard core boxes @ $0.95 | $ 76.00 | |
| Core house | 350.00 | |
| 60 determinations for mercury @ $5.00 | 300.00 | |
| * Incidental allowance for each foot of drilling completed, 800' @ $0.60 | 480.00 | $1,206.00 |
| Total Stage I | | $9,830.00 |

STAGE II

Category (1) Independent Contracts

| | | |
|---|---|---|
| Bulldozing | | |
| 30 hrs. @ $16.00 | | $ 480.00 |
| Diamond drilling | | $8,835.00 |
| Overburden drilling and casing per ft. | $ 5.95 | |
| NXWL drilling, per ft. | 7.15 | |

| | | | |
|---|---|---|---|
| Reaming and casing, per ft. | $ 3.75 | | |
| Cementing and redrilling, per ft. | 12.75 | | |
| Cementing and drilling materials | 500.00 | | |
| | | | $9,315.00 |

Fixed Unit Costs

| | | |
|---|---|---|
| 100 cardboard core boxes @ $0.95 | $ 95.00 | |
| 70 determinations for mercury @ $5.00 | 350.00 | |
| * Incidental allowance for each foot of drilling completed, 950' @ $0.60 | 570.00 | $1,015.00 |
| Total Stage II | | $10,330.00 |

SUMMARY

| | |
|---|---|
| Total Estimated Cost Stage I | $ 9,830.00 |
| Total Estimated Cost Stage II | 10,330.00 |
| Total Estimated Cost of the Project | $20,160.00 |
| Government Participation @ 50% | $10,080.00 |

* Includes all costs, Categories 2 through 7, except core house, core boxes, and assaying.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 301, Executive Order 10925, March 6, 1961, as amended)

'During the performance of 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 non-discrimination 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, as amended, 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, as amended, 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 noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended 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, as amended, 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 paragraphs (1) through (7) 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, as amended, 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 noncompliance: 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.'"

March 2, 1964

Mr. E. J Mahoney,
Vice President and Manager
Security First National Bank
2130 Chester Avenue
Bakersfield, California

Re: Application for Loan

Dear Mr. Mahoney:

I wish to make an application for a loan amounting to $24,000.00. This money is to be used for the purpose of mineral exploration in the Madrone Area of San Luis Obispo County. The Madrone area is approximately 13 miles west of Paso Robles. The expenditure for this exploration is a core hole drilling program.

You have on file my financial statement which is my only collateral. This type of program has no residual value if it is unsuccessful.

I would appreciate an answer to this request as soon as possible.

Very truly yours,

JOSEPH A. JOHNSON

JAJ:jam

March 13, 1964

Mr. Fred W. Pierson,
Assistant Vice President
United California Bank
2020 "K" Street
Bakersfield, California

Re: Application for Loan

Dear Mr. Pierson:

Reference our discussion this day wherein I initiated a request for a loan amounting to $24,000.00. This loan is for the purpose of undertaking a core hole drilling program to explore for quicksilver in the Madrone Area of San Luis Obispo County.

As you have had time to review my financial statement, I am herein making a formal request for this loan.

I would appreciate an answer at your earliest convenience.

Very truly yours,

JOSEPH A. JOHNSON

JAJ:jam

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

555 Battery Street
San Francisco, California, 94111

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 31 1964
DATE | INITIALS | CODE

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: New Application (Mercury)
Victor V. Botts, Jr.; Joseph A. Johnson
317 - 19th Street
Bakersfield, California

March 30, 1964

Enclosed herewith is an application for financial assistance submitted by Joseph A. Johnson in the amount of $24,728.98.

The property is located in the Madrone Cypress Mountain belt area, San Luis Obispo County, California, and known as the Madrone Quicksilver mine.

The applicants propose a diamond drill program with a total footage of 1,850 feet in two favorable areas. Their objectives are to explore the underside of a large shear zone and to test the eastern end of the ridge where a change in both strike and dip occurs which might provide favorable conditions for the deposition of ore.

The applicants were advised to submit copies of their letter to banks requesting financial assistance and they were also advised that two more contract drilling bids are needed before we can process further their application.

If a contract is awarded, the applicants plan to furnish a Performance bond.

A field examination is recommended to determine the extent of Government participation is warranted.

Paul V. Fillo

Paul V. Fillo

Enclosure

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

MME Form 40
*July 1962*

Budget Bureau No. 42–R1368
Approval expires Dec. 31, 1963

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
RECEIVED MAR 31 1964

| DATE | INITIALS | CODE |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85–701 (72 Stat. 700; 30 U.S.C. 641)

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

VICTOR V. BOTTS, JR.
JOSEPH A. JOHNSON

3127 - 19th Street
Bakersfield, California

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6348

DATE RECEIVED 3-31-64

REGION II

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUAL [ ]
- CORPORATION [ ]
- PARTNERSHIP [X]
- OTHER *(Specify)* [ ]

STATE IN WHICH FIRM IS ORGANIZED California

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

| NAME | ADDRESS | TITLE |
|---|---|---|
| VICTOR V. BOTTS, JR. | 2027 Roosevelt St. Bakersfield, California | PARTNER |
| JOSEPH A. JOHNSON | 3127 - 19th Street Bakersfield, California | PARTNER |

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Mercury

ESTIMATED COST OF PROJECT
$ 24,728.98

PROPERTY NAME: MADRONE QUICKSILVER MINE

LOCATION COUNTY: San Luis Obispo, Calif.

STATE:

## GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., or with the nearest OME Field Office.*

## CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

March 1964
DATED

Joseph A. Johnson
BY *(Signature)* Joseph A. Johnson

PARTNER
TITLE

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

# INFORMATION REQUIRED WITH THIS APPLICATION

## 1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

## 2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

## 3. Physical Description:

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

(b) State your interest, if any, in operations described in (a).

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

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

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

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

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

## 4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

## 5. Exploration Work:

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

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

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

## 6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

## 7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

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

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

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

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

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

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

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

INT.-DUP. SEC., WASH., D.C.11879

JOSEPH A. JOHNSON
GEOLOGICAL CONSULTANT
3127 NINETEENTH STREET - PHONE 327-4804
BAKERSFIELD, CALIFORNIA

## INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Applications were made to acquire financial assistance for the total cost of this exploration program. Due to the high risk factor inherent in any exploration venture a loan was not successfully consumated. Adequate financing is available for development work only.

(b) The partnership of Botts and Johnson is the parent organization and we have 100% of the interest in this venture at the present.

(c) Our share of the exploration costs will be provided in cash by ourselves.

2. Applicant's Rights in Land:

(a) Our rights to the land are covered in a mineral lease with Nicholas A. and Irene E. Marquart, owners in fee of the subject property. Enclosed is a true copy of the lease.

(b) The description of the lease includes the description of the property to be explored. No control is exercised by us over lands contiguous to this parcel. The property has been previously referred to as the Madrone Quicksilver Mine in the Madrone-Cypress Mountain Area, San Luis Obispo County, California.

(c) The Lessors did not choose to sign a Lien and Subordination Agreement. The letter is enclosed from Mr. Marquart stating this refusal.

Note: Included with this application is a report titled "Geology and Recommendations for Exploration at the Madrone Quicksilver Mine, San Luis Obispo County, California" authored by Mr. Botts. Within the report are answers to most of the questions in Items 3, 4, 5 and 7. Referal will be made to page or enclosure where they pertain to the question to be answered.

3. Physical Description:

(a) Pages 1 and 2 of the above referenced report point out that the Madrone Mine was discovered prior to 1900 and that the first recorded development work was carried on between 1900-1902 by the Madrone Quicksilver Mining Co., Inc. Plate III depicts the workings of the early Madrone Mine. Not until 1955 was further work carried out on this prospect when Mr. Botts was able to secure a lease. After an attempt was made to mine

some of the surface showings of ore, Mr. Botts realized that it would take a well planned program of exploratory corehole drilling to determine the potential productivity of this area. Lack of capital to proceed with this exploratory work forced the relinquishment of the lease. Subsequently further attempts to explore the surface indications of ore were unsuccessful due primarily to the lack of planning and under-capitalization.

(b) As stated above Mr. Botts was actively engaged in mining surface exposures of narrow seams of high-grade ore in 1955.

(c) No records of any mine production prior to 1900 are available. During the operations 1900-1902 probably less than 100 flasks were produced. Mr. Botts' operations produced only two flasks and subsequently three more flasks were produced by other operators. Mr. Marquart was paid on the basis of this reported production. In the USGS Bulletin 922-R, page 549 there is an estimate of probable cumulative production up to the time of publication.

(d) Again USGS Bulletin 922-R, Page 565 suggests that very little is known of potential ore reserves, etc. The reason for this program is to determine if there are potential ore reserves. We know only that some ore was mined and there are scattered surface indications of high-grade ore which were barely developed. Page 4 of the report explains this in more detail.

(e) The Madrone Mine Area is located geologically in strongly-folded and altered Franciscan sediments within a northwest trending thrust fault zone. The fault zone is generally shading to the northeast. There are smaller conjugate northeasterly trending faults within this fault zone. The main rock-type within the fault zone is a silica-carbonate. The ore is generally in a vein-type deposit located in the altered silica-carbonate rock. The ore deposits were undoubtedly controlled by structural closure afforded by fault intersections and/or folding within the country rock. The report deals more specifically with the geology of the area and Plate I is a generalized geologic map of the area. Plate II is a more detailed geologic map of the local area.

(f) The report submitted herewith is predicated on justifying the idea that we expect to find ore. The geologic setting as to structure, alteration, occurence of ore at the surface, the history of some production, all point to the expectation of finding additional and more extensive ore deposits.

(g) Two copies of the geologic report and recommendations are enclosed.

4. <u>Accessibility of Property</u>:

(a) The OME representative will be met by either or both Mr. Botts or myself. We both live in Bakersfield at the addresses indicated in the application. The property is reached by driving west from Paso Robles on a paved secondary road toward Adelaida (as indicated on Shell Oil Co. road map) approximately 18 miles to Nicholas Marquart's ranch. The ranch house and the mail box with the name on it are on the right-hand side, or north side of the road. A road leads from the ranch house directly to the old Madrone Mine area on the top of the ridge behind the house. (See Index Map and Page 1 of the report.)

(b) Paso Robles would be the nearest supply point to this property. The distance is approximately 18 miles.

5. Exploration Work:

(a) As indicated in Conclusions and Recommendations, page 5 of the report, the proposed areas of exploration are two. The areas are: (1) The area between the old Madrone Mine shaft and the north slope adit (see Plate II in the area of cross-section A-A' Plate IV). The coring program in this area would be to explore the underside of the intersection of the shear zones exposed in the old adit and in the area of the old shaft (see Plate IV cross-section A-A') and, (2) The eastern end of the ridge where there are surface evidences of structural changes and numerous occurences of cinnabar. (See Plate II in the area of cross-section C-C' Plate VI) Table I of the report details the core holes to be drilled and why. Plate VII is a plat showing the location of the recommended core holes. It will take an estimated 1850 feet of coring, NX size, to complete the proposed program.

(b) There is an existing road in the area. This road leads from the main highway up to the ridge top. The road will require some minor repairs. These repairs will be made with the bulldozer that will be used to prepare the drilling locations.

(c) The present schedule indicates that if a successful OME contract is awarded work can be commenced no more than two months after that. Approximately three months will be required to complete the drilling program and the evaluation of the results. Surveying and preparation of the drilling locations, the drilling, preparation and assaying of the cores will all be proceeding in order and somewhat contemporaneously therefore no detailed schedule for each type of work has been prepared.

6. Experience:

The experience factors and background of Mr. Botts and myself are those of graduate geologists who have an aggregate of 23 years practical experience in oil and mining exploration work. The following is a brief resume of our experience and training:

| | | |
|---|---|---|
| (1) | Joseph A. Johnson | |
| | Bachelor of Science in Geology - University of Washington | 1950 |
| | Graduate work in Petrology and Ore Deposits U of W | 1951 |
| | Exploration Geologist in both surface and subsurface work in oil and other minerals all over Western United States, Alaska, and the Pacific Coast offshore for Shell Oil Co. | 1951-1960 |
| | Geological Consultant Oil and Mining | 1960-1964 |
| (2) | Victor V. Botts, Jr. | |
| | Bachelor of Arts in Geology - University of California, Los Angeles | 1955 |
| | Manager of exploration operations in a Uranium project | 1955 |
| | Owner-operator quicksilver mining Madrone area | 1956 |
| | Well-site Geologist-oil and gas exploration with subsidiary activities as mining consultant in California, Nevada, Utah and Canada | 1956-1964 |

Mr. Botts and myself will both be supervising the work.

7. Estimate of Costs:

The estimated cost of the proposed drilling program with the attendent preparation before, assaying, and evaluation of the results after is $24,728.98. Equated on a per unit basis of footage drilled this would amount to $13.37 per foot for 1850 feet of core.

(a) Contract work would include the necessary bulldozer work, drilling, and assaying the samples. The following is a breakdown of the estimated costs:

| | | |
|---|---|---|
| (1) | Bulldozing access roads, minor repairs on the main road, and preparation of drill site locations - estimate 50 hours of operation at $20.00 per hour | $ 1,000.00 |
| (2) | Drilling 1850 feet of NX core, including drilling rig, water truck and labor. Estimate 13 weeks (40 hours per week) at $20.00 per hour. | $10,400.00 |
| (3) | Sample assaying - 200 samples at $6.00 each | $ 1,200.00 |
| | Total contract work | $12,600.00 |

(b) Personal services rendered would include:

| | |
|---|---|
| Engineering, accounting, surveying, supervision and management of the drilling program and the evaluation of the results. Estimate 80 days of full time effort at $65.00 per day (1/2 rate) | $ 5,200.00 |
| Expense allowance of $25.00 per day for 80 days | $ 2,000.00 |
| Total services rendered | $ 7,200.00 |

(c) Expendable materials and supplies necessary would include:

| | | | |
|---|---|---|---|
| (1) | Core bits: | | |
| | 10 NX Diamond at $207.00 each | $2,070.00 | |
| | 20 NX Tungsten carbide draghead at $22.50 each | 451.00 | |
| | 5 NX Full hole 3-cone rock at $45.00 each | 225.00 | |
| | Total bits | | $ 2,745.00 |
| (2) | Core catchers - 20 at $4.40 each | | $ 88.00 |
| (3) | Core barrels: | | |
| | 2 Double-tube NX ten feet long at $179.35 each | $ 358.70 | |
| | 2 Double-tube NX five feet long at $166.40 each | 332.80 | |
| | Total core barrels | | $ 691.50 |

| | | |
|---|---|---|
| (4) | Drilling mud - 20 sacks Gel at $2.50 per sack | $ 50.00 |
| (5) | Lost circulation material - 10 sacks at $8.25 per sack | $ 82.50 |
| (6) | Surveying, drafting, office supplies and postage | $ 250.00 |
| | | $ 3,907.00 |
| | Sales Tax | 156.28 |
| | | $ 4,063.28 |
| | Handling Charge 10% (See Bid Estimate) | 365.70 |
| | Total Expendables | $ 4,428.98 |

(d) The main operating equipment will be:

(1) Diamond drill rig, water truck, service truck, all to be provided by contractor at the cost, including labor, of $20.00 per hour.

(2) Bulldozer, also contracted at a cost of $20.00 per hour.

(3) Jeep, pickup and/or cars, provided for by the applicants. The cost of operating, repairs, etc. included in the charges for personal services.

(e) Initial rehabilitation and repairs. This item is not applicable as there are no existing structures at the site of operations.

(f) We propose to erect a core house for the protection and storage of the cores. This core house would be approximately six feet by four feet by ten feet. It would cost an estimated $250.00 for materials, and $100.00 for labor to construct the structure. $ 350.00

(g) Miscellaneous.

| | |
|---|---|
| Estimate insurance costs | $ 150.00 |
| TOTAL ESTIMATED COST OF CORE HOLE PROJECT | $24,728.98 |

# MINING LEASE

THIS MINING LEASE AND AGREEMENT made and entered into effective as of this 17th day of Jan, 1963/4 by and between NICHOLAS A. MARQUART and IRENE E. MARQUART, hereinafter for convenience collectively called "Lessor", and VICTOR V. BOTTS, JR. and JOSEPH A. JOHNSON, hereinafter for convenience collectively called "Lessee".

W I T N E S S E T H:

For and in consideration of the sum of TEN DOLLARS ($10.00) paid by Lessee to Lessor, the receipt of which is hereby acknowledged, and of the covenants hereinafter contained by Lessee to be kept and performed, Lessor does hereby lease, let, and demise unto Lessee for the purposes hereinafter set forth that certain land in the County of San Luis Obispo, State of California, more particularly described as follows:

> The Southwest one-quarter (1/4) of Section 22; the West one-half (1/2) of the Southeast one-quarter (1/4) of Section 22; the North one-half (1/2) of the Northwest one-quarter (1/4) of Section 27; the Northeast one-quarter (1/4) of the Northeast one-quarter (1/4) of Section 28; the Northwest one-quarter (1/4) of the Northeast one-quarter (1/4) of Section 27; all in Township 27 South, Range 10 East, Mount Diablo Meridian, and containing 400 acres more or less, together with all necessary and convenient rights of way and access to and from said property through other lands of Lessor.

TO HAVE AND TO HOLD the said premises (hereinafter sometimes called Leased Premises), with all appurtenances and privileges thereunto incident, in accordance with the terms, covenants, conditions and provisions hereinafter set forth:

1. PURPOSES:

The Leased Premises are leased to Lessee for the purposes of Lessee's sole and exclusive right to explore and prospect for, produce, extract, mine, by strip or other methods, and otherwise obtain and remove all minerals therefrom, (except

for oil, gas and other hydrocarbons, which are reserved to Lessor) and including the right to do all things customary, necessary, convenient or advisable in exploring said property for, mining, extracting, producing, processing, obtaining, removing, storing, transporting and marketing minerals on or from said Leased Premises.

2. TERM:

The term of this Lease shall be for ten (10) years commencing on Jan 17, 1963, and terminating on Jan 17 1973, but continuing for so long thereafter as any mineral or minerals are being extracted, produced, processed, obtained, removed, or marketed from said Leased Premises and sold with a minimum royalty thereby paid to Lessor of ONE THOUSAND DOLLARS ($1,000.00) or more per year in addition to the yearly minimum rental hereinafter prescribed. In the event Lessee fails to commence an exploratory or prospecting program for minerals upon said Leased Premises prior to May 1, 1964, or unless Lessee shall pay the first minimum yearly rental hereinafter prescribed on or before May 1, 1964, then this Lease shall be null and void and of no further force, nor effect whatsoever.

3. RENT AND ROYALTY:

(a) Minimum Rent.

Lessee shall pay a minimum advance yearly rental to Lessor of ONE THOUSAND DOLLARS ($1,000.00) per year beginning on the date that Lessee first commences actual drilling operations, or other exploration or prospecting program, on the Leased Premises, and thereafter on January 5, 1965, and on each succeeding January 5, of the term hereof.

(b) Royalty.

In addition to the minimum yearly rental, Lessee shall pay to Lessor a royalty of the following percentages for the following minerals, based upon the net amounts received by Lessee upon the sale thereof:

(1) MERCURY:

| Production at 76 Pounds per Flask | Percentage Royalty of Receipts |
|---|---|
| (a) 0 through 100 Flasks, and on | 5% |
| (b) 101 " 200 " " " | 6% |
| (c) 201 " 300 " " " | 6½% |
| (d) 301 Flasks and over | 7% |

(2) All other minerals 10%

(3) The foregoing royalties shall be based on the actual sums received by Lessee from either net mill and smelter returns, or other buyers and/or processors.

Said royalty shall be paid to Lessor not later than the 20th day of each month based upon the sums received by Lessee during the prior month from the sale of minerals produced from said land. In the event ore or minerals are shipped from the Leased Premises for smelting, retorting, processing, sale or otherwise, then the amounts to be paid Lessor shall be based upon the net amount received by Lessee less all reasonable transportation costs.

(c) Lessee shall furnish to Lessor at the time of making royalty payments a statement of the computations upon which said royalty is based. Lessor at all reasonable times may examine the books and records maintained by Lessee in relation to the amount and character of mineral production from the Leased Premises and the disposition thereof. Lessor agrees to examine promptly each and all statements and remittances forwarded by Lessee and to promptly advise Lessee of any objections thereto.

4. CONDUCT OF OPERATIONS:

The Lessee shall operate, use and work its mining and related operations in such manner as is usual or customary in mining operations of similar character. Lessee shall comply with all State, Federal and local laws and with the rules, regulations and orders of any Federal, State, or other governmental agency having jurisdiction with respect to the conduct of Lessee's mining operations.

5. SURFACE RIGHTS:

Lessee shall have the right to construct and erect on the Leased Premises and to remove any and all necessary machinery, equipment, buildings, plants or other improvements as may be required, necessary, convenient, useful, or advisable for Lessee's proper economical operations for mining, whether on the surface, underground, or by strip methods, extracting, storing, processing, marketing, or other operations permitted or required by this Lease.

Lessee may erect, maintain and operate transmission, telephone, and water lines, roadways, ponds, wells and pipe lines and in general to take all such action as may be necessary, customary, convenient or advisable in surface, strip or underground mining. Lessee shall also have the right to build and maintain a water reservoir at such place as may be selected by Lessee and to use the water and collect all water from any stream, together with the right to lay and maintain all necessary water lines as may be required by Lessee in its operations. In all of such activities and operations, Lessee and Lessor shall cooperate with each other to the end that their respective operations shall interfere with the other as little as possible. Moreover, Lessee's obtaining of and use of water shall be done in such a manner as not to interfere with Lessor's use thereof in the amounts required by Lessor for domestic, stockraising and irrigation purposes. PROVIDED, HOWEVER, that Lessee shall erect such fencing as may be necessary to protect livestock and Lessee will install gates and cause the same to be closed where any roadways constructed or installed by Lessee go through fence lines now existing of Lessor's. Lessee shall promptly pay to Lessor for any damages to livestock caused by Lessee.

All improvements, buildings, machinery, and equipment installed or used by Lessee on the Leased Premises shall remain Lessee's personal property. Lessee shall have the right at any time to remove said property from the Leased Premises provided that Lessee is not then in default under the terms, covenants and conditions of this Lease. In the event of the termination of this Lease, Lessee may remove any of its personal property within four (4) months after the date of such termination.

6. <u>LESSOR'S RESERVED RIGHTS:</u>

Lessor reserves the right to occupy and use the Leased Premises for agricultural, logging, or grazing purposes, subject to the rights of Lessee hereunder. Lessor also reserves the right to access to the Leased Premises and Lessee's operations thereon for the purposes of inspection at all reasonable times.

7. <u>TAXES:</u>

Lessee shall pay all taxes levied upon or assessed against any of Lessee's improvements, fixtures and personal property on the Leased Premises, including any stored or stockpiled mineral or mineral ores. In the event of the adoption by

any governmental entity of a "severance" tax or other form of mineral production tax upon any mineral or minerals produced from the Leased Premises, the Lessor shall be chargeable only with that portion of said tax as is equivalent to the amount of royalty interest to which the Lessor is entitled. Lessee shall not be liable for any special assessments for local improvements or benefits or real property taxes on the land or improvements of Lessor.

8. NO LIENS:

Lessee, at Lessee's own cost and expense, shall pay for all labor performed and materials furnished in the operations of Lessee hereunder and Lessor shall not be chargeable with or liable for any part thereof. Lessor may post and keep posted on the Leased Premises such notices of non-responsibility as Lessor deems necessary, convenient or advisable.

9. HOLD HARMLESS:

Lessee agrees to assume all responsibility for and to save the Lessor harmless from any and all liability for damages or injury to property or to persons caused by the operations of Lessee to and upon the Leased Premises.

10. SURRENDER:

Lessee, at Lessee's option, may at any time quitclaim and surrender to Lessor all of the Leased Premises, in which event this Lease shall be at an end and Lessee shall be relieved of all obligations hereunder save and except the obligation to pay rentals and royalties theretofore accrued. In the event of such quitclaim and surrender, Lessor shall be entitled to retain, solely as Lessor's own property, any and all rental and royalties theretofore paid to Lessor by Lessee. Provided that Lessee is not in default hereof, Lessee may remove its personal property as in paragraph 5 hereof permitted.

11. UNAVOIDABLE DELAYS:

Performance of covenants and conditions imposed upon Lessee hereunder, except for the payment of rental and royalties, shall be excused while, and to the extent that, Lessee is prevented from complying therewith, in whole or in part, by law, war, riots, strikes, lockouts, action of the elements, accidents, inability to obtain materials in the open market, or to obtain transportation therefor, the inability to find buyers for mercury; rules and regulations of any Federal, State, Municipal or other governmental agency or any other cause beyond the control of the Lessee whether similar or dissimilar to those herein specifically enumerated and without regard to whether such cause exists at the date hereof or hereafter arises.

12. NOTICE OF DEFAULT:

If the Lessee shall fail to promptly pay any installment of minimum yearly rental or royalty, and if such default shall continue for a period of ten (10) days after written demand therefor, then at the option of Lessor, this Lease shall forthwith terminate; provided, however, that if a bonafide dispute exists as to the amount due, and all undisputed amounts are paid, said ten (10) day period shall be extended until five (5) days after such dispute is settled by final court decree, arbitration or mutual agreement. In case of default by Lessee with respect to any other condition or covenant hereof and continuance of such default for thirty (30) days after written notice from Lessor to Lessee to perform such condition or covenant, except that if said condition or covenant cannot be remedied or performed with thirty (30) days, then if Lessee has not commenced and thereafter diligently continues with the performance or remedy thereof, then at the option of Lessor, this Lease shall forthwith cease and terminate.

13. NOTICE:

Any notice to be given by either party to the hereunder may be delivered in person or by registered or certified mail, postage prepaid, addressed to the party for whom intended, at the addresses of such parties indicated opposite their signatures at the end of this Mining Lease. Either party hereto may from time to time by written notice to the other designate a different address for purposes of notices.

14. EXPIRATION OF TERM OF LEASE:

On the expiration or sooner termination of this Lease, Lessee shall quietly and peaceably surrender possession to Lessor and deliver to Lessor or file for record a Quitclaim Deed covering the property described herein.

15. SUCCESSORS AND ASSIGNS:

This Lease and all its terms, conditions, covenants and stipulations shall extend to and be binding upon the parties hereto, their heirs, personal representatives, successors and assigns. Lessee may assign this Lease to his associates either in the form of a apartnership or a corporation to be formed for the purposes of and in accordance with the provisions of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this MINING LEASE AND AGREEMENT as of the day and year first above written.

ADDRESSES:

Nicholas A. Marquart
NICHOLAS A. MARQUART

R.F.D. Box 200
Templeton

Irene E. Marquart
IRENE E. MARQUART

LESSOR

2027 ROOSEVELT ST.
BAKERSFIELD, CALIF.

Victor V. Betts Jr.
VICTOR V. BETTS, JR.

3127 19th St.
Bakersfield, Calif

Joseph W. Johnson
JOSEPH W. JOHNSON

LESSEE

STATE OF CALIFORNIA
County of SAN LUIS OBISPO } SS.

On this 17th day of January, ~~1963~~ 1964 ~~for N.P.~~, before me, _____, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared NICHOLAS A. MARQUART and IRENE E. MARQUART, known to me to be the persons whose names are subscribed to the foregoing Instrument, and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

I. O. HEGE
NOTARY PUBLIC, in and for said County and State

My Commission Expires: February 13, 1965

I. O. HEGE
NOTARY PUBLIC - CALIFORNIA
COUNTY OF SAN LUIS OBISPO

STATE OF CALIFORNIA
County of SAN LUIS OBISPO } SS.

On this 17th day of January, ~~1963,~~ 1964 before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared VICTOR V. BOTTS, JR., and JOSEPH A. JOHNSON, known to me to be the persons whose names are subscribed to the foregoing Instrument, and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

I. O. HEGE

NOTARY PUBLIC, in and for said County and State

My Commission Expires: February 13, 1965

I. O. HEGE
NOTARY PUBLIC - CALIFORNIA
COUNTY OF SAN LUIS OBISPO

Law Offices
McDANIEL & McDANIEL
3350 Wilshire Blvd., Suite 310
Los Angeles 5, Calif.

# CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS
2810 NORTH FIGUEROA
LOS ANGELES 65, CALIFORNIA
TELEPHONE CAPITAL 2-7146

EXPLORATION DRILLING
GROUT HOLE DRILLING
CEMENT GROUTING
CHEMICAL GROUTING

BRANCH OFFICE:
419 SO. 96TH STREET
SEATTLE 8, WASHINGTON
ROCKWELL 2-0366


February 11, 1964

Mr. Joseph A. Johnson
3127 Nineteenth Street
Bakersfield, California

Dear Mr. Johnson:

The following is our proposal for the furnishing of the drilling unit you requested in your letter of January 31:

We will furnish a drilling unit, a two man crew, a two ton truck with water tank, and a pick-up truck all suitable for an exploration drilling program at a rate of $160.00 per eight hour shift. This is based upon working a 40 hour week and does not include any overtime provisions. Rental to start from time equipment leaves our yard until it is returned.

Expendable supplies such as bits, springs, reamers, core barrels and cementing materials to be furnished at cost plus 10% for handling.

Yours truly,

CONTINENTAL DRILLING COMPANY

R. O. Thies

R. O. Thies

ROT/ed

Longyear

E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

308 East Pima Street
Phoenix, Arizona 85004
March 18, 1964

Mr. John A. Johnson
Consulting Geologist
3127 19th Street
Bakersfield, California

Dear Mr. Johnson:

We have been advised by our Minneapolis Office that you wish to receive estimations of cost on a contemplated diamond core drilling project in California.

We understand that your drilling project will involve approximately 1,850 linear feet of NX size coring in twenty holes. The deepest hole is not expected to exceed 150 feet.

The project is located in San Luis Obispo County approximately fifteen miles west of Paso Robles.

In not knowing the exact conditions involved in the drilling program, it is understood that prices given in the estimate below are conjecture on our part. Assuming, however, that the conditions would be favorable, we estimate that your program could be expected to consist of the following charges:

a) Mobilization and demobilization of personnel and drilling equipment.....$765.00 Lump Sum per rig

b) Overburden drilling including the setting of casing to ledge.....$5.00 to $6.00 per foot

c) Diamond core drilling - Vertical holes

| | NX wireline size |
|---|---|
| 0 to 200 feet in depth..... | $5.00 to $8.00 per foot |

d) Reaming and setting casing, if required.....$2.00 to $3.50 per foot

e) Cementing, cement setting, and drilling out cement.....$14.50 per hour

f) Standby time or delays for your account.....$13.50 per hour

g) Cement, drill mud or other hole conditioners and additives to be billed at cost.

If necessary to haul water to the drill sites, an additional charge for rental of water truck and mileage would be made. Such charges usually run $150.00 per month rental, plus $0.12 per mile.

h) Core boxes of the cardboard type, capacity 10 feet of core can be supplied for.....$0.90 each

It is understood that the above outlined charges are estimates only. However, it is felt that it will give you a reasonably accurate guide in estimating your anticipated cost.

At the present time, I plan to make a trip into the California area this coming week. I will make it a point to give you a call in Bakersfield and if possible to examine the drilling site near Paso Robles. After completing this, we will be in a position to confirm prices that will prevail on the work.

We appreciate your contacting us for this estimate and hope that we can be of service to you on this forthcoming project should it materialize.

Sincerely,

E. J. LONGYEAR COMPANY

J. R. Miller

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:jag

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION

## TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS

DL = Day Letter

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The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

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O OXA056 DL PD=SANTA SUSANA CALIF 23 1145A PST=

JOSEPH A JOHNSON=

1964 MAR 23 PM 1 14

3127 19 ST BAKERSFIELD CALIF=.

WITH REFERENCE TO CORE DRILLING IN MADRONE AREA OF SAN LUIS OBISPO COUNTY WE LEASE OUR EQUIPMENT OPERATED AND MAINTAINED AT $15 R HOUR PLUS 2.00 PER FOOT PLUS COST OF BITS. OUR MOVE IN AND OUT TIME IS $15 PER HOUR=

HOUSTON TOOL CO SANTA SUSANA CALIF=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

SECURITY FIRST NATIONAL BANK

Bakersfield, California

VICE PRESIDENT'S OFFICE

March 4, 1964

Mr. Joseph A. Johnson
3127 - 19th Street
Bakersfield, California

Dear Mr. Johnson:

Several days ago you submitted an application with us for a loan for approximately $24,000 for the purpose of mineral exploration in the Paso Robles area.

I regret to advise you that our loan committee was unable to approve your application for this loan. I sincerely hope you are able to arrange for a satisfactory loan for your purpose elsewhere.

Sincerely yours,

E. J. Mahoney

E. J. MAHONEY
Vice President & Manager

EJM:lml

# UNITED CALIFORNIA BANK

BAKERSFIELD OFFICE • 2020 K STREET • BAKERSFIELD, CALIFORNIA • FAIRVIEW 7-2551

March 16, 1964

Mr. Joseph A. Johnson
3127 - 19th Street
Bakersfield, California

Dear Mr. Johnson:

Your recent application for a $24,000.00 loan to finance mineral exploration in San Luis Obispo County has been reviewed.

Due to the speculative nature of the venture, and the uncertainty of funds becoming available for repayment of the loan, we regret that we are unable to extend the credit you have requested. We are hopeful, nevertheless, that you understand our thinking on this matter, and will continue to regard us as your banker.

Sincerely yours,

Fred W. Pierson

Fred W. Pierson
Assistant Vice President

FWP:dc

Templeton Calif.
Jan 16, 1964

Mr. Joseph Johnson
Mr. Victor Botts Jr.

Dear Sirs:

Our mortgage holder and we (the Lessors) will not consent to the Lessee on this mining lease to put a lien or mortgage against the property and mineral rights.

Yours truly
Nicholas P Marquart
Irene E. Marquart

Nicholas A Margaret
R.F.D Box 200
Templeton
Calif.

TEMPLETON
JAN 25
5 -PM
1964
CALIF.

Mr. Joseph Johnson
3127 19th St
Bakersfield
Calif

Geology and Recommendations for Exploration
by Victor V. Botts, Jr., June 1961

(Items 3, 4, and 5)

INSTRUCTIONS FOR USE

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2. Void Previously Used Block
3. Write Clearly
4. Send Surplus Envelopes to Supply Room for Reissue

# U. S. Government Messenger Envelope

Standard Form No. 65 Rev. (1957)

Promulgated by Bureau of the Budget Circular A-33 (Rev.)

65-104

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|---|---|---|---|
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| Mr. Moulin, Library Geol. Survey 1033 GSA Bldg | STOP | | STOP |
| Budget & Finance Board Room 5410 Interior | STOP | | STOP |
| 1033 GSA | STOP | | STOP |
| Mr. George C. Selfridge 4457 Interior | STOP | | STOP |
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IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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Memorandum May 10, 1967

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

From: Field Officer
Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a summary-type Final Field Report on the subject project.

H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT
By H. K. Stager, Field Officer, Region II

May 10, 1967

1. OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Operator: Madrone Mining Co.
5625 South Union Avenue
Bakersfield, California 93307

Property: Consists of about 400 acres of land in five parcels, as listed below, with all rights pertaining thereto, in secs. 22, 27, and 28, T. 27 S., R. 10 E., MDBM, in the Madrone-Cypress Mountain area, San Luis Obispo County, California.

SW¼, sec. 22
W½, SE¼, sec. 22
N½, NW¼, sec. 27
NE¼, NE¼, sec. 28
NW¼, NE¼, sec. 27

A map showing the area of the property was attached to the contract.

Ownership: The land is owned in fee by Nicholas A. and Irene E. Marquart. The Operator was in possession of the land under a Mining Lease dated January 17, 1965. In lieu of a Lien and Subordination Agreement covering the fee land, a Performance Bond in the amount of $10,080.00, issued by United Pacific Insurance Co., Tacoma, Wash., and 616 So. Shatto Place, Los Angeles, Calif. was attached to the contract.

2. Purpose of Project: The purpose of the project was to explore by trenching and diamond drilling for ores of mercury occurring within a wide fault zone traversing, in part, silica carbonate rocks of the Franciscan Formation; also to explore the footwall thereof.



FIELD
FINAL REP

3. Contract: Dated June 12, 1964, for a term of 8 months.
Original contract amount - $20,160.00
Government participation - 50 percent, $10,080.00

Amendments

No. 1 - November 16, 1964, to reword a clause making Stage II contingent upon favorable results having been obtained by Stage I.

No. 2 - December 21, 1964, recognized the operators as doing business as Madrone Mining Company; changed the specified inclination of Holes Nos. 5 and 6; and changed the location for Hole No. 8.

No. 3 - March 19, 1965, extended the time for completion to 12 months, and extended the lien period to 11 years.

No. 4 - April 20, 1965, deleted the change in location for Hole No. 8 from Amendment No. 2, and changed the work under Stage II to include bulldozing of necessary roads and drill sites and the drilling of six holes in mutually agreed locations.

No. 5 - June 21, 1965, extended the time for completion to 15 months, and added a Stage III consisting of bulldozer trenches.

No. 6 - December 30, 1965, changed Amendment No. 5 bulldozer costs from actual to fixed-unit costs.

4. Project Work: Started September 1, 1964. Terminated October 30, 1965.

| Cost Items | Authorized | Completed Units | Completed Amount |
|---|---|---|---|
| Bulldozing - | | | |
| Transportation in and out | $ 200.00 | - | $ 196.25 |
| Bulldozing 178 hours | 2,600.00 | 53 | 758.50 |
| Drilling - Approx. 1,750 feet | 17,039.00 | 1,589 | 12,122.10 |
| Incidental allowance for drilling - 60¢/ft | 1,050.00 | 1,589 | 953.40 |
| Incidental allowance for Stage III bulldozing - $5/hr | 600.00 | 28 | 140.00 |
| Assaying for mercury - 180 samples at $5/ea | 900.00 | 65 | 325.00 |
| Total amounts | ($22,389.00) | | $14,495.25 |
| Contract not to exceed | $20,160.00 | | |
| Government participation at 50 percent | $10,080.00 | | $ 7,247.62 |
| Less amount forfeited for incomplete Final Report (no map) | | | 7.42 |
| Paid to Operator | | | $ 7,240.20 |

4. Project Work (Contd):

The Government retained no equity in any of the equipment or supplies used.

Effectiveness of the work - The target areas were adequately explored.

Efficiency of Operation - The operation was lacking in efficiency and was delayed by poor planning and management.

5. Reports:

Operator's Final Report - An acceptable Final Report, except for a final map, was received on June 14, 1966.

Cost Review - A Report of Cost Review was issued by the Office of the Chief Auditor in March 1966.

An additional review, by the Chief, Office of Minerals Exploration, to answer problems raised in the Cost Review, was issued June 29, 1966.

Final Audit - A Final Audit was not requested inasmuch as there were no additional vouchers submitted or paid after the Cost Review. The last voucher was paid on October 21, 1965. A voucher (August, September, October, 1965) claiming $80 in assay charges was disallowed to reclaim a $65.15 overallowance for bulldozing on previous vouchers. The Government's share ($7.42) of the remaining $14.85 was not paid because the operators did not submit a map with their final report.

Royalty Review - There was no ore produced during the period of the contract and no royalty was due the Government.

6. Project Results:

Discoveries - There were no discoveries of minable ore. Maps, core logs, cross sections, and assays submitted with the monthly vouchers and reports indicated a small tonnage of submarginal material is present in the vicinity of Holes No. 7, 7A, 8, 9, and 11A. Mercury-bearing material in these holes assayed from 0.01 to 0.25 percent mercury (0.2 to 5 pounds per ton) but averaged about 0.1 percent (2 pounds per ton). No estimate was made of the tonnage of this low-grade material. Future production is not economically feasible and development is not warranted. Future exploration does not appear warranted.

6. Project Results (Contd):

Certification - The OME work did not result in a discovery of minable ore and certification was not recommended.

The Operator was notified on July 27, 1966, that the Government retains no claim or lien against the property and that the Performance Bond was released.

Production - There was no ore mined or stockpiled during the period of the contract.

Royalties - There was no ore sold or treated and no royalties were paid or due the Government.

7. Geologic Summary: The ore bodies that have been mined in the Madrone Mine area occurred in a northwest-trending thrust fault zone, with probable steep northeast dip, that cuts rocks of the Jurassic(?) Franciscan Formation. The zone averages 500 feet in width. The mercury occurs as cinnabar in silica-carbonate rock. Since the discovery, about 1900, the mine has yielded about 100 flasks of mercury from a small ore body and several thin high-grade veins. Other mines in the district, such as the La Libertad, Little Bonanza, Klau, Oceanic, and Buena Vista, have yielded about 50,000 flasks of mercury.

MME Form 7
(2/63)

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JUL 27 1966

Madrone Mining Company
5625 South Union Avenue
Bakersfield, California 93307

Re: CMK-6348 (Mercury)
Victor V. Botts, Jr. and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Gentlemen:

Reference is made to the completed exploration contract, as amended, between Victor V. Botts, Jr. and Joseph A. Johnson, d/b/a Madrone Mining Company 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 Madrone Mining Company in the CMK exploration program.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region II
12 m
FEJohnson/bih 7/27/66
Budget & Finance

Copy to: United Pacific Insurance Company
616 South Shatto Place
Los Angeles, California
Bond No. B-435034, dated 24 June 1964

23263

UNITED PACIFIC INSURANCE COMPANY

# CONTRACT BOND STATUS INQUIRY

SYMBOL OF SERVICE

515 South Shatto
Los Angeles 5, California

- U. S. Government
- Acting Field Officer, OME, Reg. II
- 450 Golden Gate Avenue
  Box 36012
  San Francisco, California 94102

Bond No. A35834
Eff. 6-24-64 Exp. 6-24-65 END

Contractor Victor V. Botts, Jr. and Joseph A. Johnson, A partnership

Owner or obligee U. S. Government

Contract No and description Office of Minerals Exploration Contract No. 14-23-000,

Docket No. OME-6348 (Wells) $ 20,160.00

[illegible] rights or affecting [illegible] information as is [illegible]

[illegible] COMPANY

[illegible]

[illegible]

1. Approximate [illegible] 14, 1966
3. Amount paid [illegible] $ [illegible] None
5. Final [illegible] $ [illegible]

[illegible]

1. [illegible]
2. [illegible]
5. Is [illegible]

[illegible] The [illegible] was certified ~~xxxxxxxxxx~~ completed [illegible] receipt of

Operator's [illegible] Report.

Date July [illegible], 1966

Signed [illegible]
Chief, Office of Minerals Exploration
[illegible] 20242

IN REPLY REFER TO:

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DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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July 15, 1966

Memorandum

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

From: Field Officer
OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is an inquiry from the United Pacific Insurance Company concerning the performance bond on the subject contract. Will you please supply the requested information and return the form to them in their envelope.

H. K. Stager

Enclosure

ME Form 7
(2/63)

OFFICIAL FILE COPY

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| 6/29/66 | [illegible] | 120 |
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JUN 2 9 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Betts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Reference is made to our memorandum of May 24, 1966, enclosing a copy of a Report of Cost Review on the subject contract, a copy of the Field Officer's memorandum of April 29 commenting on the Report of Cost Review, a copy of his letter transmitting a copy of the report to the Operator, and the original and two copies of the Operator's voucher with supporting data for the months of August, September, and October 1965.

We concur in the recommendations of the Field Officer in his memorandum of April 29, 1966. We also conclude that the work performed accomplished the essential purpose of the contract and was substantially in conformity with the intent of the contract. We do not believe that another amendment at this time to specifically authorize the deviations from contract specifications would serve any useful purpose, other than to affirm the foregoing conclusions.

An acceptable Operator's final report, except for a complete map, has been received. We do not believe that additional information from the Operator will add materially to the information submitted with the Operator's monthly progress reports and final report.

An analysis of each item of work performed as discussed in the Report of Review is given below:

## Bulldozing

The contract calls for use of a bulldozer of "not less than D-7 size or equivalent dozer of other make." Available information indicates that a D-6 size dozer was used for all of the bulldozing performed. The contract originally called for bulldozing to be performed under an independent contract as follows:

23263

| | |
|---|---|
| Stage I - Transportation in and out | $100.00 |
| 20 hrs. @ $16.00 per hr. | 320.00 |
| Stage II - 30 hrs. @ $16.00 per hr. | 480.00 |

Although Amendments Nos. 5 and 6 did not specify the size of the bulldozer, they were drawn to cover the size and type of equipment actually used (D-6) as evidenced by the reduction from $16.00 to $15.00 for the hourly rate allowed for bulldozing under Stage III in Amendment No. 5.

Amendment No. 6 was drawn to provide for the bulldozing to be performed by the Operator rather than under an independent contract. Hence, the hourly rate allowed for bulldozing was further reduced for Stage III work to $14.00 per hour.

In his memorandum of April 29, 1966, the Field Officer states that all of the bulldozing under the three stages was performed with a D-6 dozer and operated in the same manner as under Stage III. Thus, the status of the bulldozing account appears to be as follows:

| Authorized by the contract, as amended | Paid | Allowable | Disallow |
|---|---|---|---|
| Stage I - Bulldozing | | | |
| Transportation in and out @ $100.00 | $ 96.25 | $ 96.25 | -- |
| 20 hrs. @ $16.00 per/hr. | | | |
| 8 hrs. @ $15.50 per/hr. | 124.00 | 120.00) 1/ | - $ 4.00 |
| 8½ hrs. @ $17.90 per/hr. | 152.15 | 127.50) | - 24.65 |
| | | | - $28.65 |

1/ (Allow 16½ hrs. @ $15.00 per/hr. Independent Contract for D-6 dozer)

| | | | |
|---|---|---|---|
| Stage II - Bulldozing | | | |
| 30 hrs. @ $16.00 per/hr. | | | |
| 8½ hrs. @ $15.00 per/hr. | $127.50 | $119.00 2/ | - $ 8.50 |

2/ (Allow $14.00 per hr. - Fixed Unit Cost - for D-6 dozer)

| | | | |
|---|---|---|---|
| Stage III - Bulldozing | | | |
| Transportation in and out @ $100.00 | $100.00 | $100.00 | -- |
| 128 hrs. @ $14.00 per/hr. | | | |
| 28 hrs. @ $15.00 per/hr. | 420.00 | 392.00 3/ | - $28.00 |

3/ (Allow $14.00 per/hr. - Fixed Unit Cost - for D-6 dozer)

| | |
|---|---|
| Total | - $65.15 |
| Government participation @ 50 percent | - $32.58 |

## Drilling

Although the costs set forth in an exploration contract under Independent Contracts may be based upon a bid by a particular contractor, the work may be performed by some other contractor. Costs, however, may be less than those set forth in the contract, but cannot exceed the maximum for items so indicated and the work must conform substantially to the appropriate specifications in the contract.

Because of the nature of the ground, a change in drilling procedure was necessary to obtain satisfactory results. Instead of NXWL core drilling as specified in the contract, a rotary type drill with reversed air circulation under vacuum to collect cuttings was used. In his memorandum of February 26, 1965, the Field Officer, Mr. Paul Fillo, indicated that this method is very satisfactory. The present Field Officer, Mr. Harold K. Stager, in his memorandum of April 29, 1966, indicated his acceptance of the change in drilling procedure and stated that the results were satisfactory and best suited to the prevailing conditions. We concur in the opinion of the Field Officers and consider the drilling as conforming essentially with the intent and purpose of the contract.

The amount paid for each item of work did not exceed the amount authorized and the total cost of the drilling was less than the amount authorized.

With respect to Hole No. 3, the Field Officer indicates that the last 20 feet of hole is acceptable and yielded sufficient information although no core or cuttings were recovered. This is confirmed by the drill hole log. In a letter dated March 27, 1965, the Operator explained that he had tried to drill Hole No. 3 without circulation below 144 feet, but there was no core recovery, apparently, due to an open fracture and a soft zone. Drilling continued to 174 feet without regaining circulation. The Field Officer allowed $7.15 for 10 feet in the soft zone, but only $5.95 per foot (supported by invoice for Hole No. 3) for the last 20 feet instead of $7.15 per foot as set forth in the contract. In view of the circumstances and the Field Officer's approval of the work @ $5.95, we recommend that this cost for the 20 feet in question be allowed.

The $5.95 per foot was the rate set forth in the contract for overburden drilling. The Field Officer states that essentially no overburden was drilled under the contract. Therefore, the rate of $7.15 per foot should be allowed for all footage except the last 20 feet of Hole No. 3 as indicated above.

## Incidental Allowance

The incidental allowance is applicable to the 1,569 feet of drilling claimed and paid for at the rate of 60 cents per foot.

## Determinations for Mercury

Invoices for 163 assays for mercury have been included with the Operator's vouchers. A total of 49 of these have been claimed and payment made for them. Only 40, however, were supported by locations of samples indicated on drill hole logs. In the Operator's final report, however, the locations of samples for 51 mercury assays are satisfactorily accounted for, but two are not acceptable as they were from core Hole No. 7 which was abandoned and no payment made towards its cost by the Government. Thus, the Operator is entitled to the payment made on 49 mercury assays.

The original and two copies of the Operator's voucher for August, September, and October 1965, with supporting documents were sent to you on May 24, 1966. According to the Report of Cost Review, the costs for 16 mercury assays covered by this voucher are acceptable and payment and costs of $80.00 are allowable, with Government participation of $40.00.

A review of the files indicates that performance under the contract was substantially in conformity with the intent and purpose of the contract. The execution of another amendment to the contract at this time would serve no useful purpose other than to affirm the acceptance of the work performance and costs allowed. Therefore, we recommend that no further action be taken and this contract be considered closed. The adjustments given above for the bulldozing indicates an overpayment of $32.58 for this item. This amount should be offset against the amount of $40.00 due on the August, September, and October 1965 voucher. However, the difference of $7.42 indicated as being due the Operator should not be paid in view of the deficiency in the Operator's final report, such as failure to include a map.

FRANK E. JOHNSON (gla)

Frank E. Johnson

cc: Division ~~Reading~~ File
Director's Reading File
Economic Geology File
OME Docket
OME Region II
OME Reading File

FEJohnson/gla 6-28-66

IN REPLY REFER TO:

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JUN 16 1966

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June 14, 1966

Memorandum

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

From: Field Officer
Region II

Subject: OME-6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is the Operator's Final Report on the project, including the locations and assays for the 49 samples previously in question. If the report is considered satisfactory, and accepted, any monies still due the Operator can be paid.

H. K. Stager

Enclosure

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307

RECEIVED
JUN 14 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

June 13, 1966

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

Re: OME-6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract NO. 2190

Attn: MR. H. K. STAGER, Field Officer, OME, Region II

Dear Mr. Stager:

Enclosed is the final report on our contract. I again apologize for the delay.

Your office has copies of all the core hole logs plus maps of the geology in the original report and the trenching completed, so I felt nothing could be added by resubmitting these exhibits.

You will note in the summary of the core holes that all 49 assays are accounted for.

As I stated before, we are appreciative of the financial help we received from the OME and through the experience gained on this contract we know that we can plan more efficiently the timing and finances on future projects.

We are trying to do something with the low grade ore. The original idea was to make a concentrate by tabling and retort the concentrates. This was feasible with the price around the $500/flask price but things look a little grim with the present price level.

Please let me know if any further information is needed to finalize the wind up of our contract.

Very truly yours,

Joseph A. Johnson

Joseph A. Johnson, Partner

JAJ/jj
Enclosure

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307

# OPERATOR'S FINAL REPORT

OME - 6348 (Mercury)
Contract No. 2190
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Operations started on this contract September 1, 1964 and were terminated October 30, 1965.

