MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 2267 Docket No. 6696

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- [ ] Withdrawn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
- [x] Certification of Discovery 7-1-70
- [ ] Closing Letter
- [x] Cost Audits 9/70
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [x] Assignment of Contract 8/16/68
- [ ] 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
- [ ] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 5/15/70
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 5/8/68
- [ ] 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

72195-65

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Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

OFFICIAL COPY
20
CODE
130
120
120

Report of Review-Contract 2267
Docket No. OME-6696 (Mercury)
New Idria Mining and Chemical Company
3457 South Cedar Avenue
P.O. Box 2806
Fresno, California 93745

Washington, D.C.
September 1970

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

SEP 18 1970

Memorandum

To: Director, Geological Survey

From: Regional Director, Region I
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2267
Docket No. OME-6696 (Mercury)
New Idria Mining and Chemical Company
Fresno, California 93745

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2267. The results of our review are shown in the attached report.

C. D. Baer

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract 2267 with New Idria Mining and Chemical Company (Operator), and examined the related disbursement records in the Branch of Budget and Finance Administrative Division, Geological Survey. The review was made during September 1970 at Washington, D.C.

The contract was awarded August 16, 1968, for $261,200, the total estimated cost of the project with OME participation on a 25-percent basis for Phase I and a 75-percent basis for Phase II in total not to exceed $134,550. The contract provided for exploration by cross cutting, drifting, raising and long-hole drilling for mercury-bearing ore bodies (quicksilver) in shale and/or sandstone of the Panoche Formation of upper Cretaceous age in the footwall of the New Idria thrust fault between the transverse Sulphur Springs and L faults. Repayment of the disbursed Federal funds plus interest at 7½ percent is to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 10 years from the date of the contract following issuance by the Government of a certification of possible production. Work under the contract was to begin on or before September 15, 1968, and be completed within 24 months from the date of the contract or by August 16, 1970.

A certification of possible production was issued July 1, 1970 as a result of the exploration work under this contract. The Operator has submitted sixteen vouchers totaling $255,127.97.

The units of work authorized and paid under Contract 2267 are summarized on Exhibit I. We believe that the claimed and accepted costs and the OME participation of $134,550 were proper under the terms of the contract.

C. D. Bar

Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs

	Authorized Amounts Phase I	Authorized Amounts Phase II	Total Accepted Costs
Phase I[1/] Fixed Unit Costs			
2,300 feet crosscutting	$103,500		$103,500
1,600 feet timbering crosscut	19,200		10,092
Total Phase I	$122,700		$113,592
25% Government Participation Phase I	30,675		28,398
Phase II[1/] Fixed Unit Costs			
Crosscutting and drifting 2,200 feet		$ 99,000	128,548
Timbering, crosscuts and drifts 1,400 feet		16,800	2,958
Long hole drilling		10,000	10,030
Raising - 500 feet		11,500	-0-
Timbering-raises - 300 feet		1,200	-0-
Total - Phase II		$138,500	$141,536
75% Government Participation		$103,875	$106,152
Summary			
Totals - Phases I and II	$122,700	$138,500	$255,128
Federal Participation	$ 30,675	$103,875	$134,550

1/ Government retains no equity in any of the equipment or materials used.

MMS Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/17/70	Emerick	120
6/19/70	Kistner	120
	Martin	
		140
6/22	Wheatley	
	Hafle [illegible]	120M
7/1	W.P.	
7/1	[illegible]	120
/		120M

INTERIOR DEPT.

JUN 1 9 1970

SOLICITOR

UNITED STATES OF AMERICA
CERTIFICATION OF POSSIBLE PRODUCTION
UNDER AN EXPLORATION CONTRACT

New Idria Mining and Chemical Company
3457 South Cedar Avenue
P. O. Box 2066
Fresno, California 93745

Re: OXI-0696 (Lonsury)
New Idria Mining and Chemical Company
New Idria Mine, Sulphur Springs-Creek Zone
San Benito County, California
Contract 2267

Pursuant to Article 6 of the referenced contract, the Government hereby certifies that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from August 16, 1969, to August 16, 1970 or until the total amount contributed by the Government under the contract ($134,350.00, subject to audit) is fully repaid with interest at the rate of 7-1/2 percent per annum, whichever occurs first.

Royalty payments should be made to favor of the U. S. Geological Survey and mailed or delivered to the Field Officer, Office of Mineral Exploration, Region II, Building 2, 345 Middlefield Road, Menlo Park, California 94025. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

The Field Officer should be notified promptly upon the commencement of any production and upon any interim cessation thereof. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

FROM SOLICITOR

JUN 1 9 1970

FOR SIGNATURE

Attention is specifically invited to the provisions of Article 2(c) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished to the Field Officer.

Dated this 1st day of July, 1970.

THE UNITED STATES OF AMERICA

Harold Williams

Chief, Office of Minerals Exploration
U. S. Geological Survey

cc: Director's Reading File
Mineral Resources File
OME Docket
Branch of Budget & Finance
OME Reading File
OME Region II
Assoc. Sol.-Rm. 6554
Mr. Emerick
130 (2)

WLEmerick/bsl 6/17/70

Government's copy

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6696	Mercury		San Benito	California

It is agreed AUG 1 6 1968 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

New Idria Mining and Chemical Company, a corporation

,

whose mailing address is 3457 So. Cedar Ave., P. O. Box 2806, Fresno, California 93745 hereinafter called the "Operator," as follows:

ARTICLE I. 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 SEP 1 5 1968 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 24 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $261,200.00. The Government will contribute part * of the total fixed unit costs of the work performed, not in excess of $ 134,550.00 in accordance with the provisions of Articles 4 and 5.

(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

*25 percent of Phase I and 75 percent of Phase II as described in Exhibit A.

(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 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, 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) 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. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) 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.)

(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 unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's 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 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. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the 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 6(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 construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. 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 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, 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, U. S. Geological Survey, 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, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. 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 U. S. Geological Survey 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 13. 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 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

NEW IDRIA MINING AND CHEMICAL COMPANY
(Operator)

By Thomas H. Cole

Title President

THE UNITED STATES OF AMERICA

By Arthur A. Baker
Acting Director, U. S. Geological Survey

Bliss
Long
App'd. Sol. Off.

I, (E. A. Fabiani), certify that I am the
(Name)

Vice President - Treasurer ~~Secretary~~ of the corporation named as Operator herein; that

Thomas H. Cole, who signed this contract on behalf of the Operator, was then
(Name)

President 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.

Richards
Johnson
Peterson
Shields

E. A. Fabiani

CORPORATE SEAL

EXPLORATION CONTRACT
NEW IDRIA MINING AND CHEMICAL CO.
OME-6696

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract consists of one unpatented lode mining claim, three legal subdivision lots, and six fractions of lots comprising 260 acres in secs. 32 and 33, T. 17 S., R. 12 E., MDB&M, New Idria mining district, San Benito County, California. It is shown outlined in green on Figure 1 entitled, "Property map, New Idria mine, San Benito County, California," attached and made part hereof.

The unpatented lode mining claim and the legal subdivisions are recorded in the Office of the County Clerk and Recorder, Hollister, California, as follows:

Name	Acres	Vol.	Page
Molino No. 2 mining claim	20	220	173
Lots 1, 8 and 9, sec. 32	120	1	4
E 1/2 Lots 2, 7, 10, 15, sec. 32	80	1	4
W 1/2 Lots 4 and 5, sec. 33	40	1	4

The Operator is the owner of the land.

Special Agreement Concerning Royalty

"Notwithstanding any provisions of Article 6 to the contrary, and with no further action required on the part of the Government, the Operator, as principal if the Operator is the producer, or as co-principal with the producer if the Operator is not the producer, or its successor, shall pay to the Government a royalty on production, regardless of where it is produced, which is transported through any workings or any portion of any workings to the cost of which the Government has contributed under this contract for the period described in Article 6(b)(2) above, and according to the terms of Article 6 (c)

through 6(h). However, in no event shall more than one royalty be due or paid under this contract on the same production."

Nothing in this Special Agreement shall be construed to prejudice or conflict with any other rights of the Government under this contract.

EXPLORATION CONTRACT
NEW IDRIA MINING AND CHEMICAL CO.
OME-6696

EXHIBIT A

The purpose of the project is to explore by crosscutting, drifting, raising, and long-hole drilling for mercury-bearing ore bodies in shale and/or sandstone of the Panoche Formation of upper Cretaceous age in the footwall of the New Idria thrust fault between the transverse Sulfur Springs and L faults.

General Provisions

All drifts and crosscuts shall be not less than 8 by 9 feet in cross section in the clear of timber and shall be timbered as necessary. Drift sets shall be of not less than 10- by 10-inch timber, or equivalent round timber.

Mine rails shall be not less than 20-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 26-inch diameter.

All significantly mineralized areas traversed by the drifts, crosscuts, or raises shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet, or by a representative bulk sample of each round broken. Significantly mineralized cuttings from the long-holes shall be sampled with no sample representing more than 5 linear feet of hole.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled. Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

All splits of samples assayed shall be analyzed for mercury.

True copies of assay certificates and maps or sketches showing the work completed, the location, width, and assay value of all samples assayed, and the geological formations and structures traversed by the long-holes and workings shall be furnished monthly to the Government.

The Operator shall provide such equipment, materials, supervision, labor, and technical services, including sampling and assaying, as may be required to perform the work in a satisfactory manner.

The work shall be divided into two phases. Phase I shall consist of providing access to the mineralized host rock (altered Panoche Sandstone and shale) by crosscutting 2,300 feet principally through unaltered shale. Phase II shall consist of exploring the mineralized host rock by crosscutting, drifting, raising and long-hole drilling.

Funds provided for any item of work may be applied to any other item of work at the fixed unit cost of the work actually performed, except that crosscutting in Phase I is fixed at and limited to 2,300 linear feet of completed crosscut.

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

Description of the Work

Phase I

From an existing portal site on 8 Level at an altitude of approximately 2,915 feet in San Carlos Creek canyon, drive a crosscut adit southwesterly a distance of 2,300 feet and install timber as necessary.

Phase II

Extend the crosscut adit, southwesterly an additional distance of approximately 700 feet, or to the hanging wall of the New Idria thrust fault.

From the crosscut, drive drifts southeast and northwest near or along the New Idria thrust fault a combined distance of approximately 1,500 feet. This footage includes any auxiliary crosscutting necessary to follow offset segments of the thrust fault.

From the crosscut or drifts, drive raises and drill long-holes at sites to be selected by the Operator to further explore significantly mineralized showings or to locate the hanging wall of the thrust fault. It is estimated that 500 feet of raising and 4,000 feet of long-hole drilling will be required, but no single raise shall exceed 100 feet in length.

The approximate locations of the proposed crosscut and drifts are shown on the above mentioned Figure 1, and on Figure 2 entitled, "Proposed 8 Level, New Idria Mine, Vertical Section A-A' Sulfur Springs - Creek Area," attached and made part hereof.

Estimated Costs of the Work

Phase I

	1/	2/
Fixed Unit Costs		
Crosscutting 2,300 feet @ $45.00/foot		$103,500.00
Timbering crosscut 1,600 feet @ $12.00/foot		19,200.00
Total estimated cost of Phase I		$122,700.00
Government participation @ 25%		$ 30,675.00

Phase II

	1/	2/
Fixed Unit Costs		
Crosscutting and drifting 2,200 feet @ $45.00/foot		$ 99,000.00
Timbering, crosscuts and drifts 1,400 feet @ $12.00/foot		16,800.00
Raising 500 feet @ $23.00/foot		11,500.00
Timbering, raises 300 feet @ $4.00/foot		1,200.00
Long-hole drilling 4,000 feet @ $2.50/foot		10,000.00
Total estimated costs of Phase II		$138,500.00
Government participation @ 75%		$103,875.00

S U M M A R Y

Total Estimated Costs, Phase I	$122,700.00
Government Participation @ 25%	$ 30,675.00
Total Estimted Costs, Phase II	$138,500.00
Government Participation @ 75%	$103,875.00
Total Estimated Costs of the Project . . .	$261,200.00
Total Government Participation	$134,550.00

1/ Covers all costs whatsoever, including equipment, materials, supervision, labor, technical services, taxes, and insurance.

2/ The Government retains no equity in any of the equipment or materials used.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"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 nondiscrimination clause.

'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, 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. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor 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 such 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. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, 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 Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, 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.'"

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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O. M. E.
RECEIVED
FEB 8 1968

INITIALS	CODE

Memorandum

February 6, 1968

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

From: Field Officer
Region II

Subject: New Application (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California

Enclosed is an application for financial assistance from the New Idria Mining and Chemical Company, 3457 So. Cedar Ave., Box 2806, Fresno, California 93745, received in the Field Office on February 5, 1968.

New Idria has successfully completed three previous exploration contracts under the DMEA Program (DMEA-2478, DMEA-3563, and DMEA-4654) with a total Government participation of $347,218.49, all of which was repaid to the Government. (West Idria Ext., Molino Zone, Sulfur Springs Area)

The application is well prepared, the project is a worthwhile one, and the proposed work would probably result in significant discoveries from which the Government's participation would probably be repaid. However, there is a question as to the eligibility of the applicant to receive assistance under the OME program because of its size and financial resources. Production during 1967 was 4,689 flasks of mercury with a value in excess of $2,000,000. Production for the month of January 1968 was about 1,000 flasks with a market value of $500,000. The application does not contain a financial statement and one should probably be requested.

H. K. Stager

Enclosure

Extra

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

March 11, 1968

Mr. Allan E. Head
Crocker-Citizens National Bank
2145 Fresno Street
Fresno, California

Dear Mr. Head:

This letter from New Idria Mining and Chemical Company constitutes a request for consideration of a bank loan in the amount of $250,000. We propose to use this money to finance part of a long-range exploration program which has been planned to explore for mercury ore at the New Idria Mine. The project will take about two years to complete and will consist of driving underground drifts, drilling, and raising.

Enclosed is a consolidated company Balance Sheet and Profit and Loss Statement as of December 31, 1967 (unaudited).

Nearly all of the equity of the company lies in two mining properties; the New Idria Mine (mercury) in San Benito County, California and the Strawberry Mine (tungsten) in Madera County, California.

The net assets of $2,442,938 shown for December 31, 1967 consist mostly of plants and equipment because depletable ore reserves are small. Among the company properties, depletable ore reserves exist only at the Strawberry Mine and amount to $163,279 as of December 31, 1967. The property value of the New Idria Mine has long since been written down and therefore no value is included in the above assets. However a small amount of assured ore reserves does exist in the New Idria Mine.

We propose to draw incremental sums against the total amount of the loan over a two year period as the project progresses and expenses are incurred.

Will you kindly advise us if your bank would be interested in making a loan of this size for circumstances as above, and if so, the terms you would require.

Very truly yours,

E. A. FABIANI
Vice President

EAF:ml
Enclosures

CROCKER-CITIZENS NATIONAL BANK
CHARTERED 1870
FRESNO MAIN OFFICE
2145 FRESNO STREET • FRESNO, CALIFORNIA 93717

March 12, 1968

Mr. E. A. Fabiani
Vice President
New Idria Mining & Chemical Company
3457 South Cedar Avenue
Fresno, California

Dear Mr. Fabiani:

I have your letter of March 11 requesting consideration of a bank loan in the amount of $250,000 to New Idria Mining and Chemical Company.

The Fresno Main Office Branch Loan Committee would recommend to our Regional Loan Committee that because of the term nature of the loan and the nebulous source of repayment we could only recommend approval of such a loan if it were on a fully secured basis of marketable securities or collateral acceptable to the bank. It should be fully amortized in a period of 36 months.

If you have any questions, please contact us.

Very truly yours,

Alan E. Head

Alan E. Head
Assistant Vice President

AEH/kcw

FIRST NATIONAL BANK OF FRESNO

FRESNO, CALIFORNIA 93720

W. F. LAMBERT
EXECUTIVE VICE-PRESIDENT

March 11, 1968

New Idira Chemical Co.
3457 So. Cedar Avenue
P. O. Box 2806
Fresno, California 93745

Gentlemen:

Your request for a bank loan in the amount of $250,000 to enable you to partially finance a long range exploration program for mercury ore has been denied inasmuch as we do not consider this to be a bankable loan in view of its speculative nature.

Loans of this sort are sometimes made by banks when other satisfactory collateral is offered to secure the debt in its entirety.

Your statement of December 31, 1967, does not indicate any collateral that our bank would be particularly desirous of pursuing in order to grant this loan.

Your request was sincerely appreciated and if we might be of service in any other way, do not hesitate to call upon us.

Sincerely yours,

W. F. Lambert

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MAR 1968
NEW IDRIA MINING
AND CHEMICAL CO.

NEW IDRIA MINING AND CHEMICAL COMPANY

Statement of Financial Position

December 31, 1967

	December 1967	November 1967
Current Assets:		
Cash	$ 364,881	$ 302,117
Accounts Receivable	327,787	272,188
Notes Receivable	90,758	87,500
Inventories - Quicksilver	14,184	35,485
Inventories - Tungsten	89,165	89,165
Inventories - Materials & Supplies	106,103	115,796
Prepaid Expense	38,218	27,088
Total Current Assets	$1,031,096	$ 929,339
Current Liabilities:		
Accounts Payable	51,092	76,035
Accrued Expenses	37,816	67,007
Total Current Liabilities	$ 88,908	$ 143,042
Working Capital	942,188	786,297
Property, Plant & Equipment	2,963,613	2,938,343
Reserve for Depreciation & Depletion	(1,533,934)	(1,516,726)
	1,429,679	1,421,617
Long Term Notes Receivable	87,500	87,500
Long Term Notes Payable	(16,429)	(19,321)
Net Assets	$2,442,938	$2,276,093
Stockholders Equity		
Capital Stock, 7,500,000 Shares with 5,509,887 issued	$2,754,944	$2,754,944
Capital Surplus	456,899	456,899
Treasury Stock	(14,039)	(14,039)
Deficit - beginning of year	(990,685)	(990,685)
Profit (Loss) this year	235,819	68,974
Net Stockholders Equity	$2,442,938	$2,276,093

NEW IDRIA MINING AND CHEMICAL COMPANY

Consolidated Statement of Profit & Loss

For the Six Months Ending December 31, 1967

December			Year to Date	
This Year	Last Year		This Year	Last Year
		Income:		
$371,390	$199,503	Sales & Operating Income	$1,829,736	$1,538,787
1,688	503	Royalty Income	7,608	6,051
8,554	14,481	Other Income	19,749	25,798
$381,632	$214,487		$1,857,093	$1,570,636
		Expenses:		
$121,455	$167,754	Cost of Sales & Operating Expenses	$1,119,917	$1,026,117
20,334	11,940	Selling, General & Administrative Expense	102,863	82,504
$141,789	$179,694		$1,222,780	$1,108,621
$ 21,981	$ 12,344	Parent Company	$ 145,736	$ 88,778
32,769	29,422	Exploartion & Development	136,682	199,486
$ 54,750	$ 41,766		$ 282,418	$ 288,264
$185,093	($ 6,973)	Cash Operating Profit (Loss)	$ 351,895	$ 173,751
18,248	22,243	Depreciation & Depletion	116,076	127,021
$166,845	($ 29,216)	Net Profit (Loss)	$ 235,819	$ 46,730

Operating Data

Quicksilver Division

600	218	Flasks Produced	2,971	1,938
723	220	Flasks Sold	2,953	1,880

Tungsten Division

-0-	386	Units Produced	11,656	16,331
-0-	2,217	Units Sold	9,492	16,331

U. S. Geological Survey
Office of Mineral Exploration

OME-6696
New Idria Mining & Chemical Co.