The following units of work were completed:

| | |
|---|---|
| 1589 feet of core hole drilled, cored, and sampled. | $ 13,905.10 |
| 81 hrs. of bulldozing. | 963.65 |
| 65 assays | 325.00 |
| ~~Incidental~~ allowance | 1,093.40 |
| Transportation of bulldozer | 288.31 |
| Totaling | $ 16,575.46 |

The above costs were presented in the monthly reports. A total of $ 17,249.90 was claimed with $ 15,456.56 allowed for government participation. The government's share paid amounted to $ 7,728.28 which is 44.8% of the claimed costs. $7,240.20

The geology of the Madrone Mine area was presented in the initial report. The Madrone Mine lies within a major northwest trending fault zone which includes highly altered sediments and ultra-basics of probable Franciscian age. The hydrothermally altered product is primarily a silica-carbonate rock. The ore zones in the Madrone area are almost exclusively associated with the silica-carbonate rocks and the quartz and calcite veining. The major northwest trending fault zone is transected by a series of perpendicular and oblique shear zones dividing the area into at least three recognizable fault blocks.

The initial coring program was predicated on testing for possible extensions of the ore zone of the old Madrone Mine and to discover new accumulations of ore within the intersections or under the transverse fault zones recognized or inferred from the initial field mapping.

The coring revealed abundant structural and rock type complexities which could not be correlated in an overall geologic picture that would expand on or change the original field mapping. The sampling of these core holes definitely indicated that no occurences of high grade ore was penetrated. Samples were panned each two foot interval to determine by visual inspection the occurence of cinnabar and assays were taken to verify the panning results.

Concurrent with the core drilling, samples of the outcrop were constantly checked and the presence of a low grade ore deposit was

OPERATORS FINAL REPT

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307



discovered in the "east end fault block" in the vicinity of core holes 7, 7A, 8, 9, and 11A.

The following is a compilation of the core holes drilled, total depths, assay results, and a brief comment regarding the geologic and/or economic significance.

Core Hole No. 1 - T.D. 148 feet. Only one trace of cinnabar noted in panning. Assay result 33' - 35' 0.055% Hg. A five-foot core barrel and diamond bit were left in the hole. This core hole was to test for the westward extension of ore exposed in the north slope adit. Negative results.

Core Hole No. 2 - T.D. 132 feet. No visible was noted in the panning.
Assay results: 10' - 16' 0.02% Hg
40' - 42' Trace
55' - 57' 0.075% Hg
77' - 79' Nil
This hole encountered excessive lost circulation at the bottom of the hole. We were unable to run casing below 100'. There was 100' of 3 1/2" casing left in the hole. This core hole was to test for the westward extension of ore exposed in the north slope adit. Negative results.

Core Hole No. 3 - T.D. 174 feet. No visible cinnabar was noted in panning. Assay results: 21' - 23' 0.015% Hg
37' - 40' Nil
102' - 105' Trace

Due to extensive lost circulation and subsequent sticking of the drill pipe this hole was abandoned. This core hole was to test under the footwall of the shear zone observed in the north slope adit. The shear zone was not penetrated, it apparently steepens with depth. Negative results.

Core Hole No. 4 - T.D. 100 feet. Minor amounts of cinnabar were noted in panning. Assay results: 8' - 14' 0.04% Hg
28' - 34' 0.05% Hg
45' - 48' 0.11% Hg
65' - 75' 0.11% Hg
This core hole was located to test at depth near an outcrop of silica-carbonate which had showing of cinnabar. Assays indicate the presence of a low grade deposit but the depth renders it non-commercial.

Core Hole No. 5 - T.D. 100 feet. No visible cinnabar was noted in the panning. Assay results: 11' - 14' Trace
44' - 46' 0.02% Hg
65' - 67' 0.03% Hg
74' - 76' Trace
94' - 96' 0.02% Hg
This core hole was angled to test under the footwall of the eastern extension of the old Madrone Mine fault. Negative results.

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307



Core Hole No. 6 - T.D. 100 feet. No visible cinabar was note in panning. Assay results:

| | |
|---|---|
| 21' - 24' | Trace |
| 32' - 34' | 0.04% Hg |
| 48' - 50' | 0.01% Hg |
| 62' - 64' | Trace |
| 97' - 100' | Trace |

This C.H. was angled to test under the same footwall extension as core hole #5. Negative results.

Core Hole No. 7 - T.D. 54 feet. Cinnabar was noted throughout the total interval of this hole. Due to hole conditions this hole as abandoned and a new core hole 7A was drilled 8' to the northwest of this location.

Assay results:

| | |
|---|---|
| 30' - 33' | Less than 0.01% Hg |
| 50' - 53' | Less than 0.01% Hg |

Note: The 54 feet of this hole was not included in the government participation, although it was paid for.

Core Hole 7A - T.D. 140 feet. Cinnabar was noted in panning throughout the total depth of this hole.

Assay results:

| | |
|---|---|
| 6' - 9' | 0.13% Hg |
| 33' - 35' | 0.12% Hg |
| 71' - 73' | 0.09% Hg |
| 100' - 104' | 0.13% Hg |
| 130' - 134' | 0.11% Hg |

This core hole and core hole #7 were located to test to depth in an area that has scattered showings of cinnabar in outcrop and where a previous drill hole was reported to have found cinnabar at an unknown depth. Assay results indicate the presence of a considerable extent of low grade ore.

Core Hole No. 8 - T.D. 200 feet. Minor amounts of cinnabar was noted in panning. Assay results:

| | | | |
|---|---|---|---|
| 10' - 15' | 0.06% Hg | 148' - 154' | 0.25% Hg |
| 26' - 30' | 0.13% Hg | 154' - 161' | 0.03% Hg |
| 53' - 62' | 0.09% Hg | 167' - 173' | 0.08% Hg |
| 84' - 86' | 0.06% Hg | 181' - 187' | 0.02% Hg |
| 120' -126' | Trace | 188' - 194' | 0.01% Hg |
| 126' -132' | 0.02% Hg | 194' - 200' | 0.04% Hg |

This core hole was located to test under a fault determined from field mapping. It evidently encountered a small vein of cinnabar near the 150' depth. Not commercial.

Core Hole No. 9 - T.D. 195 feet. Trace of cinnabar noted in panning between 108' - 138' and 190' - 195'.

Assay results:

| | |
|---|---|
| 106' - 108' | 0.13% Hg |
| 132' - 134' | 0.10% Hg |
| 192' - 194' | 0.08% Hg |

This core hole was located to test the central portion of the "east end fault block". A limited interval of low grade ore was sampled at a depth too deep to be commercial.

Core Hole No. 10 - T.D. 100 feet. This hole was almost entirely in fault gouge. It was located to test in the "central fault block". Negative results.

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307



Core Hole 11A - T.D. 100 feet. The top 30' panned minor amounts of cinnabar. Assay results:

| | | |
|---|---|---|
| 0' - 4' | 0.15% | Hg |
| 4' - 8' | 0.10% | Hg |
| 8' - 10' | 0.06% | Hg |
| 20' - 22' | 0.11% | Hg |
| 26' - 29' | 0.09% | Hg |

This C.H. penetrated 30' of low grade ore. The hole was located near an outcrop of silica-carbonate which had showings of a minor amount of cinnabar.

Core Hole 11B - T.D. 100 feet. This core hole was entirely in fault gouge. No cinnabar was note in panning. The hole was located to test for the extension of the occurence of calcite veining that carries minor amounts of high grade ore.

Core holes #7, #7A, #8, #9, and #11A tested varying intervals of marginal low grade ore. On the basis of these findings coupled with the outcrop sampling an amendment to the original program provided for additional assaying and some trenching.

Three trenches were completed as indicated on the map that was previously submitted. The trenching revealed a similarity of rock type, silica-carbonate, which was very clayey. Some zones of apparent fault gouge were exposed. The generally low assay results were disappointing and considerably reduced the dimensions of a possible commercial low grade deposit of cinnabar.

The completion of the trenching and assaying terminated the OME program. As indicated previously concurrent with the coring program panning and assaying of the outcrop samples were accomplished. This sampling indicated the presence of a low grade deposit exposed on the surface. On the basis of this sampling and the core holes that contained some cinnabar additional exploration was undertaken without soliciting OME participation mainly because of the timing and because the results of the original program had been so negative. This exploration effort included eleven core holes, totaling 958 feet, 700 plus sample locations staked and panned, and some 10,000 plus feet of trenching with 163 assays for a total expenditure of exactly $61,123.22.

An unusually long tine was spent on the OME portion of the coring program primarily because of inclement weather, exteremly difficult hole conditions and the relative inflexibility of administering the program, e.g.,requiring a certain percentage of the contract total depth of a core hole to be completed regardless of the difficulties encountered.

In a letter dated January 12, 1965 an attempt was made to explain our reason for applying for OME financial assistance and our lack of understanding the method of interpreting the contract as to costs and government participation therein. We are grateful for the financial assistance rendered by the OME, without this initial help we would not have undertaken this program. Although the program did not reveal the presence

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307



of high grade ore we have been attempting to develope the low grade deposit in the "east end fault block", however the declining price is making a marginal undertaking sub-marginal.

We plan to undertake other exploration ventures and trust the protracted nature of our first participation with the OME Financial Assistance will not be detrimental to future applications for similar help.

Joseph A. Johnson

Joseph A. Johnson, Partner
June 11, 1966

JAJ/jj

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

May 26, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 1966
INITIALS CODE

Mr. Joseph A. Johnson
Madrone Mining Company
5625 South Union Avenue
Bakersfield, California 93307

Re: OME-6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Thank you for your letter of May 23, 1966, concerning the assay discrepancies. Your summary of assaying to February 17, 1965 gave 4 assays for Hole No. 5, including the interval 74'-76', and 4 assays for Hole No. 6, including the interval 97'-100'. So we had these assays and they were counted in the total of 40. We did not have a record of the 2 assays in original Hole No. 7. The core log for Hole No. 4, in our files, shows only 3 assays and the log for Hole No. 8 shows only 8 assays. Will you supply us with the intervals and assays for the 5 missing samples. This still leaves us 2 assays short. Perhaps the easiest method of bringing our records into agreement would be for you to supply a new summary of all intervals and assays for all holes. This could be a part of your final report.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME WDC
D RF
ACG RF
MP RF
File 6348
HKStager:mlb

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307

May 23, 1966

Office of Mineral Exploration
345 Middlefield Road
Menlo Park, Californina 94025

Attn: MR. H. K. STAGER, Field Officer, OME, Region II

Re: OME-6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, California
Contact No. 2190

Dear Mr Stager:

Relative to our phone conversation this date and your letter of May 19, 1966 the explanation of the discrepancies of the number of assays indicated in the 'Auditor's Report' was due to: 1) not including the following assays;

| | | | |
|---|---|---|---|
| Core Hole 5 - T.D. 100' | Interval | 74' - 76' | Trace |
| Core Hole 6 - T.D. 100' | | 97' -100' | Trace |
| Core Hole 7 - T.D. 55' (Orig. hole) | | 30' - 33' | Less than 0.01% |
| | | 50' - 53' | Less than 0.01% |

and, 2) additional assays that were added to the final core logs;

| | | | |
|---|---|---|---|
| Core Hole 4 - T.D. 100' | Auditor's count | - 3, | actual - 4 |
| Core Hole 8 - T.D. 200' | " | - 8, | " - 12 |

The four assays not included originally and the five assays not counted on the final core logs add up to the nine assays missing in the auditor's report.

I hope this will satisfactorily explain about the assays. If additional information is needed please let me know.

Very truly yours,

Joseph A. Johnson

JOSEPH A. JOHNSON. Partner

JAJ/jj

RECEIVED
MAY 25 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OFFICIAL FILE COPY

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MAY 2 4 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Enclosed is a copy of the Report of Cost Review on the subject contract issued in March 1966, a copy of the Field Officer's memorandum of April 29, 1966, commenting on the Report of Cost Review, and a copy of his letter of May 19, 1966, transmitting a copy of the report to the Operator. Also enclosed are the original and two copies of the Operator's voucher and supporting data for the months of August, September, and October 1965.

Although Amendment No. 6 to the contract has been executed, payment of the enclosed voucher should be withheld pending clarification of the questions raised in the Report of Cost Review.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
Region II
120
130

FEJohnson/bih 5/24/66

23263

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

May 19, 1966

Mr. Joseph A. Johnson
Madrone Mining Company
5625 South Union Avenue
Bakersfield, California 93307

Re: OME-6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Dear Mr. Johnson:

Enclosed is a copy of the Report of Cost Review on your OME contract by the Office of the Chief Auditor, U. S. Geological Survey. As you will note, much of the work done was not in accordance with the provisions and description of the work under Exhibit A of the contract. Some further amendments may be necessary and additional support may be required for certain items before this contract can be considered closed. Can you supply the necessary support for the nine assay determinations discussed on pages 9 and 10?

When may we expect your Final Report that your note of March 8, 1966 indicated would be submitted "directly"?

I stopped at your office in Bakersfield on May 13, 1966, in order to discuss these matters with you in person, but you were not in. Will you please reply to the questions raised by the Report of Cost Review as soon as possible.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: Chief, OME, WDC
D RF
MP RF
ACG RF
File 6348
HKStager:mlb

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

May 16, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 16 1966
INITIALS CODE
KJ 110

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

From: Field Officer
OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is an inquiry from the United Pacific Insurance Group concerning the performance bond on the subject contract. Will you please supply the requested information and return the form to them in their envelope.

I tried to contact Mr. Joseph A. Johnson at the Madrone office in Bakersfield last Friday (May 13, 1966) but he was not in. He is a very difficult person to reach and is not in his office but once or twice a week. I will write to him this week about the assays we talked about by telephone week before last.

H. K. Stager

H. K. Stager

Enclosure

UNITED PACIFIC INSURANCE COMPANY

# CONTRACT BOND STATUS INQUIRY

UNITED PACIFIC INSURANCE COMPANY

515 South Shatto
Los Angeles 5, California

SYMBOL OF SERVICE

Bond No. A35684
Eff. 6-24-64 Exp. 6-24-65 NED

- U. S. Government
- Acting Field Officer, OME, Reg. II
- 450 Golden Gate Avenue
  Box 36012
  San Francisco, California 94102

Contractor: Victor V. Betts, Jr. and Joseph A. Johnson, A partnership

Owner: U. S. Government

Contract No and description: Office of Minerals Exploration Contract No. 14-23-000, Docket No. OME-6348 (Nelis)

Bond Amount: $ 20,160.00

[illegible] rights or affecting information [illegible]

UNITED PACIFIC INSURANCE COMPANY

[illegible] DEPARTMENT

I. CONTRACT [illegible]

1. Approximate date [illegible]
2. Approximate date [illegible]
3. Amount paid [illegible]
4. [illegible]
5. Final [illegible]

II. CONTRACT [illegible]

1. Amount paid [illegible] $7,240.20
2. [illegible]
3. Approx [illegible] 75%
4. [illegible]
5. Is progress sets [illegible]
6. [illegible] bond?

REMARKS (If any) Audit completed. Adjustment in order subject to receipt of Operator's Final Report and additional supporting documents for expenditures claimed.

Date May 18, 1966

Signed: Chief, Office of Minerals Exploration
Washington, D. C. 20242

BLANKET CONTRACT STATUS [illegible]

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

April 29, 1966

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

From: Field Officer
OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

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Please refer to your memorandum of April 5, 1966 that enclosed two copies of the Report of Cost Review on the subject contract.

I have not sent the Operators their copy of the report as there are certain items that I believe require clarification. I have discussed your memo with Mr. Fillo at great length and have obtained the following answers to your questions:

Bulldozing

The same D-6 bulldozer was used under all three stages of the contract and operated in the same manner but only under Stage III was there an amendment placing the item under Fixed Unit Costs where it belongs. There was never an amendment changing the size of bulldozer from D-7 to D-6. For some reason, not apparent to me, this question was never raised although it was clearly indicated from the first voucher in September 1964 that a D-6 was being used.

Drilling

1. We do not have a copy of the Letter Agreement between the Operator and Houston Tool Company, nor any modification to the agreement if one exists.

2. The last 20 feet of Hole No. 3 was drilled in the same manner as the top 154 feet, there was just no recovery. Mr. Fillo approved the hole as being acceptable and believes it yielded sufficient information.

3. There was essentially no overburden drilled under the contract. Surface material was removed by the bulldozer when preparing the drill sites and each hole was collared in hard rock.

4. This brings us to the big problem in the entire drilling program. Although the contract specifies NX wire line core drilling none of the drilling was of this type. Core drilling was attempted and found unsatisfactory--as it nearly always is in this type of ground--and a different type of drilling was used. The drill used was a rotary type utilizing reversed air circulation under vacuum to collect cuttings (not core) in polyethelene bags. The Operators refer to this type of drilling as "core drilling" although it is not in the generally accepted sense. This method yielded satisfactory results and was probably the best method for drilling and sampling the kinds of rocks present in the mine area. Why the contract was not amended at the time I do not know. Mr. Fillo pointed it out and Mr. Selfridge was aware of the type of drilling being done but did not believe an amendment was necessary.

Determination for mercury

The January 1965 voucher included an invoice from the Eisenhauer Laboratories for 19 mercury assays at $5 each and one for 9 mercury assays at $5 each, plus one from the Hornkohl Laboratories, Inc. for 9 mercury analyses at $7.50 each. The February and March 1965 voucher included an invoice from Eisenhauer Laboratories for 31 mercury assays at $5 each. The August, September, and October 1965 voucher included an Eisenhauer Laboratories invoice for 95 mercury assays at $5 each. This is a total of 163 assays although only 65 have been claimed. The contract allows for a total of 180 assays. The last voucher is for 16 assays at $5 or $80.00 (not 80 assays).

The Operator has stated, on March 3, 1966, that their Final Report was being compiled and would be "sent along directly." To date we have not received it.

Inasmuch as none of the drilling or trenching done under the OME contract discovered ore grade material Mr. Fillo recommends that the property not be certified. I concur with Mr. Fillo.

Insofar as is possible I recommend that we avoid additional amendments to this contract. The work has been completed, it obtained the desired information, no ore was found, and the Operator's share of the costs was far more than 50 percent. If possible, I believe that we should determine administratively that the intent of the contract has been complied with and close our books on this contract.

H. K. Stager

MME Form 7
(2/63)

OFFICIAL FILE COPY

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APR 5 1966

Memorandum

To: Field Officer, OME Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Enclosed are two copies of the Report of Cost Review on the subject contract as requested in Mr. Paul V. Fillo's memorandum of December 8, 1965.

If you concur in the facts as stated in the report, the Operator should be sent its copy with appropriate comments. As evidence of your concurrence, two copies of your transmittal letter to the Operator should be furnished this office. If for any reason you do not concur, the two copies of the report should be returned to this office with your comments.

This case is an example of the difficulties encountered when the work is not done in accordance with the provisions and description of the work under Exhibit A of the contract. Unless this contract is further amended or additional support furnished for certain items, substantial disallowances may be made of some items already paid. The following items will require an amendment to the contract or additional support:

Bulldozing

1. Under Stage I, use of D-6 Bulldozer instead of D-7. (Will possibly require an amendment at appropriate rates).

2. Under Stage II, D-7 Bulldozer specified in contract. The Madrone Company did not show the size of Bulldozer used. We need to know the size of the Bulldozer used and have support for the propriety of the costs. It should also be determined if the Bulldozer used under this Stage is also owned by the Operator and Mr. McDaniel and operated by Mr. Odum. (If so, another amendment provision similar to that of Amendment No. 6 may be required).

23263

Drilling

1. Drilling performed by Houston Tool Company under the terms of a Letter Agreement dated September 26, 1964, by the Operator and Houston Tool Company. (Unless the costs under this Agreement can be reconciled with those under Independent Contracts of the Exploration Contract, an amendment may be required. It should be determined if the Letter Agreement was ever modified, and if so, copies of the modification amendment furnished to us).

2. Under State I, for Core Drill hole No. 3, support is lacking that the last 20 feet of this hole were core drilled NXWL. Payment appears to have been made on the basis of overburden. (Support should be furnished for this item).

   Also, this hole bottomed 174' of which the last 20' were not cored. (Support for accepting the hole as meeting the contract provisions of approximately 200' is required. Was this last 20' drilled to size specifications and acceptable if not cored)?

3. Overburden drilling was provided for under the contract. (We need to know if any of the 1,569 feet described as core drilling was in fact overburden drilling, which called for a rate of $5.95 per foot instead of the amount specified for core drilling at $7.15 per foot).

4. Because of poor core recovery, a system of reverse circulation under vacuum with cuttings captured in polyethelane bags was substituted for standard practice. (We need support for this change in work performance and support that this system was acceptable in obtaining satisfactory results. An amendment may be required).

Determination for Mercury

Support for 40 mercury determinations made prior to the Operator's letter of February 17, 1965, although claim was made and paid for 49 determinations. (Support for the difference of 9 determinations is required).

Processing of the last voucher for 80 mercury determinations (fully supported) will be held pending receipt of clarification of the foregoing and execution of a possible amendment.

Perhaps Mr. Fillo can help you with support for some of the foregoing items but the Operator should furnish necessary documentation for support where needed.

You should request the Operator to submit its Final Report with the other information required. Also, your recommendation for the record regarding certification should be furnished us.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's reading file
Division file
Economic Geology file
OME file (docket)
OME reading file
Budget & Finance (Room 5408-Int. Bldg.)
120

FEJohnson/bih 4/5/66

IN REPLY REFER TO:

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

OFFICE OF THE DIRECTOR

OFFICIAL COPY

MAR 30 1966

Memorandum

To: Chief Geologist
Through: Assistant Director

From: Chief Auditor

Subject: Internal Audit of Contract 2190
Docket No. OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Enclosed are four copies of the report of our cost review of the subject contract. This review was made at the request of the Chief, Office of Minerals Exploration.

William T. McClelland

William T. McClelland

Enclosure

NOTED
MAR 31 1966
JOHN TWETO
ASSISTANT CHIEF GEOLOGIST

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Memorandum April 4, 1966

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

From: Field Officer
Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original and two copies of Amendment No. 6 of the above subject contract, properly executed by the Operator. The remaining copies of the Amendment have been distributed in the usual manner.

H. K. Stager

Enclosures

IN REPLY REFER TO:

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

OF THE DIRECTOR

March 29, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Report of Cost Review - Contract 2190
Docket No. OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

We have made a cost review of Contract 2190, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance. Also, we examined the Contract Operator's reimbursement vouchers for the period September 1964 through October 1965 and payments made for the Government's 50 percent contribution to the contract operations. Our examination of the October 1965 voucher was a preaudit before payment on it had been made.

The documentation submitted by the Operator in support of claimed costs for Government participation included variations from the rates for work specified in the contract. Also, there are indications in the contract file that some functions which were to be performed by independent contractors were actually performed by employees of the Operator and that a bulldozer used in the work was smaller than the bulldozer called for by the exploration contract.

This case is not ready for audit. This report is intended to reveal matters which will be subject to adjustment or audit disallowance unless the contract is amended. However, if it is administratively determined by OME that the performance under the contract was substantially in conformity with the intent of the contract an amendment is not required.

In conclusion, the contract file indicates: (a) that the exploration was unsuccessful, (b) that it is probable that no Certification of Possible Production will be issued, and (c) that no further exploration work under Contract 2190 will be performed. We believe that if this contract had received proper administrative review by OME during the early stages of exploratory operations, the noted deficiencies would have been apparent, calling for amendment or disallowance at that time.

William T. McClelland

William T. McClelland

UNITED PACIFIC INSURANCE COMPANY

# CONTRACT BOND STATUS INQUIRY

UNITED PACIFIC INSURANCE COMPANY

515 South Shatto
Los Angeles 5, California

Date March 23, 1966

U. S. Government
Acting Field Officer, OME, Reg. II
450 Golden Gate Avenue
Box 36012
San Francisco, California 94102

Bond No. 435034
Eff. 6-24-64 Exp. 6-24-65 BED

Contractor Victor V. Botta, Jr. and Joseph A. H Johnson, A partnership

Owner or obligee U. S. Government

Contract No and description Office of Minerals Exploration Contract No. 14-23-000, Docket No. OME-6348 (Wells)

Contract price $ 20,160.00

Our Company is Surety on the bond covering the above contract. Without prejudice to your rights or affecting our liability under our bond(s) described above, we would appreciate such of the following information as is now available. Please return this form in the enclosed addressed envelope.

UNITED PACIFIC INSURANCE COMPANY

FIDELITY AND SURETY DEPARTMENT

IF CONTRACT COMPLETED Please state

1. Approximate date completed _____ 2. Approximate date accepted _____
3. Amount paid contractor _____ 4. Retainage withheld _____
5. Final contract price including extras _____

IF CONTRACT NOT COMPLETED Please state:

1. Amount paid contractor to date $ 7,24.20 2. Earned retainage withheld _____
3. Approx % contract completed 75% 4. Probable date of completion _____
5. Is progress satisfactory? _____ 6. Have any liens or claims been filed? _____

REMARKS (If any) Amount paid subject to audit, contract is expected to be terminated and no further work approved.

Date April 1, 1966 Signed _____

Address _____

B-1309 CONTRACT STATUS 11-63

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

Memorandum March 30, 1966

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

From: Field Officer, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Enclosed is a Contract Bond Status Inquiry from the United Pacific Insurance Company received in the Field Office today. Will you please have it completed and returned to the bonding company.

I talked to Mr. Johnson, by telephone, this morning and he has just received the signed copies of Amendment No. 6 to the contract from Mr. Botts and will send them on to me today.

H. K. Stager

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

March 14, 1966

OFFICIAL COPY

Mr. Joseph A. Johnson
Madrone Mining Company
5625 South Union Avenue
Bakersfield, California 93307

Re: OME- 6348 (Mercury)
Madrone Quicksilver Mine
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of proposed Amendment No. 6 to your contract that you returned without signing. Evidently Mr. Fillo did not explain to you the reason for this Amendment. Your contract provided for the bulldozing to be done on an Actual Cost basis by a subcontractor. Inasmuch as you subsequently did the work yourself the contract had to be amended to a Fixed Unit Cost basis so that you could be paid for the work, otherwise payment for the work was not allowable under the original contract. We cannot complete the final auditing and winding-up actions necessary on your contract until we have this signed Amendment. I tried to telephone you on March 10 and again this morning, March 14, but you were not in your office.

If you have any questions regarding this matter will you please call me next week (March 21-25) at 415-325-6761 (ext. 521), Menlo Park, Calif.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: D RF
Enclosures
ACG RF
Chief, OME, W DC
MP RF
File 6348
(HKStager/mlb )

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307

RECEIVED
MAR 10 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

January 17, 1966

Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

Attn: Mr. H. K. Stager, Field Officer, Region II

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Dear Mr. Stager:

I am returning to your office the proposed Amendment No. 6. Some confusion exists as to the reason for this amendment. Amendment No. 5 provided the authority to do the bulldozing and assaying which we have completed and reported on. We had not proposed any additional work through the OME although a considerable amount of trenching, core drilling and assaying was carried on contemporaneous with and after the completion of the contract.

The last communications with Mr. Fillo indicated that he did not recommend certification and to that end we requested a release from the contract as soon as possible so that our bonding costs would terminate. Enclosed is a final report on the project which I trust will satisfy Article 5(c) of our contract and effect our requested release.

Very truly yours,

Joseph A. Johnson

Joseph A. Johnson, Partner

3/8/66

Mr. STAGER:

I AM VERY SORRY THIS LETTER WAS NOT SENT. MAINLY IT WAS BECAUSE THE FINAL REPORT HAS NOT YET BEEN COMPILED. I WILL SEND IT ALONG DIRECTLY.

J. A. Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. E.
FEB 17 1966
CODE
120

February 14, 1966

Mr. Joseph A. Johnson
Madrone Mining Company
2201 Autumn Street
Bakersfield, California

Re: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo Co., Calif.
Contract No. 2190

Dear Mr. Johnson:

On January 4, 1966 we sent you the original and four copies of proposed Amendment No. 6 to your contract for your signature. To date we have not received the signed copies. Will you please sign and return the Government's, Fiscal Section's, Audit's and Field Office's copies to this office, in order to facilitate auditing of your account.

If you have any questions regarding this matter will you please call me at 415-325-6761, ext. 521, Menlo Park, Calif.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Director
ACG RF
MP RF
Chief, OME, WDC
File
HKStager:mlb

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | Selfridge | 120 |
| 2/27 | Johnson | 110 |
| | | 220 |
| | | 120 m |
| | | |
| | | |
| | | |
| | | |
| | | |

FEB 7 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

The Operator should return proposed Amendment No. 6 if there are no objections thereto in order to facilitate auditing of the account.

(signed) FRANK E. JOHNSON
m

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Mr. Selfridge (2)
GCSelfridge/mm (2/7/66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | Selfridge | 150 |
| 2/22 | Johnson | 110 |
| 2/7 | Cal | 220 |
| | | 120 m |
| | | |
| | | |
| | | |
| | | |
| | | |

FEB 7 1966

Memorandum

To: Chief Auditor

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Viator V. Betts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Enclosed are the original copy of the Operator's Progress Report for the months of August, September, and October 1965, and a copy of the Field Officer's memorandum of December 8, 1965, requesting a Report of Review in lieu of a final on-site audit.

It is suggested that a pre-audit analysis of the Operator's claimed costs be made in order to determine whether the supporting invoices have been sufficient and the work having met the terms of the contract. Later this can serve as the basis for a Report of Review.

Amendment No. 6 relating to Stage III of the contract has not been executed to date. We shall write the Field Officer.

This is one of the audits that should take precedence over some of the others where there is little question concerning the claimed costs. The Operator under this contract furnished a Performance Bond and would like to drop it if the contract is not to be certified, which probably it won't. However, we would not want to release the bond until the account has been audited and whatever amendments that are necessary are executed.

(signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
Budget & Finance
OME File
OME Reading File
Mr. Selfridge
CA&A Division
OME Region I

GCSelfridge/mm (2/7/66)

23263

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

January 4, 1966

OFFICIAL COPY

Mr. Joseph A. Johnson
Madrone Mining Company
2201 Autumn Street
Bakersfield, California

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo Co., Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of proposed Amendment No. 6 with reference to your contract signed by the Chief, Office of Minerals Exploration, for the Government.

If the proposed Amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained for your files.

If any part of the proposed Amendment does not meet with your approval, the original and all copies should be returned to this office with your proposed changes for consideration.

Sincerely yours,

H. K. Stager
Field Officer, OME, Region II

Enclosures
cc: Chief, OME, WDC
Dir RF
File
ACG RF;
MPRF

HKS/dk

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 12/27 | Selfridge | 130 |
| 12/28 | Johnson | 110 |
| | | 220 |
| 12/29 | Kalgaard | |
| 12/29 | Lee | |
| 12/29 | Klepper | |
| | | |
| | | 110 |
| 12/30 | Coe | 220 |

120M

DEC 30 1965

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Pursuant to our memorandum of December 3, 1965 to you, and your reply of December 9 thereto, enclosed is proposed Amendment No. 6, signed for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operators, all five copies should be signed by Messrs. Botts and Johnson.

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

signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosures

GCSelfridge/gla (12-27-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge (2)

23263

DRAFT
GCSelfridge/
12/17/65

DOCKET COPY

C-65-2056.11

**EXPLORATION CONTRACT**
**VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON**
**d/b/a MADRONE MINING COMPANY**
**OME-6348**

**AMENDMENT NO. 6**

It is agreed this _____ day of _____, 19__, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, partners, doing business as Madrone Mining Company, hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective July 1, 1965, as follows:

1. Under the heading Estimated Costs of the Project, Stage III, the Actual Costs are deleted and the following is added to Fixed Unit Costs:

Bulldozing (trenching)

| | |
|---|---|
| Transportation of dozer in and out | $ 100.00 |
| 120 hours (rounded) @ $15.00 per hour | 1,800.00 |

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor 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_____
Chief, Office of Minerals Exploration,
U. S. Geological Survey

(See second page)

By_____
Victor V. Botts, Jr.

By_____
Joseph A. Johnson

Title_____
Partners

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

December 8, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 13 1965
120 mfa
120

Mr. Joseph A. Johnson
5625 South Union Avenue
Bakersfield, California 93307

Re: OME-6348 (Mercury)
Joseph A. Johnson
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

This is to acknowledge the receipt of your final monthly vouchers (August, September, and October 1965). They were received while I was on a field trip in Nevada.

The results of the OME drilling program have been a disappointment and a certification does not appear to be in order because of the very low grade assay values. The final decision for certification is prepared in Washington and you will be notified.

Enclosed is a guide form to follow when preparing the Operator's Final Report for the Government as prescribed under Article 5(c) of your contract.

Sincerely yours,

Paul V. Fillo
Field Officer
OME, Region II

Enclosure

cc:
Chief, OME, Wash., D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 13 1965

| INITIALS | CODE |
|---|---|
| | 120 |
| | 120 |

December 9, 1965

Memorandum

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

From : Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

In reference to your letter of December 3, 1965 of the above subject, a 'phone call to the operator was made this morning to clarify the bulldozer certificate. The words "sold to" is a misnomer and should have been crossed out by Madrone Company. The bulldozer is owned in partnership by the subject operators and Mr. McDaniel. The bulldozer operator who did the work was Mr. Odum. With this information, it appears that an amendment is in order.

Paul V. Fillo

Paul V. Fillo

cc:
Chief, OME, Region II

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

December 8, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 17 1965
INITIALS | CODE
120
120

Memorandum

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

From : Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original final monthly vouchers (August, September, and October, 1965) forms MME-60 and 61, together with supporting documents on the above subject.

Work under the contract was completed in August 1965. The number of units of work completed by the operator and accepted by the Field Officer as conforming to contract specifications were:

| | |
|---|---|
| Bulldozing access road and drill sites | 20 hrs. |
| Overburden drilling | 20 ft. |
| Diamond core drilling | 1589 ft. |
| Bulldozing trenching | 120 hrs. |
| Assays | 71 |

The operator is being advised to submit a final engineering and geological report to fulfill his obligation to the Government. A Report of Review in lieu of a final audit is in order and requested.

Paul V. Fillo

Paul V. Fillo

Enclosures

cc:
Chief, OME, Wash., D. C.

ME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 12/3 | Selfridge | 130 |
| " | Johnson | 110 |
| 12/8 | Coe | 220 |
| | | 120M |
| | | |
| | | |
| | | |
| | | |
| | | |

DEC 3 1965

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Reference is made to the Operator's July 1965 voucher. Amendment No. 5 provided for three trenches to be excavated by an independent contractor. The Operators included in said voucher an invoice dated August 1, 1965, with the Madrone Company indicated at the top and Victor V. Botts, Jr.'s name opposite the words "Sold to." There is neither signature or certification and, offhand, one would guess that the Madrone Company furnished the bulldozer, yet Botts and Johnson are partners doing business as Madrone Mining Company. Therefore, it would seem that the Operators actually furnished the equipment and did the work rather than an independent contractor. If this is so, the bulldozing charges should not have been approved nor paid. Will you please clarify the matter.

If the Operators did the work, an amendment will be necessary.

(signed) FRANK E. JOHNSON

Frank E. Johnson

GCSelfridge/gla (12-3-65)
cc to: Director's Reading File
Division File
Economic Geology File
Division of Budget and Finance, Rm. 5408
OME File
OME Reading File
Mr. Selfridge (2)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

August 31, 1965

| INITIALS | CODE |
|---|---|
| | 120 |
| | 120 |
| | |
| | |
| | |

Mr. Joseph A. Johnson
5625 South Union Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

I am herewith returning forms 60 & 61, your monthly vouchers for July 1965. Please explain how you derived your cost figures as they are incorrect. The cost of the work you have just completed is all right, but in transferring your February-March voucher total cost figures to July, the figures are different.

Will you please make the necessary changes and corrections and return the documents to this office at your earliest convenience?

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

cc:
Chief, OME, Wash., D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

August 5, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 9 1965
INITIALS | CODE
110
120
126

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Interim Inspection

The property was inspected July 28, 1965 by the Acting Field Officer, accompanied by Messers. Joseph Johnson and Victor Botts, Jr, partners in the subject contract.

The operators have completed their bulldozer work of trenching and sampling. They are now mapping and recording the assay values as they receive them from the assayor. The returns have been coming in slowly from the assayor. A cursory review of what was exposed in the trenches shows the mercury mineralization appears to be quite low in value and sporadic in character.

Paul V. Fillo

Paul V. Fillo

cc:
Chief, OME, Wash., D. C.

ORM 60
r. 1959

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

OFFICIAL COPY O.M.E. RECEIVED OCT 22 1965 INITIALS CORT

Docket No. ~~OME~~ 6348
Contract No. 14-23-090-2190
Contract Amount $ 20,160.00
Gov't. Participation % 50 $ 10,080.00
Mineral(s) Mercury

## OPERATOR'S MONTHLY VOUCHER

For Month of JULY 1965

Operator's Name VICTOR V. BOTTS, Jr. & JOSEPH A. JOHNSON
Address 5625 South Union Ave, Bakersfield, California

| 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 | 420.00 | 403.65 | 823.65 | | | |
| Drifting | | | | | | |
| Crosscutting | | 12,951.70 | 12,951.70 | | | |
| Drilling | | ~~12,121.10~~ | ~~12,121.10~~ | | | |
| | | 183.55 | 288.31 | | | |
| Dozer Transport. | 104.76 | ~~96.25~~ | ~~201.01~~ | | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | | | | | | |
| Outside Consultants | | | | | | |
| Labor | | | | | | |
| (3) Operating Mat'l. & Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| (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 | | 245.00 | 245.00 | | | |
| Payroll Taxes | | | | | | |
| Employee's Liability Ins. | | | | | | |
| Incidental Allowance | 140.00 | 953.40 | 1,093.40 | | | |
| | | 14,737.30 | 15,402.06 | | | |
| TOTALS | 664.76 | ~~13,529.40~~ | ~~14,194.16~~ | | | |

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

Date 8/6/65 *Payee Victor V. Botts, Jr. Joseph A. Johnson

Victor V. Botts Jr.

Per Joseph A. Johnson Title Partnership

* 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:

$ 330.00

Signature R.E.P. (Authorized Certifying Officer)

Date 2962 Vou. No. 14X0804

(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. 2190

Signature Paul V. Lillo Title Field Officer Date Sept. 28, 1965

Approved by OME Executive Officer or Alternate: OME Region II

Signature Paul V. Lillo Title Field Officer Date Sept. 28, 1965

## 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 1965 Docket No. OMB - 6348

Operator's Name Victor V. Botts, Jr. & Joseph A. Johnson Contract No. 14-23-090-2190

| 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 | | | 118 | | | | |
| Rotary | | | 1100 | 13,905.10 ~~[illegible]~~ | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | | 39 | | | | |
| Churn | | | | | | | |
| Percussion | | | 32 | | | | |
| Miscellaneous Dozer | | | | 288.31 | | | |
| Transportation | | 6 | 11.5 | ~~[illegible]~~ | | | |
| Roads and Trails | | | | | | | |
| Stripping | | | | | | | |
| Trenching Bulldozing | | 23 | 53 | 963.65 | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | 245.00 | | | |
| | | | | ~~[illegible]~~ | | | |
| TOTAL TO DATE (per MME Form 60) | | | | $15,402.06 | | | |

REMARKS

(Continue on back)

REMARKS

See attached letter

(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 8/6/65 Operator Victor V. Botts, Jr. & Joseph A. Johnson

Per Victor V. Botts Jr. Joseph A. Johnson Title Partnership

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. Gillo

Title Field Officer

OMR Government Representative

Date Region III Sept. 28/65

(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.

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 822-3219
BAKERSFIELD, CALIFORNIA 93307

August 6, 1965

Office of Minerals Exploration
Attn: Mr. Paul V. Fillo, Acting Field Officer
450 Golden Gate Avenue
San Francisco, California

Re: Activities Report, July 1965.
Victor V. Botts, Jr. & Joseph A. Johnson, a partnership,
OME 6348 (Mercury)

Dear Mr. Fillo:

Three trenches were excavated in accordance with Amendment No. 5 of the contract. Depth of the trenches varied from 4' to 12'. Work was suspended at this point. In two of the trenches sixteen channel assay samples were taken. The third trench remains to be sampled. Results of all assay samples will be included in the August report. Panning of samples from the trenches generally indicates negative results. Several were exposed in the trenching. Upon completion of surveying, a map of the trenches with assays and structural features will be forwarded to your office in the August report.

Madrone Mining Company has initiated a drilling program in the general area of the trenching. Some 600' of drilling is contemplated. Interpretation of geologic and assay data from the trenches and drill holes may suggest areas for additional trenching. Since, so little of the authorized bulldozer time in Amendment No. 5 has been used, we may propose additional or alternate locations for trenching.

Very truly yours,

Victor V. Botts, Jr.

Victor V. Botts, Jr.
Madrone Mining Company

DRONE COMPANY
O. Box 4067 - 832-3219
Bakersfield, California

DATE August 1, 1965

CUSTOMER'S ORDER NO.

REQ/JOB NO.

LOCATION Marquart Ranch
San Luis Obispo County

Victor V. Botts, Jr
480 Fairview St.
Morro Bay, California

| REFERENCE NUMBER | DATE | DESCRIPTION | NUMBER OF UNITS | UNIT PRICE | AMOUNT |
|---|---|---|---|---|---|
| 9806 | 7/20/65 | | | | $ 52.38 |
| 9807 | 7/26/65 | | | | 472.38 |
| | | | | | $ 524.76 |

**PLEASE PAY FROM THIS INVOICE**
No Statements Will Be Sent Unless Specifically Requested.

*All accounts due within 30 days. Interest will be charged on overdue accounts.*

INVOICE

INVOICE

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT October 20, 1965

Name and Address of Payee: Victor V. Botts
Joseph A. Johnson
5625 South Union Ave.
Bakersfield, California

| Amount Claimed: | Differences (Explained Below) | Amount Approved $660.00 |
|---|---|---|
| $664.76 | $4.76 | Gov't Share $330.00 |
| Bu. Voucher No. | Payee's Invoice No. | Period |
| 2962 | OME 6348 | July, 1965 |

EXPLANATION

**Bulldozing:**

| | |
|---|---|
| Total authorized for dozer transportation by Amendment No. 5, dated June 21, 1965 | $100.00 |
| Amount claimed July, 1965 Operator's Voucher | 104.76 |
| Disallowed | $ 4.76 |

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

REP

Branch of Budget and Finance

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

July 6, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 8 1965
INITIALS | CODE
Cal 210
120
120
D. C.

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original and two copies of Amendment No. 5 of the above subject contract, properly executed by the operator. The remaining copies of the Amendment have been distributed in the usual manner. Also enclosed for your information is a copy of a letter from the operator.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

JUL 1965
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

MADRONE MINING CO.
5625 SOUTH UNION AVENUE - PHONE 832-3219
BAKERSFIELD, CALIFORNIA 93307

480 Fairview Avenue
Morro Bay, California
93442

July 2, 1965

U. S. Department of the Interior
Office of Minerals Exploration
Attn: Paul V. Fillo, Acting Field Officer
450 Golden Gate Avenue
Box 36012
San Francisco, California 94102

Re: Amendment No. 5 OME 6348

Dear Mr. Fillo:

You will find enclosed signed copies of Amendment No. 5. We plan to begin the trenching program on or about July 5th. Assay sampling will be conducted upon the completion of each trench.

My new residence address and telephone number are:

480 Fairview Avenue
Morro Bay, California 93442

Telephone Number - Area Code 805- 772-9228

We shall inform your office as items of interest occur during the exploration program in addition to the regular monthly progress reports.

Very truly yours,
Victor V. Botts Jr.
Victor V. Botts, Jr.
MADRONE MINING COMPANY

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

June 28, 1965

ORIGINAL COPY
O. M. E.
RECEIVED
JUN 30 1965
INITIALS | CODE
120
120

Mr. Joseph A. Johnson
5625 South Union Street
Bakersfield, California

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of proposed Amendment No. 5 with reference to your contract signed by the Acting Director for the Government.

If the proposed amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained for your files.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

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

m 7

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| | G.G. | 130 |
| 7/21 | Johnson | 110 |
| | | 100 |
| 6/21 | CRE | 220 |
| | | 120 |
| | | |
| | | |
| | | |
| | | |

JUN 2 1 1965

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OMX-6348 (Mercury)
Victor V. Betts, Jr. and Joseph A. Johnson
Madrona Quicksilver Mine
San Luis Obispo County, California
Contract 2190

In reference to your memorandum of June 2, 1965, enclosed are the original and four copies of proposed Amendment No. 5, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

George C. Spilridge

Enclosures

MMerrithew/mm (6/21/65)
cc: Director's Reading File
Review Committee
Docket

23263

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 8 1965

| INITIALS | CODE |
|---|---|
| KG | 110 |
| J | 120 |
| | 120 |

10-6046

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of the Secretary
Accounting Section
Washington

JUNE 4, 1965

ADMINISTRATIVE SUSPENSION STATEMENT

~~Name and~~ Address of Payee: VICTOR V BOTTS, JR & JOSEPH A JOHNSON
5625 S UNION AVENUE
BAKERSFIELD, CALIFORNIA

| Amount Claimed: | Differences (Explained Below) | Amount Approved |
|---|---|---|
| $7,472.00 | $434.55 | $7,038.25 (GOV'T SHARE $3,519.13) |
| **Bu. Voucher No.** | **Payee's Invoice No.** | **Period** |
| 1855 - 1 | OHE 6343 - CONT #2190 | FEB - MAR 1965 |

EXPLANATION

| | | |
|---|---|---|
| DRILLING CLAIMED | | $6,647.00 |
| DRILLING APPROVED: | | |
| DRILLING 739' @ 7.15 = | 5,641.35 | |
| " 20' @ 5.95 = | 119.00 | |
| REAMING 144' @ 3.75 = | 540.00 | 6,300.35 |
| AMOUNT DISALLOWED | | 347.25 |
| TRANSPORTATION OF BULLDOZER NOT ALLOWABLE UNDER CONT. | | 87.30 |
| TOTAL DISALLOWED | | 434.55 |

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Suspension made by:

Signature
OPAL A SHELTON
CHIEF, ACCOUNTS BRANCH

Title

MME FORM 6
REV. 2-5

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

| TO: | DATE | INITIALS |
|---|---|---|
| 1. ~~Associate Solicitor, 6042~~ | | |
| 2. F. E. Johnson, 4460 | 6/18 | |
| 3. 220 | | |
| 4. | | |
| 5. | | |

FROM: F. E. Johnson 6/15/65

FOR: Check items for action desired

- x Action
- x Approval
- ___ Comment
- ___ Conference
- ___ Instructions
- ___ Reply for signature of ___
- ___ Investigate
- ___ Recommendations
- ___ Rewrite
- ___ Your information
- ___ Surname
- ___ Signature
- ___ File

REMARKS: C-65-2056.11

FROM SOLICITOR

JUN 18 1965

INTERIOR DEPT.
JUN 16 1965
SOLICITOR

RECEIVED
JUN 1 8 1965
Division of Mineral Resources
and Genenral Legal Services

FOR SIGNATURE

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

M56300-62

MME FORM 60
SEPT. 1959

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

Docket No. OME-6348
Contract No. 14-23-090-2190
Contract Amount $20,160.00
Gov't. Participation % 50 $ 10,080.00
Mineral(s) MERCURY

## OPERATOR'S MONTHLY VOUCHER

For Month of FEB. & MARCH 1965

Operator's Name VICTOR V. BOTTS, JR & JOSEPH A. JOHNSON
Address 5625 S. UNION AVE, BAKERSFIELD, 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 | 127.50 | 276.15 | 403.65 | 127.50 | | |
| Drifting | | | | | | |
| Crosscutting | | | | | | |
| Drilling | 6647.60 | 6304.10 | 12,951.70 | 6,300.35 | | |
| TRANSPORTATION OF BULLDOZER | 87.30 | 96.25 | 183.55 | -0- | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | | | | | | |
| Outside Consultants | | | | | | |
| Labor | | | | | | |
| (3) Operating Mat'l. & Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| (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 | 125.00 | 120.00 | 245.00 | 125.00 | | |
| Payroll Taxes | | | | | | |
| Employee's Liability Ins. | | | | | | |
| INCIDENTAL ALLOWANCE OF 0.60/FT. | 485.40 | 468.00 | 953.40 | 485.40 | | |
| TOTALS | $7472.80 | $7264.50 | $14,737.50 | 7,038.25 | 6,782.15 | 13,820.40 |

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

Date 4/12/65 *Payee VICTOR V. BOTTS, JR AND JOSEPH A. JOHNSON

Per Victor V. Botts Jr. / Joseph A. Johnson Title PARTNERSHIP

* 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:

$ 3,519.13

Signature BMB
(Authorized Certifying Officer)

Date 6/4/65 Vou. No. 1865-1

(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. 2190

Signature Paul V. Lillo Title Acting Field Officer Date May 28, 1965

Approved by OME Executive Officer or Alternate: OME Region II

Signature Paul V. Lillo Title: Acting Field Officer Date May 28, 1965

## 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.

COMPANY Madrone Mining Company

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE March 25, 1965

INVOICE NO. 10-L

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | |
|---|---|---|
| 2-12-65 | Moving CH #7 to CH #9 2 hours at $12.75 per hr. | $ 25.50 |
| | Coring CH #9 40 feet at $7.15 per ft. | 286.00 |
| 2-13-65 | Coring CH #9 40 feet at $7.15 per ft. | 286.00 |
| 2-14-65 | Coring CH #9 38 feet at $7.15 per ft. | 271.70 |
| 2-15-65 | Coring CH #9 40 feet at $7.15 per ft. | 286.00 |
| 2-16-65 | Coring CH #9 37 feet at $7.15 per ft. | 264.55 |
| 2-17-65 | Moving CH #9 to CH #10 2 hours at $12.75 per hr. | 25.50 |
| | Coring CH #10 44 feet at $7.15 per ft. | 314.60 |
| 2-20-65 | Coring CH #10 16 feet at $7.15 per ft. | 114.40 |
| 2-21-65 | Coring CH #10 40 feet at $7.15 per ft. | 286.00 |
| 2-22-65 | Moving CH #10 to CH #7 2 hours at $12.75 per hr. | 25.50 |
| | Reaming 3 1/4" to 4 1/4" to run DH hammer 0' to 45'. 45 feet at $3.75 per ft. | 168.75 |
| 2-23-65 | Drilling with DH hammer. 10 feet at $5.95 per ft. | 59.50 |
| | Stuck DH hammer. Lost circulation. | |
| 2-24-65 | Fishing DH hammer. Wash over. | |
| 2-25-65 | Moving CH #7 to CH #7A 2 hours at $7.15 per hr. | 25.50 |
| | Coring CH #7A 38 feet at $7.15 per ft. | 271.70 |
| 2-26-65 | Coring CH #7A 34 feet at $7.15 per ft. | 243.10 |
| 2-27-65 | Coring CH #7A 32 feet at $7.15 per ft. | 228.80 |
| 3- 3-65 | Coring CH #7A 22 feet at $7.15 per ft. | 157.30 |
| 3- 4-65 | Coring CH #7A 14 feet at $7.15 per ft. | 100.10 |
| | Moving CH #7A to CH #11A 2 hours at $12.75 per hr. | 25.50 |
| 3 -5-65 | Coring CH #11A 52 feet at $7.15 per ft. | 371.80 |

DRILLING
DON JACKSON CO.
CONTRACTORS
P. O. BOX 358
NEWHALL CALIF.
PH 259-3718

COMPANY Madrone Mining Company

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Luis Obispo, Calif.

INVOICE DATE March 25, 1965

INVOICE NO. 10-L (cont-d)

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | |
|---|---|---|
| 3-6-65 | Coring CH #11A 48 feet at $7.15 per ft. | $ 343.20 |
| | Moving CH #11A to CH #11B 2 hours at $12.75 per hr. | 25.50 |
| 3-18-65 | Coring CH #11B 60 feet at $7.15 per ft. | 429.00 |
| 3-19-65 | Coring CH #11B 40 feet at $7.15 per ft. | 286.00 |
| 3-20-65 | Moving CH #11B to CH #3 2 hours at $12.75 per hr. | 25.50 |
| | Reaming 0' to 100' 100 feet at $3.75 per ft. | 375.00 ✓ |
| 3-21-65 | Reaming 100' to 144' 44 feet at $3.75 per ft. | 165.00 ✓ |
| | Coring 144' to 154' 10 feet at $7.15 per ft. | 71.50 |
| 3-22-65 | Drilling 154' to 174' 20 feet at $5.95 per ft. | 119.00 ✓ |
| | Total: | $5677.50 |

STATEMENT

ORE TESTING

[illegible] 1/65 19

[illegible]

Bakersfield, California

[illegible] LABORATORIES

[illegible]

$ 30.00
[illegible]
[illegible]
[illegible]

Total due [illegible]

[illegible]

4/8/65

MADRONE COMPANY
P. O. Box 4067 - 832-3219
Bakersfield, California

DATE 3/1/65

SOLD TO
MADRONE MINING COMPANY
5625 SOUTH UNION AVENUE
BAKERSFIELD, CALIFORNIA 93307

CUSTOMER'S ORDER NO.