Figure 2. PROPOSED 8 LEVEL

NEW IDRIA MINE

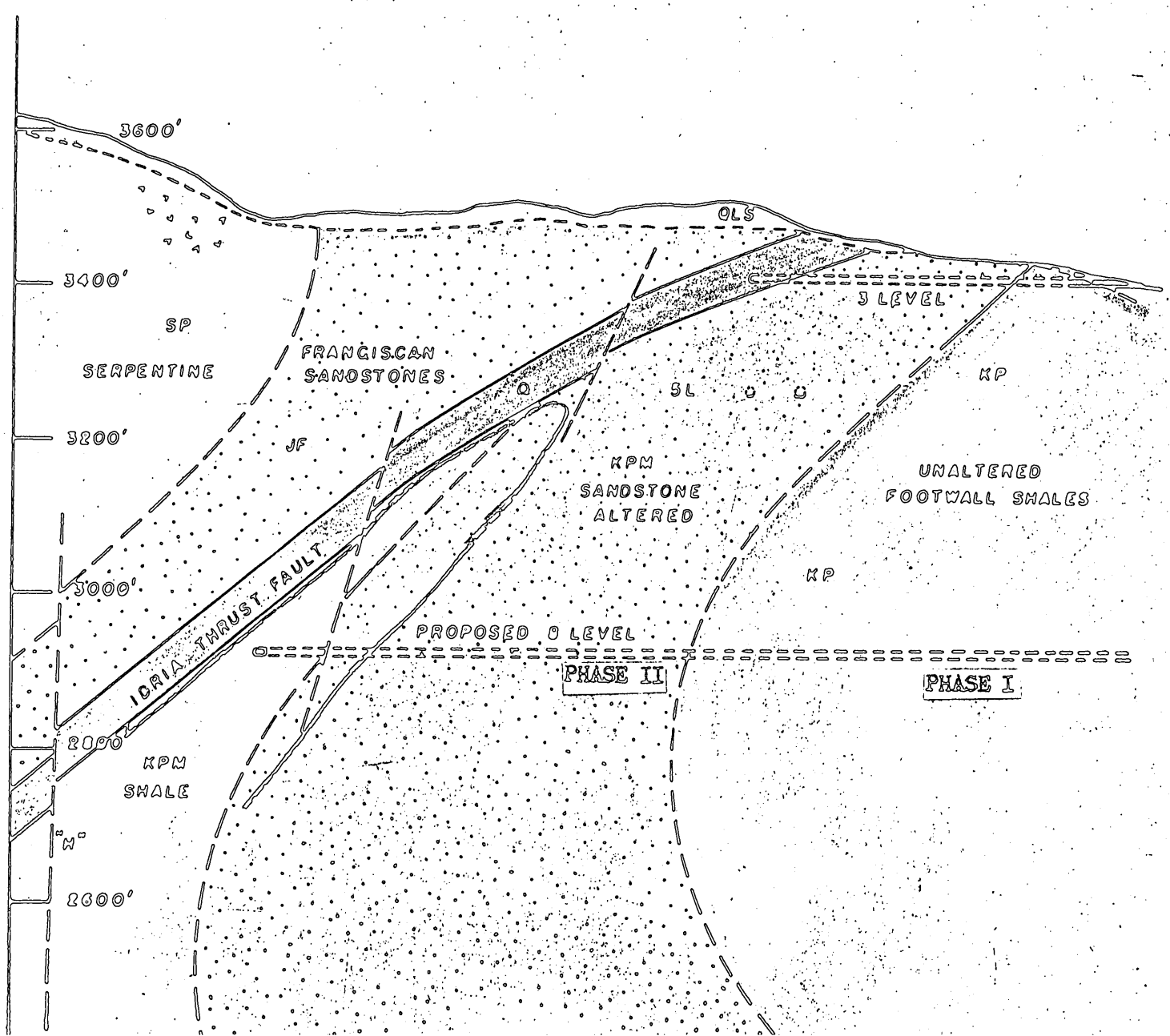
VERTICAL SECTION A-A'

SULFUR SPRINGS - CREEK AREA

BEARING N22E

LOOKING N60W

1" = 200'



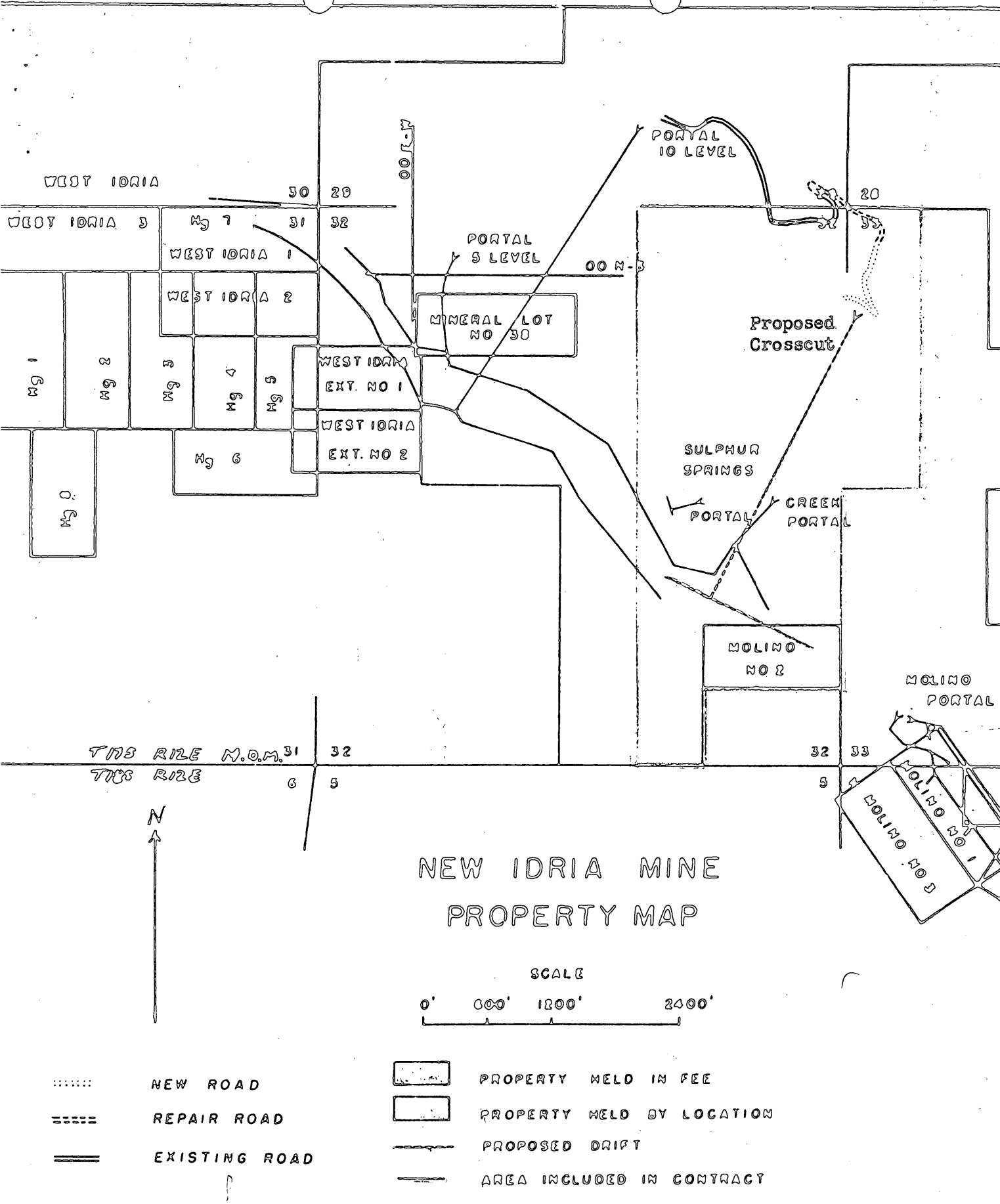


Figure 1.--Property map, New Idria mine, San Benito County, California.

MME Form 40
Jan. 65

Budget Bureau No. 42-R1300
Approval expires Dec. 31, 1968

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FEB 8 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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.)*

New Idria Mining and Chemical Co.
3457 So. Cedar Ave., P. O. Box 2806
Fresno, California 93745

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6696

DATE RECEIVED: February 8, 1968

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
T.H. Cole	3457 S. Cedar, Fresno, Cal	President
D. Van Alstyne, Jr.	4 Albany St, N.Y.C.	Chairman
C. Deely	6210 N. Central Expwy Dallas, Texas	Vice Pres.
J. A. Patrick	67 Broad St., N. Y. City	Vice Pres
E. A. Fabiani	3457 S. Cedar, Fresno, Cal	Treasurer Vice Pres
Nicholas Esteban	Idria, Calif.	Secretary

Board of Directors

STATE IN WHICH FIRM IS ORGANIZED: Calif

MINERALS FOR WHICH YOU WISH TO EXPLORE: Mercury

ESTIMATED COST OF PROJECT: $ 307,595.40

PROPERTY NAME	LOCATION COUNTY	STATE
New Idria Mine	San Benito	Calif.

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,* ~~[illegible]~~ Washington, D. C., 20242, 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.

2/2/68
DATED

Thomas H. Cole
BY *(Signature)*

President
TITLE

A willfully 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

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

January 31, 1968

Citizens
Crocker ~~Anglo~~ Bank
2145 Fresno Street
Fresno, California

Dear Sir:

The New Idria Mining and Chemical Co. proposes to undertake a long range exploration program underground at the New Idria Mine. The project includes 4500' of drifting, 1000' of raising, 8000' of long hole drilling and operating equipment. The total estimated cost of the project is $307,595.40 and is to be completed within 2 years.

New Idria wishes to obtain a bank loan to finance at least 75% of the above amount. ($230,696.55)

The work will take place in the Sulphur Springs-Creek area of the New Idria Mine and entirely within the 260 acre boundary as shown on the accompanying property map. The Company intends to pay off the loan from production of ore found only within this area. If the exploration project is successful, financial returns could not be expected to commence until approximately 14 years after the start of the project.

Although chances for the discovery of an ore body of major importance are very favorable, the Company does not choose to impair it's present cash position for this long of a period, and therefore can not undertake the project without outside financial aid.

We wish the amount of the loan ($230,696.55) to be extended over a period of 2 years in increments as required by the project operation.

Very truly yours,

THOMAS E. COLE
President

TEC:ml

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

January 31, 1968

First National Bank
1903 Fulton Avenue
Fresno, California

Dear Sir:

The New Idria Mining and Chemical Co. proposes to undertake a long range exploration program underground at the New Idria Mine. The project includes 4500' of drifting, 1000' of raising, 8000' of long hole drilling and operating equipment. The total estimated cost of the project is $307,595.40 and is to be completed within 2 years.

New Idria wishes to obtain a bank loan to finance at least 75% of the above amount. ($230,696.55)

The work will take place in the Sulphur Springs-Creek area of the New Idria Mine and entirely within the 260 acre boundary as shown on the accompanying property map. The Company intends to pay off the loan from production of ore found only within this area. If the exploration project is successful, financial returns could not be expected to commence until approximately 1½ years after the start of the project.

Although chances for the discovery of an ore body of major importance are very favorable, the Company does not choose to impair it's present cash position for this long of a period, and therefore can not undertake the project without outside financial aid.

We wish the amount of the loan ($230,696.55) to be extended over a period of 2 years in increments as required by the project operation.

Very truly yours,

THOMAS H. COLE
President

THC:ml

CROCKER-CITIZENS NATIONAL BANK
CHARTERED 1870
FRESNO MAIN OFFICE
2145 FRESNO STREET • FRESNO, CALIFORNIA 93717

February 1, 1968

Mr. Thomas H. Cole, President
New Idria Mining and Chemical Company
3457 South Cedar Avenue
Fresno, California

Dear Mr. Cole:

Mr. Fabiani and Mr. Lynn came by the bank yesterday with a request for a loan for $230,696.55 to be set up on a term basis. This money would be used to undertake a long-range exploration program under ground at the New Idria Mine and repayment of the loan would be based on the gross sales of the project.

The Fresno Main Office Branch Loan Committee met this morning and it was our decision that the loan be declined as presented. The primary reasons for declining the loan were the term nature of the request and the nebulous source of repayment.

Very truly yours,

Alan E. Head
Assistant Vice President

AEH/kcw

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NEW IDRIA MINING
AND CHEMICAL CO.

FIRST NATIONAL BANK OF FRESNO

FRESNO, CALIFORNIA 93720

W. F. LAMBERT
EXECUTIVE VICE-PRESIDENT

February 1, 1968

Mr. E. A. Fabiani
Vice President and Treasurer
New Idra Mining and Chemical Co.
3457 S. Cedar Avenue
Fresno, California 93745

Dear Mr. Fabiani:

It was a pleasure to meet with you and your associate in our bank yesterday and to hear of your company's plans concerning your holdings in the Sulphur Springs-Creek area.

Your loan request in the amount of $307,595.40, as presented in a letter dated January 31, 1968, written by your president, Mr. Thomas H. Cole, has been considered by our bank and we regret to inform you that we must decline this request under the terms as outlined in the foregoing letter. This is not a bankable loan inasmuch as it is for the purpose of exploration in order to discover and recover minerals. In our opinion, the funds of such a venture should be obtained from investors willing to risk capital against returns commensurate with the risk.

It is entirely possible that a loan request of this nature might be considered on the basis of a personal inspection of the company's fixed assets in order to determine loanable values with the thought of collateralizing the loan with these assets. However, this would entail some time and considerable expense and as you know, it is not a sound practice for banks to make a loan based upon collateral that they might have to repossess or foreclose in order to realize payment of the loan. With the speculative nature of this venture, it is entirely possible that a loan collateralled by these assets, if it were made, might result in a forced sale of the assets in order to liquidate the loan.

In view of the foregoing, I do not believe it feasible at this time for us to give further consideration to your loan application. If we can be of any assistance to you in any other way, do not hesitate to call upon us.

Sincerely yours,

W. F. Lambert

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PURPOSE

SUMMARY OF COST

1. Financial Eligibility

2. Operators Property Rights

3. Physical Description

4. Accessibility

5. Exploration Work

6. Experience

7. Estimate of Costs

MAPS

Annex I Property

Annex II Surface Geology
New Idria Mine

Annex III Surface Geology of Sulphur Springs-
Creek Area

Annex IV Composite Geologic Map of workings
Sulphur Springs-Creek Area

Annex V Geologic Section A-A'

Annex VI Geologic Section B-B'

APPLICATION FOR OME PROJECT CONTRACT

PURPOSE

The purpose of this project is to explore for quicksilver in the Sulphur Spring-Creek zone at the New Idria Mine.

SUMMARY OF COST

4500' of drifting (8' x 9' in clear of timber) @ $50.01/ft.	$225,045.00
1000' of information raising (4' x 5' in clear of timber) @ 22.20/ft	22,200.00
8000' long hole drilling @ $2.00/ft.	16,000.00
Operating equipment to be furnished by operator on depreciation basis	23,350.40
Utilities and excavations	21,000.00
Total	$307,595.40

Government's Contribution 75% $230,696.55

1. FINANCIAL ELIGIBILITY

Letters from banks are attached.

The management believes that it is not justified in making the required investment for the project without outside financial aid because of the attendant risk of a substantial proportion of the Company's operating capital for at least a year's period before possible returns could be expected.

2. OPERATORS PROPERTY RIGHTS

State of California, County of San Benito

Township 17 South, Range 12 East M.D.M.

Official Records recorded Hollister, San Benito Co., Calif.

	Acres	Title Location
Mining Claim "Molino 2" in Section 32	20	Vol. 220 P. 173
Lots 1, 8, and 9 in Section 32	120	Fee Vol 1-4
East ½ of Lots 2, 7, 10 and 15 in Section 32	80	Fee Vol 1-4
West ½ of Lots 4 and 5 in Section 33	40	Fee Vol 1-4
Total Acres	260	

There are no mortgages or liens on the above described property.

3. PHYSICAL DESCRIPTION ✩

A. The New Idria Mine is the largest operating quicksilver mine in the United States and has been in nearly continuous operation since 1853. The mine consists of extensive underground workings and several open pits. Presently the mine is operating at full capacity by mining ore from open pit and underground operations.

A complete milling installation at the mine processes 300 Tpd of ore for the production of prime virgin mercury. These facilities include crusher, bins plus four 75 Tpd rotary furnaces and condensing system.

B. The New Idria Mining and Chemical Co., a Nevada Corporation owns and operates all of the above described land and facilities.

C. Production

Approximate production in flasks from the main New Idria ore zones.

	flasks
(1) West Idria and 'C.O.' zone	50,000
(2) Old Mine	357,000
(3) 5 East Zone	80,000
(4) Sulphur Springs - Creek zone	17,000
(5) Molino zone	3,000
(6) San Carlos zone	60,000
	567,000

Current Production 1967

January	250 flasks/mo
February	300
March	228
April	358
May	339
June	224
July	222
August	308
September	676
October	502
November	682
December	600
	4689

✩ For more complete data on the New Idria Mine see Eckel, E.B. and Meyers, W. B., Calif. Journal Mines and Geology Vol 42, No. 2 April 1946, p.p. 81-124

Linn, R. K. and Dietrick, W. F., USBM I C 8033, 1961

D. Ore Reserves

There are no measured ore reserves within the Sulphur Springs-Creek area, but the operator believes it is reasonable to expect ore bodies of a size comparable to others in similar zones. Therefore an ore zone containing upward of 20,000 flasks is inferred.

The DMEA project at New Idria begun in 1952, opened up the West Idria - 'C.O.' zone which has since yielded over 50,000 flasks of quicksilver.

E. Geology of the New Idria Mine

As shown on Annex I, the principal ore zones of the New Idria Mine occur in mineralized zones in the footwall of the New Idria thrust fault. Structurally these zones are separate blocks or segments formed by offsets of the thrust by a series of strong northwest tear faults. Mineralization occurs nearly continously at depth along the 3-mile length of the New Idria belt, but the major ore zones are confined to several large mineralized lenses controlled along the strike of the thrust fault, which forms the hanging wall of mineralization and is controlled at the ends by several major tear faults. The thrust fault, which is a zone of heavy gouge, separates hanging wall rocks consisting of Franciscan (Jurassic) sandstones and serpentine from the underlying sediments of Cretaceous age. The footwall rocks, in which practically all of the mineralization of the New Idria zone occurs, consists of sandstones and shales which are strongly altered and mineralized with later pyrite and cinnabar. Innumerable small scale faults, and widespread fracturing is prevalent throughout all altered zones and the resulting voids provided the local control for ore deposition.

Accordingly, all of the major ore bodies found within the New Idria zone were deposited in fracture zones which commonly are developed most strongly along the main tear faults and their junction with the thrust fault hanging wall. These intersections form 'inverted troughs' by which ore solutions are confined and trapped by the impermeable gouge of the thrust fault and unaltered footwall shale. Many smaller, but economically important ore bodies occur in various structural conditions along the hanging wall and along the intervening tear faults.

Sulphur - Springs Creek. The target area of the proposed exploration is the Sulphur - Springs Creek mineralized zone. Specifically the area to be explored is the ground extending below 5 level between the east end of 10 level and the Molino zone. (Annex III, IV)

The Sulphur Springs - Creek lens is very similar in most respects to the other main New Idria zones, but it is also one of the least explored. The length of the lens is about 2000' horizontally and bounded on each end by a major

tear fault. The width varies from about 200' at the surface to about 500' on five level and diverges downward.

The mineralized portion is predominately sandstone with some shale, which is strongly altered and contains abundant iron sulphides with numerous traces of cinnabar. The mineralized portion also is strongly fractured throughout but becoming more intense at the junction with the major faults.

An important ore body was found in each end of the zone, each occurring close to the surface and at the intersection of the major tear faults with the thrust fault hanging wall. Total production from the Sulphur-Springs ore bodies, which are now mined out, was 17,000 flasks.

Above 5 level the zone is explored by the 4 and 5 level drifts, the Creek Pit, and drill holes. The operator believes the most likely place to find new ore within the zone is below 5 level for a depth of about 350' and along the thrust fault hanging wall extending each way to the ends of the zone.

The operator does not feel that it is feasible to effectively explore this zone by drilling. Drilling would have to be done from 5 level with downward inclined holes up to 600' deep. Drilling experience in this type of ground yields low recovery of information at large expense.

Exploration by entry via a vertical winze from 5 level to 8 level is also considered undesirable, since cost wise the project would be about equivalent with the added difficulty of water and maintaining a winze in wet heavy ground. Substantially higher costs of hoisting and material handling would in effect reduce the quantity of ore that could be economically mined underground.

4. ACCESSIBILITY

A paved road 65 miles southeast of Hollister is open all year and all facilities and workings pertaining to this project are accessible.

Hollister is the nearest trucking and supply point and Mendota, 65 miles to the northeast of New Idria is the nearest rail head.

5. EXPLORATION WORK

It is proposed to explore the Sulphur Springs-Creek zone at depth by entry through 4500' of main level drifting, 1000' of information raising and 8000' of long-hole drilling underground. (Annex III, IV)

The work will be started with a new adit collared in San Carlos Creek canyon at an elevation of 2915 (old 8 level) and driven in a straight line S 25° W for approximately 3000' or until the drift hits the hanging wall of the New Idria thrust fault; then drive 1500' of drift following the hanging wall southeast, for approximately 1000 feet, and likewise to the northwest for approximately 500' for a total of 4500' to prospect the hanging wall zone. To maintain contact with the hanging wall, which is normally irregular, small raises will be driven at the discretion of the operator to locate the hanging wall and to prospect stringers of ore. Also at strategic locations to be determined by the operator, long-hole drilling will be done from the drift in mineralized zones.