REQ/JOB NO.

LOCATION MARQUART RANCH

| REFERENCE NUMBER | DATE | DESCRIPTION | NUMBER OF UNITS | UNIT PRICE | AMOUNT |
|---|---|---|---|---|---|
| 9801 | 2/10/65 | | | | $ 43.65 |
| 9802 | 2/12/65 | | | | 127.50 |
| 9803 | 2/19/65 | | | | 43.65 |
| | | | | | $214.80 |

**PLEASE PAY FROM THIS INVOICE**
No Statements Will Be Sent Unless Specifically Requested.

*All accounts due within 30 days. Interest will be charged on overdue accounts.*

MADRONE COMPANY
P. O. Box 4067 - 832-3219
Bakersfield, California

OUR NUMBER 9801
DATE 2/12/65

Sold To [illegible]
[illegible]

Shipped To
Address

INVOICE

[illegible] 43.00

MADRONE COMPANY
P O Box 4067 - 832-3219
Bakersfield, California

OUR NUMBER 9802
DATE 2/12/65
CUSTOMER'S ORDER
SALESMAN
TERMS
F O B

Sold To Betts & Johnson
Marguerite Ranch

Shipped To
Address

INVOICE

Prop. [illegible] seals dehulled [illegible]
2 1/2 bu @ 12.50/bu 127.50

MADRONE COMPANY
P O Box 4067 - 832-3219
Bakersfield, California

OUR NUMBER 9803
DATE 2/19/65
CUSTOMER'S ORDER
SALESMAN
TERMS
F O B

Sold To Betts & Johnson
Marguerite Ranch

Shipped To
Address

INVOICE

Mono bean Marguerite Ranch
Paso Robles 2 1/2 bu @ 12.40/bu 43.00

Rediform
7H 722

MME FORM 6T
SEPT. 1959.

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

**OPERATOR'S PROGRESS REPORT** For Month of FEB. & MARCH 1965 Docket No. OME-6348

Operator's Name VICTOR V. BOTTS, JR & JOSEPH A. JOHNSON Contract No. 14-23-090-2190

| 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 | | 40 | 118 | | | | |
| Rotary | | 729 | 1400 | | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | 20 | 39 | $13,905.10 | 809 | 1589 | 12,122.10 |
| Churn | | | | | | | |
| Percussion | | 10 | 32 | | | | |
| Miscellaneous | | 199 | | | | | |
| | | | | | | | 953.40 |
| BULLDOZING | | | | $587.20 | 809 | 1589 | |
| Roads and Trails | | | | | | | 587.20 |
| Stripping | | | | | | | |
| Trenching | | | | | | | 499.90 |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | 245.00 |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | $245.00 | | | 275.00 |
| TOTAL TO DATE (per MME Form 60) | | | | $14,737.30 | | | 13,820.40 |

REMARKS

(Continue on back)

REMARKS

789 X 7.15 = 5641.35
144 X 3.75 = 540.00 Dozing
20 X 5.95 = 119.00
6300.35
5821.75 last voucher
12,122.10

Assay 31
155
20
$275

(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 4/12/65 Operator VICTOR V. BOTTS, JR AND JOSEPH A. JOHNSON

Per Victor V. Botts Jr Joseph A. Johnson Title PARTNERSHIP

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. Gillo

Title Acting Field Officer

Government Representative

OME Date Region IV May 28, 1965

(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.

SECOND DRAFT
FEJOHNSON/bih/mm
6/15/65

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING COMPANY
OME-6348

AMENDMENT NO. 5

It is agreed this _____ day of _____, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, partners, d/b/a Madrone Mining Company, hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective June 1, 1965, as follows:

1. The time fixed by the contract as amended by Amendment No. 3, is extended from 12 to 15 months from the date of the contract, or until September 12, 1965.

2. In Exhibit A, the words "trenching and" are inserted between the words "by" and "diamond" in the first line of the first paragraph, and

3. Under Description of the Work a Stage III is added as follows:

Stage III

Three trenches shall be excavated to bed rock in a southwesterly direction across the general strike of the formations. One trench shall extend from the vicinity of Diamond Drill Hole No. 11-A, one from the vicinity of Diamond Drill Hole No. 7-A, and one approximately midway between those two holes.

4. Under Estimated Costs of the Project, Stage III costs are added as follows:

Stage III

Actual Costs

Category (1) Independent Contracts

Bulldozing (trenching)

| | |
|---|---|
| Transportation of dozer in and out | $ 100.00 |
| 120 hours @ $15.00 per hour | 1,800.00 |

Fixed Unit Costs

| | |
|---|---|
| 50 determinations for mercury @ $5.00 | 250.00 |
| **Incidental allowance for each hour of bulldozing completed, 120 hours @ $5.00 | 600.00 |
| Total Stage III* | $2,750.00 |
| Government Participation @ 50% | $1,375.00 |

*Unused funds from Stages I and II may be used for Stage III.

**Includes all costs, Categories 2 through 7, except assaying.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor 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 _____
Acting Director, Office of Minerals Exploration

By _____
Victor V. Betts, Jr.

By _____
Joseph A. Johnson

Title Partners

draft
FEJohnson/bih

~~120~~
110

EXPLORATION CONTRACT

VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING COMPANY
OME-6348

AMENDMENT No. 5

It is agreed this _____ day of _____, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, partners, d/b/a Madrone Mining Company, hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective June 1, 1965, as follows:

1. In Exhibit A, the words "trenching and" are inserted between the words "by" and "diamond" in the first line of the first paragraph, and

2. Under Description of the Work a Stage III is added as follows:

Stage III

Three trenches shall be excavated to bed rock ~~northeasterly~~ southwesterly in a direction across the general strike of the formations. One trench shall extend from the vicinity of Diamond Drill Hole No. 11-A, one from the vicinity of Diamond Drill Hole No. 7-A, and one approximately midway between those two holes.

3. Under Estimated Costs of the Project, Stage III costs are added as follows:

1. The terms of Amendment No. 3, which was signed by the Lessee effective June 12, 1965, are hereby amended effective June 1, 1965.

## Stage III

Actual Costs

Category (1) Independent Contracts

Bulldozing (trenching)

| | |
|---|---|
| Transportation of dozers in and out | $ 100.00 |
| 120 hours @ $15.00 per hour | 1,800.00 |

Fixed Unit Costs

| | |
|---|---|
| 50 determinations for mercury @ $5.00 | 250.00 |
| **Incidental allowance for each hour of bulldozing completed, 120 hrs. @ ~~$1.00~~ $5.00 | 600.00 ~~120.00~~ |
| Total Stage III* | ~~$2,270.00~~ 2,750.00 |
| Government Participation @ 50 % | ~~$1,135.00~~ $1,375.00 |

**Includes all costs, catagories 2 through 7, except assaying.
* Unused funds from Stages I and II may be used for Stage III.

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

Executed in quintuplicate the day and year first above mentioned

THE UNITED STATES OF AMERICA

By _____
Acting Director
Office of Minerals Exploration

By _____
Victor V. Botts, Jr.

By _____
Joseph A. Johnson

Title Partners

Have to be extended from 12 months to

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

June 2, 1965

OFFICIAL COPY
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Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a report requesting additional work which the operator has proposed from the results of their OME drilling program. The program involves several bulldozer hours of trenching to obtain structural information in the vicinity of drill holes 7A and 11A; to enlarge drill holes Nos. 9 and 7A to 5 5/8" from 3"; to extend hole No. 9 from 195 to 250 feet; and to extend hole No. 7 from 140 to 250 feet. The operator's projection of these drill holes, shown in figures C and D, are inferred and should be reviewed on this basis.

I recommend a moderate trenching program of 120 hours of bulldozer work which would be adequate to expose the structure to determine if the drilling program they have proposed would warrant further drilling. One hundred samples assayed for mercury should take care of the program.

Paul V. Fillo

Paul V. Fillo

Enclosure

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

MAY 1965
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

May, 26, 1965

U. S. Department of the Interior
Office of Minerals Exploration
Attn: Paul V. Fillo, Acting Field Officer
450 Golden Gate Avenue
Box 36012
San Francisco, California 94102

Re: Proposed Amendment to OME 6348 (Mercury)

Dear Mr. Fillo:

The enclosed information should outline our proposed additional work at the Madrone Quicksilver Mine, San Luis Obispo County, California. You will note that the incidental allowance portion of the cost estimate has been left out since, the amount of this particular item, has in the past, been determined by your office.

As indicated in the geologic discussion, we feel that the chances for a discovery or the confirmation of a discovery of a large body of low grade ore to be excellent. In addition, the deepening of CH#9 may well encounter a high grade ore body such as those in the nearby La Libertad or Little Bonanza Mines.

The spectacular action of the mercury market in the last year, has placed this type of exploratory target that we are proposing well within the economic limits of a large volume mercury mining and furnacing operation.

Very truly yours,

Victor V. Botts Jr.

Victor V. Botts, Jr.
Madrone Mining Company

VVB:jfk
Enclosures:
(1) Geologic Discussion of Proposed Amendment to OME 6348 (Mercury) W/Figures A, B, C, & D.
(2) Exploration Program for Proposed Amendment OME 6348 (Mercury)
(3) Cost Estimate for Proposed Amendment to OME 6348 (Mercury)

# GEOLOGIC DISCUSSION
## OF PROPOSED AMENDMENT TO OME 6348 (MERCURY)

In the course of recent drilling exploration (OME 6348 Mercury) at the Madrone Mine, San Luis Obispo County, California, thirteen core holes were drilled. Of these thirteen holes, six encountered low grade ore. Five or the core holes were located on the east end of the Madrone Mine property. It is with this general area that we shall confine the following discussion (see figure "A"). The term ore or ore body is used throughout the discussion in the sense of cinnabar mineralization rather than the strictest technical definition.

Core hole #9 cut 48' of ore averaging 2.3 # Hg/ton at the depths 96' to 144'. Both hanging and footwalls of this zone were penetrated in the core hole. The mineralization appears to be of the scattered or diseminated type. It is entirely possible that this zone outcrops at the surface but, is covered by the heavy overburden common to the area. If the strike and dip of this zone parallels the strike and dip of the only faults well exposed in the area then, the ore body may outcrop along the southern slope of the mine ridge (see figure "A"). In addition, core hole #9 penetrated some 50' of dark grey kaolinitic fault gouge immediately below the ore zone discussed. The fault gouge graded into breccia at the very bottom of the hole (190-195') where mechanical difficulties forced the suspension of the hole. Calcite vein material within the breccia carried scattered bright red flecks of cinnabar (assay 1.6# Hg/ton). This mineralization may well indicate a "halo" effect in the hanging wall above a possible ore zone (see figure "C"). In other areas, this type of mineralization has been very high grade.

Core holes #7, 7a, 8, and 11a, all encountered low grade ore consisting of diseminated cinnabar throughout predominately clayey and occasionally very siliceous silica-carbonate rock (see figure "A"). The silica-carbonate rock exhibits fracturing to a lesser extent than the highly fractured rock at the west end of the Madrone Mine. The general lack of siliceous vein material indicates that the ore body at the depth of surface exposures was essentially impervious to ascending mineralization. Widespread minor amounts of cinnabar indicate "trapping" and connection to solution channels at depth. Any change of permeability or porosity, at the time of ore deposition, in the host rock in depth or strike could have resulted in extensive cinnabar deposition (see figure "D").

Core holes #7, 7a, and 11a, appear to have encountered a continous body of low grade ore. Surface examinations and channel sampling have partially delineated the surface configuration of the ore body (see figure "A"). Structural information concerning the ore body is entirely lacking. Since none of the core holes encountered fault gouge, no subsurface position of hanging or footwalls is available. Interpretations assuming parallel strike and dip to the only faults exposed in the area would indicate a northwest strike and a steep northeast dip (see figure "B"). If this situation is the case, structural information could be exposed by

renching on the northwest and southeast slopes of the hill. Position of the hanging wall probably could only be determined by drilling on the northeast slope of the hill. Average assay weighted for interval for core hole #11a (assayed to 30') was 2.00 # Hg/ton and for core hole #7a was 2.16 # Hg/ton. Surface assays ranged from 1.2 #Hg/ton to 8.0 # Hg/ton. Average value weighted for interval was 2.95 # Hg/ton. The position of the core holes and channel samples as plotted on figure "A" would indicate the possibility of a low grade ore body of substantial size and depth.

A well placed drilling and trenching program could provide the information to prove the existance of a large ore body at the Madrone Mine. Topographic position of the ore body would be ideal for low cost large volume open pit mining, thus making the possibility of economic exploitation of such a discovery feasible.

## EXPLORATION PROGRAM FOR
## PROPOSED AMENDMENT TO OME 6348 (MERCURY)

| WORK | | PURPOSE |
|---|---|---|
| 1. Trenching | 240 Hours Bulldozing: | |
| A. Trench No. 1 | 40 Hours | (1. Obtain general structure and assay information.<br>(2. Locate outcrop of CH #9 ore body. |
| B. Trench No. 2 | 40 Hours | (1. Obtain general structure and assay information.<br>(2. Locate outcrop of CH #9 ore body. |
| C. Trench No. 3 | 40 Hours | (1. Obtain general structure and assay information.<br>(2. Locate outcrop of CH #9 ore body. |
| D. Trench No. 4 | 40 Hours | (1. Obtain general structure and assay information.<br>(2. Locate outcrop of CH #9 ore body. |
| F. Trench No. 5 | 80 Hours | (1. Obtain information on position of hanging wall of "A" block ore body.<br>(2. Obtain assay samples on north-east edge "A" block ore body. |
| 2. Drilling: | | |
| A. Open CH #9 to 5 5/8" to 195'. Run 4 1/2" casing to 195'. Core NX size to 250' if possible. If strong lost circulation or poor recovery problems encountered, drill ahead full hole 3 1/4" w/air or vacuum. | | (1. Obtain structural and assay information on possible ore body below 195'. |
| B. Open CH #7a to 5 5/8" to 140'. Run 4 1/2" casing to 140'. Core NX size to 250' if possible. If strong lost circulation or poor recovery problems encountered, drill ahead full hole 3 1/4" w/air or vacuum. | | (1. Obtain position of footwall in "A" block ore body.<br>(2. Obtain general assay information on deeper portion of ore body.<br>(3. Explore for possible higher grade ore body lying close to footwall. |

| WORK | | PURPOSE |
|---|---|---|
| Drilling - con't: | | |
| C. 600' NX wireline size coring. Locations to be determined by information obtained from trenching and deepening of CH #9 and CH #7a. Holes to be 100 - 200' deep. No casing anticipated. If strong lost circulation or poor discovery problems encountered, holes to be drilled 3 1/4" full hole w/air or vacuum. | | (1. Obtain information of size and grade of ore body.<br>(2. Obtain further structural information. |
| 3. Assaying | 200 Samples | (1. Determination of ore body extensions or discovery of new ore bodies. |

COST ESTIMATE

FOR PROPOSED AMENDMENT

TO OME 6348 (Mercury)

| | | | |
|---|---|---|---|
| 1. | TRENCHING - | 240 hours at $15.00/hr. | $3,600.00 |
| | | Dozer moving in - moving out | 97.00 |
| | | | $3,697.00 |
| 2. | DRILLING - | Mobilization and demobilization | $ 765.00 |
| | | NX Wireline drilling 165' at 7.15 | 1,179.75 |
| | | Opening hole to 5-5/8" 335' at 3,75 | 1,256.25 |
| | | Casing 4-1/2" 335' at 1.50 | 502.50 |
| | | NX Wireline drilling 600' at 7.15 | 4,290.00 |
| | | | $ 7,993.50 |
| 3. | ASSAYING - | 200 samples at 5.00 | $ 1,000.00 |
| | | Postage | 25.00 |
| | | | $ 1,025.00 |
| 4. | Incidental Allowance * | | |
| | | TOTAL COSTS | $ 12,715.50 |
| | | OME PARTICIPATION (50%) | $ 6,357.75 |

* Should provide for: Insurance, water hauling, compressor time, office expenses, and contingencies.

AME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| | GCS | 130 |
| 5/10 | Johnson | 110 |
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AIRMAIL

MAY 1 1 1965

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Reference is made to your memorandum of April 22, 1965, and the Operator's request for additional work. We agree with you that the results to date have been unfavorable. The only possibility that we can see is a little bulldozing at hole No. 11-A to see what kind of a structure might be involved. We shall be guided by your recommendation concerning any additional work at this locality.

The voucher is returned as requested.

George C. Selfridge
mm

Enclosures

GCSelfridge/mm (5/10/65)
cc: Director's Reading File
Review Committee
Docket
Mr. Selfridge

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

May 7, 1965

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Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original and two copies of Amendment No. 4 of the above subject contract, properly executed by the Operator. The remaining copies of the Amendment have been distributed in the usual manner.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

April 26, 1965

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Mr. Joseph A. Johnson
5625 South Union Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of proposed Amendment No. 4 with reference to your contract signed by the Acting Director for the Government.

If the proposed amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal Office's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained for your files.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

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

5/4/65

OME - 6348

Since Hole 7-A is reported about 2 #/T from surface to a depth of 134 feet, and hole 11-A about the same from surface to a depth of 30 feet, perhaps we could consider some bulldozing, or shallow pits and sampling, to determine if an area could be exposed suitable for a small open pit operation.

Or - ask Fillo what he thinks of this suggestion.

Frank E. Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

April 22, 1965

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Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a copy of a letter from the subject operator requesting an amended contract and a copy of his February and March monthly voucher for your review and comments. Please return the voucher to this office for approval.

The operator's drilling program results proved to be unsuccessful in disclosing a cinnabar deposit. The unfavorable drill results do not warrant the contract to be amended for additional work.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

MADRONE MINING CO
~~34 57 NINETEENTH STREET PHONE 325-4684~~
BAKERSFIELD, CALIFORNIA ~~93305~~

5625 So. UNION AVE.

APRIL 12, 1965

OFFICE OF MINERAL EXPLORATION
450 GOLDEN GATE AVENUE
SAN FRANCISCO, CALIFORNIA

ATTN: MR. PAUL V. FILL, ACTING FIELD OFFICER

RE: ACTIVITIES REPORT, FEBRUARY AND MARCH 1965. VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON, A PARTNERSHIP, OME 6348 (MERCURY)

DRILLING WAS COMPLETED ON THE PROJECT IN MARCH 1965, WITH DRILLING OF CORE HOLES #3, 7A, 9, 10, 11A, AND 11B. THE RESULTS OF THE DRILLING WERE AS FOLLOWS:

CORE HOLE #3-DEPTH 174'. DUE TO EXTENSIVE LOST CIRCULATION AND SUBSEQUENT STICKING OF THE DRILL PIPE, THIS HOLE WAS ABANDONED WITH NO RECOVERY OF SAMPLES BELOW 140'. NEGATIVE ASSAY RESULTS SUBSTANTIATED THE LACK OF OBSERVABLE CINNABAR IN THE SAMPLES. ? (3)

CORE HOLE #7-DEPTH 54'. TRACES OF CINNABAR WERE OBSERVED THROUGHOUT THIS HOLE. AFTER STICKING THE DOWN-HOLE HAMMER AT 54' AND SPENDING THREE DAYS FISHING IT OUT, THE HOLE WAS ABANDONED. A NEW HOLE (#7A) WAS DRILLED 8' TO THE NORTHWEST OF THIS LOCATION. (5)

CORE HOLE #7A-DEPTH 140'. CINNABAR WAS PANNED THROUGHOUT THE TOTAL INTERVAL OF THIS HOLE. FIVE ASSAY SAMPLES SPACED THROUGHOUT THE INTERVAL INDICATE THAT THE HOLE PENNETRATED 134' OF MARGINAL ORE AVERAGING 0.11%HG. 2.2 #/T - #1.5/T 5 ~~m~~

CORE HOLE #9-DEPTH 195'. TRACES OF CINNABAR WERE OBSERVED BETWEEN 108'-138' AND 190'-195'. ASSAYS OF THESE INTERVALS INDICATE MARGINAL VALUES OF 0.11%HG IN THE UPPER INTERVAL AND 0.08% IN THE LOWER. 3

CORE HOLE #10-DEPTH 100'. THIS HOLE WAS DRILLED ALMOST ENTIRELY IN FAULT GOUGE WITH NEGATIVE RESULTS. 0

CORE HOLE #11A-DEPTH 100'. THE TOP 30' OF THIS HOLE CARRIED MINOR AMOUNTS OF CINNABAR WITH ASSAYS INDICATING MARGINAL ORE OF 0.12% HG.

CORE HOLE #11B-DEPTH 100'. THIS HOLE WAS DRILLED ENTIRELY IN FAULT GOUGE WITH NEGATIVE RESULTS.

DRILLING ON THE PROGRAM WAS BEGUN ON OCTOBER 5, 1964 AND TERMINATED ON MARCH 22, 1965. A TOTAL OF 1589' OF CORE HOLES WERE DRILLED AND SAMPLED WITH A SAMPLE RECOVERY OF OVER 90%. INCLEMENT WEATHER, EXCESSIVE LOST CIRCULATION, FRACTURED AND BROKEN ZONES, AND HARD DRILLING CONTRIBUTED TO THE EXTENSIVE TIME REQUIRED TO COMPLETE THE PROJECT. IN ADDITION, THE COSTS WERE RAISED CONSIDERABLY ABOVE THOSE LISTED IN THE ORIGINAL ESTIMATES.

CORE HOLES #4, 7A, 8, 9, AND 11A ENCOUNTERED INTERVALS OF MARGINAL ORE. DETERMINATION OF THE EXTENT OF THESE ORE BODIES WILL REQUIRE ADDITIONAL EXPLORATORY WORK SUCH AS TRENCHING FOR OUTCROP EXPOSURES, ASSAYING, AND PROBABLY MORE DRILLING.

Joseph A. Johnson

JOSEPH A. JOHNSON, PARTNER
MADRONE MINING COMPANY

MADRONE MINING CO.
~~X20 NINETEENTH STREET X PHONE X27 X2024~~
BAKERSFIELD, CALIFORNIA 93301

5625 SOUTH UNION AVE
APRIL 13, 1965

OFFICE OF MINERAL EXPLORATION
450 GOLDEN GATE AVE
BOX 36012
SAN FRANCISCO, CALIF.

ATTN: MR. PAUL V. FILLO, ACTING FIELD OFFICER

RE: OME-6348 (MERCURY)
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
CONTACT NO. 2190
FEBRUARY AND MARCH 1965 MONTHLY REPORT

DEAR MR. FILLO:

ENCLOSED ARE THE VOUCHERS AND PROGRESS REPORT FOR FEBRUARY AND MARCH. THIS CONCLUDES OUR INITIAL DRILLING PROGRAM.

AS I HAVE POINTED OUT IN THE PROGRESS REPORT AND MENTIONED IN PREVIOUS COMMUNICATIONS WITH YOU WE FEEL WE MAY HAVE SOME LOW GRADE ORE LOCATED ON THE EAST END OF THE LEASE IN THE VICINITY OF CORE HOLES 7A, 8, 9, AND 11A AND ANOTHER OCCURENCE IN THE VICINITY OF CORE HOLE 4. THE OVERALL GRADE OF THE ORE AND THE DIMENSIONS OF THE ORE BODIES ARE STILL TO BE DETERMINED. WE HOPE WE MAY BE ABLE TO AMEND OUT CONTRACT TO INCLUDE SOME ADDITIONAL EXPLORATORY WORK IN THESE AREAS.

VERY TRULY YOURS,

Joseph A. Johnson

JOSEPH A. JOHNSON, PARTNER

JAJ/JJ
ENCLOSURES

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
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| | [illegible] | 130 |
| 4/20 | Johnson | 110 |
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| 4/20 | [illegible] | 220 |
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APR 2 0 1965

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OME-6348 (Mercury)
Victor V. Betts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

Enclosed are the original and four copies of proposed Amendment No. 4, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

George C. Selfridge (gla)

Enclosures

MMerrithew/mm (4/20/65)
cc: Director's Reading File
Review Committee
Docket

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

April 13, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
APR 19 1965

| INITIALS | CODE |
|---|---|
| D. C. | 120 |
| | 120 |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original and two copies of Amendment No. 3 of the above subject contract, properly executed by the Operator. The remaining copies of the Amendment have been distributed in the usual manner.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

DRAFT
4/13/65
FMMurphy/mm

Docket

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OMX-6348

AMENDMENT NO. 4

It is agreed this _____ day of _____, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter called the "Operator," that Exploration Contract 2190 (OMX-6348), dated June 12, 1964, effective November 15, 1964, as amended, is further amended as follows:

1. In Amendment No. 2, dated December 21, 1964, the second specification under Description of the Work is deleted.

2. In Exhibit A under Description of the Work all descriptions and specifications for Stage II are deleted and replaced as follows:

Stage II

Under Stage II a maximum of six additional holes may be drilled at locations mutually agreed upon by the Government and the Operator. Prior to the drilling, such bulldozing shall be done as is necessary for access roads and drill site preparation. Not to exceed a total combined footage of ~~900~~ 900 feet of drilling nor more than 30 hours of bulldozing may be performed under this Stage II of the contract.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item

designated as maximum, nor 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 _____
Acting Director, Office of Minerals Exploration

MADRONE MINING CO.

By _____
Victor V. Betts, Jr.

By _____
Joseph A. Johnson

Title _____

2.60+61

MADRONE MINING CO.
3127 NINETEENTH STREET - PHONE 327-4804
BAKERSFIELD, CALIFORNIA 93301

OFFICIAL COPY
O. M. E.
RECEIVED
APR 14 1965

| INITIALS | CODE |
|---|---|
| JEJ | ~~110~~ |
| | ~~120~~ |
| | ~~120~~ |

March 1, 1965

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

Attn: MR. PAUL V. FILLO, Acting Field Officer

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
MONTHLY REPORT for DECEMBER 1964 and JANUARY 1965

Dear Mr. Fillo:

Regarding your letter of Feb. 25 I am submitting the following as explanations of your queries.

Included are copies of billing submitted in the October and November report which include the footage that you noted was not included on Jackson's December billing. Core hole #2 was started October 14 with 98 feet sampled, November 4 1 foot was cored, November 5, 13 feet, December 5, 1 foot, and December 9, 19 feet for a total depth of 132 feet as reported.

The bills for the assaying completed totaled $201.55. Of these assays five at $6.75/ were outcrop samples and one at $5.00/ was an outcrop sample for a total of $38.75. This total subtracted from $201.55 gives $162.70 instead of $162.80 as claimed. We neglected to reduce the total to only five dollars a sample as indicated in the contract, which would leave a total of $120.00. I am changing the vouchers to so state.

Very truly yours,

Joseph A. Johnson

Joseph A. Johnson, Partner

MAR 1965

| | |
|---|---|
| no. 9-26-64 | |
| Non no. | |
| ntered | |

# HOUSTON TOOL COMPANY

MANUFACTURERS OF VACUUM DRILLING EQUIPMENT

P.O. BOX 240 SANTA BUDANA, CALIFORNIA 93003

805-526-4266 Telephones 213-349-7660

| | |
|---|---|
| Invoice no. 5237 | |
| Invoice date 11-2-64 | |
| Terms NET | |

Sold to:

MADRONE MINING COMPANY
3127 NINETEENTH STREET
BAKERSFIELD, CALIFORNIA

Ship to:

| Date Shipped | Shipped via | Prepaid or collect |
|---|---|---|
| | | |

| Item no. | Part no. | Quantity | Description | Unit Price | Total Amount |
|---|---|---|---|---|---|
| | | | DRILLING: | | |
| DATE | | | FOOTAGE / BITS | | |
| 10-5-64 | | | 30' | | |
| 10-8-64 | | | 3' | | |
| 10-12-64 | | | 38' | | |
| 10-14-64 | | | 110' 98' | | |
| 10-15-64 | | | 33' | | |
| 10-19-64 | | | 21' | | |
| 10-20-64 | | | 18' | | |
| 10-21-64 | | | 20' | | |
| 10-26-64 | | | 38' | | |
| | | | 319' | | |
| | | | 1 - 3" TUNGSTEN CORING BIT | | |
| | | | 1 - 3 1-4" 3-CONE ROLLER | | |
| | | | 1 - 3" TUNGSTEN CORING BIT | | |
| | | | 1 - 3" CORING BIT, TUNGSTEN | | |
| | | | -4- | | |
| | | | 319 FT. @ $8.00 PER FOOT | | $2,552.00 |
| | | | 3 - 3" TUNGSTEN CORING BITS @ $90.00 EA. | | 270.00 |
| | | | 1 - 3 1-4" 3-CONE ROLLER BIT @ $60.00 EA. | | 60.00 |
| | | | | | $2,882.00 |

Check # 105

11/13/64

No statement will be sent unless requested. Please remit from this invoice.

Prices charged are in accordance with economic stabilization agency general price ceiling regulations dated January 26, 1951 or subsequent regulations applicable. Seller represents that with respect to the production of the articles and/or the performance of the services covered by this invoice it has fully complied with section 12(a) of the fair labor standards act of 1938 as amended.

It is understood and agreed that, by acceptance of the above shipment, buyer shall hold seller harmless from any sales, use, excise or other tax imposed or asserted upon the subject transaction by any city, county, state or federal authority.

DRILLING
DON JACKSON CO.
CONTRACTORS
P. O. BOX 50
NEWHALL, CALIF.
PH. 254-0718

COMPANY Madrone Mining Co. INVOICE DATE December 5, 1964

WELL Core drilling INVOICE NO. 10-B

FIELD Cambria Area CUST. ORDER NO. Per Agreement

COUNTY, STATE San Louis Obispo, Calif. TERMS Per Agreement

| | | | |
|---|---|---|---|
| Oct. 27, 1964 | CH #3 | 9 ft. at $8.00 per ft. | $ 72.00 |
| Oct. 31, 1964 | CH #3 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 5, 1964 | CH #2 | 13 ft. at $8.00 per ft. | 104.00 |
| Nov. 6, 1964 | CH #6 | 5 ft. at $8.00 per ft. | 40.00 |
| Nov. 21, 1964 | CH #6 | 7 ft. at $8.00 per ft. | 56.00 |
| Nov. 22, 1964 | CH #6 | 88 ft. at $8.00 per ft. | 704.00 |
| Nov. 23, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 24, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 25, 1964 | CH #5 | 100 ft. at $8.00 per ft. | 800.00 |
| Nov. 29, 1964 | CH #1 | 18 ft. at $8.00 per ft. | 144.00 |
| Nov. 30, 1964 | CH #1 | 6 ft. at $8.00 per ft. | 48.00 |
| | | Total footage: 252 ft. | $2016.00 |

Bits:

| | |
|---|---|
| #212 Varel 3-cone rock 31/4" | $ 60.00 |
| #14811 Varel 3-cone rock 37/8" | 60.00 |
| #12077 Varel 2-cone rock 31/4" | 60.00 |
| | $ 180.00 |
| Tax: | 7.20 |
| Total: | $ 187.20 |
| Total: | $2203.20 |

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of the Secretary
Accounting Unit
Washington

APRIL 10, 1965

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: VICTOR V GOTTS & JOSEPH A JOHNSON
5625 SOUTH UNION AVENUE
BAKERSFIELD, CALIFORNIA

| Amount Claimed: | Differences (Explained Below) | Amount Approved |
|---|---|---|
| $3,984.30 | $272.55 | $3,712.75<br>CREDIT SUMMARY $1,886.37 |
| **Bu. Voucher No.** | **Payee's Invoice No.** | **Period** |
| 1966 - 1 | OMC - 6200 CONT 60190 | DECEMBER 1964 TO JANUARY, 1965 |

EXPLANATION

AMOUNT CLAIMED UNDER DRILLING ..... $3,607.10

AMOUNT ALLOWED BY ACTING FIELD OFFICER, OMC, AT SAN FRANCISCO -

432' DRILL @ 7.15/FT ..... 3,088.80
REAMING ..... 153.75
CORING & REDRILLING ..... 75.50
MATERIAL ..... 14.50 } 244.75

TOTAL ALLOWED FOR DRILLING ..... $3,333.55

TOTAL DISALLOWANCE ..... $ 273.55

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Suspension made by:

Signature

OPAL A SHELTON
CHIEF, ACCOUNTING SECTION
Title

44616

MME FORM 60
SEPT. 1959

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

Docket No. OME-6348
Contract No. 14-23-090-2190
Contract Amount $ ~~20,160.00~~
Gov't. Participation % 50 $ 10,080.00
Mineral(s) MERCURY

## OPERATOR'S MONTHLY VOUCHER

For Month of DECEMBER 1964-JANUARY 1965

Operator's Name VICTOR V. BOTTS, JR. & JOSEPH A. JOHNSON
Address ~~5625 SOUTH UNION AVE., BAKERSFIELD, 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 | | 372.40 | 372.40 | | 372.40 | 372.40 |
| Drifting | | | | | | |
| Crosscutting | | | | | | |
| Drilling | 3607.10 | (3568.74) | 6304.10 | 3,333.55 | 2,488.20 | 5,821.75 |
| | AUTHORIZED 2697.00 | | | | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | | | | | | |
| Outside Consultants | | | | | | |
| Labor | | | | | | |
| (3) Operating Mat'l. & Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| (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 | 120.00 | | 120.00 | 120.00 | — | 120.00 |
| Analytical Work | | | | | | |
| Payroll Taxes | | | | | | |
| Employee's Liability Ins. | | | | | | |
| INCIDENTAL ALLOWANCE $0.60/FOOT | 259.20 | 208.80 | 468.00 | 259.20 | 208.80 | 468.00 |
| TOTALS | $3986.30 | $3278.20 | $7264.50 | 3,712.75 | 3,069.40 | 6,782.15 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date FEB 17, 1965 *Payee VICTOR V. BOTTS, JR. & JOSEPH A. JOHNSON
Victor V. Botts Jr.
Joseph A. Johnson Title PARTNERSHIP

...cher is signed or receipted in the name of a company or corporation, the name of ...ting the company or corporate name, as well as the capacity in which he signs, ...For example: "John Doe Company, per John Smith, Secretary," or "Treas-...ase may be.

...statement or representation to any department or agency of the United ...matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18,

(INSTRUCTIONS ON REVERSE)

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

$ 1,856.37

Signature BWB
(Authorized Certifying Officer)

Date 4/12/65 Vou. No. 1556-1

(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. 2190

Signature Paul V. Sills Title Acting Field Officer Date April 1, 1965

Approved by OME Executive Officer or Alternate:

Signature Paul V. Sills Title Acting Field Officer Date April 1, 1965

## 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.

Phone MAdison 2-9328 STATEMENT ORE TESTING

LOS ANGELES 13, CALIF. Feb. 1/65 19

M Madrone Mining Co.

Bakersfield, Calif.

# The EISENHAUER LABORATORIES

ASSAYERS--METALLURGISTS--CHEMISTS

320-322 SOUTH SAN PEDRO STREET

Los Angeles 13, Calif.

Accounts payable—30 Days

| | | |
|---|---|---|
| 1/21/65- 8 mercury assays- | | $ 40.00 |
| 1/26/65-11 mercury assays | | 55.00 |
| | Assay Jan. total | $ 95.00 |
| | Shipping charges pulps | .80 |
| | Total now due | $ 95.80 |

19 5/5

Phone MAdison 2-9328 STATEMENT ORE TESTING

LOS ANGELES 13, CALIF. Dec. 30/64 19

M Madrone Mining Co.

Bakersfield, Calif.

# The EISENHAUER LABORATORIES

ASSAYERS--METALLURGISTS--CHEMISTS

320-322 SOUTH SAN PEDRO STREET

Los Angeles 13, Calif.

Accounts payable—30 Days

| | Total |
|---|---|
| 12/30/64- 9 mercury assays @ $ 5.00 per unit- | $ 45.00 |

We have had to raise our prices on the mercury assays due to the present rise in silver foil used in the assaying of same.

# HORNKOHL LABORATORIES, INC.

CHEMICAL ENGINEERS

114838

CONSULTANTS; ANALYSES OF OIL CORES, OILS, MUDS, SOILS, WATER, FERTILIZERS, FEEDS. INDUSTRIAL HAZARDS, BACTERIOLOGY, PHYSICAL TESTING

714 TRUXTUN AVENUE P. O. BOX 867 FAirview 7-8567

BAKERSFIELD, CALIFORNIA

DATE [illegible] 5 196

NAME Madrone Mining Co. [illegible]

ADDRESS 3127 17th Street CITY Bakersfield

| SAMPLE NO. | TESTS | | |
|---|---|---|---|
| 159531 | 9 Mercury Analyses @ 7.50 ea | 67 | 50 |
| " " | | | |
| 159532 | Lead 10% | 6 | 75 |
| | | 60 | 75 |
| | Marked: OC-1 CH7 {7-1, 7-2} | | |
| | OC-2 | | |
| | OC-3 40C-1 | | |
| | OC-4 | | |
| | CH 8 {8A-5, 8A-6} | | |

#130 1/6/65

MOORE BUSINESS FORMS, INC.

DRILLING
DON JACKSON CO.
CONTRACTOR
P. O. BOX [illegible]
NEWHALL, CALIF.
PH. [illegible]

COMPANY Madrone Mining Company

INVOICE DATE January 1, 1965

WELL Core drilling

INVOICE NO. 10-F

FIELD Cambria Area

CUST. ORDER NO. Per Agreement

COUNTY, STATE San Louis Obispo, Calif.

TERMS Per Agreement

| | | |
|---|---|---|
| Dec.- 1-64 | Coring CH #1 15 ft. at $7.15 per ft. | $ 107.25 |
| | Air compressor. 8 hours at $15.00 per hr. | 120.00 |
| Dec.- 2-64 | Coring CH #1 2 feet at $7.15 per ft. | 14.30 |
| | Reaming 2 3/8" to 3 1/4" from 96 ft. to 137 ft. 41 ft. at $3.75 per ft. | 153.75 |
| | Air compressor. 4 hrs. at $15.00 per hr. | 60.00 |
| Dec.- 3-64 | Coring CH #1 6 ft. at $7.15 per ft. | 42.90 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |
| Dec.-4 -64 | Moved from CH #1 to CH #2 2 hrs. at $12.75 per hr. | 25.50 |
| | Mixing gel. Lost circulation. 6 hrs. at $12.75 per hr. | 76.50 |
| | Hauling water 2 hrs. at $8.75 per hr. | 17.50 |
| | 5 sacks gel at $2.90 per sack. | 14.50 |
| Dec.- 5-64 | Coring CH #2 1 foot at $7.15 per ft. | 7.15 |
| | Hauling water. 2 hrs. at $8.75 per hr. | 17.50 |
| | Air compressor 4 hrs. at $15.00 per hr. | 60.00 |
| Dec.- 7-64 | Moving from CH #2 to CH #4 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #4 54 feet at $7.15 per ft. | 386.10 |
| Dec.- 8-64 | Coring CH #4 28 feet at $7.15 per ft. | 200.20 |
| Dec.- 9-64 | Coring CH #4 18 ft. at $7.15 per ft. | 128.70 |
| | Moving from CH #4 to CH #2 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #2 19 ft. at $7.15 per ft. | 135.85 |
| | Moving from CH #2 to CH #8 2 hrs. at $12.75 per hr. | 25.50 |
| Dec.-10-64 | Coring CH #8 38 ft. at $7.15 per ft. | 271.70 |
| Dec.-11-64 | Open hole from 0' to 30'. Set casing 30 ft. at $3.75 per ft. | 112.50 |
| | Drilling 30 ft. to 56 ft. with D.H. hammer 26 ft. at $5.95 per ft. | 154.70 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| | Coring 23 ft. at $7.15 per ft. | 164.45 |
| Dec.-12-64 | Coring CH #8 39 ft. at $7.15 per ft. | 278.85 |
| Dec.-13-64 | Coring CH #8 14 ft. at $7.15 per ft. | 100.10 |
| | Air compressor. 9 hrs. at $15.00 per hr. | 135.00 |
| Dec.-14-64 | Coring CH #8 38 feet at $7.15 per ft. | 271.70 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |

DRILLING
DON JACKSON CO.
CONTRACTORS
P. O. BOX 358
NEWHALL, CALIF.
PH. 259-3718

COMPANY Madrone Mining Company

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE January 1, 1965

INVOICE NO. 10-F (cont'd)

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | |
|---|---|---|
| Dec.-15-64 | Coring CH #8 17 feet at $7.15 per ft. | $ 121.55 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |
| Dec.-16-64 | Coring CH #8 1 ft. at $7.15 per ft. | 7.15 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Dec.-17-64 | Opened hole from 30 ft. to 60 ft. Set casing. | |
| | 30 ft. at $3.75 per ft. | 112.50 |
| | Coring CH #8 23 feet at $7.15 per ft. | 164.45 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Dec.-18-64 | Moved from CH #8 to CH #7. 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #7. 45 feet at $7.15 per ft. | 32[illegible].75 |
| | Total: | $4, 471.10 |
| | Less water truck and compressor charge | 994.00 |
| | Plus mobilization two units at 25¢/mi/vehicle-260 miles | 130.00 |
| | | $3, 607.10 |

(Above note added by J. A. Johnson)

MME FORM 61
SEPT. 1959

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

OPERATOR'S PROGRESS REPORT For Month of DECEMBER 1964- ~~JANURRY 1965~~ Docket No. OME-6348

Operator's Name ~~VICTOR V. BOTTS, JR. & JOSEPH A. JOHNSON~~ Contract No. 14-23-090-2190

| 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 | | 11 | 67 78 | | | | |
| Rotary | | 51 | 69 120 | | | | |
| Drilling, Non-core-Diamond | | | ? | $6772.10 | 432 | 780 | 5821.75 |
| Rotary | | 338 | 217 572 | 555 | | | |
| Churn | | | | | | | |
| Percussion | | 22 | 22 | | | | |
| Miscellaneous | | | | | 432 | 780 | 468.00 |
| | | 422 | 992 | | | | 372.40 |
| Roads and Trails. BULLDOZING | | | | $372.40 | | | |
| Stripping | | | | | | | |
| Trenching | | | | | | | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | $120.00 | | | 120 |
| TOTAL TO DATE *(per MME Form 60)* | | | | $7264.50 | | | 6782.15 |

REMARKS

*(Continue on back)*

REMARKS

Basis for drill cost
432' x 7.15 = 3088.80
Reaming 153.75
Cementing & filling 76.50
Material 14.50
$ 3333.55
Oct & Nov } Last Voucher Acct - 2488.20
5821.75

*(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 2/17/65 Operator VICTOR V. BOTTS, JR. & ~~JOSEPH A. JOHNSON~~

Per Victor V. Botts Jr. Title PARTNERSHIP

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

Government Representative

Date Keyston II April 1, 1965

(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.

MADRONE MINING CO.
3127 NINETEENTH STREET - PHONE 327-4804
BAKERSFIELD, CALIFORNIA 93301

February 17, 1965

Office of Mineral exploration
450 Golden Gate Ave.
San Francisco, California

Attn: MR. PAUL V. FILLO, Acting Field Officer

Re: ACTIVITIES REPORT, DECEMBER 1964 and JANUARY 1965
Victor V. Botts, Jr and Joseph A. Johnson, a Partnership
OME-6348 (Mercury)

During the month of December we completed Core Holes #2, #4 and Stage II #8. The completion of Core Hole #3 was deferred because of location problems caused by the rain. Core Hole #7 was started prior to shutting down drilling operations because of the rain.

Core Hole #2 - Total depth 132 feet. Encountered excessive lost circulation at bottom of hole. Unable to get casing below 100 feet, left 100 feet of casing in the hole. Negative results.

Core Hole #4 - Total depth 100 feet. Minor shows of cinnabar, not considered to be commercial.

Core Hole #8 - Total depth 200 feet. Minor shows of cinnabar, not considered to be commercial. (30 feet of casing left in hole)

Drilling was suspended during the month of January. Samples from core holes completed were assayed with some minor showings. The assay results are plotted on the core log sections included herewith, i.e. Core Holes #2, #4 and #8, and a complete list is included to add to the previously submitted core logs on holes #1, #5 and #6.

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

MADRONE MINING CO.
3127 NINETEENTH STREET PHONE 327 4804
BAKERSFIELD, CALIFORNIA 93301

Victor V. Botts, Jr. and Joseph A. Johnson, a Partnership
OME-6348

## ASSAY RESULTS TO DATE

CORE HOLE #1 - Total Depth 174 feet

| | | |
|---|---|---|
| 33'-35' | 0.055% Hg | 1.1#/ton |

(Other samples misplaced by assayer, will be resampled)

CORE HOLE #2 - Total Depth 132 feet

| | | |
|---|---|---|
| 10'-16' | 0.02% Hg | 0.4#/ton |
| 40'-42' | Trace | |
| 55'-57' | 0.075% Hg | 1.5#/ton |
| 77'-79' | Nil | |

Negative results.

CORE HOLE #4 - Total Depth 100 feet

| | | |
|---|---|---|
| 8'-14' | 0.04% Hg | 0.8#/ton |
| 28'-34' | 0.05% Hg | 1.0#/ton |
| 65'-75' | 0.11% Hg | 2.2#/ton |

Considered to be non-commercial

CORE HOLE #5 - Total Depth 100 feet

| | | |
|---|---|---|
| 44'-46' | 0.02% Hg | 0.4#/ton |
| 65'-67' | 0.03% Hg | 0.6#/ton |
| 74'-76' | Trace | |
| 94'-96' | 0.02% Hg | 0.4#/ton |

Negative results

CORE HOLE #6 - Total Depth 100 feet

| | | |
|---|---|---|
| 21'-24' | Trace | |
| 32'-34' | 0.04% Hg | 0.8#/ton |
| 62'-64' | Trace | |
| 97'-100' | Trace | |

Negative results

CORE HOLE #8 - Total Depth 200 feet

| | | | | | |
|---|---|---|---|---|---|
| 126'-132' | 0.02% Hg | 0.4#/ton | 167'-173' | 0.08% Hg | 1.6#/ton |
| 120'-126' | Trace | | 181'-187' | 0.02% Hg | 0.4#/ton |
| 148'-154' | 0.25% Hg | 5.0#/ton | 188'-194' | Less than 0.1% Hg | |
| 154'-161' | 0.03% Hg | 0.6#/ton | 194'-200' | 0.04% Hg | 0.8#/ton |

Not considered to be commercial. Upper portion of hole to be sampled.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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APR 12 1965

| INITIALS | CODE |
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| D. C. | 120 |

April 7, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obisop County, Calif.
Contract No. 2190

In reference to the last paragraph of your memorandum of the above subject dated March 19, 1965, it was suggested that an amendment will be needed in order to authorize the changes that were given to the operator at the time of the inspection as described in my letter of February 26, 1965. The changes were made because of the negative results the operator was obtaining from the previous drill holes. It is recommended that an amendment be prepared. In lieu of drilling hole No. 11 as shown on the contract map, two 100-foot drill holes would be drilled in the southeast part of the property near the open cut where a showing of cinnabar is exposed along or near two faults.

In the third paragraph of my letter of February 26, 1965, I also instructed the operator that if the results are negative within the first 100 feet of drill hole No. 10, the drilling should stop; it would be a waste of money if they continue on to 200 feet as scheduled. The amendment would show that drill hole No. 10 was drilled only to the 100 foot mark because of the negative results.

As of this date, the operator has completed most of the drilling, and the entire program has been a disappointment. Enclosed is a copy of a letter from the operator giving a resume of his final drilling and a catalog of different size drills from the Houston Tool Co. You will note in the last paragraph of page 1 of his letter that he is interested in continuing the program by amending the contract to do some bulldozing because their extensive panning has disclosed some cinnabar showing. It appears to me that they are getting into the area of prospecting. The drilling results of their program have not been favorable; it is recommended that their request be denied.

Holes drilled near some areas showed less than 2# Hg/ton

Paul V. Fillo

Paul V. Fillo

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

MADRONE MINING CO.
~~9322 ONE CENTRAL EXPRESSWAY PHONE 323-4800~~
5625 S. Union Ave.
BAKERSFIELD, CALIFORNIA 93307

March 27, 1964

Office of Mineral Exploration
450 Golder Gate Ave.
Box 36012
San Francisco, Calif. 94102

Attn: MR. PAUL V. FILLO, Acting Field Officer

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Dear Mr. Fillo:

I am sorry I missed seeing you in San Francisco Tuesday. As I told your secretary we have finished 11B. That was the location below the retort and south of the open cut. It was all fault gouge to the total depth of 100 feet. The fault zone exposed in the open cut is either very wide or nearly vertical. It was a very disappointing hole, as they all have been.

We moved to #3 to try and finish it. The rain had washed considerable fill in the hole. We cleaned it out to 144 feet and tried coring with no circulation. Therewere open fractures and apparent soft zone because there was no core recovery. We drilled ahead to try and regain circulation or get out of the water. At 174 feet we abandoned the hole after almost sticking the pipe.

We cored #7 to 54 feet when the down-hole hammer stuck. After fishing it out we decided to start a new hole 7A. The total depth on #7A is 140 feet. I panned cinnabar throughout the total interval. Five assays spaced the total interval averaged 0.11% cinnabar.

The top 30 feet of #11A panned cinnabar and assayed an average of 0.10%.

We took some surface assays in the open cut on the north end and the assays ranged from 0.09% to 0.40%. Enclosed is a plat showing the location of the core holes, where we had the assays and where we have panned cinnabar to date. Because of these shows of cinnabar and the extent they carry we feel that some supplementary exploratory work should be done. We would like to do some bulldozing for exposures, additional assaying and if warranted some other drilling. What are the chances of ammending our contract to include this work?

OME-6348 (Mercury)
Contract No.2190

Enclosed are some of Houston's lastest advertisments and price schedules on two of his latest units. The unit we used was the HD-300, only an earlier model.

I will submit the monthly report and vouchers for Feb. and March as soon as I get the billings.