The main access drift must be collared and then driven in a straight line through soft unaltered shale for the first 2300' and will then intersect and traverse mineralized sandstone and shale for the remaining distance to the hanging wall.

Due to the possibility of changes in geologic structure below 5 level, the operator desires the right to vary the indicated direction (Annex III) of the main drift upon reaching the footwall or mineralized zone; and thereby use the remaining drift footage to explore the objective zone but essentially as indicated.

The cross section of the drift is to be 8' x 9' in clear of timber and timbered where necessary. This size is required to accommodate a 26" dia. vent pipe and operation of a 21B Eimco rocker shovel. For ventilation requirements (California State safety orders) a 2200 V power cable and transformers for a 15 HP booster fan is to be installed along the drift and a 25 HP fan at the portal.

In preparation for drifting, surface facilities including 3000' transmission line, 1000' 2" water line, 1000' of new road with a 4' dia. culvert, 1000' of repair on existing roads, and excavation of a level area at the portal will be necessary.

6. EXPERIENCE

The New Idria Mine operation has a staff of competent mining engineers and geologists with many years experience in quicksilver mining. The resident manager of the New Idria Mine will supervise the work.

7. ESTIMATE OF COSTS

Unit Costs

Drifts to be driven 8' x 9' in clear of timber and timbered where necessary.

Raise 4' x 5' in clear of timber and timbered where necessary.

Estimated Unit Costs	Drifting	Raising
Supervision	$ 1.10	$ 1.10
Engineering and Assaying	.70	.70
Timekeeping	.50	.50
Power	1.80	1.80
Trucking-Hollister to Idria	.30	.30
Freight to Hollister	.40	.40
Labor	20.00	10.00
Compensation Insurance, P. R. Taxes	2.80	1.40
Supplies, and Maintenance	5.50	3.00
Timber	9.00	3.00
Additional Supplies on footage basis:		
4" air line	1.34	
2" H2O line	.50	
26" Ventilation pipe	2.50	
40 lb. track	1.82	
Power Cable #4-3 wire conductor 2200V	1.75	
	50.01	22.20

Estimated Utilities Cost

Install 1000' 2" water line	
2" pipe .50/ft.	$ 500.00
Labor	500.00
20' x 40' Utility building for compressor and Lamp house	2,500.00
Install compressor - receiver Including electric and air installation to portal	1,500.00
Build 1000' new road to portal	3,500.00

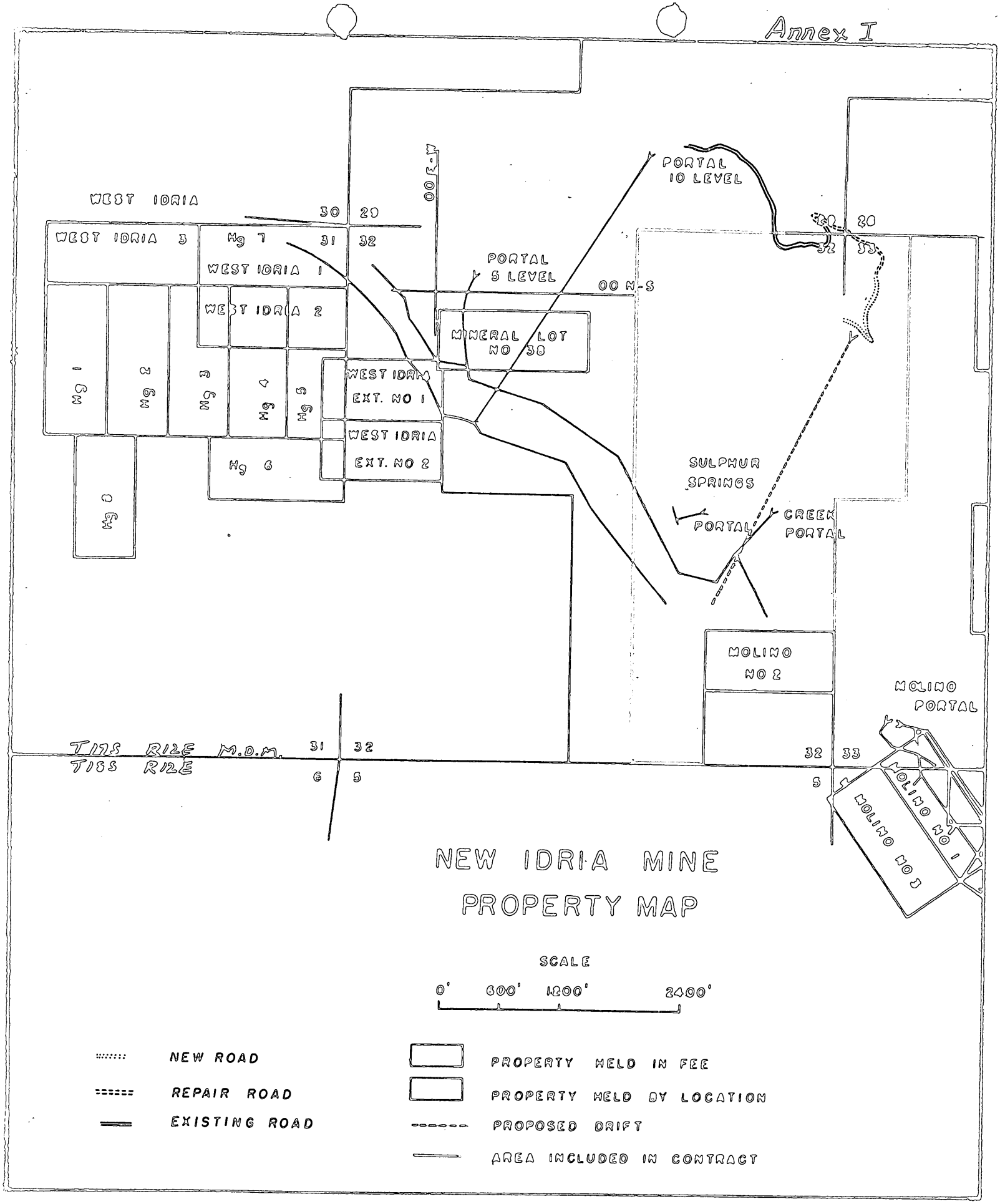
Repair 1000' existing road	3,500.00
Excavate level for portal site and dump area	2,500.00
Install 100' 4' dia. steel culvert for road across San Carlos Creek ($13.29/ft) Inc. labor, freight & Sales Tax	2,000.00
Build Granby car dump (camelback dump)	500.00
Install 3000' of 2200volt. Transmission line from existing lines to portal	4,000.00
	$21,000.00

Estimated Equipment Cost

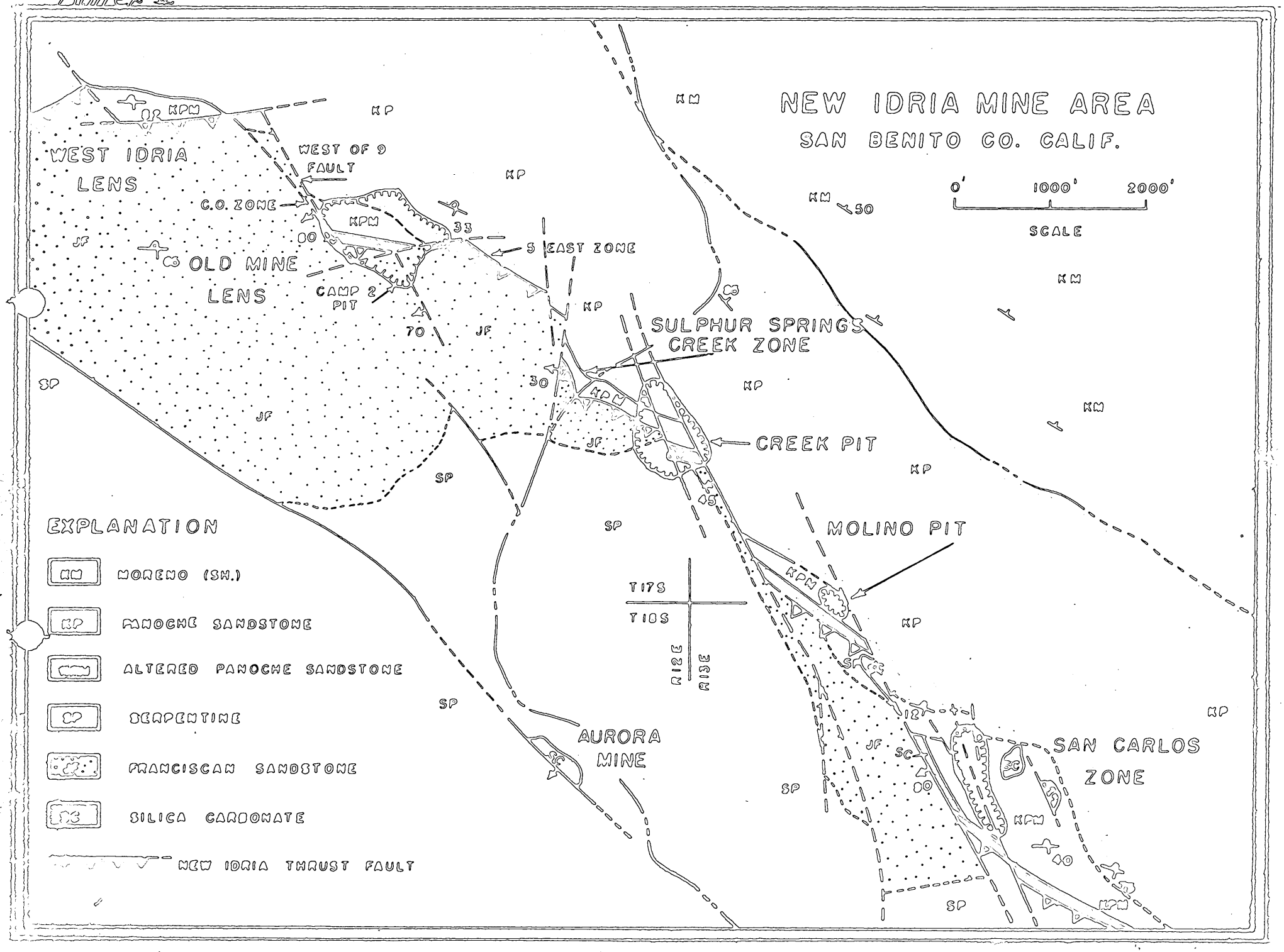
1-5 ton used Plymouth locomotive	$10,000.00
10,000# Freight	300.50
Sales Tax	500.00
6-3 Ton Granby type ore cars	12,800.00
18,000# Freight	540.00
Sales Tax	640.00
1-Eimco 21B Rocker Shovel	6,000.00
5,000# Freight	150.00
Sales Tax	300.00
1-Used Eimco 21B Rocker Shovel (for standby)	2,000.00
1-Fan Joy, 25 HP 1000 Series	1,200.00
1,000# Freight	30.00
Sales Tax	60.00
1-Fan 15 HP Joy 1000 Series	800.00
700# Freight	21.00
Sales Tax	40.00
3-Used Transformers - 25 KVA	450.00
2600# Freight	52.00
Sales Tax	22.50
1-Canton Car Transfer	600.00
1500# Freight	45.00
Sales Tax	30.00
3-Gardner Denver FL 63 Jackleg drills $1,300.00/ea delivered	3,900.00
Sales Tax	195.00
1-Used Gardner Denver PR 123 Power feed Long hole drill and 300' of drill rod	8,000.00

1- Used Atlas Copco CFM Compressor and Electric motor	6,000.00
1- Ford ½ ton pickup	2,800.00
3- Used 75 KVA Transformers including switches ($300 ea)	900.00
	$58,376.00
Depreciation for 24 months on a 60 month basis.	$23,350.40

Annex I


WEST IDRIA
30
20
WEST IDRIA 3
Hg 7
31
32
WEST IDRIA 1
WEST IDRIA 2
Hg 1
Hg 2
Hg 3
Hg 4
Hg 5
Hg 6
Hg 8
WEST IDRIA EXT. NO 1
WEST IDRIA EXT. NO 2
MINERAL LOT NO 38
PORTAL 5 LEVEL
00 N-S
PORTAL 10 LEVEL
SULPHUR SPRINGS
PORTAL
CREEK PORTAL
MOLINO NO 2
MOLINO PORTAL
MOLINO NO 1
MOLINO NO 3
T17S R12E M.D.M.
T18S R12E
6
5
NEW IDRIA MINE
PROPERTY MAP
SCALE
0' 600' 1200' 2400'
NEW ROAD
REPAIR ROAD
EXISTING ROAD
PROPERTY HELD IN FEE
PROPERTY HELD BY LOCATION
PROPOSED DRIFT
AREA INCLUDED IN CONTRACT

Annex II


NEW IDRIA MINE AREA
SAN BENITO CO. CALIF.
0' 1000' 2000'
SCALE
WEST IDRIA LENS
WEST OF 9 FAULT
C.O. ZONE
OLD MINE LENS
CAMP 2 PIT
S EAST ZONE
SULPHUR SPRINGS CREEK ZONE
CREEK PIT
MOLINO PIT
AURORA MINE
SAN CARLOS ZONE
T17S
T18S
R12E
R13E
EXPLANATION
MORENO (SH.)
PANOCHE SANDSTONE
ALTERED PANOCHE SANDSTONE
SERPENTINE
FRANCISCAN SANDSTONE
SILICA CARBONATE
NEW IDRIA THRUST FAULT

NEW IDRIA MINE

VERTICAL SECTION B-B'

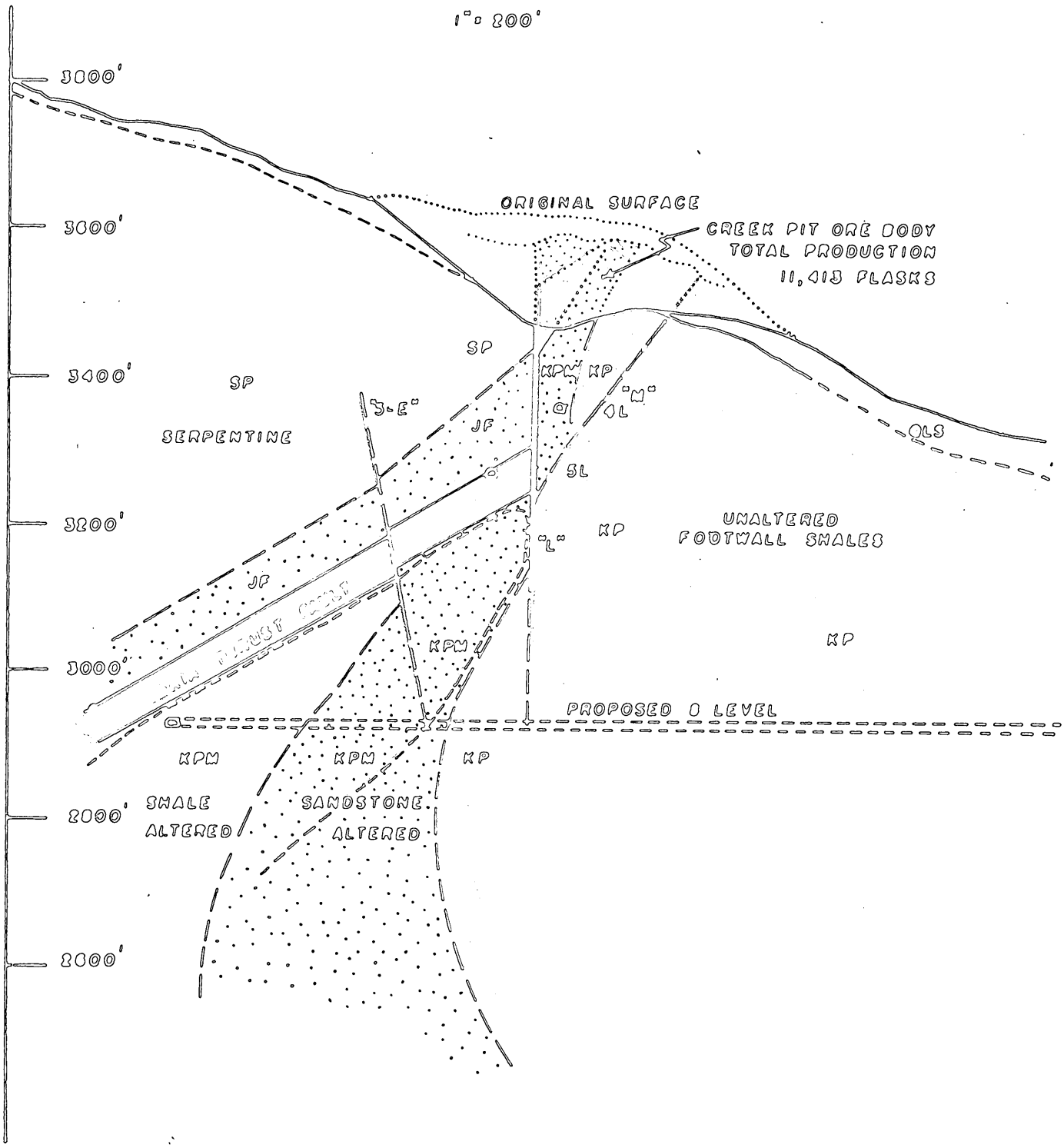
Annex VI

CREEK PIT AREA

BEARING N22E

LOOKING N60W

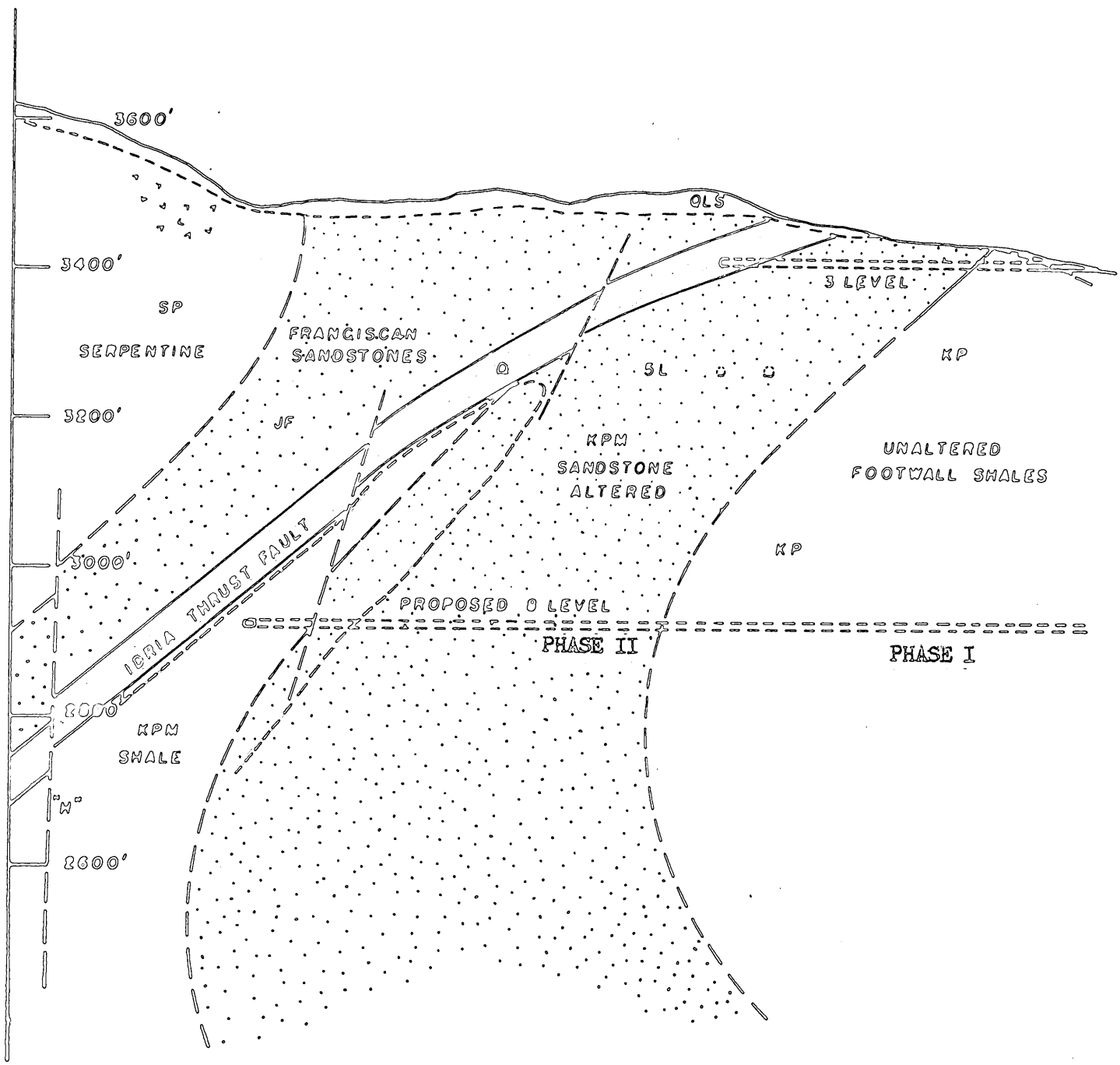
1" = 200'



OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 8 1958
INITIALS | CODE

Annex V

Figure 2. PROPOSED 8 LEVEL
NEW IDRIA MINE
VERTICAL SECTION A - A'
SULFUR SPRINGS - CREEK AREA
BEARING N 82 E
LOOKING N 60 W
1" = 200'



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United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

August 18, 1978

Memorandum

To: Branch of Financial Reports

From: Chief, Office of Minerals Exploration

Subject: Recording of realized loss under OME contract

Write-off of realized loss on the contract listed is hereby authorized:

Contract	Docket	Operator	Write-off
2267	OME-6696	New Idria Mining & Chemical Co.	$134,550.00

Harold Kirkemo

Harold Kirkemo

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

August 18, 1978

Mr. Gerald D. Evans, Treasurer
New Idria Mining and Chemical Co.
1990 N. California Boulevard
Suite 700
Walnut Creek, California 94596

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs--
Creek Zone
San Benito County, California
Contract 2267

Dear Mr. Evans:

By the terms of OME Contract 2267 and the Certification of Possible Production dated July 1, 1970, all minerals mined or produced from August 16, 1968, to August 16, 1978, were subject to the payment of royalty to the Government.

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Mr. Gerald D. Evans, Treasurer
New Idria Mining and Chemical Co.
1990 N. California Boulevard
Suite 700
Walnut Creek, California 94596

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs--
Creek Zone
San Benito County, California
Contract 2267

Dear Mr. Evans:

Legislation enacted in October 1976 established new requirements concerning unpatented mining claims and affidavits of annual assessment work. Owners of unpatented claims must comply by October 22, 1979, with new procedures described in Section 314, Public Law 94-579, October 21, 1976, and in Federal Register--Title 43, Part IV of January 27, 1977. Copies of these documents are enclosed for your information. Simply stated, the new legislation requires that mining claims be rerecorded by October 22, 1979, and that certain information be filed with affidavits of assessment work.

We bring this matter to your attention so that you may take proper action if you intend to retain these claims after October 22, 1979. The Government's interest in the land and in royalty on possible production therefrom under terms of the subject contract terminate before that date. In the meantime, this interest is protected under provisions cited in the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Rcvd 6/6/77

HK 6/6/77

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

June 1, 1977

MEMORANDUM

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer, Region II
Menlo Park, California

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, Calif.
Contract 2267

Annual Inspection

On May 19, 1977, Edgar H. Bailey, mercury commodity geologist, and I visited the New Idria mine.

There has been no mining activity on the property since the mine closed down in 1972. No ore has been mined or processed from the OME workings since the spring of 1971. Except for a few individuals and families still living in the mine camp, the mine area is deserted.

The period of certification for this property will expire on August 16, 1978.

H. K. Stager

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

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O. M. E.
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MAY 26 1976

INITIALS	CODE
HK	HK

May 20, 1976

MEMORANDUM

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer, Region II
Menlo Park, California

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, Calif.
Contract 2267

Annual Inspection

On January 29, 1976, Edgar H. Bailey, mercury commodity geologist, Branch of Western Mineral Resources, U.S. Geological Survey, Menlo Park, Calif., visited the New Idria mine and examined the property with Mr. Mark Ward, the resident mine representative for New Idria Mining and Chemical Company.

Need price of 375-400 flask to recommend reopening property. Phone call with Stager 5/26/76

There has been no mining on the property since the mine closed down in 1972. No ore has been mined or processed from the OME workings since the spring of 1971.

The period of certification for this property will expire on August 16, 1978.

H. K. Stager

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

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O. M. E.
RECEIVED
AUG 19 1975

INITIALS	CODE
HK	

August 8, 1975

~~Mr. Peter E. Taussig~~
~~Cooper, White & Cooper~~
~~44 Montgomery Street~~
~~San Francisco, California 94104~~

Mr. Gerald D. Evans, Treasurer
New Idria Mining and Chemical Co.
1990 N. California Boulevard
Suite 700
Walnut Creek, California 94596

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs--
Creek Zone
San Benito County, California
Contract 2267

Dear Mr. Taussig:

The enclosed MME Form 63 is our means of keeping informed about any changes in ownership of the property and production from it during the period of royalty obligation under provisions of the subject contract.

Would you or someone in responsible charge of the New Idria property please complete and return the form to this office?

Thank you for your cooperation.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since September 19, 1974, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since September 7, 1973, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

Purchaser (*name and address*)	Quantity	Value

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

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since September 7, 1973, has any production been transported through workings (*see* Special Agreement Concerning Royalty in Annex I *of contract*)? OME Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
H. D. Evans	Treasurer
Address	*Date*
1990 N. California Boulevard, Suite 700 ~~Walnut Creek, California 94596~~	August 13, 1975

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

✓
HK
11/26/74

October 25, 1974

MEMORANDUM

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Enclosed is a copy of two deeds of trust dated September 19, 1974 relating to the subject property, and copies of two transmittal letters dated October 23 and October 24, 1974, all of which are self explanatory. A duplicate copy of each document is retained in our file.

R. M. Smith
for H. K. Stager

Enclosures

EDWIN T. COOPER (1875-1960)
CHARLES T. WHITE (1893-1934)

SHELDON G. COOPER
ROBERT M. RAYMER
WILLIAM J. DOWLING, JR.
JOHN E. SCHAEFFER
CHARLES W. KENADY
R. BARRY CHURTON
J. RAYMOND HEALY
JAMES J. BROSNAHAN
JAMES MURAD
W. RONALD INGRAM
EDWARD J. WYNNE, JR.
PETER E. TAUSSIG
ROBERT R. CALLAN

LAW OFFICES
COOPER, WHITE & COOPER
44 MONTGOMERY STREET
SAN FRANCISCO 94104
CABLE ADDRESS "SCOOP"
AREA 415 433-1900

ALLEN M. SINGER
MORSE ERSKINE
JAMES B. FRANKEL
OF COUNSEL
DAVID L. BACON
WILLIAM J. DOWLING III
ALAN C. FREELAND
JAMES S. GREENAN
DAVID M. HELLMAN
JOHN A. HETHERINGTON
JOHN D. MAHONEY
JAMES R. MOORE
RICHARD A. SEITZ
NEIL L. SHAPIRO
BRUCE D. SUNSTEIN
DAVID W. TUCKER
MARK L. TUFT

October 24, 1974

United States Department
of the Interior
Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Attention: Mr. H. K. Stager, Field Officer, OME, Region II

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Gentlemen:

Pursuant to Paragraph (c) of Article 2 of the above-captioned contract, we on behalf of New Idria Mining and Chemical Company are transmitting to you herewith two copies of each of the following:

1. Deed of Trust and Assignment of Rents which New Idria delivered to Union Bank yesterday to convey to it a security interest in certain real property in the San Benito County, California, which real property includes the lands subject to the above-captioned contract.

2. Deed of Trust and Assignment of Rents which New Idria also delivered to Union Bank yesterday to convey to it a security interest in those portions of the same real property which lie in Fresno County, California.

(Please note that each of the above-mentioned conveyances was and is subject to "all liens, claims and encumbrances ... heretofore or contemporaneously ... disclosed by [New Idria] to [Union Bank] and in writing acknowledged by [Union Bank] to have been thus disclosed.")

3. Letter dated October 23, 1974, from New Idria to Union Bank whereby New Idria (i) transmitted the above-mentioned trust deeds to the Bank, (ii) advised the Bank of the Government's right to royalty payments and lien securing the same under New Idria's above-captioned contract with you, and (iii) transmitted to the Bank a copy of that contract and your June 3, 1974, letter to the Company regarding the contract. You will note that this enclosure has been countersigned by the Bank to acknowledge receipt of the Company's advice regarding the provisions of the contract and receipt of a copy thereof.

Please do not hesitate to telephone to or otherwise communicate directly with the undersigned if you have any comments or questions, or if anything further is required or would be of assistance in connection with this matter.

Thank you for your courtesy and cooperation.

Very truly yours,

COOPER, WHITE & COOPER

Peter E. Taussig

PET/db
Encs.

cc: New Idria Mining and Chemical Company
(w/one photocopy of each of the two trust deeds and one photocopy of New Idria's October 23, 1974, letter to the Bank manually countersigned by a bank officer -- all for permanent retention in New Idria's files)

RECEIVED
OCT 25 1974
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA

235 Montgomery Stree
San Francisco, California 9410-
415/398-816

October 23, 1974

Union Bank
50 California Street
San Francisco, California 94111

Gentlemen:

Delivered to you herewith are two deeds of trust, dated September 19, 1974, between this Company, as Trustor, and Union Bank, as Trustee and Beneficiary. These trust deeds convey to you a security interest in this Company's Idria Mine Property, which property is more particularly described in Exhibit A to the trust deeds.

One of the trust deeds is for recordation in San Benito County and the other one is for recordation in the Fresno County.

Also delivered to you herewith are copies of Exploration Contract (short form) dated August 16, 1968, between this Company and the United States of America, acting through the Department of Interior, U.S. Geological Survey (hereinafter the "Government"), and a letter dated June 3, 1974, from the Government to the Company with respect thereto. Pursuant to this Contract (which is referred to hereinafter as the "OME Contract") the Government advanced funds to help finance an exploration project of the Company on a portion of the Idria Mine Property.

Under the OME Contract, the Government has a lien on the portions of the Idria Mine Property on which the exploration project was conducted, securing the payment of a royalty of 5% of the gross proceeds from the sale of minerals extracted therefrom. The Government's right to such royalty payments under the OME Contract terminate upon the earlier of (i) repayment to the Government of its contribution to the exploration project plus interest thereon at the rate of 7-1/2% per annum, or (ii) expiration of a ten-year period which commenced August 16, 1968.

The foregoing summarizes our understanding of the OME Contract and such summary is qualified in its entirety by reference to the enclosed OME Contract and June 3, 1974, letter from the Government with respect thereto. The copies

of the OME Contract and June 3, 1974, letter from the Government with respect thereto are transmitted to you herewith to satisfy the Company's obligations under Article Sixth, paragraph (f) of said contract, which requires that the Company give notice of the Government's claim for royalty to any purchaser of the property. Accordingly, please acknowledge your receipt of this letter and the above-mentioned enclosures by signing the extra copy of this letter on the form contained hereinbelow for this purpose, and return such countersigned copy to us.

Thank you for your courtesy and cooperation.

Very truly yours,

NEW IDRIA MINING AND CHEMICAL COMPANY

By /s/ Charles H. Stuckey
Charles H. Stuckey
Treasurer and Assistant Secretary

CHS/db
Encs.

Receipt of the foregoing letter and each and all of the enclosures referred to therein is hereby acknowledged this 23rd day of October, 1974:

UNION BANK

By [illegible]

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Union Bank - Note Dept.
50 California Street
San Francisco, Calif. 94111

SPACE ABOVE THIS LINE FOR RECORDER'S USE

~~Construction~~ Deed of Trust and Assignment of Rents

This Deed of Trust and Assignment of Rents, made this 19th day of September, 1974, between

NEW IDRIA MINING AND CHEMICAL COMPANY, a Nevada Corporation formerly NEW IDRIA QUICKSILVER MINING COMPANY, a Nevada Corporation,

, herein called TRUSTOR,

whose address is 235 Montgomery Street, Suite 1721 San Francisco, CA 94104 and
(Number and Street) (City) (State) (Zip Code)

UNION BANK, a California corporation, as Trustee and also as Beneficiary.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, all that property, including all of the easements, rights, rights of way, privileges, franchises and appurtenances thereunto belonging or in any way appertaining or as a means of access thereto, now or hereafter acquired, in the
County of San Benito State of California, described in

Exhibit A attached hereto and incorporated herein by this reference; subject, however to all liens, claims and encumbrances (i) of record, and/or (ii) heretofore or contemporaneously herewith disclosed by Trustor to Trustee and in writing acknowledged by Trustee to have been thus disclosed.

Together with the rents, issues, profits, royalties, revenue, income and other benefits thereof or arising from the use or enjoyment of all or any portion of the property including all right, title and interest of the Trustor in and to all leases covering portions of the property then or thereafter entered into and all right, title and interest of the Trustor thereunder including, without limitation, cash or security deposited thereunder to secure the performance by the lessees of their obligations thereunder; subject however, to the right, power and authority hereinafter given to and conferred upon Trustor to collect and apply such rents, issues and profits prior to any default hereunder; and including all buildings and improvements now or hereafter thereon, and all appurtenances, easements, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; all machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage; all wall-beds, wall-safes, built in furniture and installations, shelving, lockers, partitions, door-stops, vaults, elevators, dumb-waiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems, all installations for which any such building is specifically designed and * * *
* * *
* *

All of said items, whether now or hereinafter installed, being hereby declared to be, for all purposes of this Deed of Trust, a part of the realty and all the estate, interest, or other claim or demand including insurance, as well in Law as in equity, which Trustor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, (1) payment of an indebtedness in the sum of $_____ evidenced by that certain promissory note of even date herewith executed by Trustor to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by said note or otherwise; (2) payment of interest on said indebtedness according to the terms of said promissory note; (3) payment of all other sums, with interest as herein provided, becoming due or payable under the provisions hereof to Trustee or Beneficiary; (4) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein, or in said note, or in any Building Loan Agreement relative to any indebtedness evidenced by said note or in any document or instrument evidencing, securing or pertaining to the indebtedness evidenced by said note; and (5) payment of such additional sums with interest thereon as may be hereafter borrowed from Beneficiary, its successors or assigns by Trustor or the then record owner or owners of said property when evidenced by another promissory note or notes, which are by the terms thereof secured by this Deed of Trust.

TO PROTECT AND MAINTAIN THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To pay, perform, observe and discharge each and every obligation, covenant and agreement for which this Deed of Trust has been given as security as provided above.

(2) To keep such property in good condition and repair; not to remove or demolish any improvement thereon; to complete or restore promptly and in good and workmanlike manner any improvement which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; to perform, in the event all or any portion of the above described property constitutes a leasehold estate belonging to Trustor, each and every obligation of Trustor under the terms of the lease agreement relating to the demise of such property; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(3) To provide, maintain and deliver to Beneficiary fire with extended coverage endorsement, public liability, property damage and other insurance policies in companies and form, content and term satisfactory to and with loss payable to Beneficiary, such delivery to constitute an assignment to Beneficiary of all return premiums. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(4) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(5) To pay and discharge, at least ten days prior to delinquency, all taxes of every kind and nature, including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes, all general and special assessments, including assessments on appurtenant water stock, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against Trustor or said property or any part thereof or upon the revenues, rents, issues, income or profits thereof; when due, all incumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto or subject or subordinate hereto; all costs, fees and expenses of this Trust; or, if and as required by Beneficiary, to pay to Beneficiary in equal installments on the day on which monthly payments of principal and interest are due under said note, sufficient funds (as estimated by Beneficiary from time to time) to pay when due the next maturing taxes, assessments and hazard insurance premiums. When so provided with sufficient funds, Beneficiary shall pay such taxes, assessments and hazard insurance premiums before delinquency. Any excess over the amount required for such purposes shall be held for future use, applied to any indebtedness hereby secured or refunded to Trustor at Beneficiary's option.

To promptly and completely observe, perform, and discharge each and every obligation, covenant and agreement affecting said property, whether the same is prior and superior or subject and subordinate hereto including, if the security hereunder is or will be a condominium, community apartment or part of a planned development, each and every provision to be performed by Trustor under any Declaration of Covenants, Conditions and Restrictions pertaining to the condominium, community apartment or planned development project and, upon written request of Beneficiary, to pay maintenance charges, if the same have not been paid or legal steps have not been initiated to enforce such payment within ninety (90) days after such written request is made.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(6) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at _____ per cent per annum.

(7) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance, notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, Beneficiary, in its sole and absolute discretion, shall have the right to apply all compensation, award or other payments or relief therefor made on account thereof to either the payment of accrued but unpaid interest and second to the prepayment of principal under said promissory note or reimbursement of Trustor for expenses incurred by it in the restoration of said property, and in respect thereto, Trustor hereby waives the benefit of any statute, rule or law which may be contrary thereto.

(8) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(9) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(10) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note to Trustee for cancellation and retention and upon payment by Trustor of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(11) That Trustor absolutely and unconditionally hereby assigns, transfers, conveys and sets over to Beneficiary all of the rents, royalties, issues, profits, revenue, income and other benefits of said property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (collectively the "Rents"); provided, however, prior to any default by Trustor in the payment, observance, performance and discharge of any obligation, covenant or agreement of Trustor contained herein, Trustor shall have the right as the agent and fiduciary representative of Beneficiary for collection and distribution purposes only, to collect and receive the Rents as they become due and payable to be applied by Trustor to the payment of the principal and interest and all other sums due or payable on said promissory note and to the payment of all other sums payable under this Deed of Trust and, thereafter, so long as no default as aforesaid has occurred, the balance shall be distributed to the account of Trustor. Upon any such default, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said real property or any part thereof, in its own name or in the name of Trustor, sue for or otherwise collect the Rents, including those past due and unpaid and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees and expenses, to the payment of the principal and interest and all other sums due or payable on said promissory note and to the payment of all other sums payable under this Deed of Trust and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of the Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

All leases now or hereafter affecting said property, including all oil and gas leases and other subsurface leases and the royalties derived therefrom, are hereby assigned and transferred to Beneficiary by the Trustor, and Trustor hereby agrees and covenants that none of said leases will be modified or terminated without the consent in writing of the Beneficiary.

Trustor agrees that it will not (a) execute any further assignment of any of its right, title and interest in the rents, royalties, issues, profits, revenue, income or other benefits without the prior written consent of the Beneficiary; (b) accept prepayments of any installments of rent to become due under any leases in excess of one (1) month except prepayments in the nature of security which security will not exceed an amount equal to one (1) month's rent under the lease; (c) with respect to any lease having a term of two (2) years or more, Trustor will not terminate, amend or modify any such lease without the prior written consent of the Beneficiary or (d) accept a surrender of any such lease.

(12) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of the sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as herein defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in paragraph (6) hereof, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

If this Deed of Trust or any note secured hereby provides for any charge for prepayment of any indebtedness secured hereby, Trustor agrees to pay said charge if any of said indebtedness shall be paid prior to the date thereof stated in said note or this Deed of Trust, even if and notwithstanding Trustor shall have defaulted in payment thereof, or in performance of any agreement hereunder, and Beneficiary, by reason thereof, shall have declared all sums secured hereby immediately due and payable.

(13) That if the Trustor, or any subsequent owner of the property covered hereby, shall occupy said property, or any part thereof, after any default in payment of any amount secured by this Deed of Trust, the Trustor, or such owner, shall pay to the Beneficiary in advance on the first day of each month a reasonable rental for the premises so occupied, and upon failure to pay such reasonable rental, the Trustor, or such owner, may be removed from said premises by summary dispossess proceedings or by any other appropriate action or proceeding.

(14) Beneficiary, acting alone, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by each and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution.

(15) That any Trustor who is a married woman hereby expressly agrees that recourse may be had against her separate property, but without hereby creating any lien or charge thereon, for any deficiency after sale of the property hereunder.

(16) That Trustor shall, upon request made by Beneficiary, furnish Beneficiary with annual statements covering the operations of said property.

(17) The Beneficiary may collect a "late charge" not to exceed an amount equal to four per centum (4%) of any installment which is not paid within fifteen (15) days from the date thereof to cover the extra expense involved in handling delinquent payments.

(18) That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

(19) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(20) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(21) To pay Beneficiary for each and every beneficiary statement furnished at Trustor's request the maximum fee allowed by law and if there be no maximum, then in accordance with Beneficiary's schedule therefor. Such fee shall be computed as of the time said statement is furnished.