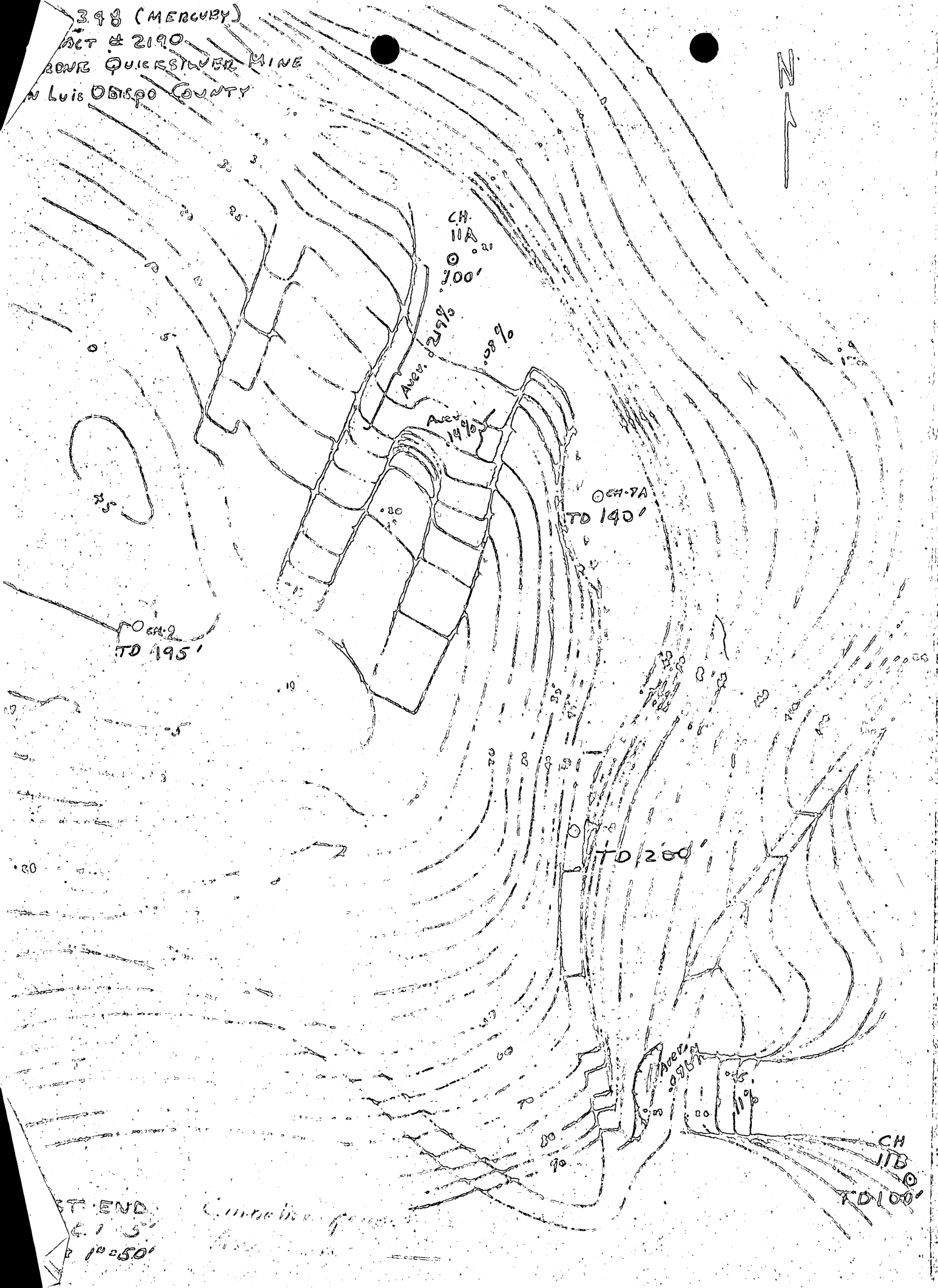
We have a new address: 5625 South Union Ave., Telephone 832 3219.

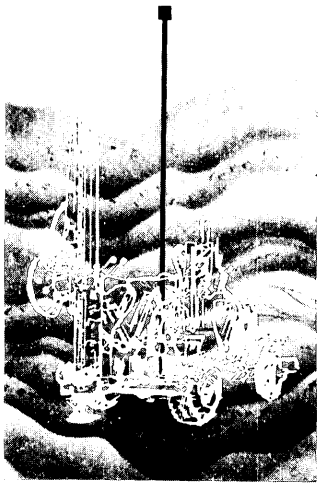
Very truly yours,

Joe Johnson

Joseph A. Johnson, Partner

JAJ/jj
Enclosures


348 (MERCURY)
ACT # 2190
BONE QUICKSILVER MINE
N LUIS OBISPO COUNTY
N
CH. 11A
100'
Aver. 1.29%
.08%
Aver. 1.49%
CH-7A
TD 140'
CH-2
TD 195'
TD 200'
Aver. .98%
CH 11B
TD 100'
ST END
1" = 50'



PHONE
LOS ANGELES
CODE 213+348-7660
SANTA SUSANA
CODE 805+526-4266

# THE HOUSTON TOOL

## MODEL

# HD-300

(PATENT PENDING)

## VACUUM INJECTOR DRILLS

FOR UNCONTAMINATED CORE RECOVERY

**HOUSTON TOOL COMPANY**
P. O. BOX 248 SANTA SUSANA, CALIF., 93063

SPECIFICATIONS - MODEL H. D. - 300

RATED CAPACITY: Drills a 3 7/8" diameter vertical hole to 300 feet, and is equipped to remove the Cuttings or Samples from the hole being drilled in one or all of the following methods:

1. VACUUM CIRCULATION WITH AIR: 100% visual, continuous sampling in dry formations. Rated capacity 3 7/8" dia. hole to 300' in any direction.
2. VACUUM CIRCULATION WITH FLUID: 95% visual, continuous sampling in wet formations, rated capacity 3 7/8" dia. hole to 150'; maximum angle, 60° off vertical.
3. FORCED FLUID CIRCULATION: Rated capacity - 3 7/8" dia. vertical hole to 500 feet.
4. DIAMOND DRILLING - WET: Rated capacity - 3 7/8" dia. hole to 500 feet.
   DIAMOND DRILLING - DRY: Rated capacity 3 7/8" dia. hole to 300 feet.
5. BUCKET DRILLING: Rated capacity 9" dia. hole to 50 feet, which can be reamed to 18" dia. hole to 50 feet.
6. AUGER: Rated capacity 6" dia. hole to 25 feet; 4" dia. hole to 50 feet.

The drill unit, with its accessories, is capable of taking an inch by inch, visual, continuous sample, a solid core, or an undisturbed core.

FRAME: All steel welded construction, main base serves as drill pipe rack and hydraulic oil reservoir. Oil capacity: 25 gals.

MAST: All 6" steel welded channels, two or four sheave crown block. Raised, lowered and adjusted to any angle hydraulically. Capacity: 5000 lbs. Height: 15 ft.

DRILL HEAD: Forward or reverse. Speeds from 500 RPM up to 6,000 inch pounds torque, all gears enclosed. Drill head hinges from tower to permit setting casing or pulling drill pipe with cat head. 12' 6" travel.

DRILL PIPE: 2" HTIF - (Houston Tool Internal Flush).

DRAW WORKS: Gear reduced chain pulldown, 6,000 lbs. lift. Clutch engaged cat head. Single line lift 8000 lbs. Pull down pressure 6,000 lbs. at 750 PSI.

POWER UNIT: 4 cycle, 4 cylinder water cooled gas engine, 40 HP at 2400 RPM. at 2400 RPM. Electric starter. Push button controls.

VACUUM SYSTEM: Two dual vacuum cyclonic separators; two dual clear plastic sample tubes. Positive, correlated, stratified sampling of the hole being drilled, retained in polyethylene tube for sample storage. Dry type rotary positive vacuum pump. Capacity: 200 CFM at 1800 RPM at sea level. V belt driven.

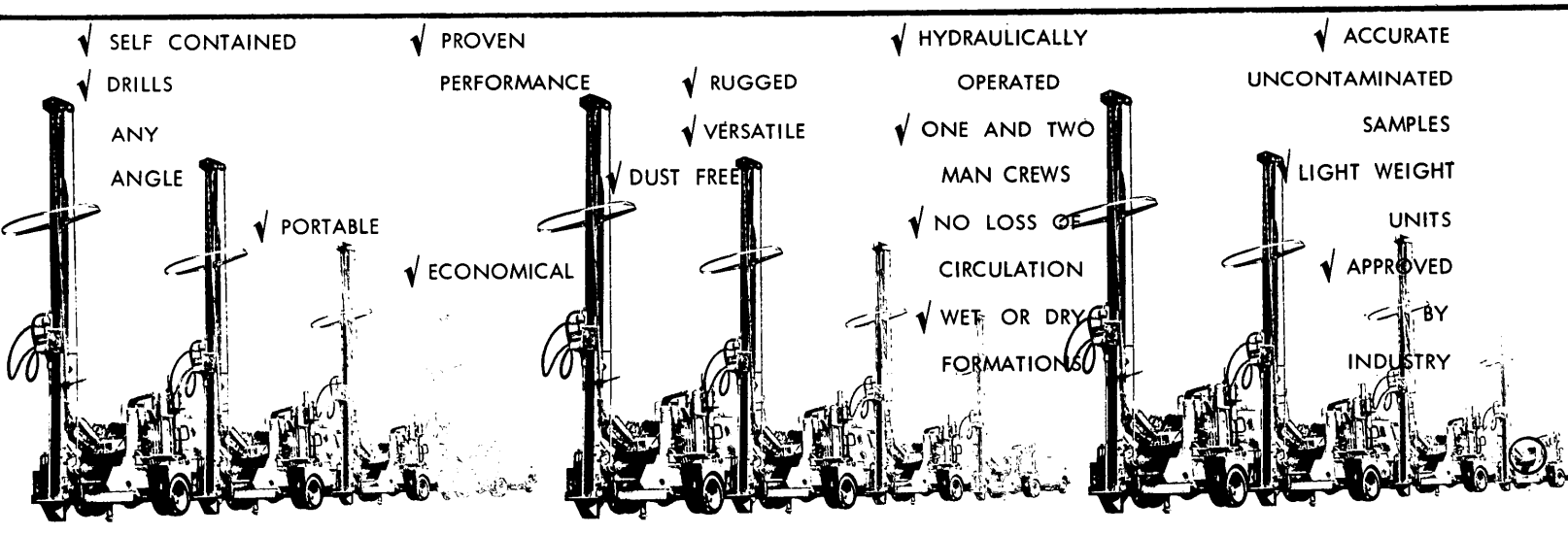
WATER PUMP: Rotary positive displacement, V belt driven. Capacity: 20 GPM at 250 PSI at 1200 RPM.

PRIME CARRIER: (1) For truck mounting: 1 ton 4 x 4. (2) Tandem wheel trailer. (3) Four wheel pull trailer, flat bed 9' x 78". (4) Self-propelled, 2 axle - 4 wheel drive. Hydraulic steering, tongue and hitch for towing. (5) Crawler track carrier, 8" tracks, mechanically driven off of drill's power unit.

Complete technical data and details on request.

"Evaluates your properties-FASTER-BETTER-CHEAPER"

DRILL IT ONCE! -- DRILL IT RIGHT!

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P.O. BOX 248 SANTA SUSANA, CALIF., 93063

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Diamond 8-7660

**HOUSTON TOOL COMPANY**

MANUFACTURERS OF DRILLING EQUIPMENT

P. O. BOX 248 SANTA SUSANA, CALIFORNIA 93063

SANTA SUSANA
(805) 526-4266
LOS ANGELES
(213) 348-7660

# HOUSTON VACUUM INJECTOR DRILL - MODEL H.D. 600

Price List Effective September 1, 1964

| | |
|---|---|
| H.D. 600-D. Rotary Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $25,000.00 |
| H.D. 600-W. Rotary water circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $26,000.00 |
| H.D. 600V. Rotary vacuum circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $27,000.00 |
| H.D. 600-VW. Rotary vacuum and water reverse circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $28,500.00 |
| Note: Diesel instead of gas engine, an additional ... | $1,200.00 |
| H.D. 600 Self-propelled, 2 axle, 4 wheel drive, hydraulic steering, tongue hitch for towing ... | $4,650.00 |
| H.D. 600 Truck Bed, for mounting drill on two ton truck, with built-in tool boxes. 84 inches wide by 126 inches long ... | $1,370.00 |
| H.D. 600 Self-propelled, hydraulically powered crawler track layer ... | $5,760.00 |
| H.D. 600 Two axle Pull Trailer, dual wheels with brakes and lights. Bed 7 ft. x 12 ft. ... | $3,850.00 |
| H.D. 600 Two Ton 4 x 4 Cab Chassis, 4 wheel drive, for mounting unit ... | $6,500.00 |
| H.D. 600 Vacuum Injector Drill Pipe: | |
| 2 1/2 inch ID - HTIF Drill Pipe, 3 1/2 inch O.D. Tool Joints, | |
| 10' lengths, | $57.50 |
| 20' lengths, | $67.50 |
| H.D. 600 Bit Connector: | |
| 2 1/2 inch ID - HTIF 3 square thread box to 2 1/2 inch HTIF 3 square thread box, ... | $65.00 |

HOUSTON VACUUM INJECTOR DRILL - MODEL H. D. 600

Price List - Cont'd

H. D. 600 Drill Bits, Designed for Vacuum Drilling :

| | |
|---|---|
| 4 1/2" Round Cutter Drag Bit ... | $42.50 |
| 5" Round Cutter Drag Bit ... | $42.50 |
| 5 5/8" Round Cutter Drag Bit ... | $42.50 |
| 4 1/2" 2-way Carbide Drag Bit ... | $52.50 |
| 5" 2-way Carbide Drag Bit ... | $57.50 |
| 5 5/8" 2-way Carbide Drag Bit ... | $67.50 |
| 4 1/2" 3-way Carbide Drag Bit ... | $55.00 |
| 5" 3-way Carbide Drag Bit ... | $60.00 |
| 5 5/8" 3-way Carbide Drag Bit ... | $70.00 |
| 4 1/2" 2-Cone Roller Bit ... | $75.00 |
| 5" 2-cone Roller Bit ... | $85.00 |
| 5 5/8" 2-cone Roller Bit ... | $95.00 |
| 4 1/2" 3-cone Roller Bit ... | $70.00 |
| 5" 3-cone Roller Bit ... | $80.00 |
| 5 5/8" 3-cone Roller Bit ... | $90.00 |

List of additional accessories and drilling bits available upon request.

Quotations on specially designed water-vacuum reverse circulation Units, or vacuum injector units to meet your large diameter hole drilling requirements, will be submitted upon request.

ALL PRICES F. O. B. SANTA SUSANA, CALIFORNIA

All prices subject to change without notice.

**HOUSTON TOOL COMPANY**

MANUFACTURERS OF DRILLING EQUIPMENT

P. O. BOX 248 SANTA SUSANA, CALIFORNIA 93063

SANTA SUSANA
(805) 526-4266
LOS ANGELES
(213) 348-7660

# HOUSTON VACUUM INJECTOR DRILL - MODEL H. D. 300

Price List Effective September 1, 1964

| | |
|---|---|
| H. D. 300-D. Rotary Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $17,500.00 |
| H. D. 300-W. Rotary water circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $18,550.00 |
| H. D. 300-V. Rotary vacuum circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $20,300.00 |
| H. D. 300-VW. Rotary vacuum and water reverse circulation Drill, skid mounted, ready to drill, less drill pipe and accessories ... | $21,150.00 |
| Note: Diesel instead of gas engine, an additional ... | $1,000.00 |
| H. D. 300 Self-propelled, 2 axle, 4 wheel drive, hydraulic steering, tongue hitch for towing ... | $3,850.00 |
| H. D. 300 Truck Bed, for mounting drill on one ton truck, with built-in tool boxes. 84 inches wide by 126 inches long ... | $1,265.00 |
| H. D. 300 Self-propelled, hydraulically powered crawler track layer ... | $4,600.00 |
| H. D. 300 Two Axle Pull Trailer, dual wheels, equipped with brakes and lights. Bed 7 ft. by 10 ft. ... | $2,870.00 |
| H. D. 300 One Ton 4 x 4 Cab Chassis, 4 wheel drive, for mounting unit ... | $4,930.00 |
| H. D. 300 Vacuum Injector Drill Pipe: | |
| 2 inch ID - HTIF Drill Pipe, 3 inch OD. Tool joints, | |
| 5' lengths, | $42.50 |
| 10' lengths, | $47.50 |
| H. D. 300 Bit Connector: | |
| 2 inch ID - HTIF 3 square thread box to 2 inch HTIF 3 square thread box, ... | $37.50 |

HOUSTON VACUUM INJECTOR DRILL - MODEL H.D. 300

Price List - Cont'd

H.D. 300 Drill Bits, Designed for vacuum drilling:

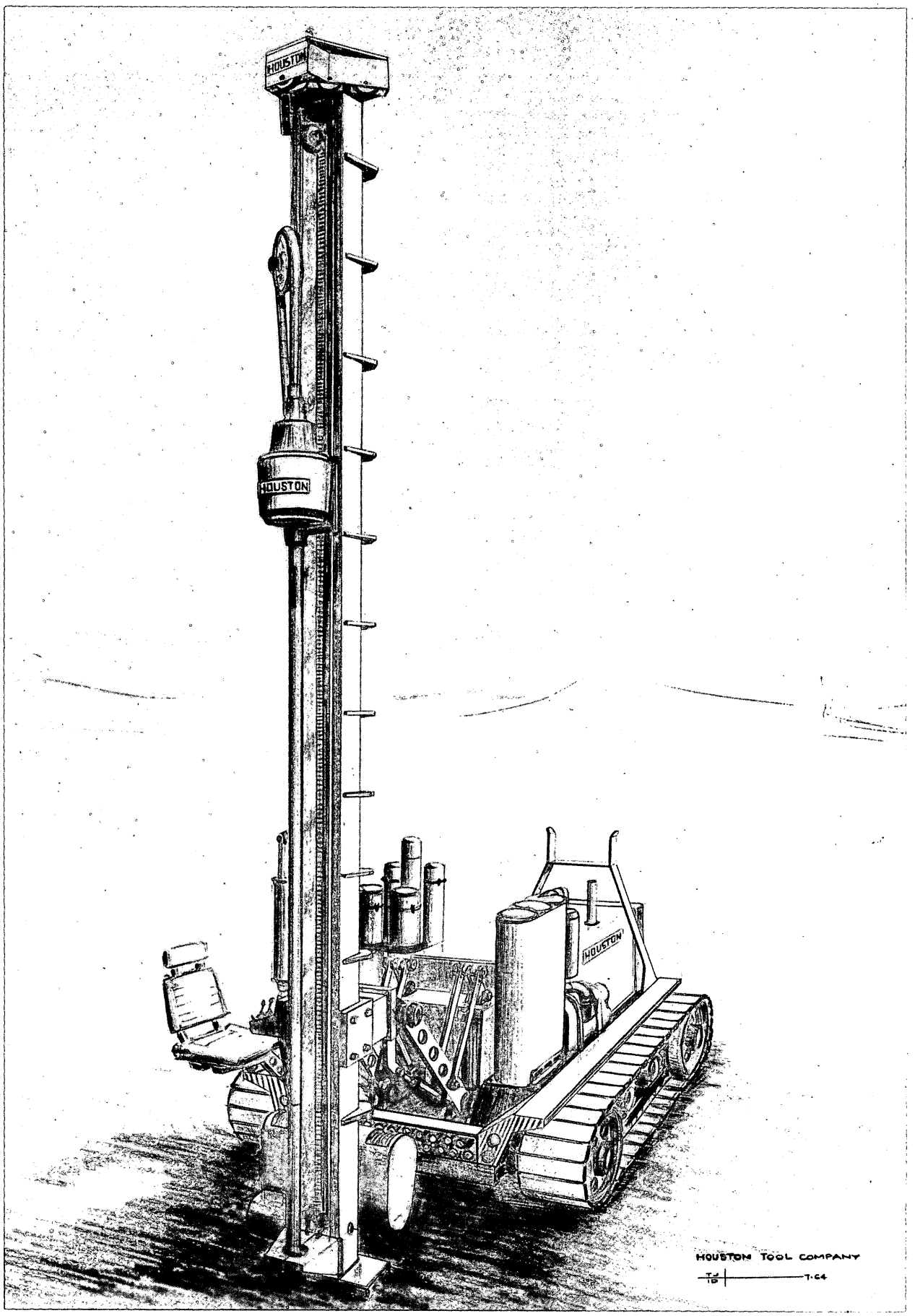
| | |
|---|---|
| 3 7/8" Round Cutter Drag Bit ... | $32.50 |
| 3 7/8" 2-way Carbide Drag Bit ... | $47.50 |
| 3 7/8" 3-way Carbide Drag Bit ... | $50.00 |
| 3 7/8" 2-cone Roller Bit ... | $72.50 |
| 3 7/8" 3-cone Roller Bit ... | $67.50 |

List of additional accessories and drilling bits available upon request.

Quotations on specially designed water-vacuum reverse circulation units, or vacuum injector units to meet your large diameter hole drilling requirements, will be submitted upon request.

ALL PRICES F. O. B. SANTA SUSANA, CALIFORNIA

All prices subject to change without notice.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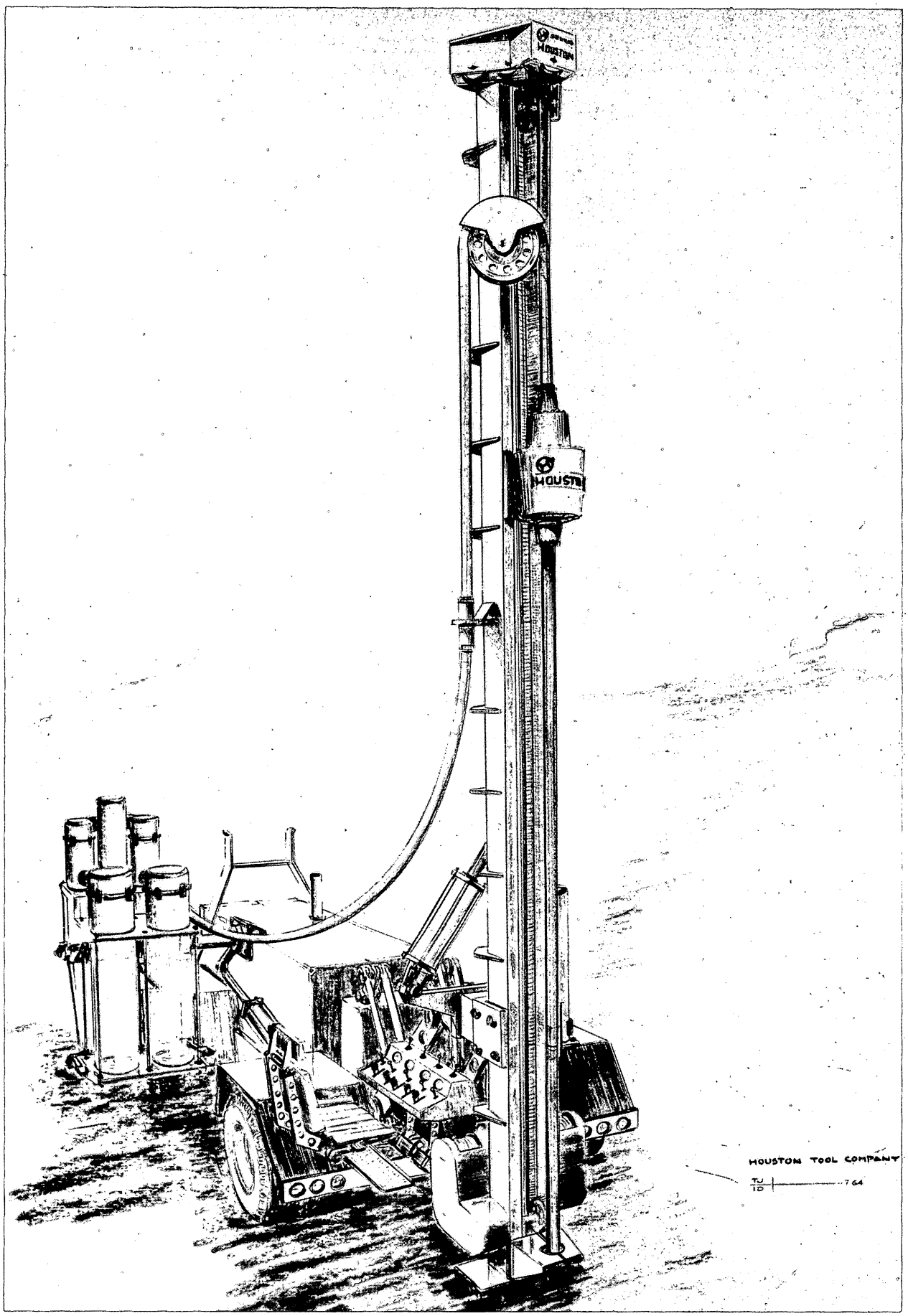
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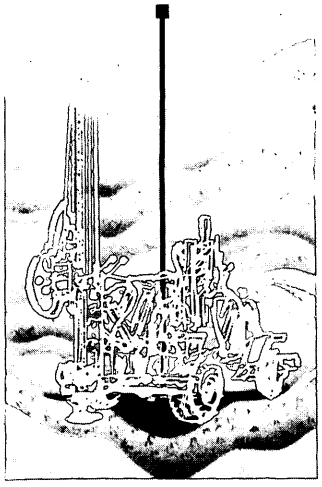

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SANTA SUSANA
CODE 805+526-4266

# THE HOUSTON TOOL

## MODEL

# HD-600

(PATENT PENDING)

## VACUUM INJECTOR DRILLS

FOR UNCONTAMINATED CORE RECOVERY

**HOUSTON TOOL COMPANY**
P. O. BOX 248 SANTA SUSANA, CALIF., 93063

SPECIFICATIONS - MODEL H. D. - 600

RATED CAPACITY: Drills a 4 3/4" dia. vertical hole, 600', and is equipped to remove the Cuttings or Samples from the hole being drilled, in one or all of the following methods:

1. VACUUM CIRCULATION WITH AIR: 100% inch by inch continuous sampling in dry formations. 4 3/4" dia. hole to 600 feet in any direction.

2. VACUUM CIRCULATION WITH FLUID: 95% continuous sampling in wet formations. 4 3/4"dia. hole to 300 feet. Maximum angle 60° off vertical.

3. FORCED FLUID CIRCULATION: 6" dia. vertical hole to 750 feet.

4. DIAMOND DRILLING - WET: 4 3/4" dia. hole to 750 feet.
   DIAMOND DRILLING - DRY: 4 3/4" dia. hole to 600 feet.

5. BUCKET DRILLING: 18" dia. hole to 50 feet, which can be reamed to 30" dia. hole to 50 feet.

6. AUGER: 8" dia. hole to 100 feet. 6" dia. hole to 100 feet.

(The Drilling Unit, with it's accessories, is capable of taking an "Inch by Inch", visual, continuous sample, a solid core, or an undisturbed core.)

FRAME: All steel welded construction, main base serves as drill pipe rack and reservoir. Oil capacity: 35 gals.

MAST: All steel 8" welded channels. 4 sheave crown block. Raised, lowered and adjusted to any angle hydraulically. Capacity: 10,000 lbs. Height: 28 ft. pull and stand 20 ft. drill pipe.

DRILL HEAD: Speeds from 0-600 RPM, forward or reverse up to 10,000 inch pounds torque. All gears enclosed. Drill head hinges from tower to permit setting casing or pulling drill pipe with cable drum or cat head. 20 ft. travel.

DRILL PIPE: 2 1/2"HTIF - (Houston Tool Internal Flush).

DRAW WORKS: Gear reduced double chain pulldown. 8,000 lbs. down pressure. Clutch engaged cat head and cable drum. Cat head single line lift 1" rope 1500 lbs. Cable drum single line lift 1/2" wire rope 8,000 lbs.

POWER UNIT: 4 cycle, 8 cylinder, water cooled, heavy duty industrial 60 brake HP gas engine at 2400 RPM. 12 volt electric system. (Diesel engine optional at extra cost.)

VACUUM SYSTEM: A dry type rotary positive displacement vacuum pump having a net capacity of 400 CFM at 1500 RPM at sea level. Dual V belt driven, with two dual vacuum cyclonic separators; two dual clear plastic sample tubes, positive, correlated, stratified sampling of the hole being drilled, retained in polyethylene tube for sample storage.

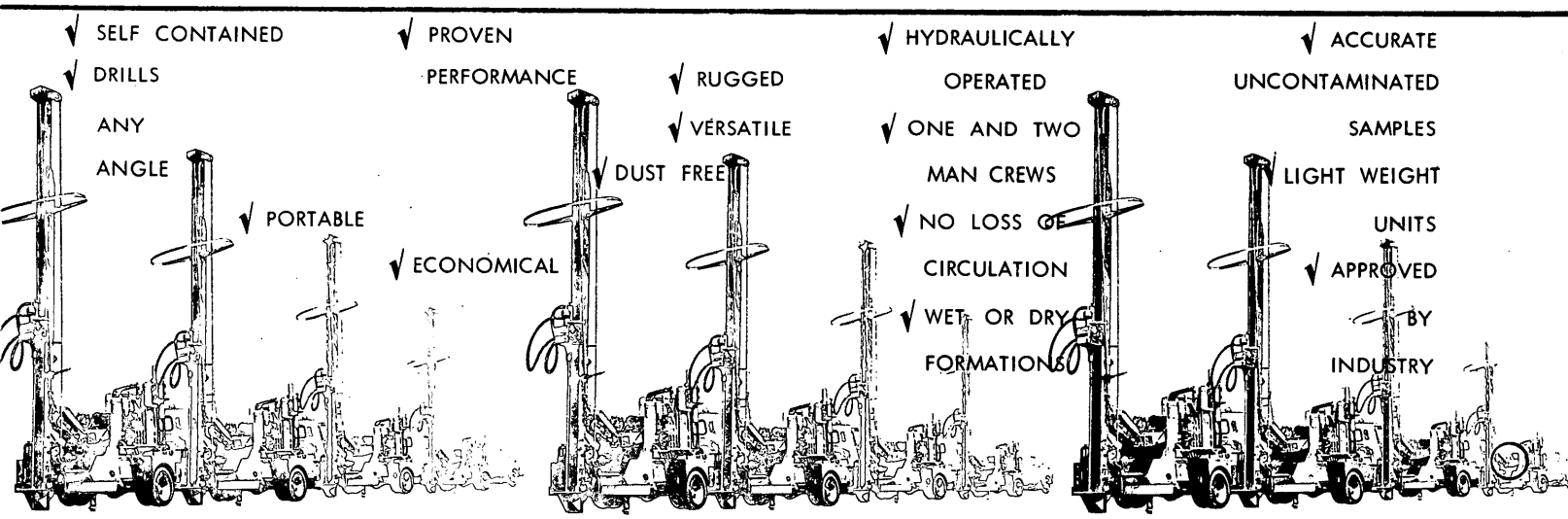
WATER PUMP: Rotary positive dual belt driven. Capacity: 50 GPM at 250 PSI.

PRIME CARRIER: (1) For truck mounting, 2 ton 4 x 4. (2) Dual wheel 2 axle pull trailer 7' x 12'. (3) Self-propelled 2 axle, 4 wheel drive. Hydraulic steering, tongue hitch for towing. (4) Crawler track carrier 10" or 12" track pads, mechanically driven off of drills power unit.

Complete technical data and details on request.

"Evaluates your properties - FASTER - BETTER - CHEAPER"

DRILL IT ONCE! -- DRILL IT RIGHT!

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**HOUSTON TOOL COMPANY**

P. O. BOX 248
SANTA SUSANA, CALIF., 93063

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Diamond 8-7660

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| Date | Surname | Code |
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| | | 130 |
| 3/19 | Johnson | 110 |
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| | | |

MAR 19 1965

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: GMM-6348 (Mercury)
Victor V. Betts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

In accordance with the Operator's request of February 15, 1965, enclosed are the original and four copies of proposed Amendment No. 3, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

In reference to your memorandum of February 26, 1965, suggesting an amendment relating to the depths of the holes, please submit the pertinent information and your specific recommendations relating to such an amendment.

George C. Selfridge (gfe)

Enclosures

FMMurphy/mm (3/17/65)
cc: Director's Reading File
Review Committee
Docket

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

March 8, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 10 1965
INITIALS | CO E
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Mr. Joseph A. Johnson
Madrone Mining Co.
2201 Autumn Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

We are enclosing several sets of Forms 60 and 61 for your use, and we regret to have to return once again your December and January vouchers because in copying Form 60 you neglected to copy the back side, where the field representative authorizes these payments. Please return them as soon as possible so that they can be processed.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

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

Docket

SECOND DRAFT
3/5/65

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 3

It is agreed this _____ day of _____, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter called the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended as follows:

1. The time fixed by the contract for the completion of the work is extended from 8 months to 12 months from the date of the contract, or until June 12, 1965.

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

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

MME FORM 6 REFERENCE SLIP

REV. 9 OFFICE OF MINERALS EXPLORATION

| TO: | DATE | INITIALS |
|---|---|---|
| 1. ~~Associate Solicitor, 6042~~ | | |
| 2. F. M. Murphy, 4456 | 3/16 | FMM |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: G. C. Selfridge | 3/5/65 | |

FOR: Check items for action desired

| | | |
|---|---|---|
| X Action | ___ Reply for signature of ___ | |
| X Approval | ___ Investigate | ___ Surname |
| ___ Comment | ___ Recommendations | ___ Signature |
| ___ Conference | ___ Rewrite | ___ File |
| ___ Instructions | Your information | |

REMARKS:

FROM SOLICITOR C65-2056.11

MAR 16 1965

INTERIOR DEPT.
MAR 8 - 1965
SOLICITOR

FOR SIGNATURE

INT.-DUP. SEC., WASH., D.C. M56300-62

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Acting Director, Office of
Minerals Exploration

MADRONE MINING CO.

By _____
Victor V. Betts, Jr.

By _____
Joseph A. Johnson

Title _____

Government's Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 3

It is agreed this 4th day of February, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government", and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter referred to as the "Operator", that Exploration Contract 2190 (OME-6348) dated June 12, 1964, as amended, is further amended as follows:

1. (a) Work under the contract shall be suspended during the period beginning January 1, 1965, and ending not later than May 1, 1965.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

(c) The Government will not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

(d) The Operator, at its own cost and expense, without contribution by the Government during the period of suspension shall preserve and protect the contract work.

2. The time fixed by the contract for the completion of the work is extended from 8 months to 16 months, or until October 12, 1965.

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

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount of any item designated as "maximum", nor 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 _____
Acting Director, Office of
Minerals Exploration

Long
App'd. 2nd. Off.
Murphy
Selfridge
Johnson

MADRONE MINING CO.

By _____
Victor V. Botts, Jr.

By _____
Joseph A. Johnson

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
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February 26, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

The property was inspected February 18, 1965 by the Acting Field Officer, accompanied by the operators, Joseph Johnson and Victor Botts.

At the time of the inspection, hole No. 7 was being drilled. They will try to complete their program as quickly as possible while the weather is in their favor. They are hoping to find some cinnabar mineralization. Hole No. 7 should be completed by the end of this month.

start of stage II #8 completed Jan

The operators were instructed to drill hole No. 10, as shown on the contract map, and if, within the first 100 feet the results are negative, the drilling should stop; there is no need to spend more money on a blank hole, since the rest of the holes to the west were negative. It has been a disappointment and yet the production in the early days was from that area. The area is obscured by overburden that makes it difficult to determine what actually took place in the strongly folded and altered Franciscan formation within the northwest trending thrust-fault zone.

If the results of hole No. 7 show some encouragement of cinnabar showing, I have instructed the operator to drill, in lieu of hole No. 11 (200') as shown on the contract map, a 100 foot hole northwest from hole No. 7 of approximately 150 feet, and the hole will be designated as 11-A and the balance of the footage (100') will be drilled southeast of the open cut where two faults are shown. This drill hole will be designated as 11-B.

all stage I holes completed to within 10% of contract specified depths

The contract states "the Government will not contribute to the cost of any hole which does not reach the approximate depth indicated". It appears that if the drilling is continued to the designated depth of 200 feet, it would be negative. I surmise that an amendment will be required. The unfavorable results received on the previous drill holes strongly indicates that a change should be made by an amendment.

In reference to the penultimate paragraph of your letter of January 26, 1965,

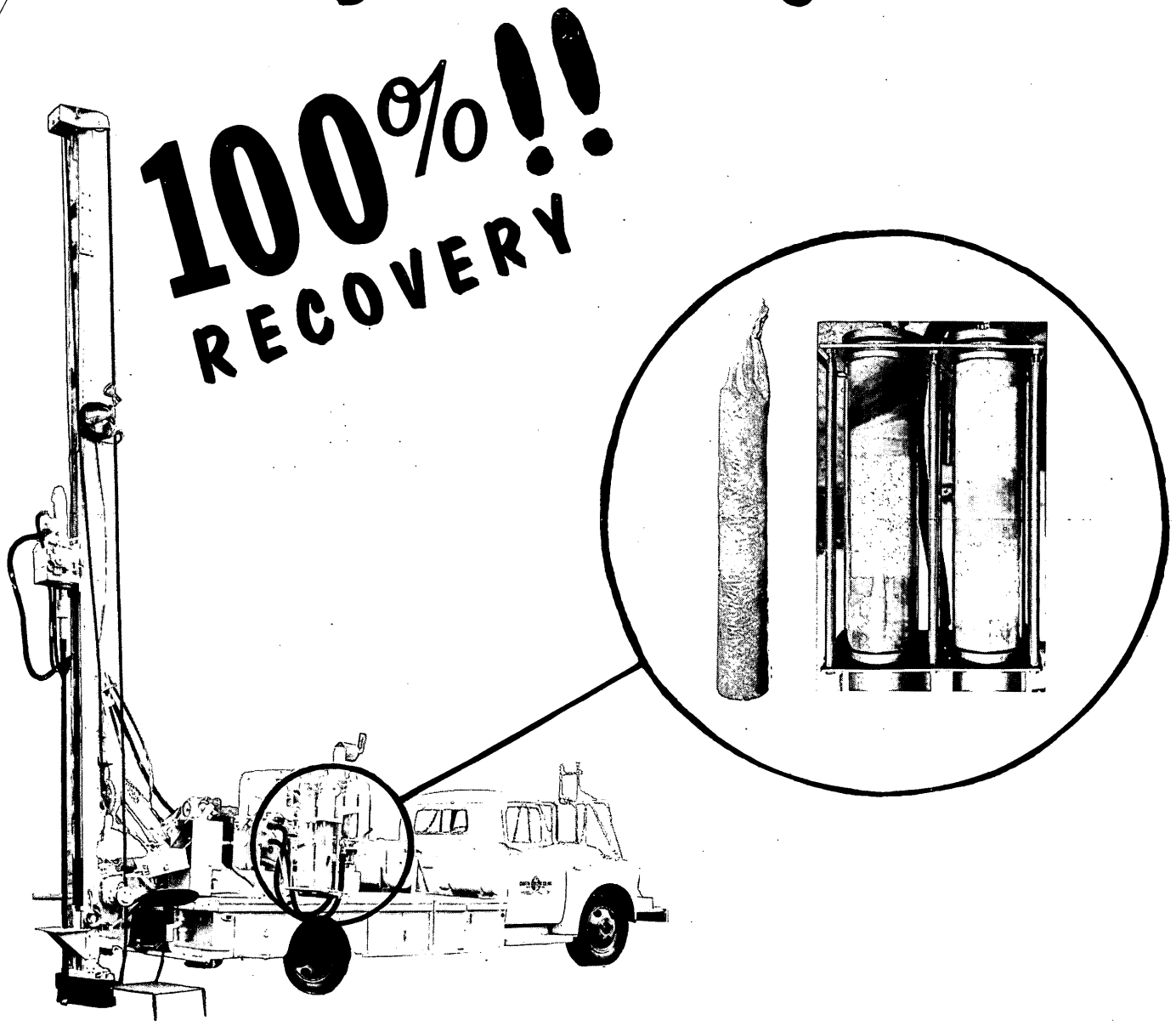
this can best be explained in the operator's letter of November 5, 1964 to me. Core recovery has been unsatisfactory at times, so the next best method to use was the reverse circulation under a vacuum, with 100 percent recovery, and this is very satisfactory. I am enclosing a pamphlet of the type of rig they are using. The bags are marked and stored in one of Mr. Marquart's ranch buildings. In each drill hole, coring has started, but after a short distance the core recovery is very low. They must immediately switch to the vacuum method. If there is a considerable amount of moisture encountered, then they must use a 315 or 600 compressor to recover the cuttings.

The project hasn't been easy and they have had the added problem of Jackson's drilling contract with the operator not conforming with the OME contract.

Paul V. Fillo

Paul V. Fillo

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




# YES 100% sample recovery of your exploration hole in plastic bags.

This remarkable feat is accomplished by the reverse circulation of air on the vacuum side. Clean air travels down the annulus between the drill string and the wall of the hole and then up to 10,000 fpm up the inside of the drill string, carrying chips, dust, everything instantaneously to the cyclonic separaters and the polyethelene bags. More accurate than a diamond drill, generally less expensive, and dust free. What's more, the drill is adapted to ordinary diamond drilling, forced or reverse water drilling, down the hole hammer drilling, wire line coring, air assist or regular augering. air rotary and even carrying casings while drilling thru caving formations. Now don't misunderstand, it's no panacea, but where it is applicable, it is unsurpassed. To better acquaint you with this recent improvement in drilling technology, we will arrange a comparitive performance test on your property. Let's talk your requirements over, and get the samples in the bag!!

**CHAFFIN DRILLING CO., INC.**

INCH BY INCH INSTANT VISUAL SAMPLE

SALES
851 HAVERFORD AVE.
PACIFIC PALISADES CALIF.
213 454-4822

YARD
2910 GIBSON STREET
BAKERSFIELD CALIFORNIA
805 327-8130

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 25, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 1 1965

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| | 800 |
| Fagan | 120 |
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| | |

Mr. Joseph A. Johnson
2201 Autumn Street
Bakersfield, California 93306

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

I am returning your December 1964 and January 1965 monthly voucher for corrections. In Mr. Jackson's statement for hole No. 2, the footage you have submitted does not substantiate Jackson's statement, there is an error of 99 feet. Kindly advise how $162.80 for assaying was derived.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosure

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 23, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 1 1965
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D. C.

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a copy of the subject operator's letter and the unsigned original amendment No. 3 and five copies.

The operator wishes to eliminate the suspension period from amendment No. 3 and to extend the contract period from eight months to 12 months. The reason for this change is that favorable drilling weather has removed the necessity for a suspension period.

Although the amendment authorizes the extension of time to complete their contract, their main concern was item 1 of the amendment, and this should be deleted since they are drilling again.

They hope to complete their drilling program by the end of March or the middle of April.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

VICTOR V. BOTTS, JR. and JOSEPH A. JOHNSON
doing business as
MADRONE MINING COMPANY
3127 - 19th Street
Bakersfield, California

FEB 1965
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

February 15, 1965

Office of Mineral Exploration
450 Golden Gate Avenue
P. O. Box 36012
San Francisco, California 94102

Attention: Mr. Paul V. Fillo, Acting Field Officer

Re: OME 6348 (Mercury)
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

Dear Mr. Fillo:

In reference to your letter of February 11 whereby we were submitted the Amendment No. 3 of our OME Contract, we are returning it herewith unsigned. We would like to change the Amendment to an extension of the Contract and not a recess as we have initiated work on the program beginning February 12, 1965. Work was resumed because of the clearing of the weather and our desire to finalize our drilling commitments.

Very truly yours,

Joseph A. Johnson

JOSEPH A. JOHNSON

JAJ:jam
Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 1 1965

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Date: 2/18/65

Memorandum

To : Compliance Officer

From : Acting Field Officer, Region II

Subject: Equal Employment Opportunity Under Government Contracts
OME- 6348 (Mercury)
Operator: Victor V. Botts, Jr. & Joseph A. Johnson
Name of Property: Madrone Mine
County-State: San Luis Obispo County, Calif.
Contract No.: 2190

I have obtained the following information from my visit to the operating project under the subject contract:

| | | Contractor | Operator |
|---|---|---|---|
| 1. | Number of all employees | 2 | 1 |
| 2. | Number of women employees | 0 | |
| 3. | Number of Negro employees | 0 | |
| 4. | Number of other minority groups (Indian, Latin, Oriental, etc.) | 0 | |
| 5. | Was employed through a union? | No | |
| 6. | Distance to the closest union headquarters | 50 miles | |
| 7. | Are the discrimination posters prominently displayed? | yes | |
| 8. | If employment was through a union, was the union furnished Standard Form 38? | ---- | |
| 9. | If employment was not through a union, in what manner was employment made? | solicited | |
| 10. | Acts of intimidation matter has been discussed with | the operator | |

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 11, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 16 1965

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| | |

Mr. Joseph A. Johnson
3127 - 19th Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of proposed Amendment No. 3 with reference to your contract signed by the Acting Director for the Government.

If the proposed amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal's copy
Audit's copy
Field Office's copy

The operator's copy should be retained for your files.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures
cc:
Chief, Division of Field Operations, OME, Region II

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 2/3 | Murphy | 120M |
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FEB 4 1965

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: CMX-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

In accordance with our memorandum of January 26, 1965, enclosed are the original and four copies of proposed Amendment No. 3, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

George C. Selfridge (gla)

Enclosures

FMMurphy/gla (2-3-65)
cc to: Director's Reading File
Review Committee
Docket

23263

DRAFT FMMurphy/mm
1/26/65

Docket Copy

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.
OME-6348

AMENDMENT NO. 3

It is agreed this _____ day of _____, 1965, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter referred to as the "Operator," that Exploration Contract 2190 (OME-6348) dated June 12, 1964, as amended, is further amended as follows:

1. (a) Work under the contract shall be suspended during the period beginning January 1, 1965, and ending not later than May 1, 1965.

(b) No costs incurred by the Operator during the period of suspension ~~shall~~ be allowable for contribution by the Government.

(c) The Government ~~shall~~ will not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

(d) The Operator, at its own cost and expense, without contribution by the Government during the period of suspension shall preserve and protect the contract work.

2. The time fixed by the contract for the completion of the work is extended from 8 months to 16 months, or until ~~August~~ October 12, 1965.

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

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount of any item designated as X "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 _____
Acting Director, Office of
Minerals Exploration

MADRONE MINING CO.

By _____
Victor V. Botts, Jr.

By _____
Joseph A. Johnson

Title _____

MME Form 7
(2/63)

OFFICIAL FILE COPY

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JAN 26 1965

AIRMAIL

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: CMR-6343 (Mercury)
Victor V. Betts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

We have now reviewed your memorandum of January 15, 1965, transmitting the letters with enclosures to you of January 12, 1965, from Mr. Johnson, one of the partners.

We shall draw up an amendment for a recess and extension of the period in which to do the work.

With regard to the approval of Holes Nos. 10 and 11, I would think that it could be best decided by an examination of the actual drilling sites. These two holes are in a separate block and necessarily are not dependent upon the results of the prior holes.

The subject application includes three bids. The one from the Continental Drilling Company quoted a price of $160 per 8-hour shift which is $8.00 a foot based on a 20-foot average day, plus expendable supplies such as bits, springs, reamers, and core barrels to be furnished at cost plus 10% for handling. Expendables are usually included in a per-foot cost bid. The one from the Houston Tool Company quoted a price of $120 for 8 hours, plus $2 per foot drilled, and plus cost of bits. The Longyear bid, which is the usual type of bid, quoted drilling costs from $5 to $8 a foot plus other attendant costs; and this bid seemed the most reasonable as you mention on page 7 in your field report. The contract was drawn up based primarily on the Longyear bid. In cases such as these, we want to be sure that when a particular bid is used as a basis for a contract that we use all the prices of the bid that are given and are applicable. One cannot mix the lowest prices of two or more bids.

23263

Article 6(a) defines actual costs, fixed costs, and units of work. Under 6(a)(2) it is stated that the Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. It further states that 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, etc. It is also stated that 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.

Under 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. Thus, under the present contract as stipulated in Exhibit A, the 800 feet of drilling and the 20 hours of bulldozing under Stage I are maximums. In addition, under Article 6, as quoted above, the $100 for transportation of the dozer in and out and the $16 an hour for the dozer are maximums, automatically making the $320 and the $420 also maximums.

Under the diamond drilling, the $765 for mobilization and demobilization is a maximum as are the $5.95 a foot for overburden drilling and casing, the $7.15 a foot for NXWL drilling, the $3.75 a foot for reaming and casing, the $12.75 an hour for cementing and redrilling, and the $8,624 for Stage I Actual Costs. The $400 for cementing and drilling materials is not a maximum. Everything under the Fixed Unit Costs is a maximum; and, in addition, the unit prices quoted are a minimum as the Government pays neither more nor less than the quoted prices. The total of $9,830 of Stage I is a maximum. Ordinarily, under Actual Costs only the costs of those things which are listed are allowable.

In the penultimate paragraph on page 2 of Mr. Johnson's January 12, 1965, second letter, he makes mention of Article 6 Costs, (a) Allowable Costs, (2) second paragraph, "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." Based on this paragraph, the partnership made its decision as to the Houston footage bid. However, this paragraph is immediately followed by CATEGORY (1)--INDEPENDENT CONTRACTS--which states that the total of this category and the average unit cost estimated for each type of work to be performed are maximums. As the contract now reads, the Government cannot pay for more than the unit sums listed for each item listed. It is to be regretted that the exploration contract was not clearly understood in relation to the bids as it could have been changed prior to its execution, if warranted.

We note in the amended billing that not only is a $7.15 per foot for coring shown but also a compressor with rental at $15 per hour. The compressor would not be an allowable cost under the contract. Ordinarily, outdoor drill rigs have either gas or diesel engines and the cost of this power is a part of the unit footage cost. If one were to use the usual 20 feet of diamond drilling advance per foot, which with the $7.15 would be $13.15, an overall cost which the Government would not consider reasonable as referred to in ARTICLE 3.(b) Independent contracts.

The contract calls for diamond core drilling with a recovery of a core of approximately 1-9/16 inches. We note in the October and November vouchers and the recently submitted material that mention is made of cone bits of small size. Are these roller bits which cut a core as called for in the contract? With the mention of a compressor only at times, it gives the impression that probably cuttings are being blown from a hole. Will you please clarify this matter for us.

In summation, it would appear that under diamond drilling you could approve not more than 800 feet of drilling at a maximum of $7.15 a foot and X feet or hours for the remaining items at the maximums shown until the $8,624.00 for Stage I drilling is expended.

George C. Selfridge

GCSelfridge/mm (1/25/65)
cc: Director's Reading File
Review Committee
Docket
Mr. Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 18 1965

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January 15, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Gold)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are two letters dated January 12, 1965 with a recapitulation and comparison of billing from the subject operator for your information and instruction.

In answering the first letter (No. 1), it is recommended that the project be recessed until April 1, 1965, because of the seasonal rains, in order to complete Hole No. 7. If the results from Hole No. 7 are as poor as the previous holes, Stage II drill holes do not appear to warrant drilling.

The second letter (No. 2) gives a summary explaining why they decided to accept the Jackson contract on the basis of their interpretation of OME contract. The operator was told about Article 3 under Independent Contracts, but Mr. Johnson's impression is that Article 6 allows the total maximum costs, which he has shown on page three of his letter, third paragraph, the way he interprets the cost per foot.

Your advice on this matter will be appreciated.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

II 1

Victor V. Botts, Jr. and Joseph A. Johnson
dba Madrone Mining Co.
3127 19th St
Bakersfield, California

JAN 1965
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

Jan 12, 1965

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

Attn: MR. PAUL V. FILLO, Acting Field Officer, Region II

Re: Requesting Recess of Drilling Program and Authorization to Drill Stage II Core Holes 10 and 11.
OME-6348

Dear Mr. Fillo:

We are presently unable to continue our drilling program because of the start of the seasonal rains. We are requesting a recess of three months, the period beginning Jan. 1, 1965 until April 1, 1965, with the option that we can initiate drilling before April 1st if the weather will allow. May 1

This recess will necessitate an extention of our contract beyond the eight month limitation. We are also requesting that the necessary extention of the contract be granted.

? Concurrently with the above request we would appreciate authorization to drill Stage II core holes #10 and #11. As explained in our original program these two core holes are to explore the central fault block. Surface occurences of cinnabar have been found in this block since submitting our original program. Upon resumption of drilling we anticipate completing the presently authorized drilling in a relatively short time so we are making this request now to facilitate the continuity of the drilling.

Very truly yours,

Joseph A. Johnson

Joseph A. Johnson, Partner

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 18 1965
INITIALS CODE

#2

Victor V. Botts, Jr. & Joseph A. Johnson
dba
MADRONE MINING COMPANY
3127 Nineteenth Street
Bakersfield, California

JAN 1965
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

January 12, 1965

Office of Mineral Exploration
450 Golden Gate Avenue
San Francisco, California

Attention: Mr. Paul V. Fillo, Acting Field Officer

Re: OME-6348, Contract 14-23-090-2190
Explanation of Drilling Contract and Voucher Billing Procedure

Dear Mr. Fillo:

Relative to our telephone conversations of last week, I would like to clarify our position relative to allowable costs concerning the drilling contract we have with the present contractor.

Mr. Botts and myself wanted to explore the Madrone area by drilling for some time. The OME's Financial Assistance Program seemed to give us an opportunity to do this. Our participation in this project was possible only because we anticipated that if we were awarded a government contract it would supply 50% of the funds needed to complete the program. To this end we made an evaluation of the estimated costs after we had received bids on the drilling from three separate drilling contractors. Our cost estimate was submitted with our application and when we were subsequently awarded a contract our estimate had been modified with the expenditures categorized as: Category (1) Independent Contracts and Fixed Unit Costs. It was our understanding and intent in applying for the financial assistance that if certain monies were allocated they could be used within the framework of the contract and it is at this point where the confusion lies and I must confess it is primarily our confusion.