(22) That should Trustor sell, convey, transfer, dispose of or further encumber said property or any part thereof or any interest therein or enter into a lease covering all or any portion thereof or an undivided interest therein, either voluntarily, involuntarily or otherwise, or enter into an agreement so to do, without the prior written consent of Beneficiary being first had and obtained, then Beneficiary may, at its option, declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right or require such consent to future or successive transactions.

(23) If Trustor is a corporation, trust, limited or general partnership or joint venture, should there occur a sale, conveyance, transfer, disposition or encumbrance either voluntary or involuntary or should an agreement be entered into to accomplish any thereof with respect to more than Ten Percent (10%) of the issued and outstanding capital stock of Trustor if a corporation or of the beneficial interest of Trustor if a trust or of any general partnership or joint venture interest if Trustor be a general or limited partnership or joint venture or if there shall occur a change in any general partner or any joint venture if Trustor is a limited or general partnership or a joint venture, then Beneficiary may, at its option, declare all sums secured hereby immediately due and payable unless Beneficiary shall have given its prior written consent thereto. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

(24) That in the event of the passage after the date hereof of any law deducting from the value of real property, for taxation purposes, any lien thereon or changing in any way the laws now in force for the taxation of Deeds of Trust or debts whether or not secured thereby for Federal, State or Local purposes or the manner of the collection of any such taxes so as to affect this Deed of Trust or the obligations hereby secured, Trustor agrees to pay any thereof and if Trustor fails to so do or if it would be illegal for Trustor so to do then, the whole of the principal sum secured by this Deed of Trust, together with accrued interest thereon shall, at the option of the Beneficiary, without demand or notice, immediately become due and payable.

(25) To the fullest extent permitted by law, Trustor hereby waives the provisions of Section 440 of the Civil Procedure Code of California and all amendments thereto.

(26) That no remedy herein conferred upon, reserved to Trustor or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary in the exercising of any right or power accruing upon any event of default hereunder shall impair such right or power or any other right or power nor shall the same be construed to be a waiver of any default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the obligations secured hereby, Beneficiary, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights or remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order and in such manner as Beneficiary may deem fit without waiving any rights with respect to any other security. The granting of consent by Beneficiary to any transaction as required by the terms hereunder shall not be deemed a waiver of the right to secure the consent of Beneficiary to future or successive transactions.

(27) That in the event any one or more of the provisions contained in this Deed of Trust or in the Promissory Note hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust or said Promissory Note, but this Deed of Trust and said Promissory Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

(28) This Deed of Trust has been executed and delivered in the State of California and is to be construed and enforced according to and governed by the laws thereof except that with respect to any portion of the property covered hereby located outside of the State of California, only to the extent required for Trustee or Beneficiary to enforce or realize upon the rights and remedies hereunder with respect thereto, the laws of the state in which such property is located shall be applicable hereto.

The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor | *Signature of Trustor*

NEW IDRIA MINING AND CHEMICAL COMPANY,

a Nevada corporation

By William W. Shannon
William W. Shannon
President

By Charles H. Stuckey
Charles H. Stuckey
Assistant Secretary

STATE OF CALIFORNIA
COUNTY OF _____ } SS.

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____,

_____,

_____, known to me to be the person _____ whose name _____ subscribed to the within instrument and acknowledged that _____ executed the same.
WITNESS my hand and official seal.

Signature _____

_____
NAME (Typed or Printed)

(This area for official notarial seal)

SFI-523 (Rev. 4-74)

STATE OF CALIFORNIA,

County of San Francisco } ss.

On this 23rd day of October in the year one thousand nine hundred and seventy-four before me, the undersigned a Notary Public in and for the City & County of San Francisco, State of California, residing therein, duly commissioned and sworn, personally appeared WILLIAM W. SHANNON and CHARLES H. STUCKEY known to me to be the President and Assistant Secretary of the corporation described in and that executed the within instrument, and also known to me to be the person S who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

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

DORIS I. MARTIN
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO
My Commission Expires November 24, 1977

Doris I. Martin

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

My Commission Expires 11/24/77

CORPORATION
ATTORNEYS PRINTING SUPPLY FORM NO. 7

Subject to all liens, claims and encumbrances (i) of record, and/or (ii) heretofore or contemporaneously herewith disclosed by Trustor to Trustee and in writing acknowledged by Trustee to have been thus disclosed:

PARCEL 1

ALL THAT CERTAIN REAL PROPERTY, SITUATE, LYING, AND BEING IN THE STATE OF CALIFORNIA, COUNTY OF SAN BENITO, PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1A

IN TOWNSHIP 17 SOUTH, RANGE 12 EAST, MOUNT MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF

NEW IDRIA MINE, KNOWN AND PATENTED AS MINERAL LOT 38 IN SECTION 32 AND FULLY DESCRIBED IN LETTERS PATENT OF THE UNITED STATES NO. 3711 DATED JANUARY 30, 1880, RECORDED IN VOL. 46 PAGE 254 TO 259 INCLUSIVE OF THE GENERAL LAND OFFICE.

OF SECTION 28: THE NORTH HALF OF THE SOUTHWEST QUARTER.

OF SECTION 29: THE SOUTH HALF OF THE SOUTHWEST QUARTER, AND THE EAST HALF. EXCEPTING FROM THE SOUTHEAST QUARTER OF SAID SECTION 29, THAT PART THEREOF IDRIA SCHOOL DISTRICT BY DEED, DESCRIBED AS FOLLOWS:

BEGINNING AT NEW IDRIA MINE TRIANGULATION POINT CORNER NO. 1259, AS 3/4 INCH PIPE IN A 2 INCH PIPE WHICH IS NORTH 24° 55' EAST 2010.86 FEET FROM THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 29; THENCE SOUTH 66° 54' WEST 164.34 FEET; THENCE SOUTH 66 54 1/2' WEST 97.50 FEET; THENCE SOUTH 66° 55' WEST 129.08 FEET TO CORNER NO. 1260, WHICH IS AN INCH PIPE; THENCE NORTH 72° 52 1/4' WEST 159.15 FEET TO CORNER NO. 1261, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE NORTH 19° 18' WEST 38.31 FEET; THENCE NORTH 19° 17 1/2° WEST 52.55 FEET TO CORNER NO. 1262, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE NORTH 72° 15' EAST 281.97 FEET; THENCE NORTH 72° 12 1/2' EAST 146.34 FEET TO CORNER NO. 1263, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE SOUTH 83° 51' EAST 151.29 FEET TO CORNER NO. 1264, WHICH IS A /3/4 INCH PIPE IN A 2 INCH PIPE; THENCE SOUTH 0° 5 1/2' EAST 60.01 FEET; THENCE SOUTH 0° 6' EAST 81.44 FEET TO THE POINT OF BEGINNING.

OF SECTION 32: LOTS 1, 2, 3, 4, 6, 7, 8, 9, 10 AND 15, AND MINERAL LOT 38.

EXHIBIT A

OF SECTION 33: THE SOUTH HALF OF THE SOUTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE WEST HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER.

OF SECTION 34: THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTH HALF OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER.

EXCEPT THAT PORTION CONVEYED TO MARK L. WARD, RECORDED SEPTEMBER 7, 1971 UNDER RECORDER'S INSTRUMENT NO. 110788 OFFICIAL RECORDS OF SAN BENITO COUNTY.

ALSO EXCEPT THAT PORTION CONVEYED TO MARK L. WARD, RECORDED APRIL 3, 1974 UNDER RECORDER'S INSTRUMENT NO. 122096 OFFICIAL RECORD OF SAN BENITO COUNTY.

OF SECTION 35: THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER.

PARCEL 1B

IN TOWNSHIP 18 SOUTH, RANGE 12 EAST MOUNT DIABLO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

SAN CARLOS MINE KNOWN AND PATENTED AS MINERAL LOTS 42, 43 AND 44 IN SECTION 4, FULLY DESCRIBED IN LETTERS, PATENT OF THE UNITED STATES NO. 10003, 10004, AND 10005, ALL DATED MARCH 5, 1885 AND RECORDED IN VOL. 125 PAGE 30 TO 44 INCLUSIVE OF THE GENERAL LAND OFFICE.

OF SECTION 3: THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER

EXCEPT THAT PORTION DESCRIBED IN THE DEED TO MARK L. WARD, RECORDED SEPTEMBER 7, 1971 UNDER RECORDER'S INSTRUMENT NO. 110788 OFFICIAL RECORDS OF SAN BENITO COUNTY.

ALSO EXCEPT THAT PORTION DESCRIBED IN THE DEED TO MARK L. WARD ETUX, RECORDED APRIL 3, 1974 UNDER RECORDER'S INSTRUMENT NO. 122096 OFFICIAL RECORDS OF SAN BENITO COUNTY.

OF SECTION 13: LOT 7 AND THE SOUTH HALF OF THE SOUTH WEST QUARTER

OF SECTION 20: THE EAST ONE-HALF

OF SECTION 21: THE NORTH WEST QUARTER

OF SECTION 22: THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER

OF SECTION 25: LOTS 2, 7, 10 12 AND 13
EXCEPTING THEREFROM ALL THAT PORTION WHICH LIES WITHIN FRESNO COUNTY

EXHIBIT A

OF SECTION 26: THE NORTH ONE-HALF

OF SECTION 27: THE NORTH ONE-HALF

OF SECTION 28: THE NORTH EAST QUARTER

OF SECTION 35: THE NORTH ONE-HALF
EXCEPTING THEREFROM ALL THAT PORTION WHICH LIES WITHIN FRESNO COUNTY

PARCEL 2

ALL OIL AND GAS RIGHTS, INCLUDING OIL, CONDENSATE, GASOLINE, GAS (WHETHER DRY GAS, WET GAS OR OTHER GAS) PROPANE, BUTANE, AND OTHER PETROLEUM FRACTIONS AND ALL OTHER COMMERICALLY VALUABLE SUBSTANCE PRODUCED THROUGH OIL, GAS OR CONDENSATE WELLS, INCLUDING THE SOLE AND EXCLUSIVE RIGHT TO EXPLORE AND DRILL FOR SUCH OIL AND GAS AND TO PRODUCE SUCH OIL AND GAS IN THE SOUTH HALF OF SECTION 21 AND THE SOUTH HALF OF SECTION 26 IN TOWNSHIP 18 SOUTH RANGE 12 EAST, COUNTY DIABLO BASE AND MERIDAIN, ACCORDING TO THE OFFICIAL PLAT THEREOF AS THE SAME WAS RESERVED IN THE DEED FROM NEW IDRIA MINING AND CHEMICAL COMPANY, A NEVADA CORPORATION, RECORDED FEBRUARY 7, 1963 IN VOL. 284 PAGE 378 OFFICIAL RECORDS.

PARCELS 3 A

THE NORTH 1/2 OF SECTION 35, TOWNSHIP 18 SOUTH, RANGE 12 EAST, MOUNT DIABLO MERIDIAN, IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING WITHIN SAN BENITO COUNTY.

PARCEL 4

LOTS 10, 12 AND 13 IN SECTION 25, TOWNSHIP 18 SOUTH, RANGE 12 EAST, MOUNT DIABLO MERIDIAN, IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF LYING WITHIN SAN BENITO COUNTY.

EXHIBIT A

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Union Bank - Note Dept.
50 California Street
San Francisco, Calif. 94111

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Deed of Trust and Assignment of Rents

This Deed of Trust and Assignment of Rents, made this 19th day of September, 1974, between

NEW IDRIA MINING AND CHEMICAL COMPANY, a Nevada Corporation formerly NEW IDRIA QUICKSILVER MINING COMPANY, a Nevada Corporation,

, herein called TRUSTOR,

whose address is 235 Montgomery Street, Suite 1721 San Francisco, CA 94104 and
(Number and Street) (City) (State) (Zip Code)

UNION BANK, a California corporation, as Trustee and also as Beneficiary.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, all that property, including all of the easements, rights, rights of way, privileges, franchises and appurtenances thereunto belonging or in any way appertaining or as a means of access thereto, now or hereafter acquired, in the County of Fresno State of California, described in

Exhibit A attached hereto and incorporated herein by this reference; subject, however to all liens, claims and encumbrances (i) of record, and/or (ii) heretofore or contemporaneously herewith disclosed by Trustor to Trustee and in writing acknowledged by Trustee to have been thus disclosed.

Together with the rents, issues, profits, royalties, revenue, income and other benefits thereof or arising from the use or enjoyment of all or any portion of the property including all right, title and interest of the Trustor in and to all leases covering portions of the property then or thereafter entered into and all right, title and interest of the Trustor thereunder including, without limitation, cash or security deposited thereunder to secure the performance by the lessees of their obligations thereunder; subject however, to the right, power and authority hereinafter given to and conferred upon Trustor to collect and apply such rents, issues and profits prior to any default hereunder; and including all buildings and improvements now or hereafter thereon, and all appurtenances, easements, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; all machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage; all wall-beds, wall-safes, built in furniture and installations, shelving, lockers, partitions, door-stops, vaults, elevators, dumb-waiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems, all installations for which any such building is specifically designed and * * *
* * *
* *

All of said items, whether now or hereinafter installed, being hereby declared to be, for all purposes of this Deed of Trust, a part of the realty; and all the estate, interest, or other claim or demand including insurance, as well in Law as in equity, which Trustor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, (1) payment of an indebtedness in the sum of $_____ evidenced by that certain promissory note of even date herewith executed by Trustor to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by said note or otherwise; (2) payment of interest on said indebtedness according to the terms of said promissory note; (3) payment of all other sums, with interest as herein provided, becoming due or payable under the provisions hereof to Trustee or Beneficiary; (4) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein, or in said note, or in any Building Loan Agreement relative to any indebtedness evidenced by said note or in any document or instrument evidencing, securing or pertaining to the indebtedness evidenced by said note; and (5) payment of such additional sums with interest thereon as may be hereafter borrowed from Beneficiary, its successors or assigns by Trustor or the then record owner or owners of said property when evidenced by another promissory note or notes, which are by the terms thereof secured by this Deed of Trust.

TO PROTECT AND MAINTAIN THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To pay, perform, observe and discharge each and every obligation, covenant and agreement for which this Deed of Trust has been given as security as provided above.

(2) To keep such property in good condition and repair; not to remove or demolish any improvement thereon; to complete or restore promptly and in good and workmanlike manner any improvement which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; to perform, in the event all or any portion of the above described property constitutes a leasehold estate belonging to Trustor, each and every obligation of Trustor under the terms of the lease agreement relating to the demise of such property; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(3) To provide, maintain and deliver to Beneficiary fire with extended coverage endorsement, public liability, property damage and other insurance policies in companies and form, content and term satisfactory to and with loss payable to Beneficiary, such delivery to constitute an assignment to Beneficiary of all return premiums. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(4) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(5) To pay and discharge, at least ten days prior to delinquency, all taxes of every kind and nature, including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes, all general and special assessments, including assessments on appurtenant water stock, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against Trustor or said property or any part thereof or upon the revenues, rents, issues, income or profits thereof; when due, all incumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto or subject or subordinate hereto; all costs, fees and expenses of this Trust; or, if and as required by Beneficiary, to pay to Beneficiary in equal installments on the day on which monthly payments of principal and interest are due under said note, sufficient funds (as estimated by Beneficiary from time to time) to pay when due the next maturing taxes, assessments and hazard insurance premiums. When so provided with sufficient funds, Beneficiary shall pay such taxes, assessments and hazard insurance premiums before delinquency. Any excess over the amount required for such purposes shall be held for future use, applied to any indebtedness hereby secured or refunded to Trustor at Beneficiary's option.

To promptly and completely observe, perform, and discharge each and every obligation, covenant and agreement affecting said property, whether the same is prior and superior or subject and subordinate hereto including, if the security hereunder is or will be a condominium, community apartment or part of a planned development, each and every provision to be performed by Trustor under any Declaration of Covenants, Conditions and Restrictions pertaining to the condominium, community apartment or planned development project and, upon written request of Beneficiary, to pay maintenance charges, if the same have not been paid or legal steps have not been initiated to enforce such payment within ninety (90) days after such written request is made.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(6) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at_____ per cent per annum.

(7) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance, notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, Beneficiary, in its sole and absolute discretion, shall have the right to apply all compensation, award or other payments or relief therefor made on account thereof to either the payment of accrued but unpaid interest and second to the prepayment of principal under said promissory note or reimbursement of Trustor for expenses incurred by it in the restoration of said property, and in respect thereto, Trustor hereby waives the benefit of any statute, rule or law which may be contrary thereto.

(8) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(9) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(10) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note to Trustee for cancellation and retention and upon payment by Trustor of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(11) That Trustor absolutely and unconditionally hereby assigns, transfers, conveys and sets over to Beneficiary all of the rents, royalties, issues, profits, revenue, income and other benefits of said property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (collectively the "Rents"); provided, however, prior to any default by Trustor in the payment, observance, performance and discharge of any obligation, covenant or agreement of Trustor contained herein, Trustor shall have the right as the agent and fiduciary representative of Beneficiary for collection and distribution purposes only, to collect and receive the Rents as they become due and payable to be applied by Trustor to the payment of the principal and interest and all other sums due or payable on said promissory note and to the payment of all other sums payable under this Deed of Trust and, thereafter, so long as no default as aforesaid has occurred, the balance shall be distributed to the account of Trustor. Upon any such default, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said real property or any part thereof, in its own name or in the name of Trustor, sue for or otherwise collect the Rents, including those past due and unpaid and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees and expenses, to the payment of the principal and interest and all other sums due or payable on said promissory note and to the payment of all other sums payable under this Deed of Trust and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of the Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

All leases now or hereafter affecting said property, including all oil and gas leases and other subsurface leases and the royalties derived therefrom, are hereby assigned and transferred to Beneficiary by the Trustor, and Trustor hereby agrees and covenants that none of said leases will be modified or terminated without the consent in writing of the Beneficiary.

Trustor agrees that it will not (a) execute any further assignment of any of its right, title and interest in the rents, royalties, issues, profits, revenue, income or other benefits without the prior written consent of the Beneficiary; (b) accept prepayments of any installments of rent to become due under any leases in excess of one (1) month except prepayments in the nature of security which security will not exceed an amount equal to one (1) month's rent under the lease; (c) with respect to any lease having a term of two (2) years or more, Trustor will not terminate, amend or modify any such lease without the prior written consent of the Beneficiary or (d) accept a surrender of any such lease.

(12) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of the sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as herein defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in paragraph (6) hereof, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

If this Deed of Trust or any note secured hereby provides for any charge for prepayment of any indebtedness secured hereby, Trustor agrees to pay said charge if any of said indebtedness shall be paid prior to the date thereof stated in said note or this Deed of Trust, even if and notwithstanding Trustor shall have defaulted in payment thereof, or in performance of any agreement hereunder, and Beneficiary, by reason thereof, shall have declared all sums secured hereby immediately due and payable.

(13) That if the Trustor, or any subsequent owner of the property covered hereby, shall occupy said property, or any part thereof, after any default in payment of any amount secured by this Deed of Trust, the Trustor, or such owner, shall pay to the Beneficiary in advance on the first day of each month a reasonable rental for the premises so occupied, and upon failure to pay such reasonable rental, the Trustor, or such owner, may be removed from said premises by summary dispossess proceedings or by any other appropriate action or proceeding.

(14) Beneficiary, acting alone, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by each and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution.

(15) That any Trustor who is a married woman hereby expressly agrees that recourse may be had against her separate property, but without hereby creating any lien or charge thereon, for any deficiency after sale of the property hereunder.

(16) That Trustor shall, upon request made by Beneficiary, furnish Beneficiary with annual statements covering the operations of said property.

(17) The Beneficiary may collect a "late charge" not to exceed an amount equal to four per centum (4%) of any installment which is not paid within fifteen (15) days from the date thereof to cover the extra expense involved in handling delinquent payments.

(18) That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

(19) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(20) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(21) To pay Beneficiary for each and every beneficiary statement furnished at Trustor's request the maximum fee allowed by law and if there be no maximum, then in accordance with Beneficiary's schedule therefor. Such fee shall be computed as of the time said statement is furnished.

(22) That should Trustor sell, convey, transfer, dispose of or further encumber said property or any part thereof or any interest therein or enter into a lease covering all or any portion thereof or an undivided interest therein, either voluntarily, involuntarily or otherwise, or enter into an agreement so to do, without the prior written consent of Beneficiary being first had and obtained, then Beneficiary may, at its option, declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right or require such consent to future or successive transactions.