In the contract, Category (1) Independent Contracts has two types of work allocated - Bulldozing and Diamond Drilling. Each has a maximum amount allowed. Under the drilling portion, which was tailored verbatim from Longyear's bid, there are fixed amounts indicated, i.e., (1) mobilization and demobilization, and (2) cementing and drilling materials. The other drilling situations were equated as to a footage or hourly fee with no maximums indicated other than the maximum of the allowable costs for the drilling less the fixed costs of mobilization, demobilization, cementing and drilling materials.

We realized at the beginning what drilling problems we might run into and most specifically it would be lost circulation. Our anticipations were realized and then some. However, because of this we could see that our liability was increased if we made a contract whereby we assumed all the variable costs except the bits, which would be the case on an open end contract such as Longyear's bid. This liability is especially precarious where we are tied moneywise to a fixed amount as stipulated in the government contract and our own financing. Because of this and because of the superior quality of the type of drilling rig relative to the anticipated drilling problems, we negotiated a letter agreement with the Houston Tool Co. and Don Jackson for a footage bid and we supply only the bits. Now, compare this to the bid Longyear submitted (a copy is enclosed) which was used as the basis on the government's contract:

| | Longyear | Houston |
|---|---|---|
| Mobilization & Demobilization | $765.00 | None |
| Tractor Service | Invoiced to us | Included in $8.00/ft. |
| Overburden Drilling | $ 5.95/ft. | Included in $8.00/ft. |
| Core Drilling | $ 7.15/ft. | $8.00/ft. |
| Reaming | $ 3.75 | Included in $8.00/ft. |
| Cementing | $ 12.75/hr. | Included in $8.00/ft. |
| Standby | $ 12.75/hr. | Included in $8.00/ft. |
| Cement & Drilling Material | Invoiced to us | Included in $8.00/ft. |
| Bits | Included in $7.15/ft. | Invoiced to us |
| Water & Water Truck | Invoiced to us | Included in $8.00/ft. |
| Air Compressor ? | Invoiced to us | Included in $8.00/ft. |

Now as you can see, the footage bid was by far the safest method costwise for us. Another very important point is the method of payment. Longyear wanted us to prepay $6,000.00 (their letter is enclosed) whereas Houston was agreeable to forego any prepayment and to go 90 days after completion of the project for final payment.

I trust this explains our choice of the contractor. As to the OME contract, we felt we had the latitude in the contract to use the money allocated for the drilling because of our interpretation of statement under Article 6, Costs, (a) Allowable Costs, (2) second paragraph, "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."

For this reason we felt that Houston's footage bid, by including all the other services outlined in the contract, was acceptable to the intent and authorization of the contract, if not the form. Our anticipated drilling problems did materialize and to point out the differences in costs involved we asked the contractor to prepare a billing for the work presently completed based upon Longyear's bid and in the framework of

the contract. We submit this for comparison and to show wherein we saved considerably by the footage contract.

In answer to your query about how we arrived at the sums reported on MME forms 60 and 61 for the drilling, the following is an example of the method used:

We took the allowable costs for drilling for Stage I and divided the footage authorized into this sum (i.e., 800' ÷ $8,204 = $10,255/ft) for a per foot amount, then multiplied the footage completed by this per foot amount.

As I indicated earlier, there is confusion on our part relative to the interpretation of the methods of operation of this OME contract. We had initiated this project with the anticipation that the government's participation would be 50%, we went ahead with the program after the awarding of the contract realizing that we would have to provide considerably more than 50%, and now it appears that there could be even more of a discrepancy between what was expected and what we might receive. If such is the case it is occasioned only by the fact we were trying mainly to get the geologic information from this coring program and get it as efficiently and cheaply as possible.

I hope this letter explains our position as to the interpretation of the OME contract and the reason we chose our present contractor. If you feel that payment of the government's share of the contract would be expedited by submitting the revised contract and billing, we will do so. Our financial position is being strained by this extended period of drilling plus not receiving the anticipated reimbursement of costs so we would appreciate any help or suggestions in clarifying this situation.

Sincerely,

MADRONE MINING COMPANY

By Joseph A. Johnson
Joseph A. Johnson

JAJ:jam
Enclosures

FORM OF PROPOSED AMENDED LETTER AGREEMENT
WITH DON JACKSON CO. IN LIEU OF
HOUSTON TOOL CO.

DON JACKSON CO

Oct. 1, 1964

Madrone Mining Company
Bakersfield, Calif.

Att: Mr. J. A. Johnson

Dear Sir:

The following is a letter of agreement on your project in the Cambria Area, San Louis Obispo County, California:

Move in and out, 25 ¢ per mile per unit portal to portal, two units.

| | | |
|---|---|---|
| Overburden drilling: | per foot | $5.95 |
| Core drilling: | per foot | $7.15 |
| Reaming to run casing: | per foot | $3.75 |
| Cementing and redrilling | per hour | $12.75 |
| Water Hauling: | per hour | $8.75 |
| Moving water truck: | per mile (in and out) | $ .50 |
| Air compressor | per hour | $15.00 |
| Moving air compressor | per mile (in and out) | $ .50 |

Cement and mudding material will be billed at cost.

Madrone Mining Company agrees to furnish the following:

1. Water to each location if required.
2. Roads and drilling sites.
3. Mud, cement, mudding materials, lost circulation materials, etc.
4. Allow 2 hours rig rates for each location move.
5. Agrees to pay 50% of invoice each 10 days of operation, upon presentation of invoice; balance to be paid each 90 days as they mature.

DON JACKSON CO.

Contractor agrees to the following:

1. All drilling or coring to be at Operator's option.
2. Furnish certificate of insurance.
3. Keep daily drilling log.
4. Turn over all samples and information as confidential.

Madrone Mining Company

By: _____

Don Jackson Co.

By: _____

Longyear

E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

308 East Pima Street
Phoenix, Arizona 85004
July 27, 1964

Mr. Joseph A. Johnson
Geological Consultant
3127 Nineteenth Street
[illegible], California

Dear Mr. Johnson:

This is to acknowledge and thank you for your letter of July 9, 1964, in which you discussed the amendments to your planned drilling program, Madrone area, San Luis Obispo County, California.

Also, please accept my apologies for the delay in answering your letter.

It is my understanding that in the two stages of drilling that you have planned, all holes will be vertically inclined except for three of which two 100 foot depth holes will be angled 50 degrees and one of 200 feet in depth will be angled at 60 degrees.

No hole will be deeper than 200 feet. NX size wireline core will be required for all the drilling.

You also state that you would not be able to provide tractor service for the purpose of moving the drilling rig. Since we do not maintain tractors in our drilling department, should tractor service become necessary for the purpose of either preparing necessary roads, drill sites or for moving the rig, the cost of such service would have to be invoiced to you.

Since forwarding our proposal to you April 22, of this year, we have undertaken a number of drilling jobs which have depleted our available equipment and personnel to the point that we are unable to assign any additional equipment to any other project for approximately another month.

Since the amendments to your drilling program do not materially change the anticipated conditions as outlined in our proposal of April 22, we do not see any need to alter our proposal to cover your changes.

As to a clarification as to what the Longyear Company would consider suitable financial arrangements for the purpose of financing the work, it is our feeling that a minimum of $6,000.00 prepayment of invoices would be satisfactory. We normally hold such advance payments for the payment of our last invoice at the completion of the work. We would return any uncommitted funds to you at the completion of the program. Monthly invoices would be submitted at the end of each month to you for payment with funds separate from those deposited with us.

As indicated above, it is estimated that a minimum of one month would be required for the purpose of obtaining the required equipment and personnel to assign to your program. At the present time, we do not have anything available for the purpose of performing this work.

After you have had an opportunity to review this letter, we look forward to hearing from you again concerning the award of your drilling program.

Sincerely,

B. J. LONGYEAR COMPANY

J. R. Miller

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:jag

**E. J. LONGYEAR COMPANY**
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

308 East Pima Street
Phoenix, Arizona 85004
April 22, 1964

Mr. Joseph A. Johnson
Geological Consultant
3127 Nineteenth Street
[illegible]

SUBJECT: PROPOSAL COVERING YOUR PLANNED DRILLING PROGRAM - [illegible]
MADRONE [illegible] RIVER PROSPECT - VICINITY, PASO ROBLES,
CALIFORNIA

Dear Mr. [illegible]:

1. In response to your letter of April 17, 1964, in which you requested a bid covering your planned drilling project as outlined in your letter dated [illegible], we are pleased to submit for your approval our proposal for carrying out your planned work.

2. Our understanding of your project is as follows:

A) We understand that the drilling project will involve approximately 1,65[illegible] linear feet of [illegible] size [illegible] in approximately 20 holes. The deepest hole is not expected to exceed 150 feet in depth.

B) The holes will be vertically inclined. Distance between holes will not be in excess of 200 feet.

C) [illegible] drilling purposes is obtainable from springs within 1,[illegible] feet of any proposed drill site.

D) [illegible] maintenance of suitable access roads, the [illegible] of drill sites and providing trucks for service for [illegible] use [illegible] the drill from hole to hole will be furnished [illegible] cost basis to the Longyear Company.

E) The formation to be penetrated and cored consists of a mixture of eroded material mixed with very hard quartz mineralized veins. In general, the drilling is expected to be difficult, especially to the depths anticipated.

3. For the work as described above, we are prepared to furnish one [illegible] core drilling machine of suitable capacity together with [illegible] wireline drilling tools and other associated equipment as may be required to successfully carry out your program. We would expect to carry out the work on a one shift basis, six days per week.

4. We will carry public liability insurance covering personal injury and property damage, and Workmen's Compensation Insurance, and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

5. Based on the conditions as outlined above and from observations gained from personally inspecting the drilling area, we are pleased to submit the following price schedule.

a) Mobilization and demobilization of personnel and drilling equipment.....$765.00 Lump Sum, per rig

b) Overburden drilling through alluvium, non-core method and including the setting of casing [illegible] -

0 to 50 feet in depth.....$5.95 per foot

c) Diamond core drilling - Vertical holes

NX wireline size

0 to 200 feet in depth.....$7.15 per foot

d) Reaming, if required and where applicable.....$3.75 per foot

e) Cementing operations, where required and in lieu of reaming.....$12.75 per hour with two-man crew, plus cost of materials consumed.

f) The preparation and maintenance of proper access roads for servicing the work and the leveling of the required drill sites will be provided by you. It is also understood that tractor service for moving the drill from hole to hole will be furnished by you on a no cost basis. If furnished by the Longyear Company, the cost of such a unit will be invoiced separately to you.

g) Standby time or delays for your convenience or for which you are responsible.....$12.75 per hour with two-man crew.

h) Water for drilling purposes will be furnished from a source free of cost from springs within 1,000 feet from any proposed drill site. It will be the responsibility of the contractor to provide pipe and pumps to transfer the water to the drilling site.

In the event ample water for drilling purposes is not available on the mountain, it is understood that any costs associated with the hauling of water from some other source will be invoicable at our cost.

i) Cement, drill mud, drill mud additives and hole plugging material consumed in the drilling program will be invoiced at our cost, f.o.b. jobsite.

j) Core boxes, cardboard type, capacity 10 feet of core with covers.....$0.95 each

6. Cores will be turned over to your representative at the drill sites in containers furnished by you or by the Longyear Company as outlined above.

7. It is understood and agreed that if the Longyear Company is selected to do this work, suitable financial arrangements will be made by you prior to the start of operations.

8. Statements will be submitted promptly after the first of the month covering all work performed and billable from the previous month and payment will become due fifteen days from the date of the statement.

9. We appreciate the opportunity to submit this proposal to you. If selected to carry out this work, we are prepared to commence mobilizing operations and would expect to get the work underway in the shortest possible time.

Sincerely,

E. J. LONGYEAR COMPANY

J. R. Miller

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:jag

ACCEPTED:

Company_____

By_____

Date_____

Victor V. Botts, Jr. and Joseph A. Johnson
dba Madrone Mining Co.
OME-6348

RECAP AND COMPARISON OF BILLINGS TO DATE

| | Present Agreement (8.00/ft. plus bits) | Amended Agreement |
|---|---|---|
| October Billing | $2,882.00 | $4,651.50 |
| November Billing | $2,203.20 | $2,728.50 |
| December Billing | $3,966.60 | $4,471.10 |
| Total | $9,051.80 | $11,851.10 |

As no provisions were made for compressor and water truck time in the OME contract the 'amended agreement' total of $11,851.10 is reduced to the government's allowable costs as follows:

| | | |
|---|---|---|
| October Billing | $4,651.50 - $735.00 (Compressor time) | = $3,916.50 |
| November Billing | $2,728.50 - $527.50 (Compressor and water truck time) | = $2,201.00 |
| December Billing | $4,471.10 - $994.00 (Compressor and water truck time) | = $3,477.10 |
| | Government's allowable costs | $9,594.60 |

COST COMPARISON OF DRILLING AGREEMENTS

| | Present | | Amended | |
|---|---|---|---|---|
| BOTTS and JOHNSON | $4,525.90 | (50%) | $7,063.80 | (60%) |
| GOVERNMENT'S | $4,525.90 | (50%) | $4,787.30 | (40%) |

It is readily apparent that the present contract results in less cost to the government and considerable less cost to us.

Joseph A. Johnson

Joseph A. Johnson, Partner

DON JACKSON CO.
DRILLING CONTRACTORS
P. O. BOX 358
NEWHALL, CALIF.
PH. 259-3718

COMPANY Madrone Mining Co.
WELL Core drilling
FIELD Cambria area
COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE Dec. 21, 1964
INVOICE NO. 10-C
CUST. ORDER NO. Per Agreement
TERMS Per Agreement

| | | | |
|---|---|---|---|
| 12 -1-64 | CH #1 | 15 ft. at $8.00 per ft. | $ 120.00 |
| 12 -2-64 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| 12 -3-64 | CH #1 | 6 ft. at $8.00 per ft. | 48.00 |
| 12 -5-64 | CH #2 | 1 ft. at $8.00 per ft. | 8.00 |
| 12 -7-64 | CH #4 | 54 ft. at $8.00 per ft. | 432.00 |
| 12 -8-64 | CH #4 | 28 ft. at $8.00 per ft. | 224.00 |
| 12 -9-64 | CH #4 | 18 ft. at $8.00 per ft. | 144.00 |
| | CH #2 | 19 ft. at $8.00 per ft. | 152.00 |
| 12-10-64 | CH #8 | 38 ft. at $8.00 per ft. | 304.00 |
| 12-11-64 | CH #8 | 41 ft. at $8.00 per ft. | 328.00 |
| 12-12-64 | CH #8 | 39 ft. at $8.00 per ft. | 312.00 |
| 12-13-64 | CH #8 | 14 ft. at $8.00 per ft. | 112.00 |
| 12-14-64 | CH #8 | 38 ft. at $8.00 per ft. | 304.00 |
| 12-15-64 | CH #8 | 17 ft. at $8.00 per ft. | 136.00 |
| 12-17-64 | CH #8 | 23 ft. at $8.00 per ft. | 184.00 |
| 12-18-64 | CH #7 | 45 ft. at $8.00 per ft. | 360.00 |
| | | Total: | $3184.00 |

Bits:

| | | |
|---|---|---|
| BX Core-head drag | 44 ft. | 32.50 |
| Varel 2-cone | 78 ft. | 60.00 |
| Varel 3-cone | 22 ft. | 60.00 |
| Varel 2-cone | 19 ft. | 60.00 |
| Varel 2-cone | 30 ft. | 60.00 |
| Varel 3-cone | 8 ft. | 60.00 |
| Varel 3-cone | 18 ft. | 60.00 |
| Varel 3-cone | 23 ft. | 60.00 |
| Varel 2-cone | 39 ft. | 60.00 |
| Varel 3-cone | 14 ft. | 60.00 |
| Varel 3-cone | 38 ft. | 60.00 |
| Varel 3-cone | 7 ft. | 60.00 |
| Varel 2-cone | 63 ft. | 60.00 |
| | Total: | $ 752.50 |
| | Sales tax: | 30.10 |
| | Total due: | $3966.60 |

1/4/65

Present

9

DRILLING
DON JACKSON CO.
CONTRACTOR
P.O. BOX 386
NEWHALL, CALIF.
PH. 259-3128

COMPANY Madrone Mining Company

INVOICE DATE January 1, 1965

WELL Core drilling

INVOICE NO. 10-F

FIELD Cambria Area

CUST. ORDER NO. Per Agreement

COUNTY, STATE San Louis Obispo, Calif.

TERMS Per Agreement

| | | |
|---|---|---|
| Dec.- 1-64 | Coring CH #1 15 ft. at $7.15 per ft. | $ 107.25 |
| | Air compressor. 8 hours at $15.00 per hr. | 120.00 |
| Dec.- 2-64 | Coring CH #1 2 feet at $7.15 per ft. | 14.30 |
| | Reaming 2 3/8" to 3 1/4" from 96 ft. to 137 ft. 41 ft. at $3.75 per ft. | 153.75 |
| | Air compressor. 4 hrs. at $15.00 per hr. | 60.00 |
| Dec.- 3-64 | Coring CH #1 6 ft at $7.15 per ft. | 42.90 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |
| Dec.-4 -64 | Moved from CH #1 to CH #2 2 hrs. at $12.75 per hr. | 25.50 |
| | Mixing gel. Lost circulation. 6 hrs. at $12.75 per hr. Cementing & redrilling | 76.50 |
| | Hauling water 2 hrs. at $8.75 per hr. | 17.50 |
| | 5 sacks gel at $2.90 per sack. | 14.50 |
| Dec.- 5-64 | Coring CH #2 1 foot at $7.15 per ft. | 7.15 |
| | Hauling water. 2 hrs. at $8.75 per hr. | 17.50 |
| | Air compressor 4 hrs. at $15.00 per hr. | 60.00 |
| Dec.- 7-64 | Moving from CH #2 to CH #4 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #4 54 feet at $7.15 per ft. | 386.10 |
| Dec.- 8-64 | Coring CH #4 28 feet at $7.15 per ft. | 200.20 |
| Dec.- 9-64 | Coring CH #4 18 ft. at $7.15 per ft. | 128.70 |
| | Moving from CH #4 to CH #2 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #2 19 ft. at $7.15 per ft. | 135.85 |
| | Moving from CH #2 to CH #8 2 hrs. at $12.75 per hr. | 25.50 |
| Dec.-10-64 | Coring CH #8 38 ft. at $7.15 per ft. | 271.70 |
| Dec.-11-64 | Oper hole from 0' to 30'. Set casing 30 ft. at $3.75 per ft. | 112.50 |
| | Drilling 30 ft. to 56 ft. with D.H. hammer 26 ft. at $5.95 per ft. | 154.70 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| | Coring 23 ft. at $7.15 per ft. | 164.45 |
| Dec.-12-64 | Coring CH #8 39 ft. at $7.15 per ft. | 278.85 |
| Dec.-13-64 | Coring CH #8 14 ft. at $7.15 per ft. | 100.10 |
| | Air compressor. 9 hrs. at $15.00 per hr. | 135.00 |
| Dec.-14-64 | Coring CH #8 38 feet at $7.15 per ft. | 271.70 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |

DRILLING
DON JACKSON CO.
CONTRACTOR
P. O. BOX 358
NEWHALL, CALIF.
PH: 259-3718

COMPANY Madrone Mining Company

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE January 1, 1965

INVOICE NO. 10-F (cont'd)

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | |
|---|---|---|
| Dec.-15-64 | Coring CH #8 17 feet at $7.15 per ft. | $ 121.55 |
| | Air compressor. 8 hrs. at $15.00 per hr. | 120.00 |
| Dec.-16-64 | Coring CH #8 1 ft. at $7.15 per ft. | 7.15 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Dec.-17-64 | Opened hole from 30 ft. to 60 ft. Set casing. | |
| | 30 ft. at $3.75 per ft. | 112.50 |
| | Coring CH #8 23 feet at $7.15 per ft. | 164.45 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Dec.-18-64 | Moved from CH #8 to CH #7. 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring CH #7. 45 feet at $7.15 per ft. | 321.75 |
| | Total: | $4,471.10 |
| | | -960.00 |
| | | 3511.10 |

Amended Billing
December

COMPANY Madrone Mining Co.

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE December 5, 1964

INVOICE NO. 10-B

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | | |
|---|---|---|---|
| Oct. 27, 1964 | CH #3 | 9 ft. at $8.00 per ft. | $ 72.00 |
| Oct. 31, 1964 | CH #3 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 5, 1964 | CH #2 | 13 ft. at $8.00 per ft. | 104.00 |
| Nov. 6, 1964 | CH #6 | 5 ft. at $8.00 per ft. | 40.00 |
| Nov. 21, 1964 | CH #6 | 7 ft. at $8.00 per ft. | 56.00 |
| Nov. 22, 1964 | CH #6 | 88 ft. at $8.00 per ft. | 704.00 |
| Nov. 23, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 24, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 25, 1964 | CH #5 | 100 ft. at $8.00 per ft. | 800.00 |
| Nov. 29, 1964 | CH #1 | 18 ft. at $8.00 per ft. | 144.00 |
| Nov. 30, 1964 | CH #1 | 6 ft. at $8.00 per ft. | 48.00 |
| | | Total footage: 252 ft. | $2016.00 |

Bits:

| | |
|---|---|
| #212 Varel 3-cone rock 31/4" | $ 60.00 |
| #14811 Varel 3-cone rock 37/8" | 60.00 |
| #12077 Varel 2-cone rock 31/4" | 60.00 |
| | $ 180.00 |
| Tax: | 7.20 |
| Total: | $ 187.20 |
| Total: | $2203.20 |

Present Billing
November

DON JACKSON CO.
DRILLING CONTRACTORS
P. O. BOX 358
NEWHALL, CALIF.
PH 259-3716

COMPANY Madrone Mining Company

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE December 1, 1964

INVOICE NO. 10-E

CUST. ORDER NO. Per Agreement

TERMS Per Agreement

| | | |
|---|---|---|
| Nov.- 1,64 | Pulled casing on CH #6. Moved to CH #2. 4 hours at $12.75 per hr. | $ 51.00 |
| Nov.- 3-64 | CH #2 Reamed hole to 98 feet. Run and cemented casing at $3.75 per ft. | 367.50 |
| Nov.- 4-64 | Drilling cement. 87 ft. to 98 ft. 3 hours at $12.75 per hr. | 38.25 |
| | Coring 1 ft. at $7.15 per ft. | 7.15 |
| Nov.- 5-64 | Hauling water. 4 hours at $8.75 per hr. | 35.00 |
| Nov.- 5-64 | Coring CH #2 4 ft. at $7.15 per ft. | 28.60 |
| | Hauling water. 4 hours at $8.75 per hr. | 35.00 |
| Nov.- 6-64 | Moving to CH #6 2 hours at $12.75 per hr. | 25.50 |
| | Coring CH #6 3 ft. at $7.15 per ft. | 21.45 |
| | Hauling water. 4 hours at $8.75 per hr. | 35.00 |
| Nov.- 7-64 | Coring CH #6 2 ft. at $7.15 per ft. | 14.30 |
| | Hauling water. 2 hours at $8.75 per hr. | 17.50 |
| Nov.-21-64 | CH #6 Drilling with D.H.hammer 7 ft. at $5.95 per ft. | 41.65 |
| | Air compressor. 2 hours at $15.00 per hr. | 30.00 |
| Nov.-22-64 | CH #6 Drilling with D.H.hammer 9 feet at $5.95 per ft. | 53.55 |
| | Air compressor. 2 hours at $15.00 per hr. | 30.00 |
| | Coring 79 feet at $7.15 per ft. | 564.85 |
| Nov.-23-64 | Moved from CH #6 to CH #1 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring. 2 ft. at $7.15 per ft. | 14.30 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Nov.-24-64 | Coring CH #1 2 ft. at $7.15 per ft. | 14.30 |
| | Air compressor 8 hours at $15.00 per hr. | 120.00 |
| | Move CH #1 to CH #5 2 hrs. at $12.75 per hr. | 25.50 |
| Nov.-25-64 | Coring CH #5. 100 feet at $7.15 per ft. | 710.50 |
| Nov.-29-64 | Moving from CH #5 to CH #1 2 hrs. at $12.75 per hr. | 25.50 |
| | Coring 18 ft. at $7.15 per ft. | 128.70 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| Nov.-30-64 | Coring CH #1 6 feet at $7.15 per ft. | 42.90 |
| | Air compressor. 5 hrs. at $15.00 per hr. | 75.00 |
| | Total: | $ 2,728.50 |

Amended Billing
November

| Cust. order no. |
|---|
| LTR. 9-26-64 |
| Requisition no. |
| Date entered |

# HOUSTON TOOL COMPANY

MANUFACTURERS OF VACUUM DRILLING EQUIPMENT

P O BOX 248 SANTA SUSANA CALIFORNIA 93063

805-526-4266 Telephones 213-348-7660

| Invoice no. |
|---|
| 5237 |
| Invoice date |
| 11-2-64 |
| Terms |
| NET |

SOLD TO

MADRONE MINING COMPANY
3127 NINETEENTH STREET
BAKERSFIELD, CALIFORNIA

SHIP TO

| Date Shipped | Shipped via | Prepaid or collect |
|---|---|---|
| | | |

| Item no. | Part no. | Quantity | Description | Unit Price | Total Amount |
|---|---|---|---|---|---|
| | | | DRILLING: | | |
| | | | DATE / FOOTAGE / BITS | | |
| | | | 10-5-64 30' | | |
| | | | 10-8-64 3' | | |
| | | | 10-12-64 38' | | |
| | | | 10-14-64 118' — 1 - 3" TUNGSTEN CORING BIT | | |
| | | | 10-15-64 33' — 1 - 3 1-4" 3-CONE ROLLER | | |
| | | | 10-19-64 21' — 1 - 3" TUNGSTEN CORING BIT | | |
| | | | 10-20-64 18' | | |
| | | | 10-21-64 20' — 1 - 3" CORING BIT, TUNGSTEN | | |
| | | | 10-26-64 38' | | |
| | | | 319' — 4 | | |
| | | | 319 FT. @ $8.00 PER FOOT | | $2,552.00 |
| | | | 3 - 3" TUNGSTEN CORING BITS @ $90.00 EA. | | 270.00 |
| | | | 1 - 3 1-4" 3-CONE ROLLER BIT @ $60.00 EA. | | 60.00 |
| | | | | | $2,882.00 |
| | | | Check # 105 | | |
| | | | 11/13/64 | | |
| | | | Present Billing October | | |

No statement will be sent unless requested. Please remit from this invoice.

Prices charged are in accordance with economic stabilization agency general price ceiling regulations dated January 26, 1951 or subsequent regulations applicable. Seller represents that with respect to the production of the articles and or the performance of the services covered by this invoice it has fully compiled with section 12(a) of the fair labor standards act of 1938 as amended.

It is understood and agreed that, by acceptance of the above shipment, buyer shall hold seller harmless from any sales, use, excise or other tax imposed or asserted upon the subject transaction by any city, county, state or federal authority.

INVOICE

DRILLING DON JACKSON CO. CONTRACTORS
P. O. BOX 358
NEWHALL, CALIF.
PH. 259-3718

COMPANY Madrone Mining Company
WELL Core drilling.
FIELD Cambria Area
COUNTY, STATE San Luis Obispo, Calif.

INVOICE DATE November 1, 1964
INVOICE NO. 10-D
CUST. ORDER NO. Per Agreement
TERMS Per Agreement

| | | |
|---|---|---|
| Oct.- 5-64 | Move on location. 2 units at 25¢ per mile per unit. 480 miles | $ 240.00 |
| | Core 30 feet, CH #1 at $7.15 per ft. | 214.50 |
| Oct.- 6-64 | Core 3 feet. CH #1 at $7.15 per ft. | 21.45 |
| Oct.- 7-64 | Lost circulation. 9 hours at $12.75 per hr. | 114.75 |
| Oct.-12-64 | Moved in water truck. 50¢ per mile. 480 mi. | 240.00 |
| Oct.-13-64 | Coring, CH #1 38 feet at $7.15 per ft. | 271.70 |
| Oct.-14-64 | Coring, CH #1 20 feet at $7.15 per ft. | 143.00 |
| | Coring, CH #2 98 feet at $7.15 per ft. | 700.70 |
| Oct.-15-64 | Drilling CH #6 #3 3 feet at $5.95 per ft. | 17.85 |
| | Coring, CH #3 30 feet at $7.15 per ft. | 214.50 |
| Oct.-16-64 | Coring CH #3 2 feet at $7.15 per ft. | 14.30 |
| | Moved in air compressor. 50¢ per mile 480 mi. | 240.00 |
| Oct.-17-64 | Coring CH #3 21 feet at $7.15 per ft. | 150.15 |
| | Air compressor, 8 hours at $15.00 per hr. | 120.00 |
| Oct.-20-64 | Coring CH #3 21 feet at $7.15 per ft. | 150.15 |
| | Air compressor, 9 hours at $15.00 per hr. | 135.00 |
| Oct.-21-64 | Coring CH #3 20 ft. at $7.15 per ft. | 143.00 |
| | Air compressor 11 hours at $15.00 per hr. | 165.00 |
| Oct.-26-64 | Coring CH #3 38 feet at $7.15 per ft. | 271.70 |
| | Air compressor 4 hours at $15.00 per hr. | 60.00 |
| Oct.-27-64 | Coring CH #3 10 feet at $7.15 per ft. | 71.50 |
| | Air compressor 9 hours at $15.00 per hr. | 135.00 |
| Oct.-28-64 | Run casing in CH #3 5 hours at $12.75 per hr. | 63.75 |
| Oct.-31-64 | Coring CH #3 5 feet at $7.15 per ft. | 35.75 |
| | Air compressor 8 hours at $15.00 per hr. | 120.00 |
| | Total: | $4,053.75 |
| Oct.-14-64 | Moving to CH #2 2 hours at $12.75 per hr. | 25.50 |
| Oct.-15-64 | Moving to CH #6 2 hours at $12.75 per hr. | 25.50 |
| | Moving to CH #3 2 hours at $12.75 per hr. | 25.50 |
| Oct.-28-64 | Reaming CH #3 to run casing, 0' to 139' 139' at $3.75 per foot. | 521.25 |
| | | $4,651.50 |

Amended Billing
October

MME FORM 60
SEPT. 1959

JAN 13 1965

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OMB-6348
Contract No. 14-23-090-2190
Contract Amount $20,160.00
Gov't. Participation x 50 $10,080.00
Mineral(s) Mercury

# OPERATOR'S MONTHLY VOUCHER

For Month of October & November

Operator's Name Victor V. Botts, Jr. & Joseph A. Johnson
Address 3127 19th St., Bakersfield, 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 | | $372.40 | $372.40 | | 372.40 | 372.40 |
| Drifting | | | | | | |
| Crosscutting | | | | | | |
| Drilling | $3568.74 | - | $3568.74 | 2,488.20 | — | 2,488.20 |
| | | | | | | |
| | | | | | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | | | | | | |
| Outside Consultants | | | | | | |
| Labor | | | | | | |
| (3) Operating Mat'l. & Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| (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. | | | | | | |
| Incidental allowance of 60¢/foot | $208.80 | - | $208.80 | 208.80 | — | 208.80 |
| | | | | | | |
| TOTALS | $3777.54 | $372.40 | $4149.94 | 2,697.00 | 372.40 | 3,069.40 |

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

Date November 1964 *Payee Victor V. Botts, Jr. & Joseph A. Johnson

Per Victor V. Botts Jr. / Joseph A. Johnson Title Partnership

* 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:

$ 1,348.50

Signature BALB
(Authorized Certifying Officer)

Date 1/7/65 Vou. No. 1003-2

(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. 2190

Signature Paul O. Zilla Title Acting Field Officer Date Jan. 5, 1965

Approved by OME Executive Officer or Alternate: OME Region II

Signature Paul O. Zilla Title Acting Field Officer Date Jan. 5, 1965

## 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 OCTOBER-NOVEMBER 1964 Docket No. OME-6348

Operator's Name Victor V. Botts, Jr. & Joseph A. Johnson Contract No. 14-23-090-2190

| 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 | 800 | 67 | | $673.01 | 62 | 62' | 443.30 X |
| Rotary | | 69 | | $749.00 | 69' | 69' | 493.35 X |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | 217 | | $2355.53 | 217' | 217' | 1551.55 X |
| Churn | | | | | | 348 | 2488.70 |
| Percussion | | | | | | | |
| Miscellaneous | | | | | Exceeded allow. | 348 | 208.80 |
| Bulldozing | | | | $372.40 | | | 372.40 |
| Roads and Trails | | | | | | | |
| Stripping | | | | | | | |
| Trenching | | | | | | Suspended in fiscal | |
| Test Pitting | | | | | | | |
| Other Surface Work | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | | | | |
| TOTAL TO DATE *(per MME Form 60)* | | | | $4149.94 | | | 3069.40 |

REMARKS

*(Continue on back)*

REMARKS

*7.15/ft. basis

*(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 November 1964 Operator Victor V. Botts, Jr. & Joseph A. Johnson

Per Victor V. Botts Jr. / Joseph A. Johnson Title Partnership

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

Government Representative

Date OME Region II Jan. 5, 1965

(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.

DRILLING
DON JACKSON CO.
CONTRACTORS
P. O. BOX 358
NEWHALL CALIF.
PH. 259-3718

COMPANY Madrone Mining Co.

WELL Core drilling

FIELD Cambria Area

COUNTY, STATE San Louis Obispo, Calif.

INVOICE DATE December 5, 1964

INVOICE NO. 10-B

CUST ORDER NO. Per Agreement

TERMS Per Agreement

| | | | |
|---|---|---|---|
| Oct. 27, 1964 | CH #3 | 9 ft. at $8.00 per ft. | $ 72,00 |
| Oct. 31, 1964 | CH #3 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 5, 1964 | CH #2 | 13 ft. at $8.00 per ft. | 104.00 |
| Nov. 6, 1964 | CH #6 | 5 ft. at $8.00 per ft. | 40.00 |
| Nov. 21, 1964 | CH #6 | 7 ft. at $8.00 per ft. | 56.00 |
| Nov. 22, 1964 | CH #6 | 88 ft. at $8.00 per ft. | 704.00 |
| Nov. 23, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 24, 1964 | CH #1 | 2 ft. at $8.00 per ft. | 16.00 |
| Nov. 25, 1964 | CH #5 | 100 ft. at $8.00 per ft. | 800.00 |
| Nov. 29, 1964 | CH #1 | 18 ft. at $8.00 per ft. | 144.00 |
| Nov. 30, 1964 | CH #1 | 6 ft. at $8.00 per ft. | 48.00 |
| | | Total footage: 252 ft. | $2016.00 |

Bits:

| | |
|---|---|
| #212 Varel 3-cone rock 31/4" | $ 60.00 |
| #14811 Varel 3-cone rock 37/8" | 60.00 |
| #12077 Varel 2-cone rock 31/4" | 60.00 |
| | $ 180.00 |
| Tax: | 7.20 |
| Total: | $ 187.20 |
| Total: | $2203.20 |

| Cust. order no. |
|---|
| LTR. 9-26-64 |
| Requisition no. |
| Date entered |

# HOUSTON TOOL COMPANY

MANUFACTURERS OF VACUUM DRILLING EQUIPMENT

P O BOX 248, SANTA SUSANA, CALIFORNIA 93063

805-526-4266 Telephones 213-348-7660

| Invoice no. |
|---|
| 5237 |
| Invoice date |
| 11-2-64 |
| Terms |
| NET |

SOLD TO

MADRONE MINING COMPANY
3127 NINETEENTH STREET
BAKERSFIELD, CALIFORNIA

SHIP TO

| Date Shipped | Shipped via | Prepaid or collect |
|---|---|---|
| | | |

| Item no. | Part no. | Quantity | Description | Unit Price | Total Amount |
|---|---|---|---|---|---|
| | | | DRILLING: | | |
| DATE | | | FOOTAGE / BITS | | |
| 10-5-64 | | | 30' | | |
| 10-6-64 | | | 3' | | |
| 10-12-64 | | | 38' | | |
| 10-14-64 | | | 110' | 1 - 3" TUNGSTEN CORING BIT | |
| 10-15-64 | | | 33' | 1 - 3 1-4" 3-CONE ROLLER | |
| 10-19-64 | | | 21' | 1 - 3" TUNGSTEN CORING BIT | |
| 10-20-64 | | | 18' | | |
| 10-21-64 | | | 20' | 1 - 3" CORING BIT, TUNGSTEN | |
| 10-26-64 | | | 38' | | |
| | | | 319' | 4 | |
| | | | 319 FT. @ $8.00 PER FOOT | | $2,552.00 |
| | | | 3 - 3" TUNGSTEN CORING BITS @ $90.00 EA. | | 270.00 |
| | | | 1 - 3 1-4" 3-CONE ROLLER BIT @ $60.00 EA. | | 60.00 |
| | | | | | $2,882.00 |

No statement will be sent unless requested. Please remit from this invoice.

Prices charged are in accordance with economic stabilization agency general price ceiling regulations dated January 26, 1951 or subsequent regulations applicable. Seller represents that with respect to the production of the articles and/or the performance of the services covered by this invoice it has fully compiled with section 12(a) of the fair labor standards act of 1938 as amended.

It is understood and agreed that, by acceptance of the above shipment, buyer shall hold seller harmless from any sales, use, excise or other tax imposed or asserted upon the subject transaction by any city, county, state or federal authority.

INVOICE

JOSEPH A. JOHNSON
GEOLOGICAL CONSULTANT
3127 NINETEENTH STREET · PHONE 327-4804
BAKERSFIELD, CALIFORNIA

DEC 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

December 21, 1964

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

Attention: MR. PAUL V. FILLO, Regional Director

Re: October and November Monthly Report
OME-6348 (Mercury)

Dear Paul;

Enclosed is the October and November monthly report wherein I have just included the holes completed during that time.

To get the chargeable footage for the voucher I utilized the total allowable amount for the drilling for Stage I, divided the amount of footage authorized into the total and came up with $10.255/foot. As we discussed this does not follow the form of the present contract but certainly the authorization and intent.

I am sorry I didn't get ahold of you last week but I had nothing to report relative to core hole #8. We didn't finish it until Friday. There wasn't any real significant revelation from this hole although I did see some rare recognizable cinnabar. I am having some assays run now. We didn't pentrate any high grade ore body, that I'm sure of.

We did find another occurence of fairly good looking ore which lies in between core holes #7 and #9, we'd like to check it out.

I hope this present report is satisfactory, we can use the money!

Very truly yours,

Joe Johnson

JOSEPH A. JOHNSON, Partner

Victor V. Potts, Jr. and Joseph A. Johnson, a Partnership
Contract [illegible]
OMS-[illegible]

ACTIVITIES REPORT for the MONTHS of OCTOBER AND NOVEMBER 1964.

Drilling commenced October 5, 1964. Through the end of November we had completed Core Holes 1, 5, and 6. Core Holes 2 and 3 were partially completed during this period but were deferred until additional drilling equipment could be utilized.

Continual drilling problems such as lost circulation due to open fractures, flowing waters, caving hole, stuck casing and core barrels in conjunction with inclement weather [illegible], equipment malfunctions [illegible] contributed to the small amount of footage sampled.

Core Hole [illegible] - total depth [illegible] with a 5 foot core barrel left in the hole. Rare showings of Cinnabar at [illegible] No assay as yet.

Core Hole 5 - Sampled to the programmed depth of [illegible]. Negative results.

Core Hole 6 - Sampled to the programmed depth of [illegible]. Questionable Cinnabar at [illegible]. No assay as yet.

Enclosed with this report are columnar sections [illegible] penetrated in each core hole completed.

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

348'

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of the Secretary
Accounting Section
Washington

JANUARY 8, 1965

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: VICTOR V POTTS, JR & JOSEPH A JOHNSON
3127 19TH STREET
BAKERSFIELD, CALIFORNIA

| Amount Claimed: | Differences (Explaoned Below) | Amount Approved |
|---|---|---|
| $ 3,777.54 | $ 1,080.54 | $ 2,697.00 |
| 1003 - 2 | O N E 6148 | OCT & NOV 1964 |
| Bu. Voucher No. | Payee's Invoice No. | Period |

EXPLANATION

TOTAL DRILLING FOOTAGE OF 348 FT IS APPROVED BY MR PAUL FILLS AT THE CONTRACT RATE OF $7.15 PER FOOT RATHER THAN THE COMPUTED RATE OF $10.255 AS NOTED IN YOUR LETTER TO MR FILLS, DATED DECEMBER 21, 1964.

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

Suspension made by:

OPAL A [illegible]
Signature
CHIEF, ACCOUNTING SECTION

Title

52887

COPY
O. M. E.
RECEIVED
JAN 13 1965

| INITIALS | CODE |
| --- | --- |
| | |
| | |
| | |
| | |
| | |

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 11 1965

| INITIALS | CODE |
|---|---|
| | 120 |
| | 120 |

January 8, 1965

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2195

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 have been distributed in the usual manner.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

January 4, 1965

Mr. Joseph A. Johnson
3127 19th Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of a proposed Amendment No. 2 with reference to your contract signed by the Acting Director for the Government.

If the proposed amendment meets with Mr. Botts' and your approval, please sign and return the following copies to this office.

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained for your files.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

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

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 12/21 | FMMurphy | 120M |
| | GCS | 130 |
| 12/21 | JJones | 110 |
| | | 100 |
| 12/21 | COC | 220 |
| | | 120M |
| 12/21 | Fisher | |
| | | |
| | | |

DEC 2 1 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

In accordance with the Operator's request of November 5, 1964, enclosed are the original and four copies of Amendment No. 2 signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

In requesting this amendment the Operator failed to place a direction arrow or a distance scale on its maps. All the Operators should be advised that when a map is submitted it should show this information.

With reference to the question raised in your memorandum of December 14, 1964, we cannot amend the contract to conform with the Johnson drilling contract because the cost stipulated per foot of drilling is a maximum and cannot be raised. The contract price of $7.15 per foot of NXWL drilling is less than that stipulated in the Operator's contract with Johnson. The only way to remedy the situation is for the Operator to obtain a new contract with Johnson based on the specifications listed in the OME contract. If this can be done the invoices submitted by the drilling contractor should include reaming and casing, cementing and redrilling, and cementing and drilling materials, as well as the actual drilling footages.

Enclosures

George C. Selfridge (gca)

FMMurphy/ama
12-21-64

cc: Docket
Director's Reading File
Review Committee

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

December 14, 1964

OFFICIAL FILE COPY
RECEIVED 1964

| DATE | | |
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| | | 120 |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Interim Inspection

The property was inspected December 8, 1964 by the Acting Field Officer, accompanied by Joseph Johnson, partner of the contract. At the time of the visit, the operator was drilling on the new location for drill hole No. 4 and it was down 40 feet. The area has an outcrop of cinnebar mineralization. It is hoped that favorable results will occur from this drill hole.

The results of drill holes Nos. 1, 2, and 3 show that the projected cross-faulting is more to the north than what was originally projected (northeasterly). The next drill hole will be a new location for drill hole No. 8; the reason for this change from the original location is outlined in the operator's letter of November 5, 1964. The operator was given approval for this change. As of this date, all the holes that have been drilled on the property have had negative results.

In reviewing the subject contract and the contract the operator made with J. A. Jackson, I find myself in a perplexing position in approving their monthly voucher because of different items allowed in the Government contract, but not allowed in Jackson's contract; items such as cementing, casing, reaming, redrilling, and drilling materials. Do you think that the contract can be amended to conform with what the operator has approved? Anything along these lines will be appreciated, as I need your advice on this particular contract.

Paul V. Fillo

Paul V. Fillo

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

DRAFT FMMurphy/mm
12/14/64

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

It is agreed this ____ day of _____, 196__, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Victor V. Botts, Jr. and Joseph A. Johnson, Partners, d/b/a Madrone Mining Co., hereinafter referred to as the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, as amended, is further amended effective November 15, 1964, as follows:

In Exhibit A, Description of the Work:

1. Under Stage I the Approximate Inclination of -50° specified for drill holes Nos. 5 and 6 are revised to read -20° and vertical, respectively.

2. Under Stage II the location of drill hole No. 8 as indicated on Figure 2 is changed to a location about 350 feet southwesterly of the one shown.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the amount of any item designated as "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 _____
Acting Director, Office of Minerals Exploration

Madrone Mining Co.

By _____
Victor V. Botts, Jr.

By _____
Joseph A. Johnson

Title _____

DRAFT FMMurphy.
12/14/64

~~800~~
~~120~~
120M

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
d/b/a MADRONE MINING CO.

see note below
for transmittal letter

ORE-6348

AMENDMENT NO. 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 11 1964

| DATE | INITIALS | CODE |
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| 12/11 | EEF | 800 |
| | | 120 |
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December 8, 1964

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

In reference to your letter of November 27, 1964 of the above subject and the operator's letter of November 5, 1964, it appears that the justifications as outlined in the operator's letter are valid and this office approves an amendment for these changes, if this is required.

Paul V. Fillo

Paul V. Fillo

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

Write Fillo Tell operators to put an arrow on their maps to show direction and also a scale for distances.

JOSEPH A. JOHNSON
GEOLOGICAL CONSULTANT
3127 NINETEENTH STREET - PHONE 327-4804
BAKERSFIELD, CALIFORNIA

NOV 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

November

Office of Mineral Exploration
450 Golden Gate Ave
San Francisco, California

Attn: MR. PAUL V. FILLO, Regional Director

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
d/b/a

Dear Mr. Fillo:

Enclosed is a copy of the 'letter agreement' that exists between Houston Tool Co and ourselves relative to the charges for drilling. I neglected to enclose this in the previous letter that I sent to you Nov. 5th.

I am also including the reply received from Mr. Selfridge's office regarding the Stage II drilling.

As you probably could guess we have been rained out this last week and there doesn't seem to be an end to it yet. I imagine you have been experiencing some of these same storms in Nevada.

Very truly yours,

Joe Johnson

JOSEPH A. JOHNSON. Partner

JAJ/jj
Enclosures

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 18 1964

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OME-0510 (Mercury)
Joseph [redacted] Johnson and
Victor [redacted] Botts, Jr.

NOV 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

NOV 1964

# Letter Agreement.

Houston Tool Co agrees

1. Move on location, in and out, on footage basis, for the sum of $5.00/foot total drilled.
2. Start move Oct 3, 1964
3. Furnish all labor, fuel, necessary equipment with exception of bits.
4. Work day will be a minimum 8 hrs / day, six days / week. Maximum of 16 hrs / day and seven days / week.
5. Solid core will be NX wire line size or bigger.

Madrone Mining Co, a partnership, V Botts, Jr and J. A. Johnson agrees:

1. Pay one half of invoice on presentation at the end of each ten days operating time.
2. Provides all necessary bits which would be furnished by Houston Tool Co.
3. Final payment on or before ninety days from completion of operations.
4. Minimum of 1000 feet of drill hole, total drilled, will be accomplished without move in/out charge. Less than 1000 feet we agree to pay said move in and out charge of $250.00
5. To furnish all location and roads

Agreed this 26th day of September 1964.

Houston Tool Co.

J. A. Johnson
Madrone Mining Co.

December 4, 1964

Memorandum

To: The Files

From: Chief, Division of Exploration Operations

Subject: Various dockets - Region II

On December 3 Mr. Fillo called the writer on one of his bi- to tri-weekly calls concerning various matters in Region II. The following items were discussed:

Mr. Fillo was not sure just what procedure should be followed concerning reporting on Equal Employment Opportunity under Government Contracts. The matter was discussed in detail, including the forms sent him on November 16, 1964, for monthly and quarterly reporting by the Washington Office.

Mazzone Mining Company, Inc., OME-6333 - Contract 2187

The Operator under the subject contract has asked Mr. Fillo if a raise cannot now be driven to the gravel as he was having a good deal of difficulty drilling long holes. These seem to plug the bits for some reason or other and it was costing, according to the Operator, about $10 a foot of hole. The long-holing was to be done to find the bottom of the channel. The Operator will try drilling with augers where the ground is soft enough.

Sonoma International, Inc., OME-6356 - Contract 2196

Mr. Fillo was not sure when royalties should be paid under the contract. He explained that the company has 45 men working and has sold about 150 flasks of mercury. The shaft area is pretty well caught up, but there is still some trouble with the cage being squeezed. The company has asked if it wouldn't be all right to sink a winze probably over the ore indicated by the former diamond drilling and then drift back to the shaft and raise rather than sink. Mr. Fillo has told the company to submit its request in writing. The writer informed Mr. Fillo that royalty is due on all production from the date of the contract. However, no royalty need be paid until the Government has participated in exploration costs. No voucher has been submitted to date. The writer also discussed with Mr. Fillo the importance of doing the exploration work at a satisfactory progress rate.

Original Sixteen to One Mine, Inc., OME-6355 - Contract 2197

The Operator requested that it be allowed to do the assaying as it could do it cheaper than commercial assay offices. The writer told Mr. Fillo it would require an amendment and the Operator should submit proposed costs supported by a justification.

Austin H. Merrill, OME-6328 - Contract 2179

Mr. Fillo wished to know about the $600 that had been expended for bulldozing at the property. He was told that actually no exploration work had been done and that the submittal of a voucher and payment thereof would entail a request for the return of the money unless the default under the contract was immediately cured and work undertaken.

Botts and Johnson, OME-6348 - Contract 2190

The matter of the depth of holes was discussed. The partnership plans on deepening the first three holes. The writer told Mr. Fillo that the Government would have to participate in the cost of the hole he stopped, and that holes requested and approved by him that neared 500 feet or more would require an amendment to the contract.

Western Copper Company, OME-6360

A representative of the Applicant has been in touch with Mr. Fillo and soon plans to submit a revised application.

George C. Selfridge

GCSelfridge/gla (12-4-64)
cc to: Director's Reading File
Mr. Selfridge
Dockets: OME-6333
OME-6356
OME-6355
OME-6328
OME-6348
OME-6360

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

November 30, 1964

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 2 1964

| DATE | INITIALS | |
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| 12/3 | | 120 |
| | | 120 |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are the original and two copies of Amendment No. 1 of the subject contract properly executed by the operator. The remaining copies of the amendment have been distributed in the usual manner.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

OFFICIAL FILE COPY

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| | GCS | 720 |
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NOV 27 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: ORE-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract 2190

We have reviewed the Operator's letters transmitted by your memorandum of November 10, 1964. We see no objection to the changes requested; however, we shall do nothing about an amendment until we have your recommendations. Ordinarily moving the site of a hole a reasonable distance or changing the angle would not necessitate an amendment. Appreciable changes such as several hundred feet or from -50° to vertical should have an amendment.

George C. Selfridge (gla)

GCSelfridge
~~XXXXXXXX~~/mm (11/25/64)
cc: Director's Reading File
Review Committee
Docket
Mr. Selfridge

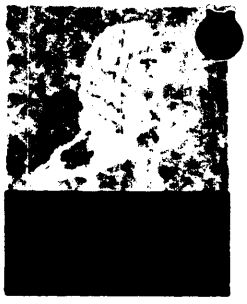
23263

Contract Status

OME-6348

*Please address reply to*

UNITED PACIFIC INSURANCE COMPANY
616 S. Shatto Place
Los Angeles, California 90005



*United Pacific Insurance Company*
*United Pacific Life Insurance Company*
*Cascade Insurance Company*

U. S. Government
Dept. of Interior,
Office of Minerals Explorations

Bond No. B-435034

Date [illegible]

Contractor Victor V. Botra, Jr., and Joseph A. [illegible]nson, a Partnership

Owner U. S. Government Dept. of Interior, Office of Minerals Explorations
Office of Minerals Exploration

Contract No. 14-23-090-7140 Docket Number OME-6348 Description WELLS

In the amount of $ 20,160.00

Our Company is Surety on the bond covering the above contract. In order to render proper service and complete our records in connection with this contract it is necessary that we have the information hereinafter requested. We will appreciate your completing this form and returning it immediately in the attached addressed envelope.