(23) If Trustor is a corporation, trust, limited or general partnership or joint venture, should there occur a sale, conveyance, transfer, disposition or encumbrance either voluntary or involuntary or should an agreement be entered into to accomplish any thereof with respect to more than Ten Percent (10%) of the issued and outstanding capital stock of Trustor if a corporation or of the beneficial interest of Trustor if a trust or of any general partnership or joint venture interest if Trustor be a general or limited partnership or joint venture or if there shall occur a change in any general partner or any joint venture if Trustor is a limited or general partnership or a joint venture, then Beneficiary may, at its option, declare all sums secured hereby immediately due and payable unless Beneficiary shall have given its prior written consent thereto. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

(24) That in the event of the passage after the date hereof of any law deducting from the value of real property, for taxation purposes, any lien thereon or changing in any way the laws now in force for the taxation of Deeds of Trust or debts whether or not secured thereby for Federal, State or Local purposes or the manner of the collection of any such taxes so as to affect this Deed of Trust or the obligations hereby secured, Trustor agrees to pay any thereof and if Trustor fails to so do or if it would be illegal for Trustor so to do then, the whole of the principal sum secured by this Deed of Trust, together with accrued interest thereon shall, at the option of the Beneficiary, without demand or notice, immediately become due and payable.

(25) To the fullest extent permitted by law, Trustor hereby waives the provisions of Section 440 of the Civil Procedure Code of California and all amendments thereto.

(26) That no remedy herein conferred upon, reserved to Trustor or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary in the exercising of any right or power accruing upon any event of default hereunder shall impair such right or power or any other right or power nor shall the same be construed to be a waiver of any default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the obligations secured hereby, Beneficiary, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights or remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order and in such manner as Beneficiary may deem fit without waiving any rights with respect to any other security. The granting of consent by Beneficiary to any transaction as required by the terms hereunder shall not be deemed a waiver of the right to secure the consent of Beneficiary to future or successive transactions.

(27) That in the event any one or more of the provisions contained in this Deed of Trust or in the Promissory Note hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust or said Promissory Note, but this Deed of Trust and said Promissory Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

(28) This Deed of Trust has been executed and delivered in the State of California and is to be construed and enforced according to and governed by the laws thereof except that with respect to any portion of the property covered hereby located outside of the State of California, only to the extent required for Trustee or Beneficiary to enforce or realize upon the rights and remedies hereunder with respect thereto, the laws of the state in which such property is located shall be applicable hereto.

The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor

Signature of Trustor

NEW IDRIA MINING AND CHEMICAL COMPANY,

a Nevada corporation

By William W. Shannon

William W. Shannon
President

By Charles H. Stuckey

Charles H. Stuckey
Assistant Secretary

STATE OF CALIFORNIA
COUNTY OF _____ } SS.

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____,

_____,

_____, known to me to be the person _____ whose name _____ subscribed to the within instrument and acknowledged that _____ executed the same.
WITNESS my hand and official seal.

Signature _____

_____
NAME (Typed or Printed)

(This area for official notarial seal)

REL-528 (Rev. 4-74)

STATE OF CALIFORNIA,

County of San Francisco } ss.

On this 23rd day of October in the year one thousand nine hundred and seventy-four

before me, the undersigned a Notary Public in and for the City &

County of San Francisco, State of California, residing therein,

duly commissioned and sworn, personally appeared

WILLIAM W. SHANNON and CHARLES H. STUCKEY

known to me to be the President and Assistant Secretary

of the corporation described in and that executed the within instrument, and also known to me to be the person S who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

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

DORIS I. MARTIN
NOTARY PUBLIC-CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO
My Commission Expires November 24, 1977

Doris I. Martin

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

My Commission Expires 11/24/77

CORPORATION
ATTORNEYS PRINTING SUPPLY FORM NO. 7

Subject to all liens, claims and encumbrances (i) of record, and/or (ii) heretofore or contemporaneously herewith disclosed by Trustor to Trustee and in writing acknowledged by Trustee to have been thus disclosed:

PARCEL 1

ALL THAT CERTAIN REAL PROPERTY, SITUATE, LYING, AND BEING IN THE STATE OF CALIFORNIA, COUNTY OF SAN BENITO, PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1A

IN TOWNSHIP 17 SOUTH, RANGE 12 EAST, MOUNT MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF

NEW IDRIA MINE, KNOWN AND PATENTED AS MINERAL LOT 38 IN SECTION 32 AND FULLY DESCRIBED IN LETTERS PATENT OF THE UNITED STATES NO. 3711 DATED JANUARY 30, 1880, RECORDED IN VOL. 46 PAGE 254 TO 259 INCLUSIVE OF THE GENERAL LAND OFFICE.

OF SECTION 28: THE NORTH HALF OF THE SOUTHWEST QUARTER.

OF SECTION 29: THE SOUTH HALF OF THE SOUTHWEST QUARTER, AND THE EAST HALF. EXCEPTING FROM THE SOUTHEAST QUARTER OF SAID SECTION 29, THAT PART THEREOF IDRIA SCHOOL DISTRICT BY DEED, DESCRIBED AS FOLLOWS:

BEGINNING AT NEW IDRIA MINE TRIANGULATION POINT CORNER NO. 1259, AS 3/4 INCH PIPE IN A 2 INCH PIPE WHICH IS NORTH 24° 55' EAST 2010.86 FEET FROM THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 29; THENCE SOUTH 66° 54' WEST 164.34 FEET; THENCE SOUTH 66° 54 1/2' WEST 97.50 FEET; THENCE SOUTH 66° 55' WEST 129.08 FEET TO CORNER NO. 1260, WHICH IS AN INCH PIPE; THENCE NORTH 72° 52 1/4' WEST 159.15 FEET TO CORNER NO. 1261, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE NORTH 19° 18' WEST 38.31 FEET; THENCE NORTH 19° 17 1/2° WEST 52.55 FEET TO CORNER NO.1262, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE NORTH 72° 15' EAST 281.97 FEET; THENCE NORTH 72° 12 1/2' EAST 146.34 FEET TO CORNER NO. 1263, WHICH IS A 3/4 INCH PIPE IN A 2 INCH PIPE; THENCE SOUTH 83° 51' EAST 151.29 FEET TO CORNER NO. 1264, WHICH IS A /3/4 INCH PIPE IN A 2 INCH PIPE; THENCE SOUTH 0° 5 1/2' EAST 60.01 FEET; THENCE SOUTH 0° 6' EAST 81.44 FEET TO THE POINT OF BEGINNING.

OF SECTION 32: LOTS 1, 2, 3, 4, 6, 7, 8, 9, 10 AND 15, AND MINERAL LOT 38.

EXHIBIT A

OF SECTION 33: THE SOUTH HALF OF THE SOUTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE WEST HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER.

OF SECTION 34: THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTH HALF OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER.

EXCEPT THAT PORTION CONVEYED TO MARK L. WARD, RECORDED SEPTEMBER 7, 1971 UNDER RECORDER'S INSTRUMENT NO. 110788 OFFICIAL RECORD OF SAN BENITO COUNTY.

ALSO EXCEPT THAT PORTION CONVEYED TO MARK L. WARD, RECORDED APRIL 3, 1974 UNDER RECORDER'S INSTRUMENT NO. 122096 OFFICIAL RECORD OF SAN BENITO COUNTY.

OF SECTION 35: THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER.

PARCEL 1B

IN TOWNSHIP 18 SOUTH, RANGE 12 EAST MOUNT DIABLO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

SAN CARLOS MINE KNOWN AND PATENTED AS MINERAL LOTS 42, 43 AND 44 IN SECTION 4, FULLY DESCRIBED IN LETTERS, PATENT OF THE UNITED STATES NO. 10003, 10004, AND 10005, ALL DATED MARCH 5, 1885 AND RECORDED IN VOL. 125 PAGE 30 TO 44 INCLUSIVE OF THE GENERAL LAND OFFICE.

OF SECTION 3: THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER

EXCEPT THAT PORTION DESCRIBED IN THE DEED TO MARK L. WARD, RECORDED SEPTEMBER 7, 1971 UNDER RECORDER'S INSTRUMENT NO. 110788 OFFICIAL RECORDS OF SAN BENITO COUNTY.

ALSO EXCEPT THAT PORTION DESCRIBED IN THE DEED TO MARK L. WARD ETUX, RECORDED APRIL 3, 1974 UNDER RECORDER'S INSTRUMENT NO. 122096 OFFICIAL RECORDS OF SAN BENITO COUNTY.

OF SECTION 13: LOT 7 AND THE SOUTH HALF OF THE SOUTH WEST QUARTER

OF SECTION 20: THE EAST ONE-HALF

OF SECTION 21: THE NORTH WEST QUARTER

OF SECTION 22: THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER

OF SECTION 25: LOTS 2, 7, 10 12 AND 13
EXCEPTING THEREFROM ALL THAT PORTION WHICH LIES WITHIN FRESNO COUNTY

EXHIBIT A

OF SECTION 26: THE NORTH ONE-HALF

OF SECTION 27: THE NORTH ONE-HALF

OF SECTION 28: THE NORTH EAST QUARTER

OF SECTION 35: THE NORTH ONE-HALF
EXCEPTING THEREFROM ALL THAT PORTION WHICH LIES WITHIN FRESNO COUNTY

PARCEL 2

ALL OIL AND GAS RIGHTS, INCLUDING OIL, CONDENSATE, GASOLINE, GAS (WHETHER DRY GAS, WET GAS OR OTHER GAS) PROPANE, BUTANE, AND OTHER PETROLEUM FRACTIONS AND ALL OTHER COMMERICALLY VALUABLE SUBSTANCE PRODUCED THROUGH OIL, GAS OR CONDENSATE WELLS, INCLUDING THE SOLE AND EXCLUSIVE RIGHT TO EXPLORE AND DRILL FOR SUCH OIL AND GAS AND TO PRODUCE SUCH OIL AND GAS IN THE SOUTH HALF OF SECTION 21 AND THE SOUTH HALF OF SECTION 26 IN TOWNSHIP 18 SOUTH RANGE 12 EAST, COUNTY DIABLO BASE AND MERIDAIN, ACCORDING TO THE OFFICIAL PLAT THEREOF AS THE SAME WAS RESERVED IN THE DEED FROM NEW IDRIA MINING AND CHEMICAL COMPANY, A NEVADA CORPORATION, RECORDED FEBRUARY 7, 1963 IN VOL. 284 PAGE 378 OFFICIAL RECORDS.

PARCELS 3 A

THE NORTH 1/2 OF SECTION 35, TOWNSHIP 18 SOUTH, RANGE 12 EAST, MOUNT DIABLO MERIDIAN, IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING WITHIN SAN BENITO COUNTY.

PARCEL 4

LOTS 10, 12 AND 13 IN SECTION 25, TOWNSHIP 18 SOUTH, RANGE 12 EAST, MOUNT DIABLO MERIDIAN, IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF LYING WITHIN SAN BENITO COUNTY.

EXHIBIT A

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

June 3, 1974

New Idria Mining and Chemical Co.
235 Montgomery Street, Suite 1721
San Francisco, California 94104

Attention: Peter Taussig, Secretary

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, Calif.
Contract 2267

Gentlemen:

It is our understanding, from recent news items, that the New Idria Mine has been sold. We wish to bring to your attention the Government's lien upon that portion of the property described as follows:

Name	Acres	Vol	Page
Moline No. 2 mining claim	20	220	179
Lots 1, 6, and 9, Sec. 32	120	1	4
W½ Lots 2, 7, 10, 15, Sec. 32	80	1	4
W½ Lots 4 and 5, Sec. 33	40	1	4

Under the provisions of Article 2(e) of the subject contract, dated August 16, 1966, and the Certification of Possible Production, dated July 1, 1970, the Government's royalty rights on any production from the above part of the mine property must be preserved until August 16, 1976. Two true copies of any instrument transferring, surrendering, or encumbering any of the said rights should be furnished to this office.

If you have any questions please call this office.

Sincerely,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
cc: Dir RF
MP RF
Docket
MR RF
HKStager:mlb
6-3-74

11/9/73

Kraher
3459

Ed:

Stager sent me this re the subject property.

I thought you might be interested in the execution of a mining property and its consequences — also in Ward's comments on the future, if there is one, for finding new ore.

all too true — how can we ever learn?

Will we ever

Kirk

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

Oct. 5, 1973

OME- 6696

Dear Hal:

In going through my files, I found the report on our O.M.E. project, written to our main office. I don't remember if I sent you a copy or not, so typed up another and am sending it along.

I am waiting for the junkies to start ripping things out, here at Idria. This will inclued the mill. I just can't see let-ing the mill go for scrap. It will bring only a few thousand dollers, as against a plant that will cost over $500,000 to replace. With the mill gone, it is doubtful if the mine will ever operate again at past production levels. What makes me so dam mad is, we have three excellant areas to continue prospecting, and one long shot. I have also doped out the geology of San Carlos, and definately have the key to the mineralization of that whole area. It is not like the U.S.G.S. had it doped out, or Lewis, Linn etc. It became apparrant, when we did that pit mining on San Carlos the past few years. I would like to talk to you about it and other new evidence we have discovered here in recent years. Maybe after all is through here, and Idria is no more, I can get over to Menlo and visit you. Hope everything is fine with you.

Sincerely yours,

Mark L. Ward

Mark L. Ward

OFFICIAL COPY
O. M. E.
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OCT 19 1973
INITIALS

RECEIVED
OCT - 9 1973
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone Area code 408 693-4501

August 8, 1972

SUMMARY OF THE SULFUR SPRINGS - CREEK O.W.E. EXPLORATION PROGRAM, NEW IDRIA MINE, IDRIA, CALIFORNIA.

The purpose of this government assisted program was to open up and explore a mineralized block of ground between Sulfur Springs to the north, and the Creek zone to the south of a proposed 3150' crosscut to be driven from a point in San Carlos Creek Canyon.

To date, the crosscut, and 2000' of drifting near the hangingwall of this mineralized zone have been completed, along with several hundred feet of raising and long hole drilling from the above openings. This work has been confined to the hanging wall portion of the zone only. Raising was done on both the Creek and Sulfur Springs zones. The creek raise was stopped at about 180' in 5 to 8 lb/ton ore. Several hundred tons of ore was mined here. A similar, but shorter raise was driven in the Sulfur Springs zone, and stoping produced over 1000 tons of ore averaging about 5 lbs/ton Hg. Drilling from both raises disclosed additional 3 to 5 lbs/ton material.

Exploration of this large well mineralized block was suspended due to the falling price/ flask of mercury. Geologic conditions, especially in the Creek zone, are extremily favorable, with prospects of major orebodies excellent. The work to date has been confined to an area 150' wide by 2000' long by 180' high on the Creek side, and about 100' high on the Sulfur Springs side. The total extent of the mineralized block to be explored is approximately 2750' long, and varies in width from 100' to over 400'. The distance from 8 level, the project level,

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

to 5 level, the next level above, is 430' and no work has been done at all below this section of 8 level. The excellent inverted trough like structure on the Creek side will entail an additional 400' of raising up the rake of this trough to 5 level. This will be in very favorable ground for potential ore. Additional work to the south of the Creek drift face is warrented, because the above mentioned trough is flattening is dip to the south, and mineralized ground may extend all the way to the Molino mineralized block.

In summary, about 25% of the Sulfur Springs - Creek mineralized blocks have been prospected adequetly to date. A raise from the O.W.E. 8 level to 5 level must be completed before any additional work above 8 level can be attempted. A continuation of the Creek drift south towards the Molino block is warranted. The immediate plans for this area, are to maintain ventilation, and to keep existing workings open, with the view in mind of continuing exploration of these blocks when the price/flask of mercury warrants same.

Respectfully submitted,

Mark L. Ward

Mark L. Ward
Resident Mine Manager
Reg. Geol., Calif. #2054

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

Oct. 5, 1973

OMB- 6696

Dear Hal:

In going through my files, I found the report on our O.M.E. project, written to our main office. I don't remember if I sent you a copy or not, so typed up another and am sending it along.

I am waiting for the junkies to start ripping things out, here at Idria. This will inclued the mill. I just can't see letting the mill go for scrap. It will bring only a few thousand dollers, as against a plant that will cost over $500,000 to replace. With the mill gone, it is doubtful if the mine will ever operate again at past production levels. What makes me so dam mad is, we have three excellant areas to continue prospecting, and one long shot. I have also doped out the geology of San Carlos, and definately have the key to the mineralization of that whole area. It is not like the U.S.G.S. had it doped out, or Dewis, Linn etc. It became apparrant, when we did that pit mining on San Carlos the past few years. I would like to talk to you about it and other new evidence we have discovered here in recent years. Maybe after all is through here, and Idria is no more, I can get over to Menlo and visit you. Hope everything is fine with you.

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 19 1973
INITIALS | DATE
HK

Sincerely yours,

Mark L. Ward

Mark L. Ward

RECEIVED
OCT - 7 1973
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

August 8, 1972

SUMMARY OF THE SULFUR SPRINGS - CREEK O.M.E. EXPLORATION PROGRAM, NEW IDRIA MINE, IDRIA, CALIFORNIA.

The purpose of this government assisted program was to open up and explore a mineralized block of ground between Sulfur Springs to the north, and the Creek zone to the south of a proposed 3150' crosscut to be driven from a point in San Carlos Creek Canyon.

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NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

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In summary, about 25% of the Sulfur Springs - Creek mineralized blocks have been prospected adequetly to date. A raise from the O.M.E. 8 level to 5 level must be completed before any additional work above 8 level can be attempted. A continuation of the Creek drift south towards the Molino block is warranted. The immediate plans for this area, are to maintain ventilation, and to keep existing workings open, with the view in mind of continuing exploration of these blocks when the price/flask of mercury warrants same.

Respectfully submitted,

Mark L. Ward

Mark L. Ward
Resident Mine Manager
Reg. Geol., Calif. #2054

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

August 16, 1973

Re: OME-6696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs--Creek Zone
San Benito County, California
Contract 2267

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 17 1973

INITIALS	CODE
Cul.	1 2 0
HK	1 2 0

Mr. Mark L. Ward
Resident Mine Manager
New Idria Mining and Chemical Company
P.O. Box 107
Idria, California 95027

Dear Mr. Ward:

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

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

Copy to R-II

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

12/3/74

"16.63 sent in 1974 because of deeds of trust received in Oct. 1974"

H. Kirkemo

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since October 3, 1972, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since October 3, 1972, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

Purchaser *(name and address)*	Quantity	Value

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

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since October 3, 1972, has any production been transported through OME workings *(see* Special Agreement Concerning Royalty in Annex I *of contract)*? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name Mark L. Ward	*Title* Mine Manager
Address Idria Calif. 95027	*Date* 9/7/73

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

SEP 1 3 1972

AIRMAIL

New Idria Mining and Chemical Company
~~3457 South Cedar Avenue~~
P. O. Box ~~2806~~ 107
Fresno, California 93745

Re: OMD-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs--Creek Zone
San Benito County, California
Contract 2267

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 3 1972

INITIALS	CODE
gla	130
HK	120
	220

Gentlemen:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

12/1/72

This was filled out months ago, and then misplaced. The mine is closed down due to the dam pollution panic. Sorry for the delay.

M. Ward
Mine manager

Copy to P-II

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since September 30, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since September 30, 1971, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

Purchaser (*name and address*)	Quantity	Value
	None	

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

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			None
Concentrates			"
Other			"

3. Since September 30, 1971, has any production been transported through OME workings (*see* Special Agreement Concerning Royalty in Annex I *of contract*)? Yes ☐ No ☒

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

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Mark L. Ward	Resident Mine Manager
Address	*Date*
P.O. Box 107, Idria, Calif.	10/3/72

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
				OFFICIAL COPY O. M. E. RECEIVED DEC 22 1971 INITIALS / CODE: [illegible] 130; [illegible] 120; 220	

REMARKS: [illegible]

[illegible] 20, 1971
Date Prepared

[illegible]
Person Preparing Abstract

12/16/71
Date Received

Lorraine E. [illegible]
Person Receiving Remittance

NEW IDRIA MINING AND CHEMICAL COMPANY

OME PRODUCTION OME-6696

1	2	3	4	5	6	7	8
Month		FLASKS	Net to us	Gross Amount	5%	Net.	
APRIL		11.074	294.829	385459	-	19273	
MAY		11.528	266.746	307505	-	153.75	
JUNE		2.141	251.717	53893	-	2695	
				746857			
Amount Payable						37343	

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
12-9-71	9979.49	Union Bank San Francisco, Calif.	New Idria Mining and Chemical Company	OMI-0696 Ca.-2267	Royalty payment

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HK | 20
220

REMARKS: OMI royalty on gross revenue of about 97,660.60 from sale of mercury transported thru OMI working 6-1-71 to 6-30-71. Production records to be submitted.