UNITED PACIFIC INSURANCE COMPANY

[illegible]
Fidelity and Surety Department

1. Percentage of work completed to date 2% as of 9/30/64
2. If fully completed, date of completion Date accepted
3. If not complete, what is probable date of completion? 2/12/65
4. Amount of money paid contractor to date $186.20
5. Amount of retained percentage withheld to date None
6. Amount of increase or extras allowed to date None
7. What is or will be total contract price including extras? $20,160.00 maximum
8. Have any liens or claims for unpaid labor or material bills been filed? No
9. Is the work progressing satisfactorily? Having some trouble because of weather conditions
10. REMARKS:

Signed Frank E. Johnson

Date November 25, 1964

Title Acting Director

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL FILE COPY
November 20, 1964
RECEIVED NOV 27 1964

| DATE | INITIALS | |
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| 11/27 | GEF | 800 |
| 11/30 | FMW | 1200 |
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Mr. Joseph A. Johnson
3127 Nineteenth Street
Bhersfield, Californais

Re: OME-6348 (Mercury)
Victor V. Botts, Jr. and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Dear Mr. Johnson:

Enclosed are the original and four copies of a proposed Amendment No. 1 with reference to your contract 2190.

If the proposed Amendment meets with Mr. Botts and your approval, please sign as designated on the Amendment and return the following copies to this office:

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy.

The Operator's copy should be retained for your files.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures

120

12/1 ~~12 6M~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Date: 11/24/64

Memorandum

To : Compliance Officer

From : Acting Field Officer, Region II

Subject: Equal Employment Opportunity Under Government Contracts
OME- 6348-(Mercury)
Operator: Joseph A. Johnson and Victor V. Botts, Jr.
Name of Property: Madrone Quicksilver Mine
County-State: San Luis Obispo, California
Contract No.: 2190

I have obtained the following information from my visit to the operating project under the subject contract: November 3, 1964

1. Number of all employees ___3___
2. Number of women employees ___none___
3. Number of Negro employees ___none___
4. Number of other minority groups (Indian, Latin, Oriental, etc.) ___none___
5. Was employed through a union? ___no___
6. Distance to the closest union headquarters ___50 miles___
7. Are the discrimination posters prominently displayed? ___yes___
8. If employment was through a union, was the union furnished Standard Form 38? ___--___
9. If employment was not through a union, in what manner was employment made? ___solicit___
10. Acts of intimidation matter has been discussed with ___the operator___

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

~~November 10, 1964~~
OFFICIAL FILE COPY
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RECEIVED NOV 16 1964

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Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed are copies of four letters from the subject operator, dated November 5, 1964, for your information and files.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

NOV 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
SECTION 11

Victor V. Botts & Joseph A. Johnson
3127 19th St.
Bakersfield, California

November 5, 1964

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

Attention: MR. PAUL V. FILLO, Regional Director

RE: Victor V. Botts & Joseph A. Johnson
a Partnership, DBA Madrone Mining Co.

Dear Mr. Fillo:

In reference to your inquiry as to the name Madrone Mining Co. which Mr. Botts and myself use for business representation, the name is used for convenience of operations. There is no legal document representing this name. There is no reason to change the contract to this name other than the fact that all vouchers will carry the name of the Madrone Mining Co.

Whatever you wish to do in this matter is satisfactory with Mr. Botts and myself.

Yours very truly,

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

JAJ/jj

NOV 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
SECTION 11

NOV 1964
BUREAU OF MINES

Victor V. Botts & Joseph A. Johnson
3127 19th St
Bakersfield, California

November 5, 1964

Office of Mineral Exploration
450 Golden Gate Ave
San Francisco, Calif.

RE: Change of Program
OME-6348 (Mercury)
Stage I Core Holes ~~4~~, 5, and 6.
Stage II Core Hole ~~8~~

4/6/9
Madrone Mining Co.

Dear Mr. Fillo:

We wish to submit a change of program for your consideration. Due to increased exposures revealed while bulldozing access roads and drill site locations we are recommending the following changes:

Stage I

Core Hole 4 - 1. Eliminate present location because;

(a) Anticipated cross faulting appears to have a more northerly strike. A location west of this fault would fall too close to Core Hole 2. We expect Core Hole 2 to explore this area satisfactorily. OK

O.K. without amending

2. Move the location to the vicinity of survey marker #4 as indicated on the location map.
This location would test an area where outcroppings of silica-carbonate rock have showings of cinnabar. There is an old prospect adit which extends some 20 feet more or less into the hillside which is additional evidence that some showings of cinnabar were recognized previously

Core Hole 5 - Reduce the angle in this hole from -50° to -20° because:
New exposure revealed in preparation of drill site location for Core Hole 6 suggests faulting may have shallower dip than previously expected.

Core Hole 6 - Reduce the angle in this hole from -50° to 0° and move the location approximately 25 feet westerly because:
The fault gouge exposed while preparing the drill site suggests a shallower dip and the extent of gouge further suggests we move the location westerly to as close to the outcrop of solid formation as possible.

Stage II

Core Hole 8 - 1. Eliminate present location because:
New exposure of the probable north-limiting fault zone indicated a southerly dip to the fault where we had anticipated it to be north dipping. This would render this location ineffectual because below the fault we would probably be out of the silica-carbonate section.

2. Move the location as indicated on the map:
This location would test the area closer to the outcrop where cinnabar is exposed in small veins limited by two northwest trending faults.

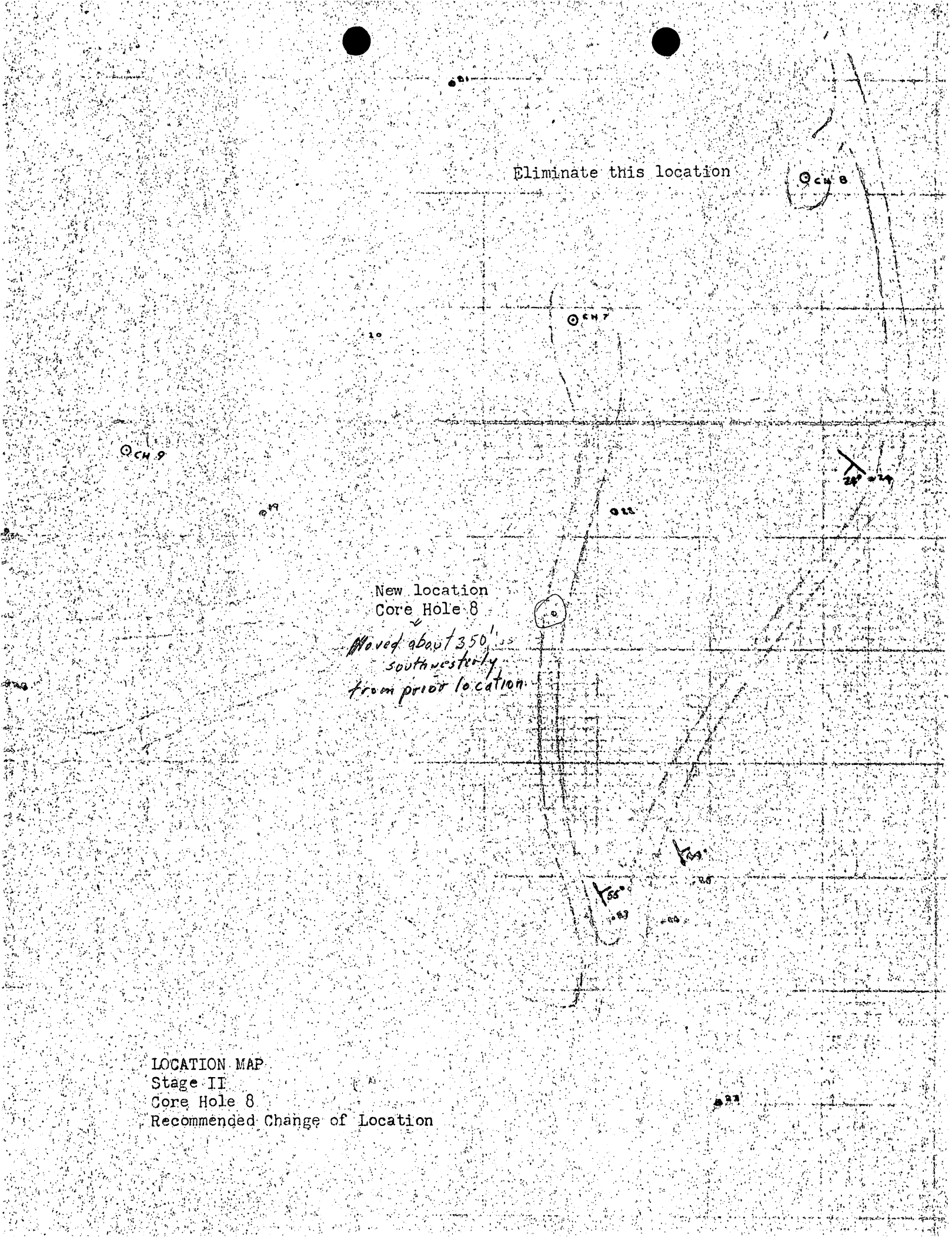
Please let us know at your earliest convenience if you concur with our proposed change of program.

Yours very truly,

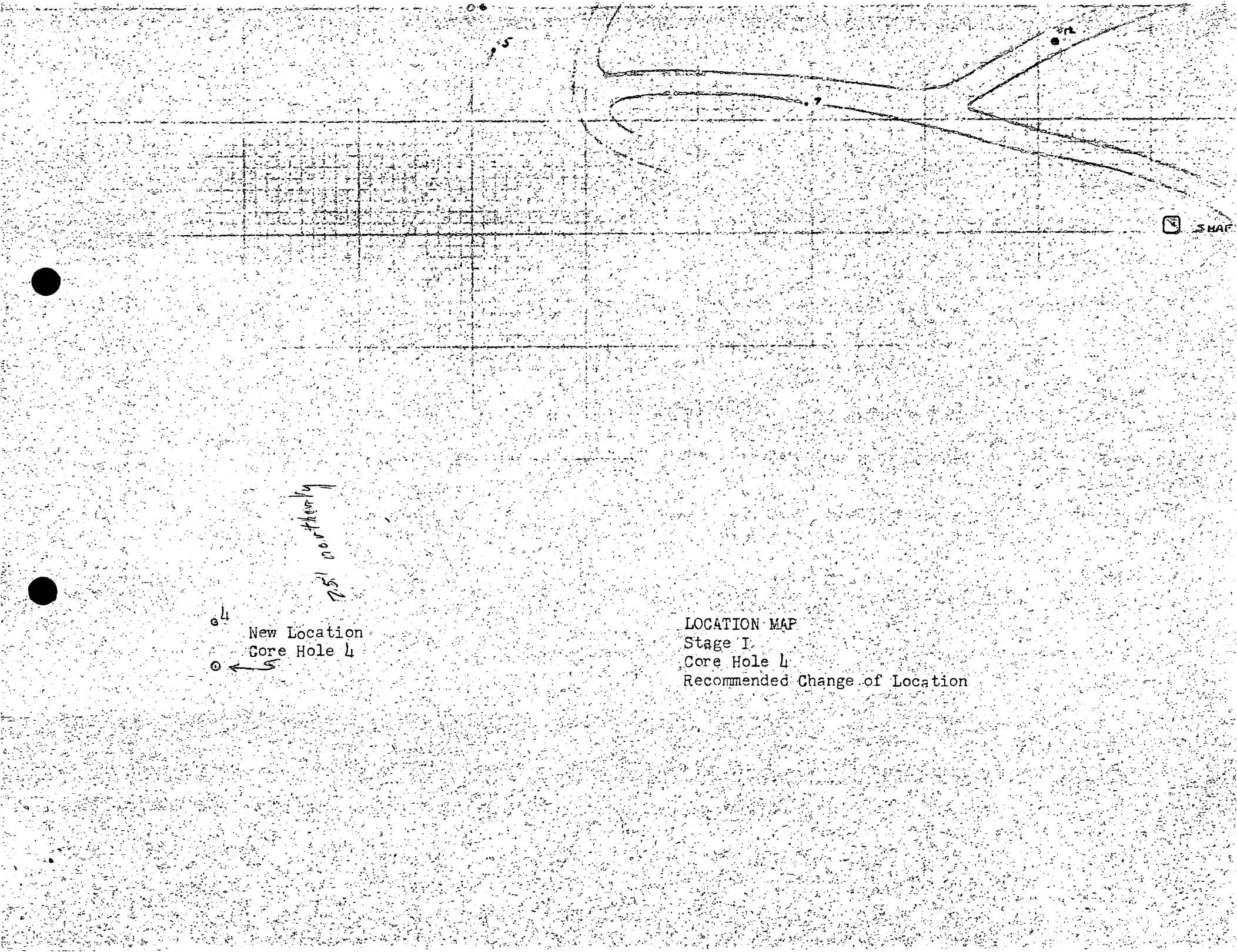
Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

JAJ/jj
Enclosures




LOCATION MAP
Stage II
Core Hole 8
Recommended Change of Location




LOCATION MAP
Stage I
Core Hole 4
Recommended Change of Location

NOV 1964
BUREAU OF MINES
OFFICE OF
EXPLORATION

Victor V. Botts & Joseph A. Johnson
3127 19th St.
Bakersfield, California

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

November 5, 1964

Attention: MR. PAUL V. FILLO. Regional Director

RE: Initiation of Stage II Drilling
OME-6348 (Mercury)

Dear Mr. Fillo:

As we discussed on your visit of Novemeber 3, 1964 in order to expedite our drilling program which has fallen behind our time estimate due to equipment malfunction and more particularly incle - ment weather. We would like to initiate the Stage II portion of our contract.

Our initial recommended program was one project and each location to be drilled was entended to test a specific idea, no one hole was contingent upon the other.

The separation of this program into two stages at the awarding of the contract still does not change the fact that positive or negative results in Stage I is not related geologically or spacially to whether or not Stage II should be drilled. Stage II is not dependent on Stage I but is just a continuation of our original exploration program.

To help expedite the drilling it may be possible that the contractor may make another drilling rig available. If this is the case it would necessitate our projecting the drilling schedule into Stage II if there is to be a continuity of the work.

May we please hear from you regarding your decision on the Stage II program at your earliest convenience.

Yours very truly,

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

JAJ/jj

NOV 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

Victor V. Botts & Joseph A. Johnson
3127 19th St.
Bakersfield, California

Office of Mineral Exploration November 5, 1964
450 Golden Gate Ave.
San Francisco, California

Attention: MR. PAUL V. FILLO, Regional Director

RE: Explanation of Drilling Procedures and Contact.
OME-6348 (Mercury)

Dear Mr. Fillo:

Because of anticipated drilling problems relating to core recovery and lost circulation we chose to use a drilling rig manufactured and operated by the Houston Tool Co. which is capable of full hole drilling with 100% recovery of the cuttings by the use of reverse circulation under a vacuum. The capabilitiy of operation is limited only by the depth of free water in the hole.

You have inspected the samples that were collected by this vacuum method and as was readily apparent they are considerabl better than could be acquired by anything other than 100% core recovery.

As I told you our core recovery has been very unsatisfactory, as we expected, due to the fractured and broken nature of the rock, inability of the diamond bit to cut softer sections effectively, and when using the drag head core barrel the cutting action would break up the core even more.

We undertook the latitude that is explained in the contract page 3, Article 6 Costs, (a) Allowable Costs, second paragraph in (2) to negotiate a letter agreement with the Houston Tool Co whereby they provide all services, this include the necessary water facilities, at a total cost of $8.00/foot and we supply the bits. The arrangement on financing was also more favorable than other contrators offered us. A copy of this letter agreement is included for your inspection. As we intend to stay within the maximum allowable cost of the contract we feel that only the form, not the substance of our drilling program has changed.

Yours very truly,

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner

JAJ/jj

Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 11/16 | Murphy | 120 m |
| 11/16 | Fisher | 800 |
| | GLP | 130 |
| 11/16 | Johnson | 110 |
| " | " | 100 |
| 11/16 | Coe | 220 m |
| | | 1-RCM |
| | | |
| | | |

NOV 16 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Exploration Operations

Subject: OMR-6348 (Mercury)
Victor V. Botta, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

In accordance with our letter of November 9, 1964, to the Operator, a copy of which was forwarded to Region II, enclosed are the original and four copies of Amendment No. 1 signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

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

George C. Selfridge

Enclosures

FMMurphy/mm
11/16/64
cc: Director's Reading File
Review Committee
Docket

23263

FMMurphy/mm 11/10/64
DRAFT

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

AMENDMENT NO. 1

It is agreed this _____ day of _____, 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 Victor V. Botts, Jr. and Joseph A. Johnson, Partners, hereinafter referred to as the "Operator," that Exploration Contract 2190 (OME-6348), dated June 12, 1964, is amended effective ~~the date of the contract~~ as follows:

In Exhibit A under General Provisions the last sentence in the last paragraph is deleted.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the amount of any item designated as "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 _____
Acting Director, Office of Minerals Exploration

By _____
Victor V. Botts, Jr.

By _____
Joseph A. Johnson

Title Partners

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 11/9 | Selfridge | 120 |
| 11/9 | [illegible] | 120M |
| | [illegible] | 800 |
| 11/9 | Johnson | 110 |
| | [illegible] | 100 |
| 11/9 | [illegible] | 220 |
| | | 120M |
| | | |
| | | |

NOV 9 - 1964

**AIRMAIL**

Mr. Joseph A. Johnson
3127 - 19th Street
Bakersfield, California

Re: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo, California
Contract 2190

Dear Mr. Johnson:

In reference to your conversation today with Mr. Selfridge, we shall amend the subject contract by deleting the last sentence of the last paragraph under General Provisions. At this time approval for drilling Holes Nos. 7, 8, and 9 in the east area under Stage II is granted.

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

Sincerely yours,

George Fumich, Jr. (gla)

Acting Director

GCSelfridge/gla (11-9-64)
cc to: Director's Reading File
Docket
Region II
Mr. Selfridge

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

October 20,1964

Memorandum

To : Chief, Division of Field Operations, OME, Region II

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

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

Paul V. Fillo

Paul V. Fillo

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

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 26 1964

| DATE | INITIALS | CODE |
|---|---|---|
| 10/26 | | 200 |
| 10/27 | | 120 |
| | | 120 |

JOSEPH A. JOHNSON
GEOLOGICAL CONSULTANT
3127 NINETEENTH STREET - PHONE 327-4804
BAKERSFIELD, CALIFORNIA

OCT 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

October 19, 1964

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, Calif.

Attention: Mr. Paul V. Fillo, Regional Director

Re: OME-6348 (Mercury)
Resubmitting September Monthly Report

Dear Mr. Fillo:

Thank you for sending the forms for the monthly reports. Enclosed herein is the report in, I hope, acceptable form.

We have been proceeding slower than anticipated due to getting the right combination on the drilling. We have had lost circulation, holes making water, and changing of the rigs used. I think we have the right set up now and hope to start making some hole.

So far we haven't seen any cinnabar except for a few flecks. However, the silica-carbonate is highly mineralized with abundant veining. It looks good for making ore!

Very truly yours,

Joe Johnson

JOSEPH A. JOHNSON, Partner
MADRONE MINING CO.

MMS FORM 60
SEPT. 1959

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

Docket No. OME-6348
Contract No. 14-23-090-2190
Contract Amount $20,160.00
Gov't. Participation % 50 $ 10,080.00
Mineral(s) Mercury

## OPERATOR'S MONTHLY VOUCHER

For Month of SEPTEMBER 1964

Operator's Name VICTOR V. BOTTS and JOSEPH A. JOHNSON, Partnership
Address 3127 19th St., Bakersfield, 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 | 276.15 | | 276.15 | | | |
| Drifting | | | | | | |
| Crosscutting | | | | | | |
| Drilling | | | | | | |
| Transportation in out, bulldozer | 96.25 | | 96.25 | | | |
| (2) Personal Services: | | | | | | |
| Supervision & Technical | | | | | | |
| Outside Consultants | | | | | | |
| Labor | | | | | | |
| (3) Operating Mat'l. & Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Rail | | | | | | |
| (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. | | | | | | |
| TOTALS | $372.40 | | $372.40 | 372.40 | — | 372.40 |

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

Date September 1964 *Payee Victor V. Botts, Jr. and Joseph A. Johnson

Per Victor V. Botts Jr. / Joseph A. Johnson Title Partnership

* 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:

$ 186.20

Signature [illegible]
(Authorized Certifying Officer)

Date 10/23/64 Vou. No. 554-2

(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. 2190

Signature Paul V. Lillo Title Acting Field Officer Date Oct. 20/64

Approved by OME Executive Officer or Alternate: OME Regional

Signature Paul V. Lillo Title Acting Field Officer Date Oct. 20/64

## 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 SEPTEMBER 1964 Docket No. OME-6348

Operator's Name VICTOR V. BOTTS, Jr. and JOSEPH A. JOHNSON Contract No. 14-23-090-2190

| 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 | | | | | | | |
| Rotary | | | | | | | |
| Drilling, Non-core-Diamond | | | | | | | |
| Rotary | | | | | | | |
| Churn | | | | | | | |
| Percussion | | | | | | | |
| Miscellaneous Moving in bulldozer | | 96.25 | 96.25 | 96.25 | 96.25 | 96.25 | 96.25 |
| Roads and Trails | | | | | | | |
| Stripping | | | | | | | |
| Trenching | | | | | | | |
| Test Pitting | | | | | | | |
| Other Surface Work Roads and drillsites | | 276.15 | 276.15 | 276.15 | 276.15 | 276.15 | 276.15 |
| Initial Rehabilitation and Repairs | | | | | | | |
| Rehabilitation of Mine Workings | | | | | | | |
| New Buildings, Fixtures, etc. | | | | | | | |
| Operating Equipment Purchases | | | | | | | |
| Analytical Work | | | | | | | |
| TOTAL TO DATE *(per MME Form 60)* | | | | 372.40 | | | 372.40 |

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 September 1964 Operator Victor V. Botts, Jr. and Joseph A. Johnson Partnership

Per Victor V. Botts Jr. Joseph A. Johnson 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. Fillo

Title Acting Field Officer OME Government Representative

Date Reviewed Oct. 20/64

(INSTRUCTIONS ON REVERSE)

## 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.

MADRONE MINING CO.
3127 19th St.
Bakersfield, Calif.

Activities report for the month of September, 1964, OME-6348 (Mercury)

During the month of September a control survey for elevation and drill site locations and also for a general indication of the location of the access roads, was completed. Enclosed is a portion of that survey for the Stage I area.

Stage I bulldozing was also completed with access roads and drill site locations prepared. A spring where the drilling water supply will come from was cleaned out and there is storage of three to four thousand gallons in the collecting pond that was prepared.

In the preparation of drill site location for Core Hole #6 it was determined that the anticipated fault zone was there as evidence by considerable gouge but that the strike of the fault may be more northerly than was indicated on the geologic map. Therefore, Core Hole #4 location was eliminated for the time being because it would fall too close to Core Hole #2 if we still located it west of the suspected fault.

Activities relating to assaying, storage and handling of the cores, plus the negotiation for and solicitation of, additional bids and availability of drilling contractors were undertaken during the month.

Joseph A. Johnson

JOSEPH A. JOHNSON, Partner
MADRONE MINING CO.

*Our Modern Equipment Cuts the Costs*

MOTOR SCRAPERS • RIPPERS
MOTOR GRADERS • COMPACTORS
'DOZERS--D4's to D8's
CARRYALLS, ETC.
LOADER AND DUMP TRUCKS

# RAINEY CONSTRUCTION
*Earth Moving*

1144 PASO ROBLES STREET
PASO ROBLES, CALIFORNIA 93446
Phone 238-3813

Sept. 8, 1964

Madrone Mine Co.
% J. A. Johnson
3127 - 19 th. St.
Bakersfield, Calif.

| | |
|---|---|
| Sept. 4 Invoice #0343 | 52.50 |
| Sept 7 Invoice #0344 | 276.15 |
| Sept. 8 Invoice #0345 | 43.75 |
| | 372.40 |

OME-6348 (mercury)

RAMEY CONSTRUCTION
Rt. 1, Box 199 Phone 238-3813
Paso Robles, Calif.

OUR NUMBER 0343

DATE 9-4-64

CUSTOMER'S ORDER

SALESMAN Bob

TERMS

F. O. B.

Sold To Johnson

Shipped To

Address

INVOICE

| | | |
|---|---|---|
| Moved DC from Smith Pit | | |
| To Marquest Ranch | 3 hr | |
| 3 hrs @ 17.50 | | 52 50 |

Rediform 7H 723

RAINEY CONSTRUCTION
Rt. [illegible] Phone 238-3813
Paso Robles, Calif.

INVOICE

| | |
|---|---|
| OUR NUMBER | 0344 |
| DATE | 9-7-64 |
| CUSTOMER'S ORDER | |
| SALESMAN | |
| TERMS | |
| F. O. B. | |

Sold To: Bunkerhill Mine Co.
[illegible] Johnson
[illegible] 19th St
Bakersfield Calif

Shipped To:

Address:

| | | | |
|---|---|---|---|
| Work Road [illegible] | | | |
| [illegible] | | | |
| Overhaul [illegible] | | | |
| 1 D-6 [illegible] | | | |
| 9 5-64 | [illegible] | @ 15.50 | 124.00 |
| 9 7-64 | 8 Hr | @ 5.00 | 131.25 |
| overhaul for the 8 Hrs | | @ 2.40 | 20.40 |

Rediform 7H 723

Rt. 1,

OUR NUMBER 0345

DATE

CUSTOMER'S ORDER

SALESMAN

TERMS

F. O. B.

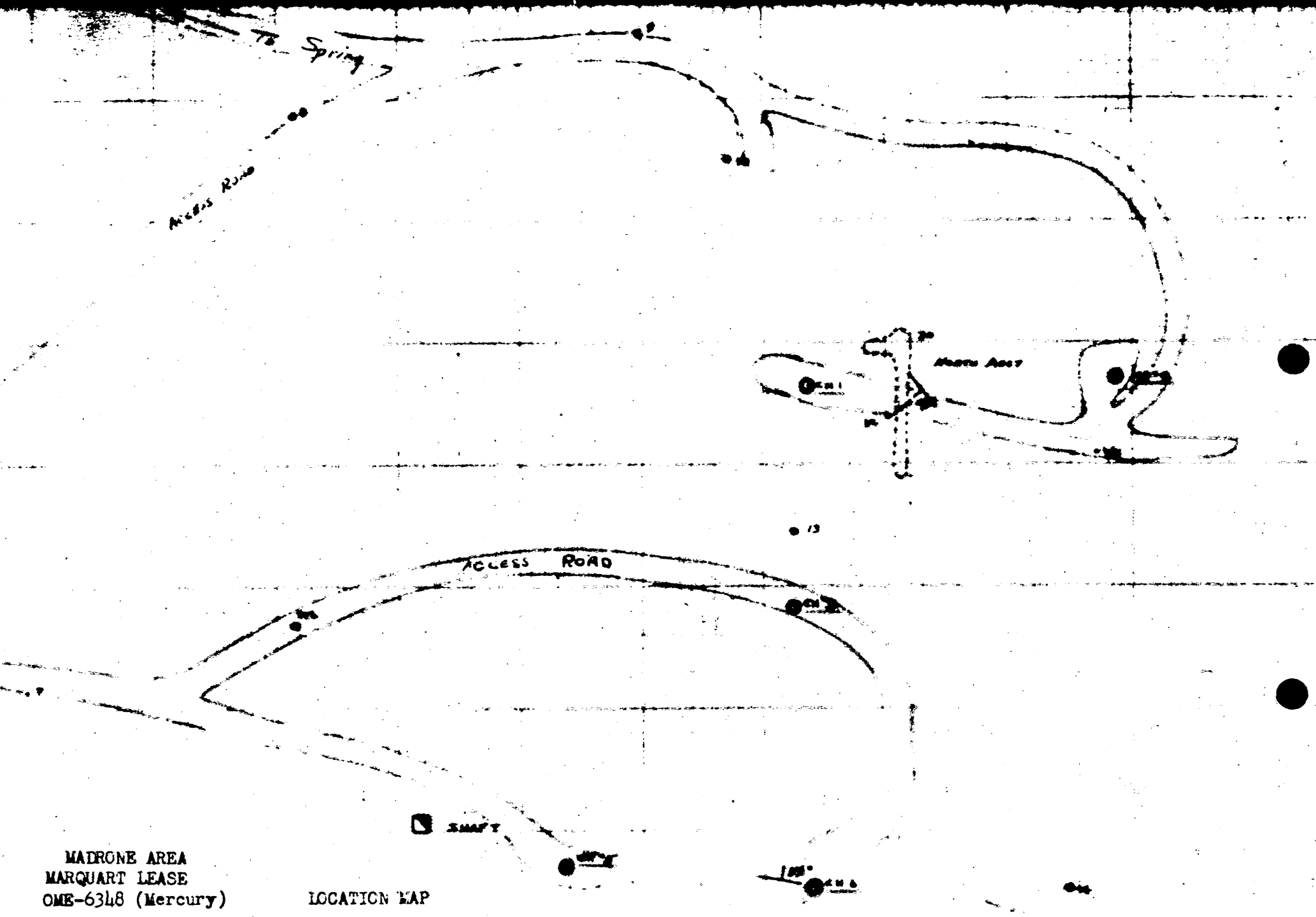
Sold To

Shipped To

Address

INVOICE

| | | | |
|---|---|---|---|
| [illegible] | | | |
| [illegible] | | | |
| [illegible] | | | |
| [illegible] | | | |
| 22 Hr | @ 19.50 | 43 75 | |




MADRONE AREA
MARQUART LEASE
OME-6348 (Mercury)

LOCATION MAP

OLD STOPE AREA

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 26 1964

| DATE | INITIALS | CODE |
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MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 10/21 | GCS | 130 |
| " | | 120M |
| 10/21 | Johnson | 110 |
| " | | 100 |
| 10/21 | cal | 220 |
| | | 120M |
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| | | |
| | | |

OCT 2 1 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: OME-6348 (Mercury)
Victor V. Betts, Jr. and Joseph A. Johnson
Madrona Quicksilver Mine
San Luis Obispo County, California
Contract 2190

In reference to your memorandum of October 14, 1964, with attachment of September 30 by Mr. Johnson, will you please ascertain from the subject Operators if any legal procedure was used in making the change in name and, if so, may we have a copy of the document. If no legal procedure was used, we should have a letter certifying that the partners are changing the name and it should be signed by both. Thereafter, we shall prepare an amendment to the contract changing the name of the Operator.

George C. Selfridge (gla)

GCSelfridge/gla (10-21-64)
cc to: Director's Reading File
Docket
Review Committee
Mr. Selfridge

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

October 14, 1964

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 19 1964

| DATE | INITIALS | CODE |
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| 10/19 | EEP | 800 |
| | | 120 m |
| | | ~~120~~ |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a copy of a letter from the subject operator for your information, and it is noted that they have changed the name of their organization to the Madrone Mining Company. Kindly advise me if or what information is needed from the operator for the record.

Paul V. Fillo

Paul V. Fillo

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

MADRONE MINING CO.
3127 19th St.
Bakersfield, Calif.

OCT 1964
BUREAU OF MINES
OFFICE OF MINERALS EXPLORATION
REGION II

September 30, 1964

Office of Mineral Exploration
450 Golden Gate Ave.
San Francisco, California

Attention: MR. PAUL V. FILLO, Regional Director

RE: OME - 6348 (Mercury)
Monthly Report

Dear Mr. Fillo:

Enclosed are the required reports for the month of September. As we lack the Government Forms MME 60 and MME 61 we are submitting same on our format. Our activity has been limited by the availabilty of drilling contractors, however, we do intend to start actual drilling operations October 5, 1964.

As you will note on the heading Mr. Botts and I are reflecting our partnership in the formation of the Madrone Mining Co. mainly for convenience of operations.

If any additional information is required please contact Vic or myself.

Yours very truly

Joseph A. Johnson

JOSEPH A. JOHNSON, partner
MADRONE MINING CO.

JAJ/jj
Enclosures

P.S. Also, enclosed is a revised geologic map and a revised Table 1.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

~~September 16, 1964~~

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 21 1964

| DATE | INITIALS | CODE |
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| 9/21 | on leave | 120 M |
| | | 120 |
| | | |
| | | |
| | | |
| | | |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, Calif.
Contract No. 2190

Enclosed is a copy of a letter from the subject operator advising this office that the bulldozer work of constructing access roads and drillsites under Stage I is completed. In the bulldozer work, the shear zone was exposed enough to show the dip of the zone is flattening to the east. If this is the case, the probability of disclosing a favorable ore zone is good. The drilling program should start within two weeks.

Paul V. Fillo

Paul V. Fillo

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

SEP 1964
BUREAU OF MINES
OFFICE OF

2818 20TH STREET
BAKERSFIELD, CALIFORNIA
93301

SEPTEMBER 14, 1964

PAUL V. FILO
OFFICE OF MINERALS EXPLORATION
450 GOLDEN GATE AVENUE
SAN FRANCISCO, CALIFORNIA

RE: OME 6348 (MERCURY)

DEAR MR. FILO:

THIS LETTER IS TO INFORM YOU THAT WE HAVE COMPLETED THE STAGE I BULLDOZING AND ARE IN THE PROCESS OF COMPLETING BOTH STAGE I AND STAGE II SURVEYING. NO PARTICULAR PROBLEMS WERE ENCOUNTERED DURING THE BULLDOZING.

SOME ADDITIONAL GEOLOGIC DATA WERE OBTAINED FROM EXPOSURES CREATED BY LOCATION BULLDOZING. THE MOST INTERESTING OF THESE, IS THE POSSIBILITY THAT THE MAIN SHAFT SHEAR ZONE FLATTENS IN DIP AS IT EXTENDS EASTWARD TOWARDS THE CONJECTURAL CROSS FAULT IN THE TOPOGRAPHIC SADDLE JUST TO THE EAST OF THE OLD SHAFT AREA. OBSERVATIONS TAKEN ON LINEATIONS IN THE GOUGE EXPOSED ON LOCATION #6 INDICATE AN APPARENT NORTHERLY DIP OF 60°. IF THIS IS THE CASE, THE EASTWARD FLATTENING OF THE ZONE CERTAINLY INCREASES THE STRUCTURAL PROBABILITY OF ENCOUNTERING ORE AT THIS LOCATION.

IN ADDITION TO THE LOCATION AND ROAD BULLDOZING, THE NORTH SLOPE SPRING WAS CLEANED OUT AND A NEW STORAGE BASIN CONSTRUCTED. WE CURRENTLY HAVE ABOUT 4000 GALLONS OF WATER IN STORAGE AND A PROBABLE SPRING CAPABILITY OF ABOUT 2000 GALLONS A DAY, THUS INSURING A ADEQUATE WATER SUPPLY FOR DRILLING OPERATIONS.

WE ARE CURRENTLY COMPLETING NEGOTIATIONS WITH DRILLING CONTRACTORS AND SHOULD BEGIN DRILLING IN ONE TO THREE WEEKS TIME. YOUR OFFICE WILL RECEIVE A COMPLETE PROGRESS REPORT FOR SEPTEMBER AT THE END OF THE MONTH.

YOURS TRULY,

Victor V. Botts Jr.

VICTOR V. BOTTS, JR.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
450 GOLDEN GATE AVENUE, BOX 36012
SAN FRANCISCO, CALIFORNIA, 94102

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 24 1964
DATE

Date: August 12, 1964

120
120M

Memorandum

To : Files

From : Acting Field Officer, Region II

Subject: Equal Employment Opportunity Under ~~Government Contracts~~
OME-6348 (Mercury)
Operator: J. A. Johnson & V. V. Botts
Name of Property: Madrone Quicksilver Mine
County-State: San Luis Obispo County, California
Contract No.: 2190

1cy 130

I have obtained the following information from my visit to the above mentioned operating project:

| | | |
|---|---|---|
| 1. | Number of all employees | 0 |
| 2. | Number of women employees | 0 |
| 3. | Number of Negro employees | 0 |
| 4. | Number of other minority groups (Indian, Latin, Oriental, etc.) | 0 |
| 5. | Was employment through a union? | – |
| 6. | Distance to the closest union headquarters. | San Luis Obispo, Calif. |
| * 7. | Are the discrimination posters prominently displayed? (Being forwarded) | No |
| 8. | If employment was through a union, was the union furnished Standard Form 38? | – |
| 9. | If employment was not through a union, in what manner was employment made? | Work will be contracted. |

Remarks: Acts of intimidation matters discussed with the operator.

* The OME contract has not started.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 8 1964

| DATE | INITIALS | CODE |
|---|---|---|
| July 6, 1964 | | |
| | | 120 |

Air Mail

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Botts & Johnson
San Luis Obispo, California
Contract No. 2190

Bond To 800
with Power of atty.

Enclosed is a duplicate Performance Bond signed by the subject operators.

The original copy was forwarded to your office June 29, 1964. We have made a copy for our files.

Paul V. Fillo
Paul V. Fillo

Enclosures:
- Performance Bond
  Power of Attorney notice

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

Memorandum

July 2, 1964

OFFICIAL FILE COPY
O. M. E.
Washington, D. C.
RECEIVED JUL 6 1964

| DATE | INITIALS |
|---|---|
| | |
| 7/8 | |
| | |
| | |
| | |

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., & Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California
Contract No. 2190

We are enclosing the Government's, Fiscal Section's, ~~and Audit's~~ signed copies of the subject contract executed by the operators.

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

OFFICIAL FILE COPY
O. M. E.

Air mail

June 29, 1964

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7/8 Fanni

Mr. Victor V. Botts, Jr.
2027 Roosevelt Street
Bakersfield, California

Re: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Dear Mr. Botts:

Enclosed are the original and four copies of a contract for exploration on Madrone Quicksilver mine.

The contract consists of MME Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page), and 2 maps (Figures 1 and 2).

If the proposed contract meets with your approval, please sign and return the following copies to this office:

Government's copy
Fiscal Section's copy
Audit's copy
Field Office's copy

The Operator's copy should be retained by you.

The document should be dated on or about the same date as the beginning of the operation.

If any part of the proposed contract does not meet with your approval, the original and all copies should be returned to this office together with your proposed changes for consideration.

You will note that the interest of 6¼ percent in Article 1(c) of the contract accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosures
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

Memorandum June 29, 1964

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Enclosed is a Performance Bond in the amount of $10,080, complying with OME regulations before releasing the subject contract for signature.

Paul V. Fillo

Paul V. Fillo

Enclosure

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

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MR GEORGE FUMICH JR ACT DIR OFFICE OF MINERALS EXPLORATION DEPT OF THE INTERIOR WASHINGTON DC 20240

REGARD TO OME-6348, RECEIVED SIGNED CONTRACT FROM JOHNSON AND BOTTS CONTRACT NO. ~~GWO OP~~ 2190

A NEALON FOR PAUL V FILLO ACT FLD OFCR OME REG II

OME-6348 2190

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

Memorandum June 16, 1964

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Victor V. Botts, Jr., and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Reference to your letter of June 12, 1964, enclosed is a copy of a letter from the lessor of the subject property stating that the above subject applicant's lease is currently in good standing.

Paul V. Fillo

Paul V. Fillo

Enclosure
cc:

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

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Rte. 1 Box 200
Templeton, Calif.
June 14, 1964.

JUN 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

Mr. Paul V. Fillo
450 Golden Gate Avenue, Box 56012
San Francisoo, California, 94102

Re: OME-6348 (Mercury)
Joseph A. Johnson & Victor Botts, Jr.
Madrone Quicksilver Min e
San Luis Obispo County, Calif.

Dear Mr. Fillo:

In regards to Botts and Johnson mining lease, the minimum royalty of $1,000 has been paid for 1964 and the lease agreement is in good standing.

Very truly yours,

Nicholas A. Marquart

Nicholas A. Marquart

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

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Air Mail

June 16, 1964

Mr. Victor V. Botts, Jr.
2027 Roosevelt Street
Bakersfield, California

Re: OME-6348 (Mercury)
Victor V. Botts, Jr., and
Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, Calif.

Dear Mr. Botts:

A proposed contract has been signed by the Acting Director for the Government for diamond drill work on the Madrone Quicksilver mine.

Before we can release this contract for signature, a satisfactory Performance Bond in the amount of $10,080 must be provided.

Sincerely yours,

PAUL V. FILLO

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

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

June 12, 1964

Mr. and Mrs. Nicholas A. Marquart
Route No. 1, Box 200
Templeton, California

Re: OME-6348 (Mercury)
Joseph A. Johnson & Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, California

Dear Mr. and Mrs. Marquart:

In regards to Botts and Johnson mining lease, kindly advise if the minimum royalty of $1,000 has been paid for 1964 and that the lease agreement is in good standing.

Thank you for your prompt attention to this matter.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer
OME, Region II

cc:

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

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MME Form 7
(10-58)

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| | Arsinoe | 500 |
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| " | Johnson | 130 |
| " | On leave | 120 |
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JUN 12 1964

**Memorandum**

**To:** Acting Field Officer, Region II

**From:** ACTING Chief, Division of Field Operations

**Subject:** OME-6348 (Mercury)
Victor V. Botts, Jr. and Joseph A. Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

Enclosed are the original and four copies of a proposed contract for the subject mine. The contract consists of MME Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page), and 2 maps (Figures 1 and 2). An extra copy of the contract is also enclosed for field use. All copies have been signed by the Acting Director for the Government. You should insert the date for commencement of the work.

A satisfactory Performance Bond in the amount of $10,080.00 must be provided to you before you can release the contract for signature.

If the proposed contract is satisfactory to you and the Applicants, all five copies should be signed by the Applicants. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicants that the 6¼ percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

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

Enclosures

P.S. Also before releasing the contract, the Applicant should be requested to submit a letter from the lessor stating that the lease is currently in good standing.

MMerrithew/mm 6/11/64
cc: Director's Reading File
Review Committee
Docket

43683

Re: OME-6348

(1) Genl Prov. provide no contribution to hole not reaching approx. depth indicated, yet totals of approx. depths are maximum. This is rather ambiguous & provides no leeway.

(2) Under Art. 8 (with no added article or footnote stating otherwise) the Govt. has salvage interest in core house. Is this the intent.

Talbutt
6/11/64

OM&B - 6348

① Annex I, second parcel of land should be S½ of SE¼, ~~sec. 22 per lease~~ and field report.

② Lease is null and void unless Opr. began work before May 1 or paid $1,000 advance ~~royalty~~ rental.

③ Have we had a DM&A contract on this property; both the name of the mine and the landowners seem familiar? No

④ In description of work, Stage I, shouldn't "approximate" or "estimated" be indicated over "Inclination" and "Depth"?

⑤ In Stage II, same as ④ above.

Talbert
5/27/64

---

The last parcel of land in Annex I should be NW¼ of the NE¼, Sec. 27 See LEASE. Also, here is the same as stated ② above.
R.W. Long

DMEA FORM 6 REFERENCE SLIP

REV. 1-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

| TO: | INITIALS | DATE |
|---|---|---|
| 1. [redacted] | | |
| 2. W. R. Griswold 4455 | | |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: W. R. Griswold | 6/3/64 | |

FOR: Check items for action desired

X Action ____ Reply for signature of ____

X Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information ~~FROM SOLICITOR~~

REMARKS:

JUN 10 1964

C V

FOR SIGNATURE

INTERIOR DEPT.

JUN 3 - 1964

SOLICITOR

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

M8278

~~Ex~~ ~~$600~~ ~~120~~ 500

**DRAFT 5/27/64**
**WRGriswold/mm**

MME Form 50
June 1963

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

EXPLORATION CONTRACT
(Long Form)

| Docket No. | Commodity | Contract No. | County | State |
|---|---|---|---|---|
| OME-6348 | **Mercury** | 14-23-090- | **San Luis Obispo** | **California** |

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

~~**Victor V. Botts, Jr. and Joseph A. Johnson, a partnership**~~

_____,

whose mailing address is **3127-19th Street, Bakersfield, 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 _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within **8** 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 $ ~~**20,070.00**~~ 20,160.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ ~~**10,035.00**~~ 10,080.00 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 at the rate of _____ 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:

**See Annex I**

(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:

**See Annex I**

(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.-- 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 four 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; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(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 three 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 two 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.--In addition to the limitations imposed by paragraph (a) of this Article 6 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. The 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 retains 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 certicifation 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 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 or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer 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 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 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 or producer 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 or producer.

(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 contrued 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.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

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 of the Interior. 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. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The Office of Minerals Exploration may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

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.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

**Victor V. Botts, Jr.**
(Operator)
~~XXXXXXXXXXXXXXXXXX~~

~~XXX~~ **Joseph A. Johnson**

By_____

Title **Partners**

_____

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]

DRAFT 5/27/64
WRGriswold/mm

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

ANNEX I

The land referred to in Article 2 of the contract consists of five land parcels as listed below, with all rights pertaining thereto, in secs. 22, 27, and 28, T. 27 S., R. 10 E., Mount Diablo P.M., in the Madrone-Cypress Mountain area, San Luis Obispo County, California.

SW¼, sec. 22

W½ of SE¼ sec. 22

N½ of NW¼, sec. 27

NE¼ of NE¼ sec. 28

NW¼, sec. 27

Total 400 acres more or less.

The land is owned in fee by Nicholas A. and Irene E. Marquart and is held by the Operator under a Mining Lease dated January 17, 1964.

The property is recorded in volume 780, pages 599 and 600 ~~at~~ at the Recorder's Office of San Luis Obispo County.

The land is shown in blue color on the attached Figure 1, "Property Map."

In lieu of a Lien or Subordination Agreement covering the fee land, the Government accepts a Performance Bond in the sum of ~~$10,035.00~~ 10,080.00, attached hereto and made a part hereof.

EXPLORATION CONTRACT
WINTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

EXHIBIT A

The purpose of this project is to explore by diamond drilling for ores of mercury occurring within a wide fault zone traversing, in part, silica carbonate rocks of the Franciscan formation and also explore the footwall thereof.

General Provisions

No work under this contract shall be performed at locations that are within 200 feet of the exterior boundaries of the property. No hole shall be drilled at a location which is within 100 feet of any other hole. All holes shall be cased through overburden and then continued NX wireline size (core diameter approximately 1-9/16").

The Government will not contribute to the cost of any hole which does not reach the approximate depth indicated.

Significantly mineralized core shall be split and one split assayed for mercury. The other split shall be stored in proper sequence with the unmineralized core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering drill sludges and such sludges shall be retained when drilling in significantly mineralized formations. Whenever the core recovery is less than 60 percent, the corresponding retained sludges shall be sampled and assayed, as shall also such core segments as may have been recovered. Such results shall be combined according to standard practice to form a representative sample.

The core from the diamond drilling shall be stored in core boxes, identified as to hole number and with markers to indicate the represented depths. Splits of the sludge and core segment samples shall be stored in suitable containers properly identified as to source and location.

The stored core and splits of samples from whatever source shall be made available for Government inspection and possible use. With prior Government approval, the Operator may dispose of such stored material.

True copies of assay certificates ~~XX~~ of all samples shall be submitted with the Operator's monthly report, which shall also include maps or sketches showing the work completed during the reporting period. The maps shall show the locations and values of the samples, with the general rock formations, plus logs of holes drilled.

The Operator shall provide such supervisory and technical services as may be required to complete the work in a satisfactory manner.

The location, direction, and extent of each work item shall be subject to Government approval.

The bulldozer used for construction of access roads and for drill site preparation shall be ~~of~~ D-7 size or equivalent dozer of other make.

The work is divided into two stages; Stage I work shall be done as outlined herein and as much of Stage II work shall be done as receives advance approval by the Government. Such approval shall be contingent upon favorable results having been obtained under the first stage.

## Description of the Work

### Stage I

The northwesterly area of the project shall be explored by six diamond drill holes, numbered one through six, as indicated in red on the attached Figure 2, "Proposed Diamond Drill Holes." Prior to such drilling, bulldozing shall be done for the necessary access roads and preparation of drill sites. A total combined footage not to exceed 800' of drilling may be done. The combined hours of bulldozing may not exceed ~~30~~. 20.

The following tabulation indicates the proposed holes:

| No. | Inclination | Depth |
|---|---|---|
| 1 | Vertical | 150' |
| 2 | Vertical | 150' |
| 3 | Vertical | 200' |
| 4 | Vertical | 100' |
| 5 (S20W) | - 50° | 100' |
| 6 (S20W) | - 50° | 100' |

A wooden core house, of a minimum size of ~~6~~ 10 x 4 x ~~10~~ 6 feet shall be constructed for core storage.

### Stage II

Five additional holes shall be drilled, holes seven through eleven, to explore the central and southeasterly areas of the project, as indicated in green on Figure 2. Prior to the drilling, such bulldozing shall be done as is necessary for access roads and drill site preparation. Not to exceed a total combined footage of 950 feet of drilling may be done and not to exceed ~~20~~ 30 hours of bulldozing may be performed.

The following tabulation indicates the proposed holes:

| No. | Inclination | Depth |
|---|---|---|
| 7 | Vertical | 150' |
| 8 (S45W) | - 60 | 200' |
| 9 | Vertical | 200' |
| 10 | Vertical | 200' |
| 11 | Vertical | 200' |

## Estimated Costs of the Project

### Stage I

**Category (1) Independent Contracts**

| | | | |
|---|---|---|---|
| Bulldozing | | | |
| Transportation of dozer in and out | | 100.00 | |
| 20 hours @ $16.00/hr. | | 320.00 | $ 420.00 |
| Diamond drilling | | | 8,204.00 |
| Mobilization and demobilization | 765.00 | | |
| Overburden drilling and casing, per ft. | 5.95 | | |
| NXWL drilling, per ft. | 7.15 | | |
| Reaming and casing, per ft. | 3.75 | | |
| Cementing and redrilling, per hr. | 12.75 | | |
| Cementing and drilling materials | 400.00 | | |
| | | | $8,624.00 |

**Fixed Unit Costs**

| | | |
|---|---|---|
| 80 cardboard core boxes @ $0.95 | 76.00 | |
| Core house | 350.00 | |
| 60 determinations for mercury @ $5.00 | 300.00 | |
| * Incidental allowance for each foot of drilling completed, @ 800' @ $0.60 | 480.00 | $1,206.00 |
| Total Stage I | | $9,830.00 |

## Stage II

**Category (1) Independent Contracts**

| | | |
|---|---|---|
| Bulldozing | | |
| 30 hrs. @ $16.00 | | $ 480.00 |
| Diamond drilling | | 8,835.00 |
| Overburden drilling and casing, per ft. | 5.95 | |
| NXWL drilling, per ft. | 7.15 | |
| Reaming and casing, per ft. | 3.75 | |
| Cementing and redrilling, per ft. | 12.75 | |
| Cementing and drilling materials | 500.00 | |
| | | $9,315.00 |

**Fixed Unit Costs**

| | | |
|---|---|---|
| 100 cardboard core boxes @ $0.95 | 95.00 | |
| 70 determinations for mercury @ $5.00 | 350.00 | |
| * Incidental allowance for each foot of drilling completed, 950' @ $0.60 | 570.00 | $1,015.00 |
| Total Stage II | | $10,330.00 |

**SUMMARY**

| | |
|---|---|
| Total estimated cost Stage I | $ 9,830.00 |
| Total estimated cost Stage II | 10,330.00 |
| Total estimated cost of the project | $20,160.00 |
| Government participation @ 50% | $10,080.00 |

* Includes all costs, Categories 2 through 7, except core house, core boxes, and assaying.

DRAFT 5/27/64
WRGriswold/mm

EXPLORATION CONTRACT
VICTOR V. BOTTS, JR. AND JOSEPH A. JOHNSON
OME-6348

EXHIBIT A

The purpose of this project is to explore by diamond drilling for ores of mercury within a wide fault zone traversing ~~a~~ silica carbonate rocks and ~~in~~ the footwall area of this zone.

General Provisions

No work under this contract shall be performed at locations that are within 200 feet of the exterior boundaries of the property. No hole shall be drilled at a location which is within 100 feet of any other hole. All holes shall be cased through overburden and then continued NX wireline size (core diameter approximately 1-9/16").