December 14, 1971
Date Prepared

12/16/71
Date Received

Field Officer, OME, Region II
Person Preparing Abstract

Lorraine G. Edenton
Person Receiving Remittance
Collection Officer

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
10-26-71	4372.69	Union Bank San Francisco, Calif.	New Idria Mining and Chemical Company	OMB-6696 Ca.-2267	Royalty payment

REMARKS: OMB royalty on gross sales of 90,640.00 less the sale of 30,790 flasks of mercury transported through OMB vessels 7-1-71 to 9-30-71. Royalty, if any, for previous quarter was received.

November 1, 1971
Date Prepared

Field Officer, Region II
Person Preparing Abstract

11/3/71
Date Received

Person Receiving Remittance
Collection Officer

This is the schedule of production for the July-September quarter. I'm checking on the April-June quarter and will let you know as soon as I can.

Louise Kreifels
New Idria Mining and Chemical

Oil Royalty Payment
FOR THE QUARTER

M-9-33

1	2	3	4	5	6	7	8
July, 1971	25.262	x 282.985 (wet to us) =			7,148.77 x	5%	3574
August, 1971	8.476	x 271.322 (wet to us) =			2,299.73 x	5%	1149
September - No production							
Total for Quarter							4723

PAID OCT 26 1971

27000

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PAID OCT 26 1971

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OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

August 16, 1971

New Idria Mining and ChemicalCompany
3457 South Cedar Avenue
P. O. Box 2806
Fresno, California 93745

Re: OME-6696 (Mercury)
New Idria Mining and
Chemical Company
New Idria Mine, Sulfur Springs--
Creek Zone
San Benito County, California
Contract 2267

Gentlemen:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

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Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 31, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since March 31, 1971, has there been any production from the land subject to the contract? Yes ☒ No ☐

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

Purchaser (*name and address*)	Quantity	Value
Phillips Bros. 299 Park Ave N.Y. N.Y.	52.005 Flasks	$14,617.34

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

Type	Quantity (*tons*)	Estimated Grade	Location
Ore		NONE	
Concentrates			
Other			

3. Since March 31, 1971, has any production been transported through OME workings (*see* Special Agreement Concerning Royalty in Annex I *of contract*)? Yes ☒ No ☐

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

Disposition of Material	Quantity	Value
Same material as stated above	52.005	$14,617.34

Submitted by:

Name Mark L. Ward	*Title* Resident Mine Manager
Address Idria, Calif. 95027	*Date* 8/18/71

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

REMARKS: [illegible]

[illegible] 20, 1971
Date Prepared

[illegible]
Person Preparing Abstract

4/28/71
Date Received

Lorraine E. Edwards
Person Receiving Remittance

[illegible]	[illegible]	409.09	(- [illegible] - [illegible] - 6.09) 393.78 x [illegible]		19.83
[illegible]	13.8	[illegible]	(- 4.66 - [illegible] - 6.09) 342.72 x [illegible]		17.14

[illegible]	14.7 x 393.78 = 5,784.13	289.21
[illegible]	13.8 x 342.72 = 4,729.54	236.48
		525.69

[illegible]	5.55[illegible] x 333.[illegible] (NET TO US) = 1850.15 x 5% =	92.51
[illegible]	5.531 x [illegible] (NET TO US) 1841.82 x [illegible] =	92.09
		184.29

[illegible]	1.2[illegible] x 3[illegible] (NET TO US) = 420.79		
	3.151 x 333.[illegible] = 1221.51		
	1642.3[illegible] x 5%		82.1[illegible]
[illegible]	[illegible] x [illegible] = [illegible]	[illegible] x [illegible]	2[illegible].79
[illegible]	[illegible] x 3[illegible]	[illegible] x [illegible]	[illegible]
			[illegible]

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
12-22-70	$703.35	Union Bank Los Angeles, Calif.	New Idria Mining and Chemical Company	OMI-6696 Co.-2267	Royalty payment

OFFICIAL COPY
O. M. E.
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INITIALS CODE
glal 30
HK 120

REMARKS: OMI royalty on contained gross income of $14,167.14 from 700 tons of ore transported through the OMI circuit from 7-1-70 to 10-31-70.

December 24, 1970
Date Prepared

Field Officer, OME, Region II
Person Preparing Abstract

12/30/70
Date Received

Lorraine E. Ledbetter
Person Receiving Remittance
Collection Officer

SULPHER CREEK SPRINGS
OME

Assay Production @ 92%

		Tons Mined	Flasks Produced	Revenue	5% Royalty
not Included in Totals →					
March thru June	1970	679	48	1759438	87972
July	Mining	166	14.7	577460	28873
August	Mining	274	13.8	472954	23648
September	Exp	108	5.5	183150	9157
October	Exp	152	5.5	183150	9157
		700	39.5	1416714	70335

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

November 20, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

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

H. K. Stager

H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By R. M. Smith, Geologist, Region II

November 20, 1970

1. OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Operator: New Idria Mining and Chemical Company
3457 South Cedar Avenue
P.O. Box 2806
Fresno, California 93745

Property: One unpatented lode mining claim, three subdivision lots, and six fractions of lots comprising 260 acres in secs. 32 and 33, T. 17 S., R. 12 E., MDB&M, New Idria mining district, San Benito County, California, recorded in the Office of the County Clerk and Recorder, Hollister, California, as follows:

Name	Acres	Vol.	Page
Molino No. 2 mining claim	20	220	173
Lots 1, 8, and 9, sec. 32	120	1	4
E 1/2 Lots 2, 7, 10, 15, sec. 32	80	1	4
W 1/2 Lots 4 and 5, sec. 33	40	1	4

Ownership: The Operator is the owner of the land.

2. Purpose of Project: To explore by crosscutting, drifting, raising, and long-hole drilling for mercury-bearing ore bodies in shale and/or sandstone of the Panoche Formation of upper Cretaceous age in the footwall of the New Idria thrust fault between the transverse Sulfur Springs and L faults.

3. Contract: Dated August 16, 1968
Original term - 24 months
Total contract amount - $261,200.00
Government participation (25% and 75%) - $134,550.00

Amendments: None

4. Project Work: Started September 12, 1968. Completed January 31, 1970.

Cost Items	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Fixed Unit Costs					
Phase I					
Crosscutting	2,300 ft.	$45.00	$103,500.00	2,300 ft.	$103,500.00
Timbering	1,600 ft.	12.00	19,200.00	841 ft.	10,092.00
Total - Phase I			$122,700.00		$113,592.00
Government participation at 25%			$ 30,675.00		$ 28,398.00
Phase II					
Crosscutting and drifting	2,200 ft.	$45.00	$ 99,000.00	2,857 ft.	$128,548.00
Timbering	1,400 ft.	12.00	16,800.00	246½ ft.	2,958.00
Raising	500 ft.	23.00	11,500.00	-0-	-0-
Timbering	300 ft.	4.00	1,200.00	-0-	-0-
Long-hole drilling	4,000 ft.	2.50	10,000.00	4,012 ft.	10,030.00
Total - Phase II			$138,500.00		$141,536.00
Government participation at 75%			$103,875.00		$106,152.00
Total - Phases I and II			$261,200.00		$255,128.00
Government participation			$134,550.00		$134,550.00

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

The work was completed efficiently ahead of schedule. Additional exploration is continuing at Company expense.

5. Reports:

Operator's Final Report - Received May 1970

Final Cost Review - September 1970

Royalty Review - None

6. Project Results:

Discoveries - Mineralized areas containing scattered crystals and "strawberries" of cinnabar were found in the exploratory drifts and long holes. Subsequent raising and drilling in these areas has resulted in exposing minable ore in the Sulfur Springs area. Production on a small scale was started during November 1969.

Assays - Ore discovered in drill holes before May 15, 1970, assayed 6.0 pounds of mercury per ton across 8 feet in one locality and 15 pounds across 8 feet in another.

Ore Reserves - No ore was found directly by the OME project, and no estimate of measured, indicated, and inferred reserves in the discovery area has been made. The Operator expects that sufficient ore will be found to repay the OME share of the costs, which would require more than $2,700,000 worth of ore.

Future production is economically feasible.

Future development is warranted and is in progress.

Future exploration is warranted and is in progress. Future OME assistance, if requested, would be warranted, especially in the Creek area.

Certification - A royalty agreement ("Transportation clause") is contained in the contract.

Certification - issued July 1, 1970

Interest rate - 7½ percent

Expiration of Government's lien - August 16, 1978

The discovery or development is described broadly as follows: A mineralized area from which mercury production may be possible was made accessible for further exploration and development. Showings of cinnabar indicate specific localities favorable for commercial deposits.

6. Project Results (continued):

Production	- Furnaced and sold:
	November 1, 1969-June 30, 1970 - 679.4 tons, 47.75 flasks - $17,594.38
	July 1, 1970 to date - not yet reported
Royalties	- Paid - October 8, 1970 - $879.72
	Owing - on ore produced after June 30, 1970

7. Geologic Summary:

In the New Idria district, sedimentary rocks, predominantly sandstone, of the Franciscan Formation are overlain by mainly shale (siltstone) of the Panoche Formation. They are arched along the Coalinga anticline, whose axis trends northwest. Near its northwest end the strata are steeply upturned adjacent to an elliptical body of serpentine 4 miles wide and 14 miles long that dips southwest. The serpentine body intrudes both formations but it also supplied erosional debris to the upper part of the surrounding Panoche Formation. Its contacts with sandstone and shale are in all cases fault contacts; normal on the hanging-wall side of the serpentine but reverse on the footwall (northeast) side, where the beds are locally overturned. This main footwall contact dips about 50° southwest and is generally referred to as the New Idria thrust fault. Locally, however, large slivers of sandstone directly overlie it. Steeper faults, some of which are called tear faults, displace the New Idria thrust and adjacent formations, forming an extremely complex fault pattern. Mercury ore bodies occur along or near the faults within a few hundred feet of the perimeter of the serpentine.

All the ore bodies are in rock that has been altered by hydrothermal solutions: shale and sandstone are silicified and hence more brittle; serpentine is altered in places to brittle silica carbonate rock. The largest and most numerous ore bodies are in altered shale on the footwall (northeast) side of the serpentine; a few are in altered sandstone, and a few others are in silica carbonate rock in the serpentine.

The New Idria deposit is along the northeast side of the serpentine, mostly on the footwall side of the New Idria thrust fault. It includes a series of five mineralized zones--called West Idria, The Old Mine, Sulfur Springs-Creek, Molino, and San Carlos zones--separated by tear faults but connected by narrow mineralized zones. They extend 3 miles from northwest to southeast and have been mined through a vertical range of 2,500 feet.

7. Geologic Summary (continued):

The largest ore bodies are localized in the footwall of the thrust along and between tear faults in wedges of altered (brittle) shale surrounded by gouge composed of unaltered shale. Where the upper surface of brittle shale is undulating, ore commonly occupies the upper "inverted troughs." Smaller ore bodies are localized in sandstone on both sides of the thrust in veins of dolomite or quartz, and also within the serpentine in veins of chalcedony and quartz in silica carbonate rock. The ore shoots range in size from pods a few feet across containing a few tons to elongate lenses as much as 800 feet high, 300 feet long, and 50 feet wide, containing several hundred thousand tons.

Cinnabar and metacinnabar with pyrite and marcasite fill or coat fractures in networks of veinlets in minutely fractured brittle shale or in lenses as much as a foot thick in the quartz or dolomite veins. Except for methane, hydrocarbons are absent. The grade of the ore ranges from a few pounds to over 200 pounds of mercury per ton. Average grade of the ore mined has been about 15 pounds per ton.

Total production of the New Idria mine from its discovery in 1853 through 1966 is 562,083 flasks of mercury. Sixteen other mines in the district yielded 6,009 flasks. Only one other mine in North America has a larger production--New Almaden in Santa Clara County, California, which yielded 1,052,773 flasks through 1962, most of it before 1910.

-/ Abstracted in part from:

Linn, R. K., 1968, New Idria mining district: in Ore deposits of the United States, The Graton-Sales Volume, J. D. Ridge, ed.: AIME, Inc., N.Y., vol. 2, p. 1623-1649.

MM Form 7
(2/63)

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Date	Surname	Code
10/26/70	Emerick	120
		120
10/26	Cal	220
		120M

OCT 26 1970

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Enclosed is a copy of the Field Officer's letter of October 23, 1970, forwarding a copy of the Report of Review issued in September 1970 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkham

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick
130

BSLong/1 10/26/70

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

October 23, 1970

OFFICIAL
CO. R
U. E.
OCT 26 1970
MAILS CODE
136
124
120

New Idria Mining and Chemical Company
3637 North Maple Avenue
P.O. Box 8206
Fresno, California 93743

In: UE-6026 (Uranium)
New Idria Mining and Chemical Company
New Idria Mine, Solita Springs-Stark Area
San Benito County, California
Contract 8267

Gentlemen:

Enclosed for your records is a copy of a Report of Review issued September 1970 on the subject contract.

The records of the Field Office are in agreement with those stated in the report. If for any reason you do not concur in the facts as stated in the report, your copy should be returned to this office with appropriate comments.

Sincerely yours,

T. B. Seeger
Field Officer
OUE, Region II

Enclosure

cc: OME, Wash., D.C. (2)
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

MI Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/20/70	Emerick	120
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		220
		120M

OCT 21 1970

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-0696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in September 1970 on the subject contract.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

Harold Kirkemo/gfa

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Emerick
130

WLEK
BSLong/1 10/20/70

2267

1. Needs transmittal letter signed & dated. Present letter must be signed or dated.

2. Needs cover sheet to up-date to September 1970.

Contract 2267

Changes as discussed

Contract 2267

11th line — change month to January.

Mr. Farrell 10/5/70

Changes made in the final reports — 4 copies are returned —

Please place these on your reports to update and change.

D. Fang

O.K. 10/13/70
H.K.

I-C-DC-OME-3-71

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

Report of Review-Contract 2267
Docket No. OME-6696 (Mercury)
New Idria Mining and Chemical Company
3457 South Cedar Avenue
P.O. Box 2806
Fresno, California 93745

Washington, D.C.
August 1970

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

Memorandum

To: Director, Geological Survey

From: Regional Director, Region I
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2267
Docket No. OME-6696 (Mercury)
New Idria Mining and Chemical Company
Fresno, California 93745

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2267. The results of our review are shown in the attached report.

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract 2267 with New Idria Mining and Chemical Company (Operator), and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during August 1970 at Washington, D.C.

The contract was awarded August 16, 1968, for $261,200, the total estimated cost of the project, with OME participation on a 25-percent basis for Phase I and a 75-percent basis for Phase II in total not to exceed $134,550. The contract provide~~s~~d for exploration by cross cutting, drifting, rising and long-hole drilling for mercury-bearing ore bodies (quicksilver) in shale and/or sandstone on the Panoche Formation of upper Cretaceous age in the footwall of the New Idria thrust fault between the transverse Sulphur Springs and L faults. Repayment of the disbursed Federal funds plus interest at 7½ percent is to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 10 years from the date of the contract ~~after a~~ following issuance by the Government of a certification of possible production ~~be made by OME~~. Work under the contract was to begin on or before September 15, 1968, and be completed within 24 months from the date of the contract or by August 16, 1970.

suggest deleting this - has no effect on disbursement records.

A certification of possible production was issued July 1, 1970 as a result of the exploration work under this contract. ~~Pursuant to article 6 of the contract, the Government certifies that minerals or metal production may be possible as a result of this exploration work.~~ The operator has submitted sixteen ~~seventeen~~ vouchers totaling $255,128 ~~$284,855~~.

The units of work authorized and paid under Contract 2267 are summarized on Exhibit I. We believe that the claimed and accepted costs and the OME participation of $134,550 were proper under the terms of the contract.

Regional Director

EXHIBIT I

Summary of Contract ~~Terms~~ Items, Accepted Costs, and Unexpended Balance

	Authorized Amounts Phase I	Authorized Amounts Phase II	Total Accepted Costs
Phase I 1/			
Fixed Unit Costs			
2,300 feet cross cutting	$103,500		$103,500
1,600 feet timbering crosscut	19,200		19,200
Total ~~Estimated Cost~~ - Phase I	$122,700		$122,700
25% Government Participation - Phase I	$ 30,675		$ 30,675
Phase II 1/			
Fixed Unit Costs			
Crosscutting and drifting 2,200 feet		$ 99,000	
Timbering, crosscuts and drifts 1,400 feet		16,800	
Railing - 500 feet		11,500	
Timbering, raised		1,200	
Long-hole drilling		10,010	
Total - Phase II		$138,500	
25% Government Participation		$103,875	
Summary			
Phases I and II	$122,700	$138,500	$261,200
Federal Participation	$ 30,625	$103,875	$134,550

1/ Government retains no equity in any of the equipment or materials used.

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
10-8-70	979.78	Bank of America Fresno, Calif.	Kern Mills Mining and Chemical Company	OMM-0006 Co.-2207	Royalty payment

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O. M. E.
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OCT 14 1970
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gla | 130
CHK | 120
| 220

REMARKS: OMM royalty on collected gross receipts of $17,595.33 from 979.4 tons of ore shipped during the OMM account from 10-30-69 to 6-30-70.

October 9, 1970
Date Prepared

Field Officer, OME, Region II
Person Preparing Abstract

10/13/70
Date Received

Lorraine L. Anderson
Person Receiving Remittance
Collection Officer

US 3077

U.S. GEOLOGICAL SURVEY
12 OCT 70 14 05
DENVER

O. M. E.

Based on the results obtained at P12 & per discussions with J.D. Cutler, the OME project is considered to still be in the stage of exploration & therefore all costs, and of course, relating to the OME project should be deferred. See below for computation of the necessary adjustment.

Month	Tons Milled (A)	Std Mill Cost Per Ton (B)	Mill Costs To be deferred (A×B)	Estimated Revenue	Royalty due Govt. 5%
Nov. 1969	Nil	n/a	-0-	P11 88.13	
Mar. 1970	P11 183.4	3.42	627.23	819.78	
April 1970	144.0	3.79	545.76	941.52	
May 1970	36.0	3.56	128.16	387.29	
June 1970	316.0	3.49	1102.84	15257.66	
			2403.99	17594.38	879.72

O.M.E

The following Data was obtained per review of the Daily Mining Record from 10/30/69 - 6/30/70 - For comments relating to this Data See P12

Date	Tonnage	Grade	lbs. of Monazite	Flasks (lbs÷76)	Estimated Yield (%)	Month's Avg. Price	Sales Value	
11/6/69	Sample	N/A	14.5					
11/3/69	✓	✓	.2					
	Sub-Total		14.7	.19	.18	R14 506.889	88.13	
3/3/70	Sample	N/A	4.0					P13
3/17/70	36	1.6	57.6					
3/18/70	Sample	N/A	1.5					
3/25/70	18.4	.5	9.2					
3/25/70	57.0	.4	22.8					
3/31/70	72.0 123.4 P13	.8	57.6					
	Sub-Total		152.7	2.01	1.85	R14 459.762	819.75	
4/1/70	18	.8	14.4					P13
4/3/70	Sample	N/A	1.7					
4/6/70	✓	✓	2.0					
4/7/70	✓	✓	2.8					
4/10/70	54	1.3	70.2					
4/13/70	18	1.5	27.0					
4/20/70	54 144.P13.	1.0	54.0					
	Sub-Total		172.1	2.27	2.07	R14 457.227	941.52	
5/1/70	36	2.0	72.0					P13
5/5/70	Sample 36 P13	N/A	3.0					
	Sub-Total		75.0	.99	.91	R14 442.00	397.27	
6/3/70	Sample	N/A	140.1					P13
6/4/70	54	3.7	197.8					
6/5/70	18	18.2	327.6					
6/6/70	14	19.0	266.0					
6/11/70	18	13.8	248.4					
6/12/70	18	13.0	234.0					
6/20/70	18	13.7	246.6					
6/22/70	54	6.0	324.0					
6/17/70	18	7.0	126.0					
6/19/70	20	5.0	100.0					
6/24/70	46	13.5	621.0					
6/25/70	28 116.P13	11.8	330.4					
	Sub-Total		3212.9	42.23	38.11	R14 411.136	15.354.66	

rd Form No. 1047
7 GAO 5000
1047-104

PUBLIC VOUCHER FOR REFUNDS

No. 07607

U. S. Interior, Geological Survey
(Department or Establishment, Bureau or Office)

Location: Washington, D. C. 20242

Appropriation or Fund: 14X6875(08)

PAID BY

To
Address New Idria Mining and Chemical Co.
Idria, California 95027

Withheld from the above-named ~~[illegible]~~ on February 16, 1970

for pending submission of final report re OE-6696 - Contract 12267

has been applied as herein stated and the balance indicated is returned herewith:

Amount of deposit Sch 04996 - Jan. 1970 $ 200.00

Applied as explained in "Remarks" below

Balance authorized to be refunded $ 200.00

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O. S. E.
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GSD 7120 YU
WE 120

Remarks:

Acceptable final report has been received per memo from Chief, Office of Mineral Exploration, 6/17/70.