The Government will not contribute to the cost of any ~~incom-plete~~ hole which does not reach the approximate depth indicated.

Significantly mineralized core shall be split and one split assayed for mercury. The other split shall be stored in proper sequence with the unmineralized core. No sample shall represent a hole length of greater than five feet.

Facilities shall be provided for recovering drill sludges and such sludges shall be retained when drilling in significantly mineralized formations. Whenever the core recovery is less than 60 percent, the corresponding retained sludges shall be sampled and assayed, as shall also such core segments as may have been recovered. Such results shall be combined according to standard practice to form a representative sample.

The following tabulation indicates the proposed holes:

| No. | Inclination | Depth |
|---|---|---|
| 7 | Vertical | 150' |
| 8 (S45W) | - 60 | 200' |
| 9 | Vertical | 200' |
| 10 | Vertical | 200' |
| 11 | Vertical | 200' |

## Estimated Costs of the Project

### Stage I

**Category (1)** Independent Contracts

Bulldozing

| | | |
|---|---|---|
| Transportation of dozer in and out | 100.00 | |
| 20 ~~30~~ hours @ $16.00/hr. | 320.00 ~~480.00~~ | 420.00 ~~580.00~~ |
| Diamond drilling | | 8,204.00 |
| Mobilization and demobilization | 765.00 | |
| Overburden drilling and casing, @ per ft. | 5.95 | |
| NXWL drilling, per ft. | 7.15 | |
| Reaming and casing, per ft. | 3.75 | |
| Cementing and redrilling, per hr. | 12.75 | |
| Cementing and drilling materials | 400.00 | ~~$8,784.00~~ 8624. |

**Fixed Unit Costs**

| | | |
|---|---|---|
| 80 cardboard core boxes @ $0.95 | 76.00 | |
| Core house | 350.00 | |
| 60 determinations for mercury @ $5.00 | 300.00 | |
| * Incidental allowance for each foot of drilling completed, 800' @ $0.60 | 480.00 | $1,206.00 |
| Total Stage I | | ~~$9,990.00~~ 9830.00 |

## Stage II

**Category (1)** Independent Contracts

| | | |
|---|---|---|
| Bulldozing | | |
| 3 20 hrs. @ $16.00 | | $ ~~320.00~~ 480 |
| Diamond drilling | | 8,835.00 |
| Overburden drilling and casing, ~~XXXXXXX~~ per ft. | 5.95 | |
| NXWL drilling, per ft. | 7.15 | |
| Reaming and casing, per ft. | 3.75 | |
| Cementing and redrilling, per hr | 12.75 | |
| Cementing and drilling materials | 500.00 | |
| | | ~~$9,155.00~~ 9315. |

**Fixed Unit Costs**

| | | |
|---|---|---|
| 100 cardboard core boxes @ $0.95 | 95.00 | |
| 70 determinations for mercury @ $5.00 | 350.00 | |
| * Incidental allowance for each foot of drilling completed, 950' @ $0.60 | 570.00 | |
| | | $1,015.00 |
| Total Stage II | | ~~$10,170.00~~ 10330 |

**SUMMARY**

| | |
|---|---|
| Total estimated cost Stage I | $ 9,~~990.00~~ 830. |
| Total estimated cost Stage II | ~~10,170.00~~ 10330 |
| Total estimated cost of the project | $ 20,160.00 |
| Govertment participation @ 50% | $ 10,080.00 |

* Includes all costs, Categories 2 through 7, except core house, ~~XXX~~ core boxes, and assaying.

Pocket Work sheet on MZ 6348

Stage I Diamond drilling

~~Non core (ex~~

Overburden

60' @ 5.95 $360.

~~30~~ rounded

740' NX WL @ 7.15 529.

Reaming & casing 200 ft @ 3.75 750.

Cementing & redrilling

50 hrs @ 12.75 638.

Cementing & drilling materials 400.

~~7115.~~ 7439

Mob. & demob. 765

~~7880.~~ 8204

The incidental allowance of 60¢ per ft suggested by the Field Officer appears reasonable.

Stage II

Diamond drilling

~~10 overburden~~

~~50 @ 5.95 30~~

Stage I drilling costs are (less mob. and demob) 7439 or 9.20 per ft. Hence for Stage II drilling we would have 950 ft times 9.30, or $8835.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

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| DATE | INITIALS | |
|---|---|---|
| May 21, 1964 | | 136 |
| Washington, D. C. | | |
| | Grissell | 500 |
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Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson & Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, California

Enclosed are the original and two copies of the Report of Examination on the above subject mine which was examined by the Acting Field Officer, April 15, 1964.

The report recommends approval for a moderate drilling program in two stages to explore the silica carbonate rocks in an area where a northwest thrust-fault zone is offset by two northeasterly trending faults and the footwall of a shear zone of prominent size is exposed in the north slope adit.

The program would cost a total of $16,727 and the Government's assistance at 50 per cent would cost $8,363.50.

Paul V. Fillo

Paul V. Fillo

Enclosures

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION

# REPORT OF EXAMINATION BY ACTING FIELD OFFICER REGION II

APPLICATION REPORT

OME-6348 (Mercury)
Joseph A. Johnson and Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo County, California

By

Paul V. Fillo
Acting Field Officer
OME, Region II

May 21, 1964

FIELD EXAM. REPT.

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I L L U S T R A T I O N


Figure 1. ---------- Location Map

Figure 2. ---------- Property Map

Figure 3. ---------- Proposed Diamond Drill Holes

## INTRODUCTION

An application for OME assistance submitted by Joseph A. Johnson, a partnership, 3127 - 19th Street, Bakersfield, California, requested a loan to conduct an exploratory program on the Madrone Quicksilver mining property in Madrone-Cypress Mountain Area. The property is located about 18 miles west of Paso Robles in San Luis Obispo County, California.

The application was assigned OME-6348 and was referred to this office on April 3, 1964, for consideration and a field examination, if necessary. The application includes an estimated total cost of $24,728.98 to perform a diamond-core drilling exploratory program consisting of 1,850 feet.

A field examination was made by Paul V. Fillo, acting field officer, OME, Region II, on April 15, 1964, accompanied by Victor B. Botts, Jr., a partner of the applicant.

## SUMMARY

The ore deposits occur in a wide-fault zone within a silica carbonate rock. Structurally, the fault zone is irregular of highly sheared and altered Franciscan rocks. The ore deposits were controlled by structural closure afforded by fault intersection and in a hiatus or folding within the country rock. The applicants proposed a drilling program to explore the underside (footwall of the shear zone) and the eastern end of the ridge where there are evidences of structural changes and occurrences of

cinnabar silica carbonate formation.

## RECOMMENDATION

The program of exploring the Madrone Mine area appears reasonably justified. It is recommended that the Government enters into an OME contract of a moderate drilling program with Johnson and Botts; and to provide 50 per cent of the cost of the program which consists of 1,750 feet of drilling of which 50 per cent would be diamond core drilled. The total cost estimated to be about $16,727.00 of which the Government's share at 50 per cent would be $8,363.50. Three months' time will be required to complete the contract on two shift-bases. To facilitate administration of the contract, the work should be based on footage-unit cost.

## LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Madrone mine is located about 18 miles west of San Luis Obispo, California. The property can be reached by traveling south from Paso Robles on U.S. Highway 101, three miles; thence, turn right on road to Cambria, California, and travel 12.2 to the Marquart ranch.

The mine property is half mile northeast of the ranch house in secs. 22 and 27 T. 27 S., R. 10 E., MDMB.

The property lies on an average elevation of 1,800 feet. The terrain is of moderate relief. The area is covered with Madrone manzanita, oak, pine, and sagebrush and has several springs. The water could be used for drilling, mining, and milling purposes.

During the rainy reason from December through February, the area could be impassable, but the year-round operation is considered feasible.

## PROPERTY

### History of Production

The Madrone Mine was discovered prior to 1900; the recorded work was conducted between 1900 and 1902 by the Madrone Quicksilver Mining Company, Inc. The work was confined to exploring ore body outcrop. A short adit was driven to the intersection of the ore body and later a shaft was sunk 125 feet to test the ore body at a greater depth. Their findings on this work is unknown. Presently, the shaft is inaccessible. At one time the property had a 10-pipe Johnson-McKay retort erected. Production from the property is estimated to be less than 100 flasks.

### Ownership

The property consisted of about 400 acres of which the applicants have under lease. The property has been previously referred to as the Madrone Quicksilver Mines, Madrone Cypress area, San Luis Obispos, California, and is recorded in volume 780, pages 599 and 600 as follows:

> S.W.1/4 sec. 22, S.1/2 S.E. 1/4 sec. 22; N.1/2 N.W.1/4 sec. 27; N.E.1/4 sec. 28; N.W.1/4 N.E.1/4 sec. 27; and all in T. 27 R. 10 E. MDMB.

The above acreage is held by Nicholas A. Marquart and Irene E. Marquart who did not choose to sign a Lien and Subordination Agreement. The applicants have stated they would furnish a performance bond if they were favored with an OME contract.

### Financial Eligibility

The applicants have submitted evidence accompanying the original

application that they were unsuccessful in securing a loan for exploratory purposes from the banking institutions. The applicants purpose to finance their share of the program from funds currently on hand.

Mine Development

The property has two short adits and a 125-foot shaft of which one of the adits and the shaft are inaccessible. The remaining adit (the north slope) is accessible and exposes the shear zone. There are no existing buildings nor equipment on the property.

## GEOLOGY[1]

Geological Setting

The geological horizon of the Madrone Mine area is located in a strongly folded and altered Franciscan sediments within a northwest trending thrust-fault zone. Within the general mine area, the fault is offset by two northeasterly trending faults. The rock formation within the fault zone is silica carbonate and averages 300 to 500 feet in width and extends over 1,500 feet in northwest and southwest directions. The silica carbonate rock composes of chalcedony quartz and granular carbonate. In the fault zone several shear zones separate rocks of silica carbonate from each other. These zones contain strongly sheared sandstone and shale. The shear zone strikes east and west and is in or near the shaft area and dips to the north and to the southwest. The shear zone is principally composed of deformed shale with occasionally fragments of sandstone and highly altered serpentine. The outside of the border of the main fault zone are several various types of rocks which are unaltered serpentine

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1/ Calif. Div. of Mines, Quicksilver Resources of California, Bulletin 27, 1908.

and Franciscan sandstone, shale, and meta-cherts.

Ore Deposits

The surface showing at one place exposed a vein type structure, striking east and west and dipping to the north. Geologically the distribution of cinnabar has been controlled by at least two major factors, the first factor is the northwestern trending fault zone and the second factor is the presence of the Franciscan and associated rocks and that most of the deposits are in the Franciscan formation. All the mineralization of all the ore deposits do occur in the major faults zone or closely associated with the minor structural features. Bodies of ore that are rich enough to mine are termed ore shoots which occur at various places within the main deposits. Most of these shoots are at places where the enclosing vein changes abruptly in dip or less commonly where it changes in the strike. The character of the wall rocks surrounding the deposits has also influenced the disposition of ore. Ore shoots are much more likely to occur where the vein or the disseminated deposits are bounded by gouge or by shaly rock than by the wall rocks where they are porous or highly fractured.

Sampling

For record purposes, samples were taken from the north slope adit and of the shear zone and assay results are as follows:

| Sample No. | Description | Pounds Per Ton Hg |
|---|---|---|
| 15390 | Character sample of the north slope adit | 0.2 |
| 15391 | Character sample of shear zone in the north slope adit | 0.4 |

Ore Reserves

No measured reserves of mercury ore are present on the property the applicants proposed for exploration.

## EXPLORATION

As suggested, the applicants have submitted a revised map showing their proposed diamond-core drill hole locations with a total footage of 1,800 feet at an estimated total cost of $18,778.00. Six drill holes were deleted from the original program. The new program prescribes the holes to be deeper.

The proposed division of this work is as follows:

| | | |
|---|---|---|
| A (1) | Bulldozing access roads and preparation of drill site location. 50 hours at $16.00 ..... | $ 800.00 |
| (2) | Drilling 1,800 feet of NX core including drilling rig, water truck and labor. Est. 14 weeks (40 hrs. per week) at $20/hr. ..... (This includes move in and out.) | 11,200.00 |
| (3) | Sample assaying; 200 samples at $6 ..... | 1,200.00 |
| B. | Personal services, include engineer, accounting, surveying, and supervision ..... | 1,330.00 |
| C. | Expendable materials and supplies: | |
| (1) | Core bits | |
| | 10 NX Diamond at $207.00 ..... | 2,070.00 |
| | 20 NX Tungsten carbide Draghead at $22.50 .. | 451.00 |
| | 5 NX Full Hole 3 cone rock at $45.00 ..... | 225.00 |
| (2) | Core Catcher 20 at $4.40 ..... | 88.00 |
| (3) | Core Barrels: | |
| | 2 Double Tube NX 10-foot at $179.35 ..... | 358.70 |
| | 2 Double Tube NX 5-foot at 166.40 ..... | 332.80 |

| | | |
|---|---|---|
| (4) | Drilling Mud 20 sacks at $2.50 ..... | $ 50.00 |
| (5) | Lost Circulation Material 10 sacks at $8.25.. | 82.50 |
| (6) | Surveying, drafting, office supplies ..... | 250.00 |
| (7) | Core boxes 200 at $0.95 ..... | 190.00 |
| D. | Estimated insurance costs ..... | 150.00 |
| | Total estimated cost | $18,778.00 |

The applicants estimated cost for diamond-core drilling is based on an hourly fee plus material and supplies. Consequently the cost of the program would be higher than to calculate the cost on per foot basis. A moderate diamond-core drilling program in two stages appears justified and the work should be concentrated along fault zone and the footwall of the shear zone.

It is recommended for Stage I the diamond-core drill holes 1, 2, 3, 4, 5, and 6 be drilled; if the results appeared favorable, then Stage II drilling program, consisting of drill holes 7, 8, 9, 10, and 11, be completed.

The suggested proposed drill sites of the program are shown on Fig. 3. The following table shows the cross index of the original drill hole numbers and what is proposed for the OME program as well as estimated depth and inclination.

PROPOSED DIAMOND-CORE DRILL HOLES

SCHEDULE

| Stage | Applicants' Original Proposed Drill Holes | Inclination | Depth. | OME Proposed Drill Holes | Inclination | Depth |
|---|---|---|---|---|---|---|
| I | 1 | -40° | 100' | 1 | Vert. | 150' |
| | 2 | Vert. | 50' | | | |
| | 3 | -40° | 100' | 2 | Vert. | 150' |
| | 4 | Vert. | 70' | | | |
| | 5 | Vert. | 170' | 3 | Vert. | 200' |
| | 6 | Vert. | 80' | 4 | Vert. | 100' |
| | 7 | -40° | 100' | | | |
| | 8 | -40° | 100' | | | |
| | 9 | -40° | 100' | | | |
| | 10 | Vert. | 100' | | | |
| | 11 | -50° | 80' | | | |
| | 12 | -50° | 80' | 5 (S20W) | -50° | 100' |
| | 13 | -50° | 80' | 6 (S20W) | -50° | 100' |
| II | 14 | Vert. | 120' | 7 | Vert | 150' |
| | 15 | Vert. | 120' | | | |
| | 16 | -60° | 100' | 8 (S45W) | -60° | 200' |
| | 17 | Vert. | 150' | 9 | Vert | 200' |
| | 18 | Vert. | 150' | 10 | " | 200' |
| | | | | 11 | " | 200' |
| | Total | | 1,850' | Total | | 1,750' |

## Cost Estimate

An estimated costs of the diamond core drilling project are suggested as follows:

| | |
|---|---|
| Construction of access roads and drill sites<br>50 hours at $16..... | $ 800.00 |
| Transportation of bulldozer to and from project area..... | 100.00 |
| Diamond-core drilling, sizes and rates<br>NX 0 - 200 feet at $6.30/ft.<br>1,750 feet X $6.30..... | 11,025.00 |
| Reaming and casing NX holes<br>150 feet at $3/ft..... | 450.00 |
| Cementing and redrilling<br>90 hours at $10.80/hr..... | 972.00 |
| Overburden drilling<br>100 feet at $6/ft..... | 600.00 |
| Mobilization and demobilization of drill and equipment..... | 500.00 |
| Cementing materials for drilling..... | 100.00 |
| Cardboard core boxes ?<br>200 at $0.65/box ..... | 130.00 |
| Samples assayed for mercury<br>200 at $5/sample ..... | 1,000.00 |
| Fixed Unit Costs<br>Incidental allowance $0.60 X 1,750 ft. | 1,050.00 |
| Total Costs | $16,727.00 |

Total cost per foot $9.56

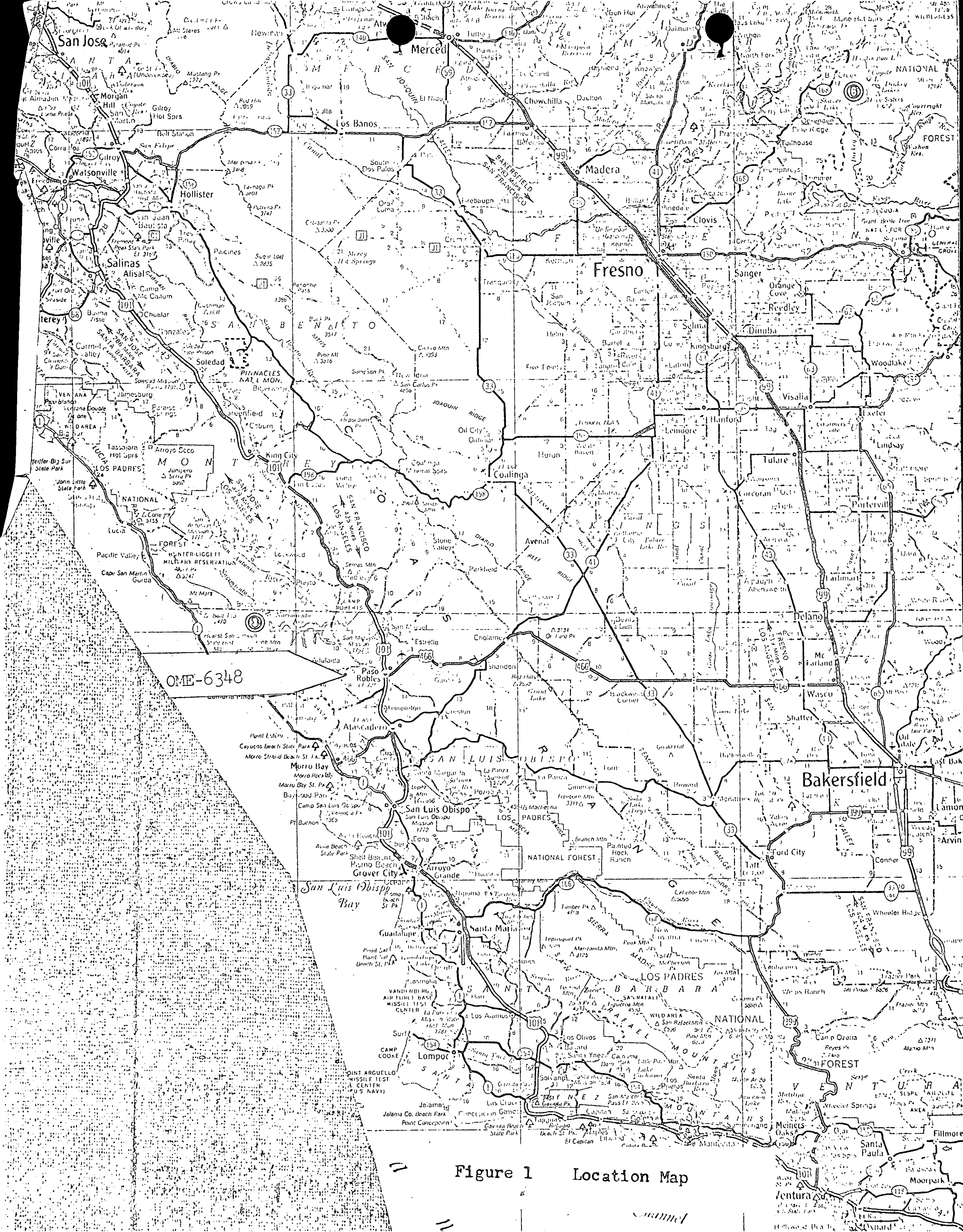



Figure 1 Location Map

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 11 1964

| DATE | INITIALS | CODE |
|---|---|---|
| | | 500 |

Memorandum

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

From : Acting Field Officer, OME, Region II

Subject: OME-6348 (Mercury)
Joseph A. Johnson & Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo, California

Enclosed is the subject applicants' revised diamond-drill program. The applicants deleted six drill holes from their original proposal, and the project now appears to come into focus for a moderate drilling program.

Although the cost is a little high, a favorable report is in preparation for a moderate exploratory program.

Paul V. Fillo

Paul V. Fillo

Enclosure

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

MAY 1964
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION 11

2027 ROOSEVELT STREET
BAKERSFIELD, CALIFORNIA
APRIL 30, 1964

PAUL V. FILLO
OFFICE OF MINERALS EXPLORATION
113 CUSTOM HOUSE
555 BATTERY STREET
SAN FRANCISCO, CALIFORNIA

RE: OME 6348 (MERCURY)
REVISION TO APPLICATION

DEAR MR. FILLO:

YOU WILL FIND ENCLOSED A REVISED MAP SHOWING PROPOSED DRILL HOLE LOCATIONS AS DISCUSSED IN OUR CONVERSATION 15 APRIL. THIS MAP WILL REPLACE BOTH PLATE II AND PLATE VII ENCLOSURES TO GEOLOGIC REPORT: GEOLOGY AND RECOMMENDATIONS FOR EXPLORATION AT THE MADRONE QUICKSILVER MINE.

IN ADDITION, A LIST CONTRASTING ORIGINAL DRILL HOLE LOCATIONS AND DEPTHS AGAINST REVISED LOCATIONS AND DEPTHS HAS ALSO BEEN INCLUDED. AS OUTLINED IN THE LIST, 6 HOLES IN THE ORIGINAL PROPOSAL HAVE BEEN DELETED WITH THE THOUGHT OF PROPOSING THESE LOCATIONS AND POSSIBLY OTHERS ON AN AMENDED CONTRACT IF SIGNIFICANT ORE BODIES ARE ENCOUNTERED IN THE REVISED DRILLING PROGRAM. MOST OF THE REMAINING HOLES HAVE BEEN INCREASED IN DEPTH IN ORDER TO FULLY EXPLORE THE PROPERTY. ONE ADDITIONAL HOLE HAS BEEN ADDED WITH THE INTENT OF MAKING A DEEP TEST OF THE LARGEST BODY OF SILICA-CARBONATE ROCK IN THE MADRONE MINE PROPERTY.

A THIRD ENCLOSURE, REPLACING SECTION 7 OF THE APPLICATION, LISTS ESTIMATED COSTS FOR THE REVISED PROGRAM. BOTH MR. JOHNSON AND MYSELF FEEL THAT THE COSTS HAVE BEEN CUT TO THE VERY MINIMUM FOR THE TYPE OF PROGRAM THAT WE ARE PROPOSING.

VERY TRULY YOURS,
Victor V. Botts Jr.
VICTOR V. BOTTS, JR.

ENC: (1) 2 COPIES PLATE II (REVISED) GEOLOGY AND RECOMMENDATIONS FOR EXPLORATION AT THE MADRONE QUICKSILVER MINE
(2) 4 COPIES LIST OF PROPOSED DRILL HOLES
(3) 4 COPIES SECTION 7, ESTIMATE OF COSTS (REVISED)

4/28/64

# LIST OF PROPOSED DRILL HOLES

| DRILL HOLES PROPOSED ON INITIAL APPLICATION | | DEPTH | DRILL HOLES (REVISED) | | DEPTH |
|---|---|---|---|---|---|
| 1 | (INCLINED) | 100' | 1 | (VERTICAL) | 150' |
| 2 | | 50' | 2 | | 150' |
| 3 | (INCLINED) | 100' | (DELETED) | | |
| 4 | | 70' | 3 | | 150' |
| 5 | | 170' | 4 | | 200' |
| 6 | | 80' | 5 | | 100' |
| 7 | (INCLINED) | 100' | (DELETED) | | |
| 8 | (INCLINED) | 100' | (DELETED) | | |
| 9 | (INCLINED) | 100' | (DELETED) | | |
| 10 | | 100' | 6 | | 100' |
| 11 | (INCLINED) | 80' | (DELETED) | | |
| 12 | (INCLINED) | 80' | 7 | (INCLINED) | 100' |
| 13 | (INCLINED) | 80' | 8 | (INCLINED) | 100' |
| 14 | | 120' | 9 | | 150' |
| 15 | | 120' | (DELETED) | | |
| 16 | (INCLINED) | 100' | 10 | (INCLINED) | 200' |
| 17 | | 150' | 11 | | 200' |
| 18 | | 150' | 12 | | 200' |
| | | | 13 | | 200' |
| | TOTAL | 1850' | | TOTAL | 1800' |
| | | | | | 2000' |

7. ESTIMATE OF COSTS (REVISED)

THE ESTIMATED COST OF THE PROPOSED DRILLING PROGRAM WITH THE ATTENDANT PREPARATION BEFORE, ASSAYING, AND EVALUATION OF THE RESULTS AFTER IS $18,931.52. EQUATED ON A PER UNIT BASIS OF FOOTAGE DRILLED THIS WOULD AMOUNT TO $10.51 PER FOOT FOR 1800 FEET OF HOLE.

(A) CONTRACT WORK WOULD INCLUDE THE NECESSARY BULLDOZER WORK, AND ASSAYING THE SAMPLES. THE FOLLOWING IS A BREAKDOWN OF THE ESTIMATED CONTRACT COSTS:

| | | |
|---|---|---|
| (1) BULLDOZING ACCESS ROADS, MINOR REPAIRS ON THE MAIN ROAD, AND PREPARATION OF DRILL SITE LOCATIONS- ESTIMATE 50 HOURS OF OPERATION AT $16.00 | | $ 800.00 |
| (2) DRILLING 1800 FEET OF NX CORE, INCLUDING DRILLING RIG, WATER TRUCK, AND LABOR. ESTIMATE 14 WEEKS (40 HOURS PER WEEK) AT $20.00 PER HOUR. ESTIMATE INCLUDES MOVE IN AND OUT. | | $11,200.00 |
| (3) SAMPLE ASSAYING-200 SAMPLES AT $6.00 EACH | | $ 1,200.00 |
| TOTAL CONTRACT WORK | | $13,200.00 |

(B) PERSONAL SERVICES RENDERED WOULD INCLUDE: ENGINEERING, ACCOUNTING, SURVEYING, SUPERVISION AND MANAGEMENT OF THE DRILLING PROGRAM AND THE EVALUATION OF THE RESULTS $ 1,330.00

TOTAL SERVICES RENDERED $ 1,330.00

(C) EXPENDABLE MATERIALS AND SUPPLIES NECESSARY WOULD INCLUDE:

| | | |
|---|---|---|
| (1) CORE BITS: | | |
| 10 NX DIAMOND AT $207.00 EACH | $2,070.00 | |
| 20 NX TUNGSTEN CARBIDE DRAGHEAD AT $22.50 EACH | 451.00 | |
| 5 NX FULL HOLE 3 CONE ROCK AT $45.00 EACH | 225.00 | |
| | $2745 .00 | |
| TOTAL BITS | | $ 2,745.00 |
| (2) CORE CATCHERS- 20 AT $4.40 EACH | | $ 88.00 |
| (3) CORE BARRELS: | | |
| 2 DOUBLE TUBE NX 10 FOOT AT $179.35 EACH | $ 358.70 | |
| 2 DOUBLE TUBE NX 5 FOOT AT $166.40 EACH | $ 332.80 | |
| | $ 691.50 | |
| TOTAL CORE BARRELS | | $ 691.50 |

7. ESTIMATE OF COSTS (REVISED)

(C) EXPENDABLE MATERIALS

| | |
|---|---|
| (4) DRILLING MUD- 20 SACKS GEL AT $2.50 EACH | $ 50.00 |
| (5) LOST CIRCULATION MATERIAL-10 SACKS AT $8.25 EACH | $ 82.50 |
| (6) SURVEYING, DRAFTING, OFFICE SUPPLIES AND POSTAGE | $ 250.00 |
| (7) CORE BOXES-200 AT $0.95 EACH | $ 181.00 |
| | $4,088.00 |
| SALES TAX | 163.52 |
| TOTAL EXPENDABLES | $4,251.52 |

(D) THE MAIN OPERATING EQUIPMENT WILL BE: DIAMOND DRILL RIG, WATER TRUCK, SERVICE TRUCK, ALL TO BE PROVIDED BY CONTRACTOR AT THE COST, INCLUDING LABOR, OF $20.00 PER HOUR. BULLDOZER, ALSO CONTRACTED AT A COST OF $16.00 PER HOUR.

(E) NOT APPLICABLE

(F) NOT APPLICABLE

(G) MISCELLANEOUS

| | |
|---|---|
| (1) ESTIMATE INSURANCE COSTS | $ 150.00 |

TOTAL ESTIMATED COST OF CORE HOLE PROGRAM $18,931.52

FORM 311A 5M 10-62

Longyear
E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

308 East Pima Street
Phoenix, Arizona 85004
April 22, 1964

Mr. Joseph A. Johnson
Geological Consultant
3127 Nineteenth Street
Bakersfield, California

SUBJECT: PROPOSAL COVERING YOUR PLANNED DRILLING PROGRAM - MADRONE QUICKSILVER PROSPECT - VICINITY, PASO ROBLES, CALIFORNIA

Dear Mr. Johnson:

1. In response to your letter of April 17, 1964, in which you requested a bid covering your planned drilling project as outlined in your letter dated March 16, 1964, we are pleased to submit for your approval our proposal for carrying out your planned work.

2. Our understanding of your project is as follows:

A) We understand that the drilling project will involve approximately 1,850 linear feet of NX size coring in approximately 20 holes. The deepest hole is not expected to exceed 150 feet in depth.

B) The holes will be vertically inclined. Distance between holes will not be in excess of 200 feet.

C) Water for drilling purposes is obtainable from springs within 1,000 feet of any proposed drill site.

D) The preparation and maintenance of suitable access roads, the leveling of drill sites and providing tractor service for the purpose of moving the drill from hole to hole will be furnished by you on a no cost basis to the Longyear Company.

E) The formation to be penetrated and cored consists of a mixture of eroded material mixed with very hard quartz mineralized veins. In general, the drilling is expected to be difficult, especially to the depths anticipated.

3. For the work as described above, we are prepared to furnish one skid mounted core drilling machine of suitable capacity together with NX wireline drilling tools and other associated equipment as may be required to successfully carry out your program. We would expect to carry out the work on a one shift basis, six days per week.

4. We will carry public liability insurance covering personal injury and property damage, and Workmen's Compensation Insurance, and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

5. Based on the conditions as outlined above and from observations gained from personally inspecting the drilling area, we are pleased to submit the following price schedule.

a) Mobilization and demobilization of personnel and drilling equipment.....$765.00 Lump Sum, per rig

b) Overburden drilling through alluvium, non-core method and including the setting of casing to ledge -

0 to 50 feet in depth.....$5.95 per foot

c) Diamond core drilling - Vertical holes

NX wireline size

0 to 200 feet in depth.....$7.15 per foot

d) Reaming, if required and where applicable.....$3.75 per foot

e) Cementing operations, where required and in lieu of reaming.....$12.75 per hour with two-man crew, plus cost of materials consumed.

f) The preparation and maintenance of proper access roads for servicing the work and the leveling of the required drill sites will be provided by you. It is also understood that tractor service for moving the drill from hole to hole will be furnished by you on a no cost basis. If furnished by the Longyear Company, the cost of such a unit will be invoiced separately to you.

g) Standby time or delays for your convenience or for which you are responsible.....$12.75 per hour with two-man crew.

h) Water for drilling purposes will be furnished from a source free of cost from springs within 1,000 feet from any proposed drill site. It will be the responsibility of the contractor to provide pipe and pumps to transfer the water to the drilling site.

In the event ample water for drilling purposes is not available on the mountain, it is understood that any costs associated with the hauling of water from some other source will be invoicable at our cost.

i) Cement, drill mud, drill mud additives and hole plugging material consumed in the drilling program will be invoiced at our cost, f.o.b. jobsite.

j) Core boxes, cardboard type, capacity 10 feet of core with covers.....$0.95 each

6. Cores will be turned over to your representative at the drill sites in containers furnished by you or by the Longyear Company as outlined above.

7. It is understood and agreed that if the Longyear Company is selected to do this work, suitable financial arrangements will be made by you prior to the start of operations.

8. Statements will be submitted promptly after the first of the month covering all work performed and billable from the previous month and payment will become due fifteen days from the date of the statement.

9. We appreciate the opportunity to submit this proposal to you. If selected to carry out this work, we are prepared to commence mobilizing operations and would expect to get the work underway in the shortest possible time.

Sincerely,

E. J. LONGYEAR COMPANY

J. R. Miller

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:jag

ACCEPTED:

Company_____

By_____

Date_____

# CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS

2810 NORTH FIGUEROA

LOS ANGELES 65, CALIFORNIA

TELEPHONE CAPITAL 2-7146

EXPLORATION DRILLING
GROUT HOLE DRILLING
CEMENT GROUTING
CHEMICAL GROUTING

BRANCH OFFICE:
419 SO. 96TH STREET
SEATTLE 8, WASHINGTON
ROCKWELL 2-0366


April 27, 1964

Mr. Joe A. Johnson
3127 19th Street
Bakersfield, California

Dear Mr. Johnson:

Regarding your inquiry of drilling NX Core Holes, the price of NX Core Holes will be about $10.00 per lineal foot. Add cost of hauling water to the above estimate.

We will not be able to take on additional work for the next 30 days. As soon as drill and crew are available, we will let you know and arrange to look at drill site and quote you a firm price for the drilling.

Very truly yours,

CONTINENTAL DRILLING COMPANY

R. F. Thies

R. F. THIES

RFT/ed

Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 4/2 | [illegible] | 500 |
| 4/2 | [illegible] | 800 |
| | [illegible] | 130 |
| 4/3 | [illegible] | 110 |
| | [illegible] | 100 |
| 4/3 | [illegible] | 220 |
| | | 500 |
| | | |
| | | |

APR 3 1964

Mr. Joseph A. Johnson
3127 - 19th Street
Bakersfield, California

Re: CME-6348 (Mercury)
Joseph A. Johnson and
Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo, California

Dear Mr. Johnson:

The application for assistance in exploring the subject property has been reviewed by the Division of Minerals of the Office of Minerals Exploration and referred to Mr. Paul V. Fillo, Acting Field Officer, Office of Minerals Exploration, Region II, 113 Custom House, 555 Battery Street, San Francisco, California 94111.

The Regional Office will notify you in case additional information concerning the application is needed.

Sincerely yours,

George Fumich, Jr.

Acting Director

GLAult/a 4-2-64
cc to: Director's Reading File
Docket
Region II

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 4/2 | [illegible] | 500 |
| 4/2 | [illegible] | 800 |
| | [illegible] | 130 |
| 4/3 | [illegible] | 110 |
| | [illegible] | 100 |
| | | 220 |
| | | 500 |
| | | |
| | | |

APR 3 1964

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: CME-6348 (Mercury)
Joseph A. Johnson and Victor V. Botts, Jr.
Madrone Quicksilver Mine
San Luis Obispo, California

The subject application is referred to Region II for review, a field examination if deemed advisable, and recommendations.

George C. Selfridge (gla)

WRGriswold/gla 4-2-64
cc to: Director's Reading File
Review Committee
Docket

P.S. The "Personal Services" item of the outlined proposed costs is, of course, ridiculous.

23263

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

555 Battery Street
San Francisco, California, 94111

Memorandum March 31, 1964

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

From : Acting Field Officer, OME, Region II

~~64~~ 6348

Subject: New Application
Botts & Johnson
Madrone Quicksilver Mine
San Luis Obispo County, California

left hand side of docket

Enclosed are two copies of the applicants' letters to banking institutions requesting a loan.

These copies are to be attached with the subject application for processing further.

Paul V. Fillo

Paul V. Fillo

Enclosures

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


ORIGINAL FILE COPY
O. M. E
RECEIVED APR 6 1964

| DATE | INITIALS | CODE |
|---|---|---|
| | ~~Gerald~~ | 500 |

March 31, 1964

Mr. Joseph A. Johnson and
Mr. Victor V. Botts, Jr.
3127 19th Street
Bakersfield, California

Subject: OME - 6348

Gentlemen:

Your application for exploration assistance, dated March, 1964 submitted to our office at San Francisco, California has been assigned Docket Number OME - 6348.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Allen S. Dakan, Chief
Division of Administrative
Management

Copy to Region II

# MADRONE MINING COMPANY

## CORE LOG

CME-6348
(Mercury)

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | |
| CORE HOLE NUMBER | #6 | ELEVATION | 2040' |
| CONTRACTOR | Houston Tool Co | TOTAL DEPTH | 100' |
| START | November 1964 | FINISH | November 1964 |
| COST PER FOOT | | GEOLOGIST | Ellis-Johnson |

| DEPTH | ELEV | BIT TYPE | LITHOLOGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | Silica-carbonate, multicolored, breccia | |
| | | | | | | Breccia, siliceous, recemented, massive calcite veining and silica-carbonate rx frags in breccia. | |
| | | | | | | Quartz, massive, minor silica-carbonate, common green rx | |
| 10 | 2030 | | | | | | |
| | | | | | | Predominantly siliceous rx, multicolored, browns, blacks, whites and greens, very hard to 22' | |
| 20 | 2020 | | | | | | |
| | | | | | | Silica-carbonate, light tan, common vein material. (Rare traces cinnabar) | |
| 30 | 2010 | | | | | Silica-carbonate, common dark apple green mineral. | |
| | | | | | | Silica-carbonate, lighter colored w/ common dark gray inclus. | |
| | | | | | | Silica-carbonate, common to abundant bright green inclusions. | |
| | | | | | | Silica-carbonate, with common fault gouge material. | |
| 40 | 2000 | | | | | | |
| | | | | | | Silica-carbonate, as above. | |
| 50 | 1990 | | | | | Fault gouge beginning at 51' to 59' | |
| 60 | 1980 | | | | | Silica-carbonate, light tan w/ common pyrite. | |
| | | | | | | Silica-carbonate, w/ common rose-colored quartz. | |
| | | | | | | Silica-carbonate, ochre, becoming more damp | |
| 70 | 1970 | | | | | | |
| | | | | | | Silica-carbonate, ochre to light tan, minor vein material. | |
| 80 | 1960 | | | | | Fault gouge, dark gray, brown w/ minor silica-carbonate and vein material | |
| | | | | | | Fault gouge, as above. | |
| 90 | 1950 | | | | | Fault gouge, becoming more clayey | |
| | | | | | | Fault gouge, kaolinitic | |
| | | | | | | Fault gouge, began at 78.5, ended at 97' | |
| | | | | | | Silica-carbonate, med yellow-brown w/ very rare vein material | |
| 100 | 1940 | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | OME-6348 (Mercury) |
| CORE HOLE NUMBER | #5 | ELEVATION | 2055' |
| CONTRACTOR | Houston Tool Co | TOTAL DEPTH | 100' |
| START | November 1964 | FINISH | November 1964 |
| COST PER FOOT | | GEOLOGIST | JOHNSON |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | Silica-carbonate, ochre, green siliceos rx w/ white vein frags, very hard | calcite |
| | | | | | | Silica-carbonate, light tan, fairly soft. | |
| 10 | 2045 | | | | | Silica-carbonate, darker ochre-brown, firm. | |
| | | | | | | Silica-carbonate, medium ochre-brown, abund kaolinitic material and dark gray mylonitic gouge, minor greenish rx frags. | |
| 20 | 2035 | | | | | | |
| 30 | 2025 | | | | | Silica-carbonate, as before, increased amounts of kaolinitic material in spots, color changes to more gray. | |
| 40 | 2015 | | | | | Silica-carbonate, ochre, common amounts of siliceous dark gray shale, or mylonite. | |
| 50 | 2005 | | | | | Silica-carbonate, kaolinized sands, minor calcite vein frags. | |
| | | | | | | Fault gouge, dark to varying lighter grays, began at 52' | |
| 60 | 1995 | | | | | Fault gouge, dark gray | |
| | | | | | | Fault gouge | |
| 70 | 1985 | | | | | | |
| | | | | | | Fault gouge ended at 70.5' | |
| | | | | | | Silica-carbonate, ochre to light tan, w/ fairly common clacite vein frags. | |
| 80 | 1975 | | | | | Silica-carbonate, multicolored, ochre, brown, tan. Color depending on the amts. of koalin and calcite material. | |
| 90 | 1965 | | | | | Silica-carbonate, ochre, w/ common amts of vein frags, some siliceous, common iron-staining, greenish rx frags common. | |
| | | | | | | Silica-carbonate, as above. | |
| 100 | 1955 | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

OME-6348
(Mercury)

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | |
| CORE HOLE NUMBER | #1 | ELEVATION | 1990 |
| CONTRACTOR | HOUSTON | TOTAL DEPTH | 147' |
| START | 10/5/64 | FINISH | November 1964 |
| COST PER FOOT | | GEOLOGIST | JOHNSON-BOTTS |

A NOTE: SHADED AREA INDICATES 100% RECOVERY

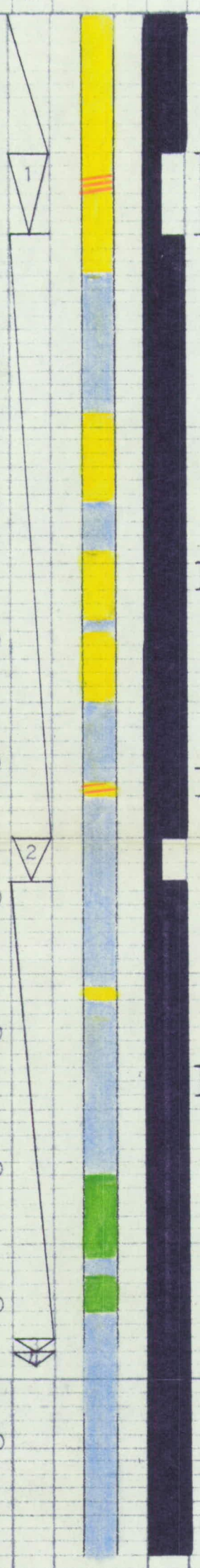
| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | FAULT GOUGE: PREDOMINATELY KAOLINITIC SANDSTONE, LT GY-LT TAN | |
| 10 | 1980 | | | | | | |
| | | | | | | SILICA-CARBONATE: OCHRE-TAN | |
| 20 | 1970 | | | | | | |
| | | | | | | ENCOUNTERED MINOR AMOUNTS OF WATER (24'-27') | |
| 30 | 1960 | 1 | | | | CORE #1(29'-35') SILICA-CARBONATE: BRECCIATED, W/ABUNDANT CARBONATE VEINS, DIP 60°, POSSIBLE FLECKS CINNABAR AT TOP OF CORE | |
| | | 2 | | | | CORE #2(35'-36') SILICA-CARBONATE: AS ABOVE W/POSSIBLE TRACES CINNABAR | |
| 40 | 1950 | | | | | SILICA-CARBONATE: LT-MED TAN | |
| 50 | 1940 | | | | | | |
| 60 | 1930 | | | | | | |
| 70 | 1920 | | | | | | |
| | | | | | | FAULT GOUGE: GY BRN-MED BRN, W/COMMON RDD DK GY ROCK GRNLS, COMMON STREAKS LT GY GOUGE | |
| 80 | 1910 | | | | | | |
| 90 | 1900 | | | | | | |
| | | 3 | | | | SILICA-CARBONATE: MED BRN, ENCOUNTERED ABUNDANT WATER | |
| | | 4 | | | | | |
| | | 5 | | | | SILICA-CARBONATE: W/COMMON CALCITE VEINING | |
| | | 6 | | | | | |
| 100 | 1890 | | | | | | |
| | | 7 | | | | Silica-carbonate and dark gray gouge material rubble. | |
| | | 8 | | | | Silica-carbonate and kaolinized sands. Core broken badly. | |
| 110 | 1880 | 9 | | | | Kaolinized sands and black and brown clayey gouge, soft. | |
| | | 10 | | | | Black, clayey fault gouge, minor frags of silica-carbonate. | |
| | | 11 | | | | Black fault gouge as above, abund frags calcite and greenish rx. | |
| 120 | 1870 | | | | | Fault gouge, as above. | |
| | | 12 | | | | | |
| | | | | | | Fault gouge and kaolinized sands, more indurated. | |
| 130 | 1860 | 13 | | | | | |
| | | 14 | | | | Sands, kaolinized, clays, and silica-carbonate, ochre to light gray, unconsolidated, wet. | |
| | | 15 | | | | As above, unconsolidated, clayey, very wet. | |
| 140 | 1850 | 16 | | | | Sands and fault gouge as above | |
| | | 17 | | | | Left 5 foot core barrel in hole. | |
| | 1843 | | | | | | |

Total Depth 147'

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #2 | ELEVATION | 1985 |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 132 |
| START | OCTOBER 1964 | FINISH | DECEMBER 1964 |
| COST PER FOOT | | GEOLOGIST | BOTTS-JOHNSON |

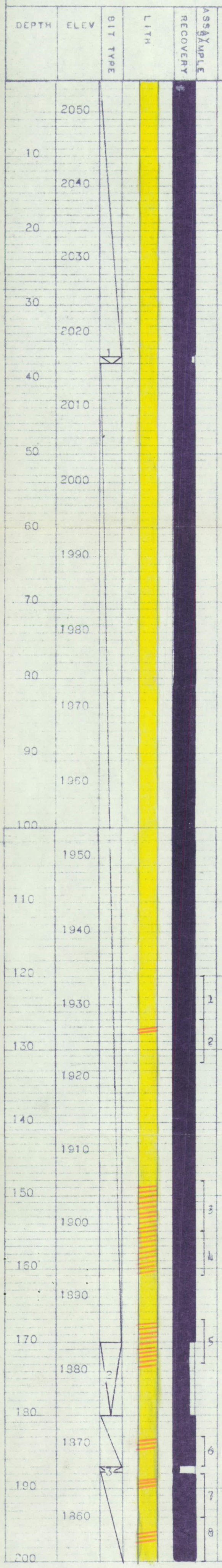


| DEPTH | ELEV | BIT TYPE | LITH | RECOVERY | ASSAY SAMPLE | DESCRIPTION | |
|---|---|---|---|---|---|---|---|
| | | | | | | SILICA-CARBONATE: MED BRN | |
| | 1980 | | | | | | |
| 10 | | 1 | | | 1 | SILICA-CARBONATE: MED BRN | #1 0.4#Hg |
| | 1970 | | | | | | |
| 20 | | | | | | SILICA-CARBONATE: MED BRN<br>FAULT GOUGE: MED GY BRN | |
| | | | | | | FAULT GOUGE: MED GY, KAOLINITIC | |
| | 1960 | | | | | | |
| 30 | | | | | | SILICA-CARBONATE: TAN-LT BRN | |
| | 1950 | | | | | FAULT GOUGE: LT GY | |
| 40 | | | | | 2 | SILICA-CARBONATE: LT BRN | #2 Trace |
| | 1940 | | | | | FAULT GOUGE: LT GY<br>SILICA-CARBONATE: LT BRN | |
| 50 | | | | | | FAULT GOUGE: MED GY-TAN | |
| | 1930 | | | | 3 | SILICA-CARBONATE: LT TAN | #3 1.5#Hg |
| 60 | | 2 | | | | FAULT GOUGE: MED GY-TAN<br>FAULT GOUGE: MED-DK GY, MINOR BUFF, MINOR CALCAREOUS VEINS, COMMON PATCHY DK GREEN STAIN | |
| | 1920 | | | | | FAULT GOUGE: LT GY-TAN | |
| 70 | | | | | | SILICA-CARBONATE: LT BRN<br>FAULT GOUGE: MED BRN W/SLIGHT PURPLE CAST | |
| | 1910 | | | | | | |
| 80 | | | | | 4 | | #4 Nil |
| | 1900 | | | | | SERPENTINE OR ALTERED ULTRA-BASIC IGNEOUS ROCKS: LT GREEN GY | |
| 90 | | | | | | FAULT GOUGE: RED BRN-PURPLE BRN<br>SERPENTINE: LT GREEN | |
| | 1890 | | | | | FAULT GOUGE: MED BRN WITH PURPLE CAST | |
| 100 | | 3 | | | | FAULT BRECCIA: BROKEN DK GY SILICEOUS GOUGE W/COMMON VEINS CALCITE | |
| | 1880 | | | | | FAULT GOUGE: LT GY KAOLINITC SS, DK GY BRECCIATED SHALE | |
| 110 | | | | | | FAULT GOUGE: AS ABOVE | |
| | 1870 | | | | | NOTE: BEGAN LOSING CIRCULATION AT 98 FT. UNABLE TO MAINTAIN CIRCULATION. RAN CASING TO 100 FT. CORED AHEAD TO 113 FT WITH PARTIAL CIRCULATION. | |
| 120 | | | | | | LOST COMPLETE CIRCULATION AT THAT POINT. DRILLED AHEAD TO 132 FT WITH COMPLETE LOST CIRCULATION. UNABLE TO REGAIN CIRCULATION BY ANY MEANS. SUSPENDED HOLE AT 132 FT. UNABLE TO RETRIEVE CASING. | |
| | 1860 | | | | | | |
| 130 | | | | | | | |
| 132 | 1853 | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #8 | ELEVATION | 2046' |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 200 |
| START | DECEMBER 1964 | FINISH | DECEMBER 1964 |
| COST PER FOOT | | GEOLOGIST | JOHNSON |




| DESCRIPTION | ASSAY RESULT |
|---|---|
| SILCA-CARBONATE: MED BRN, COMMON VEIN MATERIAL, HARD | |
| SILICA-CARBONATE: OCHRE, COMMON-ABUNDANT VEIN MATERIAL, BECOMING SOFTER | |
| SILICA-CARBONATE: TAN, COMMON VEIN MATERIAL SOFT-FIRM | |
| SILICA-CARBONATE: TAN, COMMON VEIN MATERIAL VERY HARD | |
| SILICA-CARBONATE: TAN, COMMON GY WHITE VEIN MATERIAL, SOFT-HARD | |
| SILICA-CARBONATE: LT TAN-TAN, COMMON VEIN MATERIAL, SOFT, BECOMING DAMP | |
| SILICA-CARBONATE: AS ABOVE, VERY WET | |
| SILICA-CARBONATE: TAN, COMMON VEIN MATERIAL, SOFT, DAMP | |
| SILICA-CARBONATE: TAN, COMMON GREEN-BLACK ROCK FRAGMENTS, VERY HARD | |
| SILICA-CARBONATE: TAN, ABUNDANT SILICEOUS VEIN MATERIAL, SOFT-FIRM | #1 TRACE<br>#2 0.4# HG |
| SILICA-CARBONATE, OCHRE W/SLIGHTLY REDDISH CAST, COMMON GY SLICEOUS ROCK FRAGMENTS | |
| SILICA-CARBONATE: OCHRE, COMMON WHITE VEIN MATERIAL, TRACES CINNABAR IN SOME VEINS | #3 5.0#HG |
| SILICA-CARBONATE: AS ABOVE W/OCCASIONAL GREEN ROCK FRAGMENTS, TRACES CINNABAR IN VEIN FRAGMENTS | #4 0.6#HG |
| SILICA-CARBONATE: AS ABOVE W/RARE TRACES CINNABAR | #5 1.6#HG |
| SILICA-CARBONATE: OCHRE, W/COMMON GREEN ROCK FRAGMENTS, | |
| SILICA-CARBONATE: OCHRE W/MINOR WHITE & GREEN VEIN FRAGMENTS | #6 0.4#HG |
| SILICA-CARBONATE: OCHRE, BRECCIATED W/ FRAGMENTS DENSE SILICEOUS BLACK & GREEN ROCK | #7 >0.2#HG |
| SILICA-CARBONATE: OCHRE, COMMON VEIN MATERIAL, W/TRACES CINNABAR & PYRITE (189-200') | #8 0.8#HG |

MADRONE MINING COMPANY

CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #4 | ELEVATION. | 2000 |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 100 |
| DATE | DECEMBER 1964 | FINISH | DECEMBER 1964 |
| COST PER FOOT | | GEOLOGIST | JOHNSON |

| DEPTH | ELEV | PIT TYPE | LITH | ASSAY SAMPLE RECOVERY | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|
| | | | | | SILICA-CARBONATE: DK BRN WITH MINOR FRAGS DK GY SHALE | |
| 10 | 1990 | | | 1 | SILICA-CARBONATE: OCHRE W/MINOR CALCITE VEINS | #1 0.8# |
| | | | | | SILICA-CARBONATE: AS ABOVE, BECOMING CLAYEY | |
| 20 | 1980 | | | | SILICA-CARBONATE: OCHRE-GY BRN, W/MINOR FAULT GOUGE | |
| | | | | | FAULT GOUGE: MED-DK GY, W/MINOR SILICA-CARBONATE AND CALCITE VEIN MATERIAL | |
| | | | | | SILICA-CARBONATE: GY BRN, COMMON-ABUNDANT DK GY SILICEOUS SHALE FRAGMENTS W/POSSIBLE TRACES CINNABAR AT 28-30 | |
| 30 | 1970 | | | 2 | FAULT GOUGE: MED GY | #2 1.0# |
| | | | | | SILICA-CARBONATE: DK BRN W/ABUNDANT VEIN MATERIAL | |
| 40 | 1960 | | | | FAULT GOUGE: DK GY, CEMENTED | |
| | | | | | SILICA-CARBONATE: OCHRE W/FREE WATER | |
| | | | | | FAULT BRECCIA: PREDOMINATELY MASSIVE CALCITE W/MINOR MED GY GOUGE | |
| 50 | 1950 | | | | FAULT GOUGE: MED GY, CLAYEY | |
| | | | | | FAULT BRECCIA: COMMON VEIN MATERIAL | |
| | | | | | SANDSTONE, MED-DK GY, KAOLINITIC W/MINOR MED GY GOUGE | |
| 60 | 1940 | | | | | |
| | | | | | SILICA-CARBONATE: BRN W/MINOR MED GY SS, COMMON MULTICOLORED VEIN MATERIAL | |
| 70 | 1930 | | | 3 | | #3 2.2# |
| | | | | | SILICA-CARBONATE: AS ABOVE W/COMMON RED TAN CHERT | |
| 80 | 1920 | | | | SILICA-CARBONATE: OCHRE W/ABUNDANT RED CHERT | |
| | | | | | CHERT: RED | |
| | | | | | CHERT: RED W/TRACES SILICA-CARBONATE | |
| 90 | 1910 | | | | CHERT: RED, MASSIVE | |
| | 1900 | | | | | |

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# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC 22-27S-10E |
| CORE HOLE NUMBER | #3 | ELEVATION | 2026' |
| CONTRACTOR | HOUSTON | TOTAL DEPTH | 174' |
| START | 10/15/64 | FINISH | 3/22/65 |
| COST PER FOOT | | GEOLOGIST | BOTTS-JOHNSON |

A NOTE: SHADED AREA INDICATES 100% RECOVERY

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | FAULT GOUGE: LT GY-MED BRN, COMMON CARBONATE VEIN MATERIAL | |
| | 2020 | | | | | | |
| 10 | | | | | | | |
| | 2010 | | | | | | |
| 20 | | 1 | | | | CORE #1(20-21') MASSIVE CALCITE, FRACTURED, W/RARE DK GY ROCK FRAGMENTS | 0.3# |
| | | | | | | CALCITE AND DOLOMITE: MASSIVE W/COMMON DK GY ROCK FRAGMENTS | |
| | 2000 | 2 | | | | CORE #2(26-27') CALCITE AND DOLOMITE: AS ABOVE | |
| 30 | | 3 4 | | | | CORE #3(27-29') CALCITE AND DOLOMITE: AS ABOVE W/2" DK GY BRECCIA | |
| | | 5 | | | | CORE #4(29-30') CALCITE AND DOLOMITE: AS ABOVE W/4" SILICA-CARBONATE ON BOTTOM | |
| | | 6 | | | | CORE #5(30-33') | |
| | 1990 | 7 | | | | CORE #6(33-35') SILICA-CARBONATE: W/COMMON CALCITE VEINS | |
| 40 | | | | | | CORE #7 (35-42') SILICA-CARBONATE: W/ABUNDANT CARBONATE VEINS | NIL |
| | | 8 | | | | CORE #8 (42-52') SILICA-CARBONATE AND CARBONATE VEIN MATERIAL | |
| | 1980 | | | | | | |
| 50 | | | | | | | |
| | | 9 | | | | CORE #9 (52-54') MASSIVE CARBONATE VEIN MATERIAL | |
| | 1970 | 10 | | | | CORE #10(54-58.5') BRECCIA: W/ABUNDANT CARBONATE VEIN MATERIAL | |
| 60 | | 11 | | | | CORE #11(58.5-62.5') BRECCIA: AS ABOVE | |
| | 1960 | | | | | SILICA-CARBONATE: W/COMMON CARBONATE A[illegible] DK GY ROCK FRAGMENTS | |
| 70 | | | | | | | |
| | | 12 | | | | CORE #12(72-81') SILICA-CARBONATE: W/COMMON CARBONATE VEIN MATERIAL | |
| | 1950 | | | | | | |
| 80 | | | | | | | |
| | | 13 | | | | CORE #13(81-84') SILICA-CARBONATE: AS ABOVE | |
| | 1940 | 14 | | | | CORE #14(84-87') SILICA-CARBONATE: W/MINOR CALCITE VEINS | |
| | | 15 | | | | CORE #15(87-88') BRECCIA: W/FRAGMENTS DK CHERT | |
| 90 | | 16 | | | | CORE #16(88-91') BRECCIA: W/ABUNDANT CARBONATE VEINS | |
| | | 17 | | | | CORE #17(91-93') BRECCIA: AS ABOVE | |
| | | 18 | | | | CORE #18(93-97') NO RECOVERY | |
| | 1930 | | | | | | |
| 100 | | | | | | FAULT GOUGE: MED GY<br>SILICA-CARBONATE: W/MINOR LT GY GOUGE | |
| | | | | | | | TRACE |
| | 1920 | | | | | CARBONATE VEIN MATERIAL; W/COMMON FRAGMENTS SILICA-CARBONATE | |
| 110 | | | | | | FAULT GOUGE: MED GY:, COMMON VEIN MATERIAL | |
| | 1910 | | | | | SILICA-CARBONATE: MED-DK BRN | |
| 120 | | | | | | FAULT GOUGE: LT GY | |
| | 1900 | | | | | | |
| 130 | | | | | | FAULT GOUGE: LT GY GRADING TO LT TAN | |
| | 1890 | | | | | FAULT GOUGE: LT GREEN GY | |
| 140 | | | | | | FAULT GOUGE: AS ABOVE W/COMMON FRAGMENTS CARBONATE VEIN MATERIAL | |
| | | 19 | | | | NO RECOVERY (140-143) CORE #19 | |
| | 1880 | 20 | | | | CORE #20 (144-154') NO RECOVERY | |
| 150 | | | | | | | |
| | 1870 | | | | | | |
| 160 | | | | | | DRILLED INTERVAL 154-174', NO RETURNS, LOST CIRCULATION, PIPE STICKING, ABANDONED HOLE. | |
| | 1860 | | | | | | |
| 170 | | | | | | | |
| | 1850 | | | | | | |
| 180 | | | | | | | |
| | 1840 | | | | | | |
| 190 | | | | | | | |
| | 1830 | | | | | | |
| 200 | | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #7A | ELEVATION | 2058' |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 140' |
| START | MARCH 1965 | FINISH | MARCH 1965 |
| COST PER FOOT, | | GEOLOGIST | JOHNSON |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| 10 | 2050 | | | | 1 | SILICA-CARBONATE: MEDIUM GRAY BROWN-OCHRE, ABUNDANT DARK GRAY ROCK FRAGMENTS W/TRACES CINNABAR | #1 2.6#HG |
| 20 | 2040 | | | | | FAULT GOUGE: MEDIUM GRAY<br>SERPENTINE: LIGHT GREEN | |
| 30 | 2030 | | | | | SILICA-CARBONATE: MEDIUM YELLOW BROWN, HARD WITH COMMON QTZ AND CALCITE | |
| 40 | 2020 | | | | 2 | SILICA-CARBONATE: AS ABOVE WITH TRACES CINNABAR | #2 2.4#HG |
| 50 | 2010 | | | | | | |
| 60 | 2000 | | | | | SILICA-CARBONATE: AS ABOVE WITH OCCASIONAL TRACES CINNABAR | |
| 70 | 1990 | | | | 3 | | #3 1.8#HG |
| 80 | 1980 | | | | | SILICA-CARBONATE: MEDIUM YELLOW BROWN, WITH COMMON REDDISH IRON STAIN COMMON DARK MINERALS, HARD | |
| 90 | 1970 | | | | | SILICA-CARBONATE: LT TAN-BUFF, COMMON CALCITE FRAGMENTS, TRACES CINNABAR | |
| 100 | 1960 | | | | | SILICA-CARBONATE: DARK BROWN-OCHRE, WITH TRACES CINNABAR | |
| 110 | 1950 | | | | 4 | SILICA-CARBONATE: LT BROWN | #4 2.6#HG |
| 120 | 1940 | | | | | SILICA-CARBONATE: LT BROWN-OCHRE, WITH TRACES CINNABAR | |
| 130 | 1930 | | | | | SILICA-CARBONATE: DARK BROWN WITH TRACES CINNABAR | |
| 140 | 1920 | | | | 5 | | #5 2.2#HG |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #9 | ELEVATION | 2110 |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 195' |
| START | FEBRUARY 1965 | FINISH | FEBRUARY 1965 |
| COST PER FOOT | | GEOLOGIST | BOTTS |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | FAULT GOUGE: TAN-MEDIUM BROWN WITH MINOR GRAY STREAKS, MINOR VEIN FRAGMENTS, SOFT | |
| 10 | 2100 | | | | | | |
| 20 | 2090 | | | | | | |
| | | | | | | FAULT GOUGE: MEDIUM GRAY BROWN, SOFT | |
| 30 | 2080 | | | | | SERPENTINE AND ALTERED SERPENTINE, MEDIUM GRAY GREEN-MEDIUM OLIVE GREEN WITH MINOR VEIN FRAGMENTS, COMMON DARK MINERALS, SOFT | |
| 40 | 2070 | | | | | | |
| 50 | 2060 | | | | | | |
| 60 | 2050 | | | | | | |
| 70 | 2040 | | | | | | |
| 80 | 2030 | | | | | | |
| 90 | 2020 | | | | | | |
| | | | | | | SILICA-CARBONATE: LIGHT-MEDIUM YELLOW BROWN WITH SLIGHT TRACE-COMMON | |
| 100 | 2010 | | | | | | |
| | | | | | | VEIN MATERIAL, PANNED TRACES CINNABAR THROUGHOUT | |
| | | | | | 1 | | #1 2.6#Hg |
| 110 | 2000 | | | | | | |
| 120 | 1990 | | | | | | |
| 130 | 1980 | | | | | | |
| | | | | | 2 | | #2 2.0#Hg |
| 140 | 1970 | | | | | | |
| | | | | | | FAULT GOUGE: LIGHT-DARK GRAY, PREDOMINATELY SHALE AND KAOLINITIC SANDSTONE WITH RARE TO COMMON VEIN FRAGMENTS, SOFT | |
| 150 | 1960 | | | | | | |
| 160 | 1950 | | | | | | |
| 170 | 1940 | | | | | | |
| 180 | 1930 | | | | | | |
| 190 | 1920 | | | | | | |
| | | | | | 3 | FAULT BRECCIA: WHITE-DK GRAY, ABUNDANT VEIN MATERIAL, ABUNDANT BRIGHT GREEN MATERIAL, PANNED TRACES CINNABAR IN GREENISH WHITE VEIN MATERIAL, TRACES PYRITE | #3 1.6#Hg |
| 200 | 1910 | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #10 | ELEVATION | 2058 |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 100' |
| START | FEBRUARY 1965 | FINISH | FEBRUARY 1965 |
| COST PER FOOT | | GEOLOGIST | BOTTS |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | SILICA-CARBONATE: LIGHT-MEDIUM YELLOW BROWN, WITH COMMON SHALE AND GOUGE FRAGMENTS, PANNED TRACES CINNABAR | |
| 10 | 2050 | | | | | FAULT GOUGE: LT-DK GRAY, SOFT, KAOLINITIC, RARE TO COMMON VEIN MATERIAL, OCCASIONAL TRACES GREEN MATERIAL | |
| 20 | 2040 | | | | | | |
| 30 | 2030 | | | | | | |
| 40 | 2020 | | | | | FAULT GOUGE: AS ABOVE, ENCOUNTERED ABUNDANT WATER AT 38' | |
| 50 | 2010 | | | | | FAULT GOUGE: AS ABOVE, WET, SOLUBLE | |
| 60 | 2000 | | | | | | |
| 70 | 1990 | | | | | | |
| 80 | 1980 | | | | | | |
| 90 | 1970 | | | | | | |
| 100 | 1960 | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #11A | ELEVATION | 2058' |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 100' |
| START | MARCH 1965 | FINISH | MARCH 1965 |
| COST PER FOOT | | GEOLOGIST | JOHNSON |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | 1 | SILICA-CARBONATE: LT BROWN, VERY SILICEOUS GOOD TRACE CINNABAR | #1 3.0#HG |
| | | | | | 2 | | #2 2.0#HG |
| | 2050 | | | | | | |
| 10 | | | | | 3 | SILICA-CARBONATE: OCHRE, SILICEOUS, HARD | #3 1.2#HG |
| | 2040 | | | | | | |
| 20 | | | | | 4 | SILICA-CARBONATE: LIGHT TAN, SILICEOUS, WITH TRACE CINNABAR | #4 2.2#HG |
| | 2030 | | | | 5 | SILICA-CARBONATE: AS ABOVE WITH COMMON DARK GREEN MINERAL AND TRACE CINNABAR | #5 1.8#HG |
| 30 | | | | | | | |
| | 2020 | | | | | SILICA-CARBONATE: LT TAN, CLAYEY, SOFT, NO HEAVY MINERALS | |
| 40 | | | | | | | |
| | 2010 | | | | | | |
| 50 | | | | | | | |
| | 2000 | | | | | | |
| 60 | | | | | | | |
| | | | | | | SILICA-CARBONATE: AS ABOVE, SOME KAOLINITIC | |
| | 1990 | | | | | | |
| 70 | | | | | | | |
| | 1980 | | | | | | |
| 80 | | | | | | | |
| | 1970 | | | | | SILICA-CARBONATE: MEDIUM BROWN, CLAYEY, SOFT, KAOLINITIC, COMMON TRACES DARK GREEN MATERIAL | |
| 90 | | | | | | | |
| | 1960 | | | | | | |
| 100 | | | | | | | |

# MADRONE MINING COMPANY

## CORE LOG

| | | | |
|---|---|---|---|
| PROPERTY | MADRONE | LOCATION | SEC. 22-27S-10E |
| CORE HOLE NUMBER | #11B | ELEVATION | 1960' |
| CONTRACTOR | HOUSTON-JACKSON | TOTAL DEPTH | 100' |
| START | MARCH 1965 | FINISH | MARCH 1965 |
| COST PER FOOT | | GEOLOGIST | JOHNSON |

| DEPTH | ELEV | BIT TYPE | LITHOLGY | RECOVERY | ASSAY SAMPLE | DESCRIPTION | ASSAY RESULT |
|---|---|---|---|---|---|---|---|
| | | | | | | FAULT GOUGE: MEDIUM GRAY, WITH RARE FRAGMENTS SILICA-CARBONATE | |
| 10 | 1950 | | | | | | |
| 20 | 1940 | | | | | | |
| 30 | 1930 | | | | | | |
| 40 | 1920 | | | | | | |
| 50 | 1910 | | | | | | |
| 60 | 1900 | | | | | | |
| 70 | 1890 | | | | | | |
| 80 | 1880 | | | | | | |
| 90 | 1870 | | | | | | |
| | | | | | | FAULT GOUGE: AS ABOVE | |
| 100 | 1860 | | | | | | |

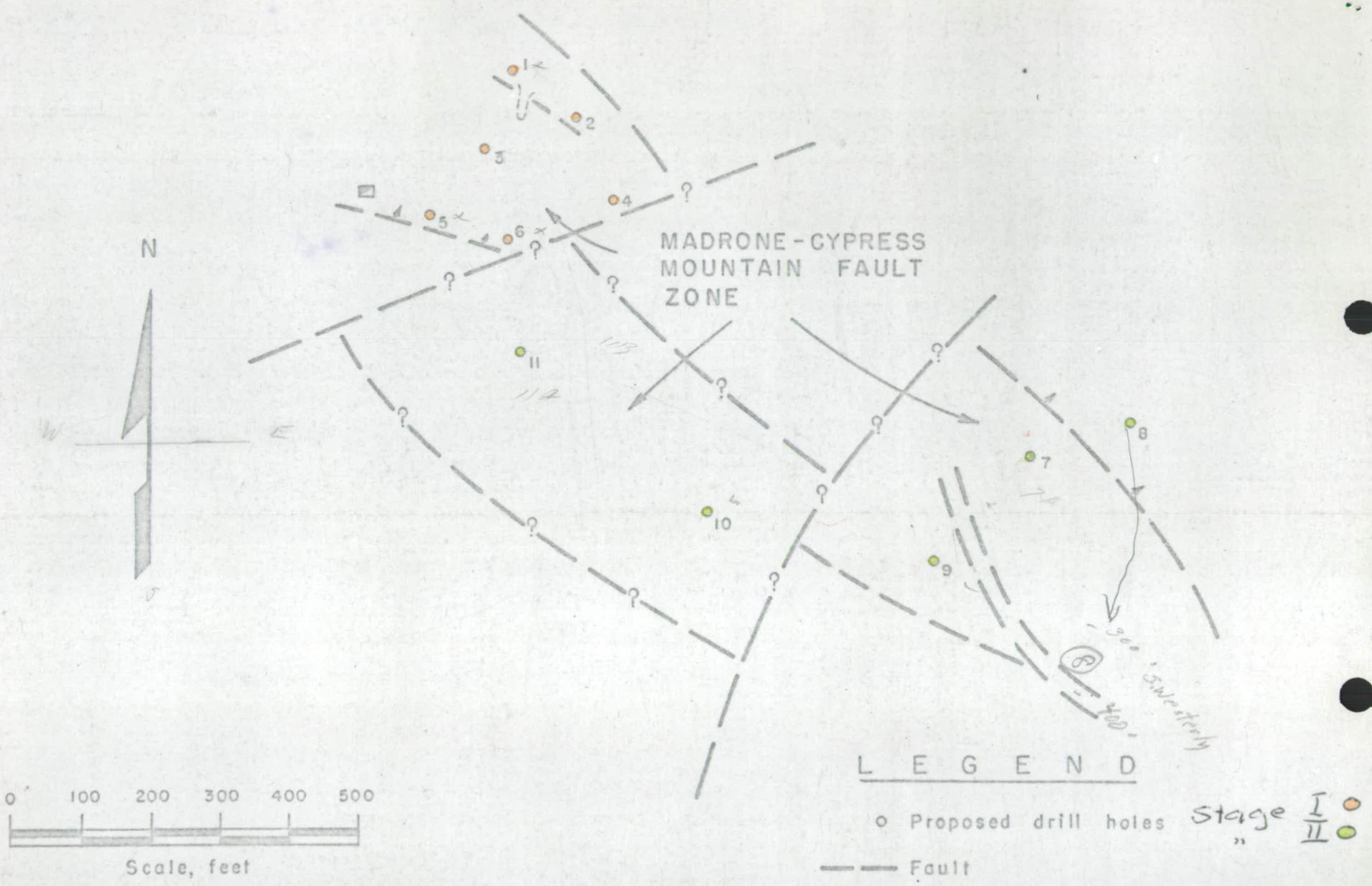



FIGURE 2. - Proposed diamond drill holes.

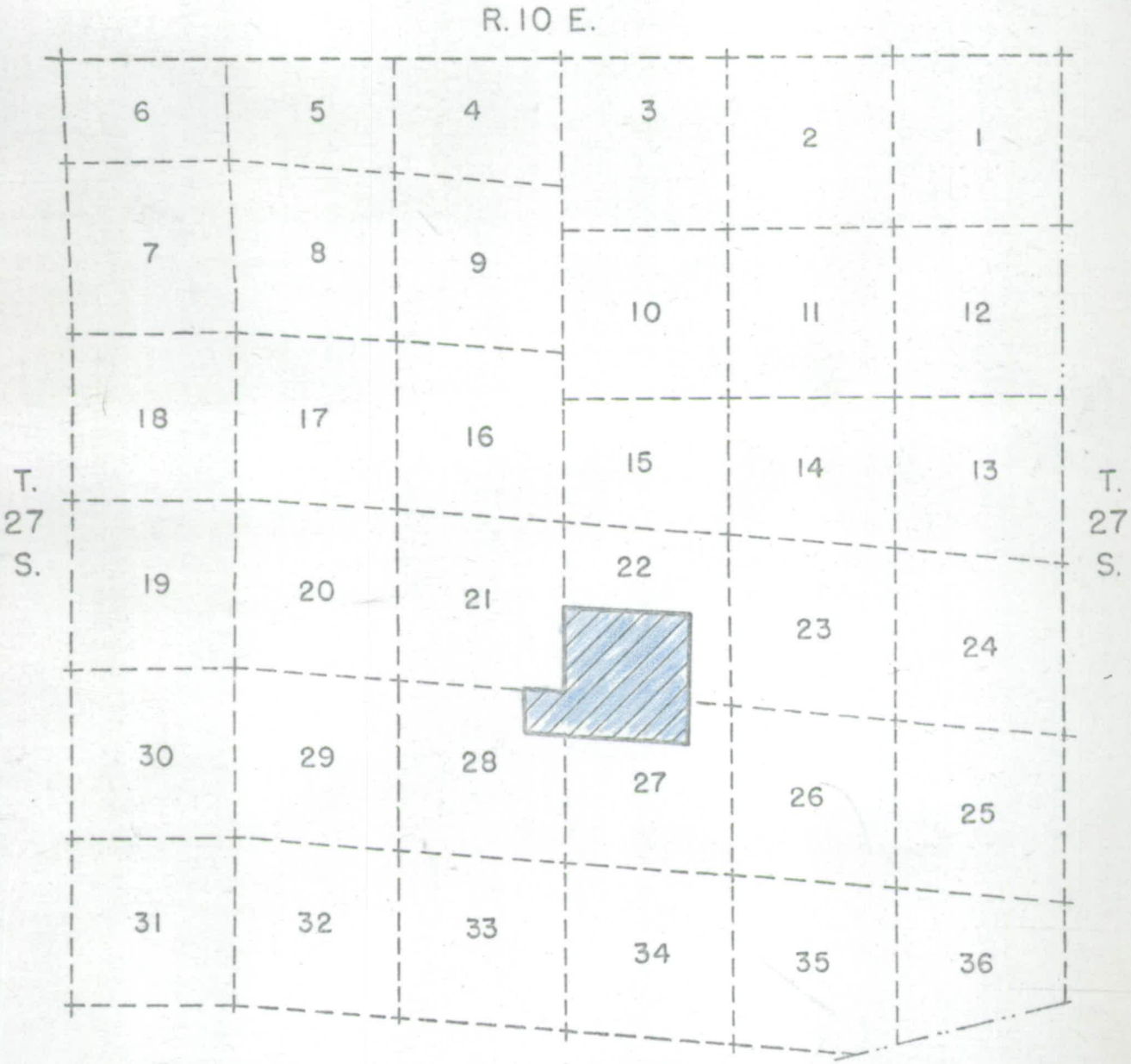
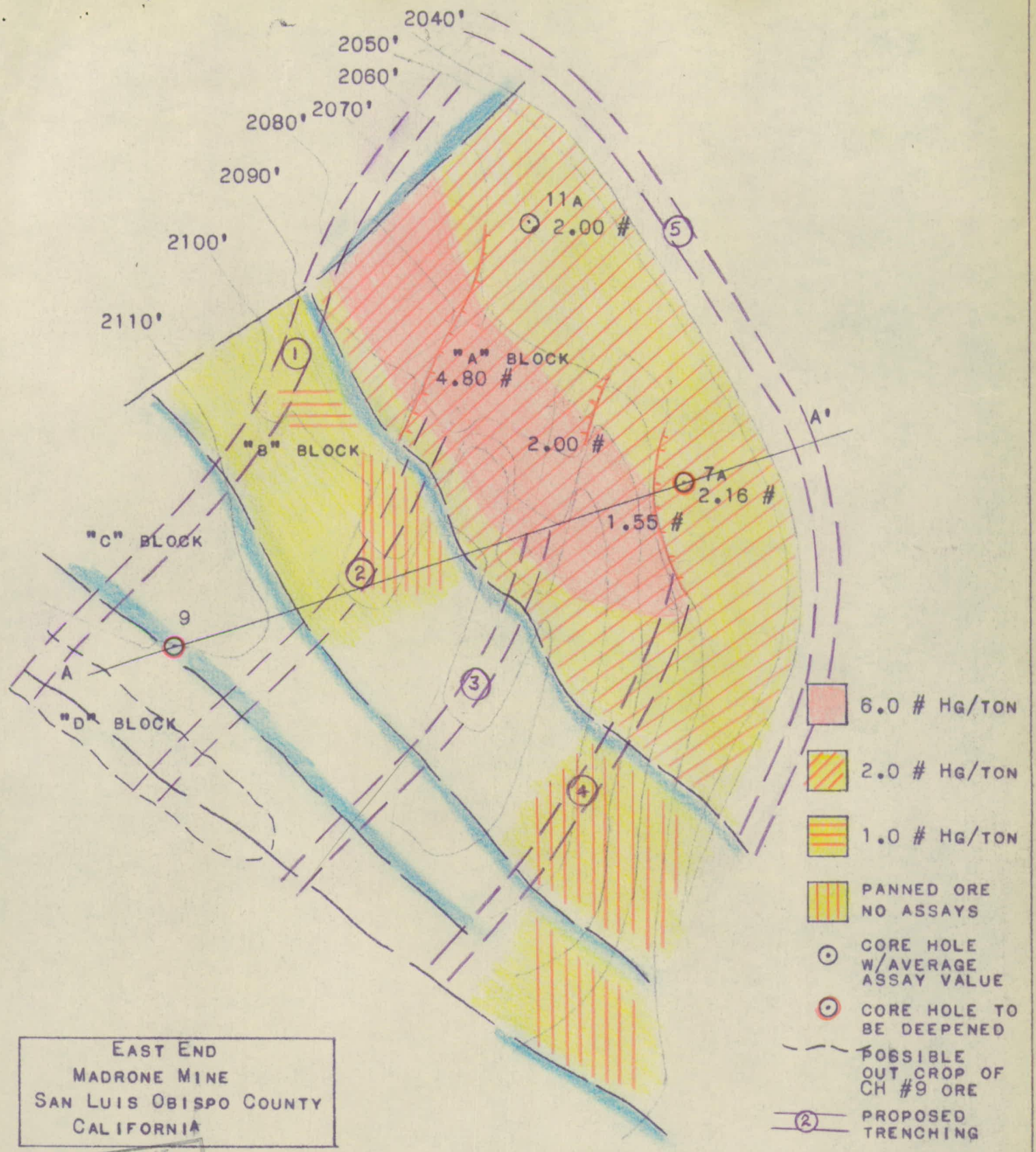



FIGURE 1.- Property map.

"FIGURE A"




EAST END
MADRONE MINE
SAN LUIS OBISPO COUNTY
CALIFORNIA

1" = 50'

MADRONE MINING COMPANY
MAY 1965

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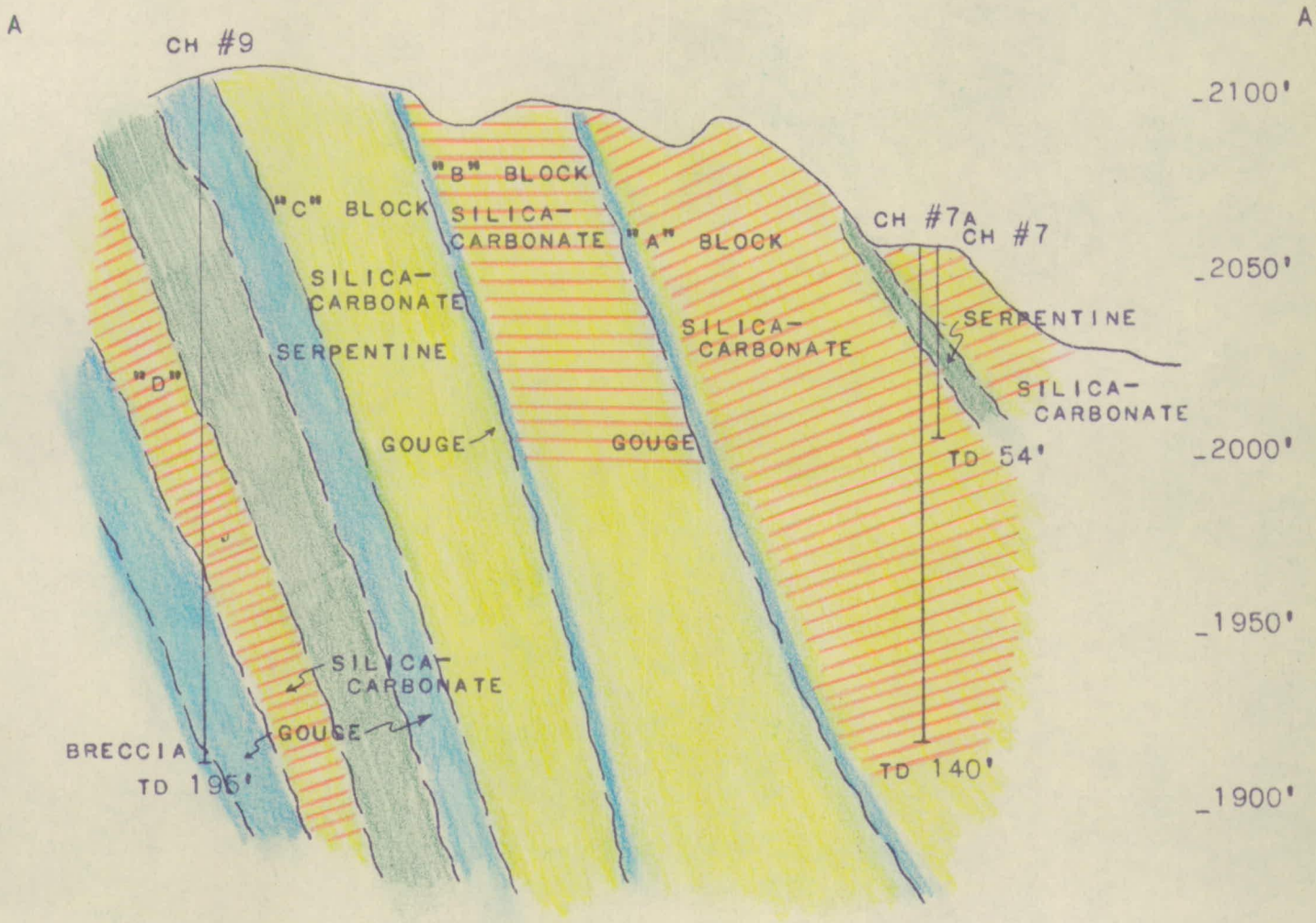
FIGURE "B"




EAST END
MADRONE MINE
SAN LUIS OBISPO
CALIFORNIA

1" = 50'

MADRONE MINING COMPANY
MAY 1965

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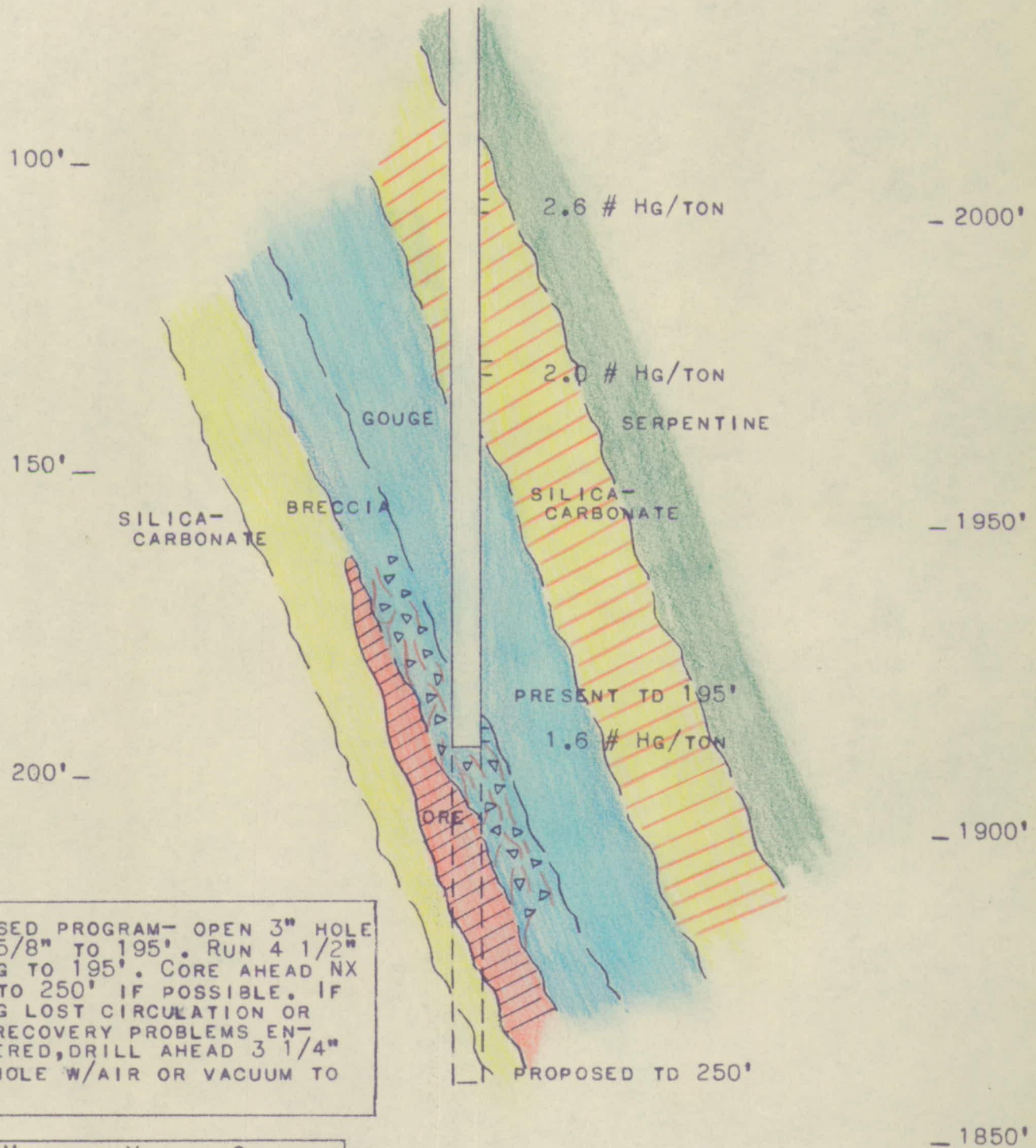
FIGURE "C"

CORE HOLE #9
ELEVATION 2110'




PROPOSED PROGRAM- OPEN 3" HOLE TO 5 5/8" TO 195'. RUN 4 1/2" CASING TO 195'. CORE AHEAD NX SIZE TO 250' IF POSSIBLE. IF STRONG LOST CIRCULATION OR POOR RECOVERY PROBLEMS ENCOUNTERED, DRILL AHEAD 3 1/4" FULL HOLE W/AIR OR VACUUM TO 250'.

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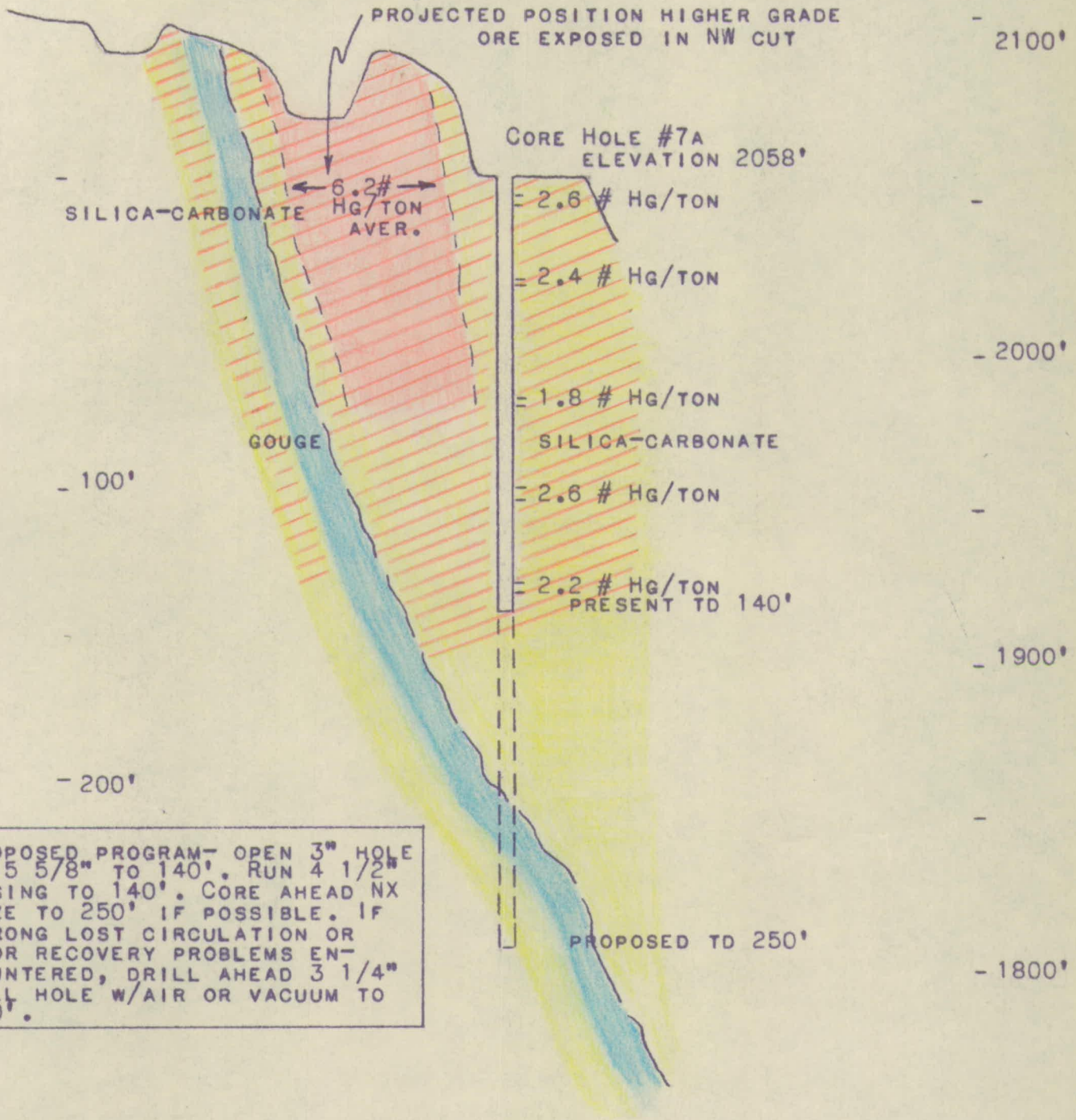
FIGURE "D"




PROPOSED PROGRAM- OPEN 3" HOLE TO 5 5/8" TO 140'. RUN 4 1/2" CASING TO 140'. CORE AHEAD NX SIZE TO 250' IF POSSIBLE. IF STRONG LOST CIRCULATION OR POOR RECOVERY PROBLEMS ENCOUNTERED, DRILL AHEAD 3 1/4" FULL HOLE W/AIR OR VACUUM TO 250'.

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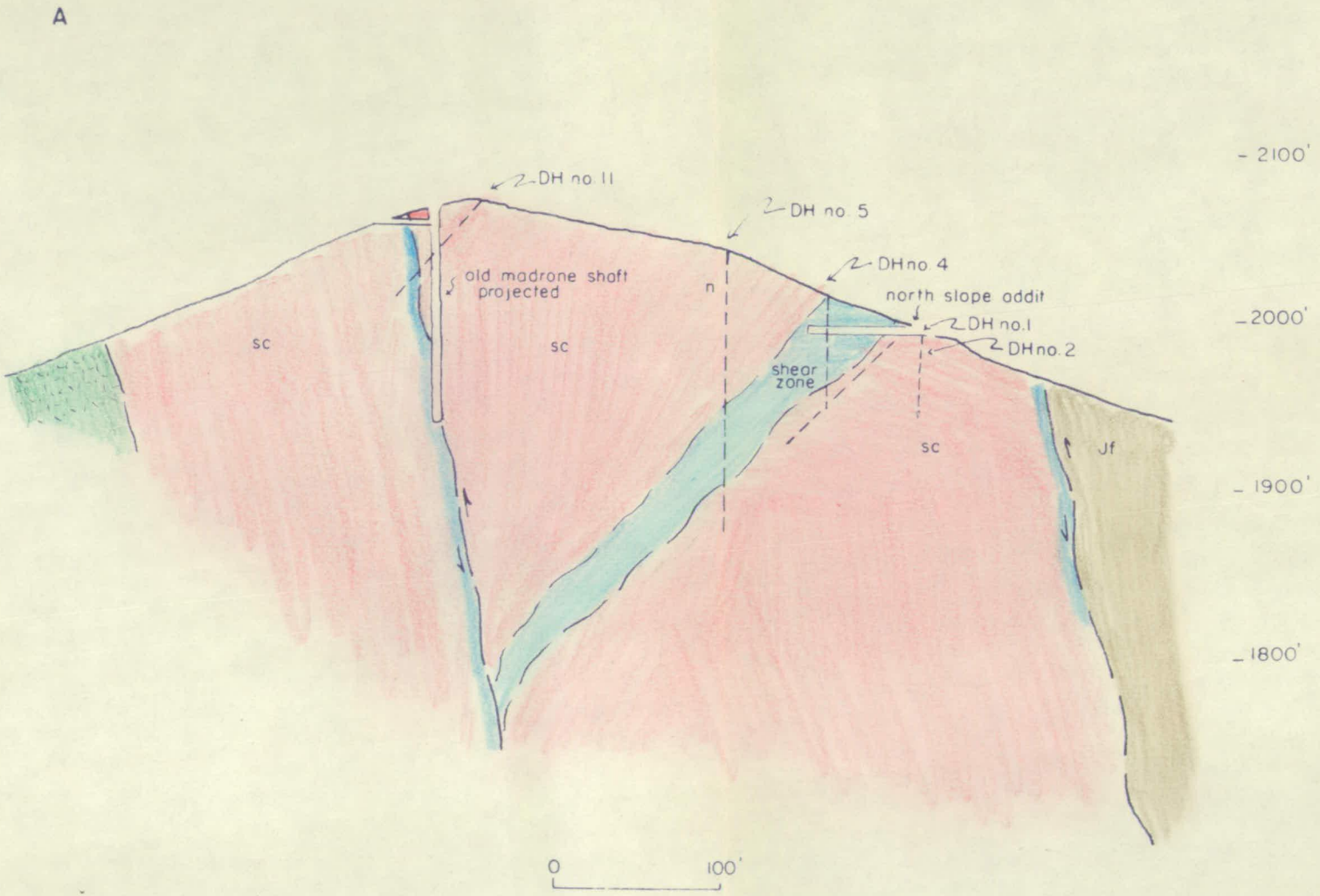
Plate No. IV

# GEOLOGIC CROSS SECTION OF THE MADRONE MINE




NOTE: All drill holes projected on line of section

by V. V. Botts, Jr. 1961

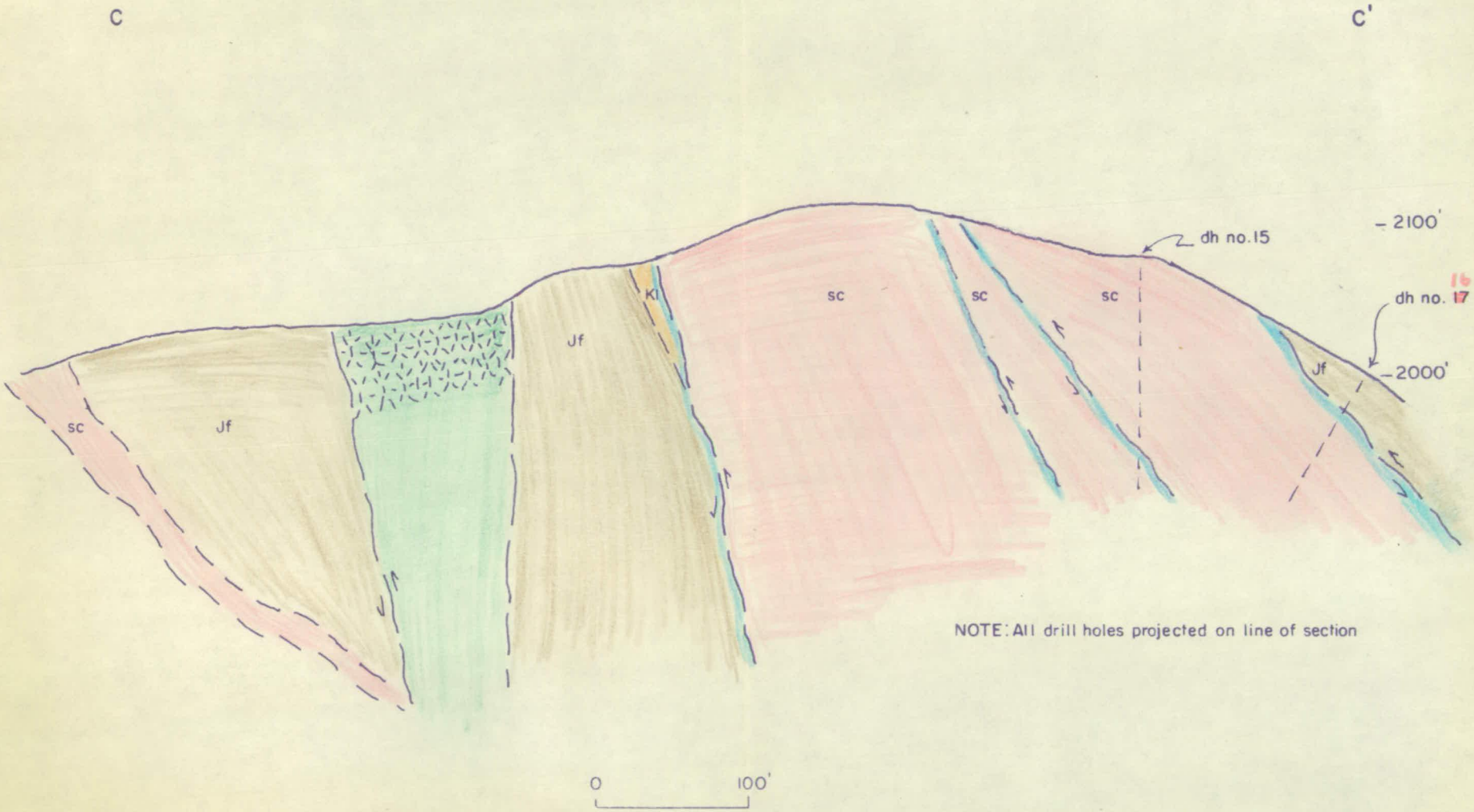
# GEOLOGIC CROSS SECTION OF THE MADRONE MINE

NOTE: All drill holes projected on line of section.

by V. V. Botts, Jr.

Plate No. VI

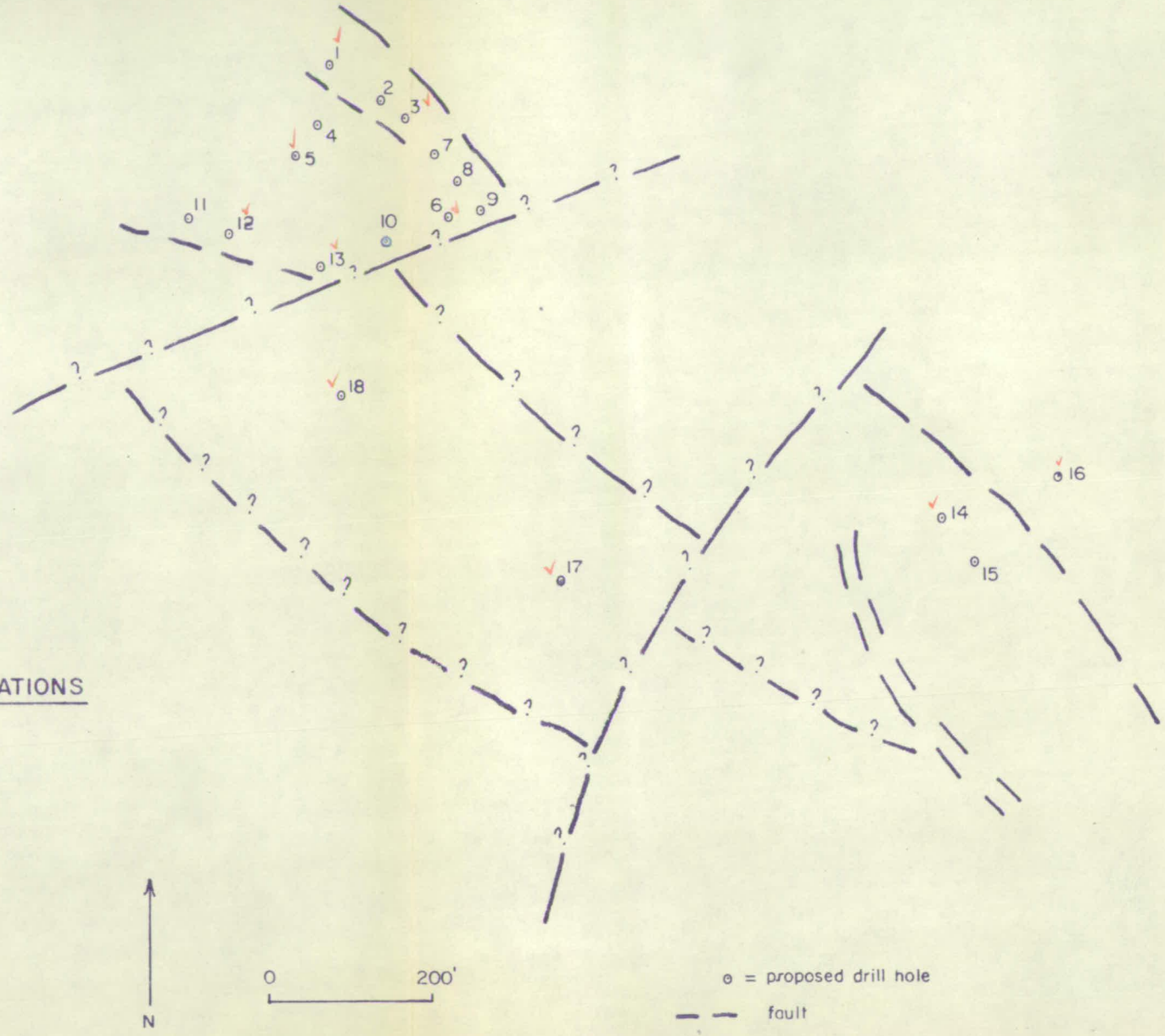
# GEOLOGIC CROSS SECTION OF THE MADRONE MINE




NOTE: All drill holes projected on line of section

by V. V. Botts, Jr 1961

PLATE NO. VII




PROPOSED DRILL HOLE LOCATIONS

Refer by drill hole number to Table I for complete information on individual holes