(Sign original only)

6/22/70 Title

Refund by
Check No.
Cash, $ on (Signature of payee) (Sign original only)
Other method, $, (Describe)

☆ U.S. GOVERNMENT PRINTING OFFICE : 1960 O—572727

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 8, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 9 1970

Enclosed are two copies of the Operator's Final Report for the subject contract, received in the Field Office on June 8, 1970. I recommend that the report be accepted and that the $200 withheld from the last voucher (January 1970), pending receipt of a final report, be paid to the Operator.

I also recommend that a Certification of Possible Production be issued. Although no ore of minable grade was found directly by the OME contract work, a large area of highly mineralized material was exposed and made accessible for additional drilling and raising that has resulted in the discovery of minable ore (8 feet of 6.0 pounds mercury per ton and 8 feet of 15 pounds of mercury per ton). Production from this discovery will probably result during June or July. As pointed out in the Operator's report, this discovery is directly down dip from the Sulfur Springs ore body, that yielded about 6,000 flasks of mercury (worth about $3,000,000 at the present price of mercury), and may be a similar size body.

H. K. Stager

H. K. Stager

Enclosures

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(2/63)

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Date	Surname	Code
6/22/70		120
7/22	Case	220
		220

JUN 22 1970

Mr. J. B. Delco
1 Herbert Avenue
Port Washington, New York 11050

Dear Mr. Delco:

This is in reply to your letter of June 10, 1970, requesting a report and data on the exploration contract between New Idria Mining and Chemical Company, Fresno, California, and the Geological Survey's Office of Minerals Exploration.

We suggest that you ask the company for information on the project as the Government is not authorized to release information obtained in the course of a contract or to issue a report on the results of the work.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
Docket OME-6696 New Idria Mining and Chemical Company
Contract 2267
OME Reading File
OME Region II w/copy incoming letter
Mr. Kirkemo

HKirkemo/gla 6-22-70

The long-range exploration program of the Sulfur Springs Creek project at New Idria, which has been partially financed by a loan from the Office of Minerals Exploration, has resulted in the development of a substantial amount of high-grade ore. This ore will help considerably in maintaining full production capacity at the New Idria mine during the coming months.

Port Washington NY

Office of Minerals Exp. 6/18/70
Washington DC

Dear Sirs

Anent your reports. Data on New Adria Mining & Chem. Co
3457 S. Cedar ave.
P.O. Box 2806
Fresno. Calif 93745

We have interest, Invest. Sp
— Anent reply.

Very

J. E. Baita,
1 Herbert avenue.
Port Washington NY 11050

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POSTAGE DUE 6¢

"Office of Minerals, Exploitations Bureau,
Capitol Bldg.
Washington - D.C."

"Personal attention
Director."

POSTAGE DUE 6¢

Port Washington. NY 11050

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6/17	CRC	220
		120M

JUN 17 1970

MEMORANDUM

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6506 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

As the Operator under the subject contract has submitted an acceptable final report, the $200.00 withheld from the January 1970 voucher may now be paid to the Operator.

Harold Kirkham (glm)

Harold Kirkham

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick

WLEmerick/bsl 6/17/70

--- NEW IDRIA MINING AND CHEMICAL COMPANY ---
IDRIA, SAN BENITO COUNTY, CALIFORNIA

FINAL REPORT
OF O.M.E. EXPLORATION OF
THE SULFUR SPRINGS-CREEK AREAS
IN THE NEW IDRIA QUICKSILVER MINE

DOCKET No. O.M.E. - 6696

CONTRACT No. 2267

MAY 15, 1970

REPORT COMPILED BY

KENNETH W. RANK

FINAL REPOR

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Description of the Work
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68 - 68 15
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Packet on back leaf
Plate I
Geology of New 800 level OME Workings

Plate II
Composite of 3, 4, 5, 8, & 10 Levels near OME working

INTRODUCTION

This report, required by the government, is a description of the operations and results to date of the exploration work carried out with the United States Government by terms of a joint contract with the New Idria Mining and Chemical Company and the Office of Mineral Exploration (O.M.E.). It has been assembled so that it constitutes in one document a semi-final source of information comprising pertinent data as to contract provisions, expenditures, production, geology and comments which will serve both the Office of Mineral Exploration and the New Idria Mining and Chemical Company as a ready reference for future use.

PURPOSE

The purpose of this project was to explore for quicksilver at depth along a length of mineralized Cretaceous Panoche sandstones and shales below the Sulfur Springs and the Creek areas in the New Idria Mining District, each having a past production of about 6,000 and 11,000 flasks, respectively.

SUMMARY

Work under this contract, authorizing exploration for quicksilver with government assistance in the Sulfur Springs and the Creek areas of the New Idria mine, commenced on September 12, 1968. The authorized work was completed in January of 1970 at a cost to the government of $134,550.00. The total amount loaned by the government ($134,550.00) is to be paid back at a rate of 5% royality and 7½% simple interest. At this point no ore had been discovered on either the Sulfur Springs or the Creek side of the project; although scattered cinnabar was exposed, it was of uneconomic grade.

DESCRIPTION OF THE WORK

The approved program was separated into two phases. The first phase was performed under a 25 - 75 percentage basis, in which the government's total contribution was $30,687.39, or about 25 percent of the cost of phase I. It's objective was to provide a drift from a portal site of approximately 2915 feet (New Idria's 800 ft. level) in elevation, to be driven in a southwesterly direction for a distance of 2300 linear feet and to install timber as necessary. This phase was completed in May 1969. The entire length was driven in unmineralized Panoche sandstones and shales. Phase II, inversely, was supported on a 75 - 25 percentage basis in which the government's total expenditure amounted to $103,662.61. This phase provided to complete the main crosscut adit to the hanging wall of mineralization. From the main crosscut, two drifts then would follow near or along the New Idria Thrust Fault, both southeast to the Creek area, and northwest to the Sulfur Springs area for a combined distance of approximately 1500 feet. To date a total distance of 2198 linear feet has been driven; 1010.10 feet in the Creek crosscut and 1187.90 feet in the Sulfur Springs crosscut. The Sulfur Springs crosscut connected with New Idria's old 800 level via an eight foot raise; this to provide a second exit for this part of the mine.

LAND DESCRIPTION

The land in this contract contains no more property than one unpatented lode mining claim, three legal subdivision lots and six fractions of lots comprising 260 acres in Secs. 32 and 33, T. 17 S., R. 12 E., MDB & M, New Idria Mining District, San Benito County, California. The property is recorded in the Office of the County Clerk and Recorder, Hollister, California, as follows:

Name	Acres	Vol.	Page
Molino No. 2 mining claim	20	220	173
Lots 1, 8 and 9, sec. 32	120	1	4
E ½ of Lots 2, 7, 10, 15, sec. 32	80	1	4
W ½ of Lots 4 and 5, sec. 33	40	1	4

DESCRIPTION OF THE OPERATIONS

Progress in the operations proceeded at an extremely rapid rate and were completed many months before the dead-line. By August 1970, the date set for completion of the government's share of the project, New Idria should be pretty certain as to whether or not the chances of striking minable ore are within the realm of this mineralized zone.

The two most important raises, A and G, should be complete and most of the results tabulated. To date, no ore has been discovered of economic grade, but it is very likely a large part of the loan will be re-paid if only a few small high grade zones exist. With large stopes geologically above these two raises, it is fairly certain some ore will exist.

On the "Expenditures" graph (page 6) four slumps exist which point out work slow downs. The first slump, after operations began, occurred in the winter of 68-69. Unusually heavy rains destroyed many of New Idria's mine portals, electrical systems, homes and etc. The 800 level O.M.E. workings were no exception. With many facilities at the main adit damaged drifting in the project came to a stop for several weeks.

The second slump occurred at the end of phase I. The main adit crosscut was at a distance of 2350 feet and at this point the track was releveled, the drainage ditch was installed and general repairs conducted. After the adjustments were made, drifting resumed and was not stopped again until July 27, 1969, at which time the hangingwall was struck and at a linear footage of 3192 feet. General repairs were again conducted, a long-hole drilling program was performed to provide more information of the geology, and electrical systems were installed. This accounted for the third temporary slow down in drifting progress. The two crosscuts were then driven without delay, except with short interuptions of long hole drilling on the Creek side of the project, this to provide drifting information.

When all the drifting was completed the long-hole drilling crews were again installed and raising was begun. Although raising generally proceeds at a slower rate than drifting, the same number of men work on the project but the cost and the footage will never be as high as was generally the case in the drifting months.

It is estimated at this point in the operations not more than another 5,000 to 7,000 feet of long-hole drilling will be completed, not more than 300 to 400 feet of raising and no more than 150 of drifting will be done until the project is complete and finished.

The official estimated costs of this project were summarized in the "Exploration Contract" of August 1968. This can be compared with actual expenditures found on the following page.

Phase I

Fixed Unit Costs

Crosscutting 2,300 feet @ $45.00/foot	$103,500.00
Timbering crosscut 1,600 feet @ $12.00/foot	19,200.00
Total estimated cost of Phase I	$122,700.00
Government participation @ 25%	$ 30,675.00

Phase II

Fixed Unit Costs

Crosscutting and drifting 2,200 feet @ $45.00/foot	$ 99,000.00
Timbering, crosscuts and drifts 1,400 feet @ $12.00/foot	16,800.00
Raising 500 feet @ $23.00/foot	11,500.00
Timbering, raises 300 feet @ $4.00/foot	1,200.00
Long-hole drilling 4,000 feet @ $2.50/foot	10,000.00
Total estimated costs of Phase II	$138,500.00
Government participation @ 75%	$103,875.00

-EXPENDITURES-

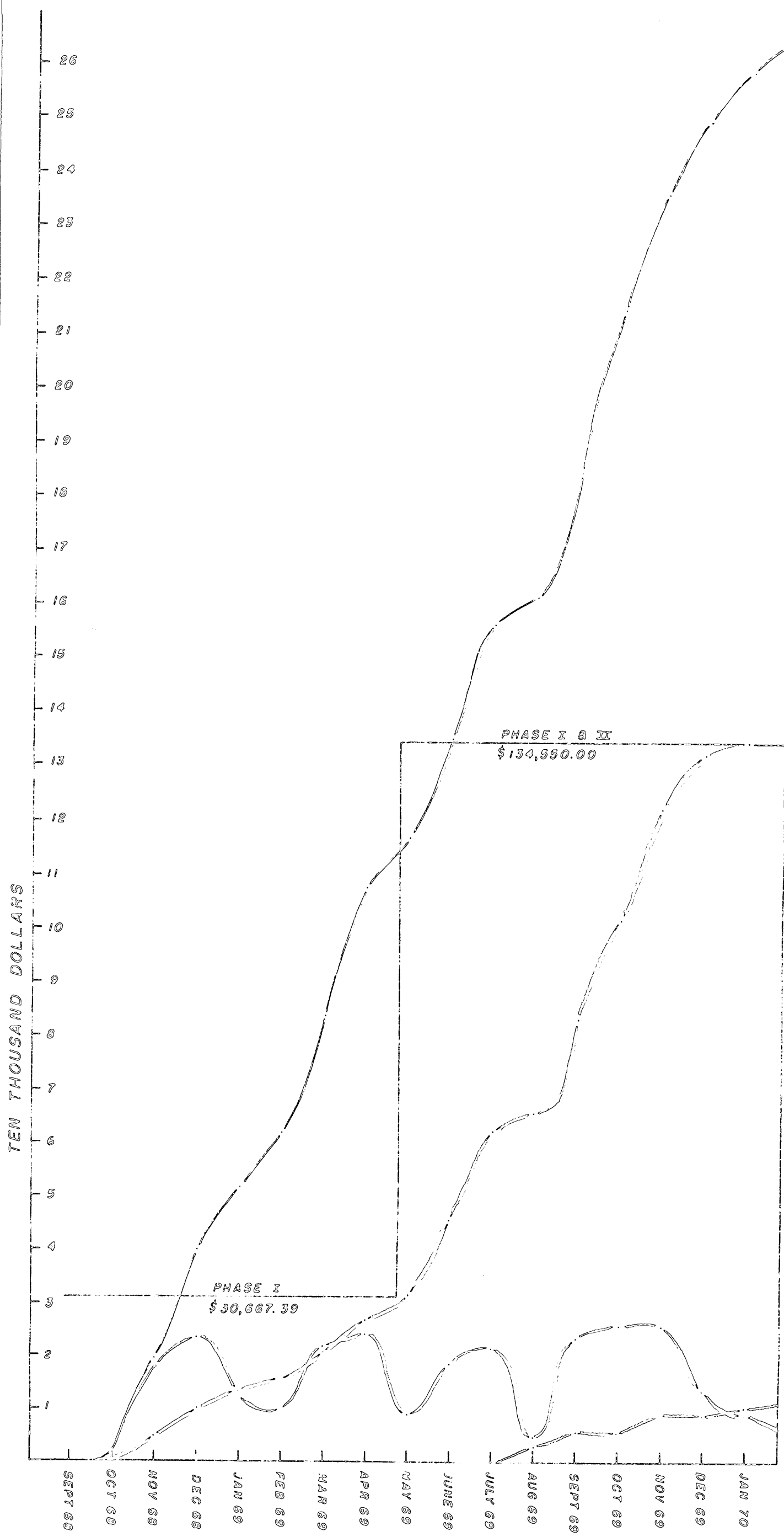
PHASE I

TYPE OF WORK COMPLETED	COST/UNIT	FOOTAGE	TOTAL COST
DRIFTING	$45.00	2300 feet	$103,500.00
TIMBERING	$12.00	841 feet	10,092.00
			$113,592.00

PHASE II

DRIFTING	$45.00	3094 feet	$139,230.00
TIMBERING	$12.00	246.5 feet	$2,958.00
LONG-HOLE DRILLING	$2.50	9015.0 feet	22,537.50
RAISING	$23.00	188.0 feet	4,324.00
RAISING WITH TIMBER	$27.00	82.0 feet	2,214.00
			$171,263.50
		GRAND TOTAL	$284,855.50*

* All figures include work completed as of May 15, 1970.
The government's share ($134,550.00) was paid as of February 1970.



EXPENDITURES

SUMMATION OF COSTS OF COMPLETED WORK ON PROJECT

- TOTAL MONTHLY EXPENDITURES
- ACCUMULATIVE COST OF ALL OME WORK
- ACCUMULATIVE COST OF ALL OME DRILLING
- ACCUMULATIVE COST OF OME EXPENDITURES

GENERAL GEOLOGY OF THE SULFUR SPRINGS
CREEK AREA OF THE NEW IDRIA MINE.

As in the other mineralized lenses found throughout the New Idria mine, the thrust fault and the footwall fault bounds the lense of iron rich, cinnabar bearing Panoche sandstones and shales. Within the lense of mineralization there are lenses of either sandstone or shale which for an unknown reason have not been altered by the pyrites. Two such "bands" of shale appear in the 800 level workings. Mineralization along them are variable and in many places related to tear faults. Although, these bands were somewhat thicker than were expected, they did, however, seem to follow a geologic pattern in the overall geology of the area. Near F, marked on Plate I, two zones of shale appear to be highly pyritized, yet to the East along the main crosscut adit these same beds are unmineralized. For this reason the Creek drift was driven around the margins of this unit while the Sulfur Springs Crosscut was driven as close as possible to the hanging wall fault. Throughout both drifts colors of cinnabar were present, although by far the most cinnabar was present in the Sulfur Springs crosscut. All cinnabar was of uneconomic grade.

As can be seen from the geologic map of the area, the hanging wall has a general trend of northwest - southeast. Only one major change in strike occurs throughout the area, and it occurs near raise F. In this same location, the dip, is of unusual interest. Cross-section 68 - 68 shows how the hanging wall changes from 45 to almost 90 degrees. A preliminary long-hole drilling program has shown strong indications that at least one zone maybe of economic grade. Two holes drilled into the zone have shown assays from 2 to 23 lbs/ton Hg. Several best sections averaged 6.0 lbs/ton Hg. for a length of 8.0 feet, and another of 15 lbs/ton for a length of 8.0 feet. For this reason, a raise labeled "G" on Plate II has begun and will intercept these best ore zones within the month of June 1970.

The two geologic "inverted troughs", famous in the New Idria District for producing ore, in this area can be seen with the use of the included cross sections. The hanging wall and footwall "corner" in the Creek area did not touch on the 800 level and will be explored via raising. Raise A will serve this purpose and will be driven to the point in which they converge. These two troughs are of utmost importance and will be explored by drilling, raising, and possibly drifting at higher levels.

FUTURE EXPLORATION

The Sulfur Springs-Creek mineralized lense is one of the largest segments of mineralized formations in the New Idria Mining District. This can be evidenced by the fact that the new 800 level has almost an unbroken northwest-southeast trending mineralized zone. (See Plate I).

It is unusual in the New Idria District to have a large ore body near the surface and not have smaller subsidiary ore zones at depth which generally are scattered "helter-skelter" along the footwall side of the New Idria Thrust Fault. With the Sulfur Springs-Creek mineralized zone near the surface producing approximately 6,000 and 11,000 flasks respectively, it was then, (August 1966, time of the lease) and is now (May 1970), one of the less promising large mineralized zones for potential ore reserves in the New Idria Mine. For this reason the New Idria Mining and Chemical Company will continue to concentrate heavily on exploration in the area.

Although no ore has been discovered in this project to date there still remains a unusually large area of potentially ore bearing formations which will be explored with standard methods of long-hole drilling, raising and drifting.

Long-hole drilling will be spread around all mineralized workings and at the uppermost extent of all raises. If minable ore is found and subsequently "mined out", all stopes will be ring drilled.

Our plans have included two raises on the Creek side and five raises on the Sulfur Springs side of the main crosscut adit. They are located on Plate II and are labeled "A" through "G".

RAISE A — This raise has been planned to intercept the contact of the three formations which form the trough or roof where solutions of mercuric vapors have been known to be trapped and produced high grade zones of cinnabar. In cross-section 54-54 the "trap" appears to be only about 100 feet up. Although there is no way to determine exactly how far up this zone will be, the raise has been designed to try and locate the footwall and the hangingwall. Long-hole drilling will follow should the raise not strike ore at plus 100 feet. There are colors of cinnabar to be found in the raise with pockets of methane gas, making progress slower than normal.

RAISE B Has been designed to follow a low grade stringer found along a breccia fault zone. This may be of significance since the small stope on the 500 level is directly above this zone. Plans call for a raise of 75 to 100 feet in length. This will also varify several drill holes which produced assays up to 4 lbs/ton over a 5.0 section.

RAISE C The first raise on the Sulfur Springs side of the main crosscut adit is being driven to cross some of the better stringers of low grade ore found on the 800 level. At the 700 level a drill station will be installed and drilling will determine if these low grade zones increase in grade as they increase in elevation. The grade of the ore is below 3.0 lbs/ton Hg. in this area and for that reason it is not being mined.

RAISE D This raise was intended to check the position of the hangingwall. The hangingwall was found to be only 20 feet distant; the raise was then turned into a scraper drift and followed along the thrust for a distance of 50 feet. Because the grade was below standard, the scraper drift has been stopped.

RAISE E Followed a quartz and cinnabar vein of only 4 inches in width. The vein pinched out at an elevation of about 22 feet. The raise was discontinued.

RAISE F Followed along the contract of the sandstone and shale. There was some faulting at this contact and cinnabar filled cracks and fissures near the fault contact on the sandstone side. The amount of cinnabar seemed to decrease with elevation. The raise to date is up approximately 40 feet and has momentarily stopped until further results are available from the G Raise.

RAISE G This raise (shown only on Plate II) is being driven to varify drill holes containing good samples of cinnabar. Of 36 feet assayed from two drill holes assays ranged fron 2 to 23 lbs/ton Hg. Out standing in the group was one section of 8.0 feet which assayed 6.0 lbs/ton Hg. and another section of 8 feet which averaged 15 lbs/ton Hg. This raise will intercept those sections at about the 700 ft. level. It is directly down the dip of the hangingwall from the Sulfur Springs ore body of 6,000 flasks and may be of substantial grade and size to redeem this loan. To date this is New Idria's best indication of ore in the project

MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK-WK
2/11/70

OPERATOR'S MONTHLY VOUCHER

For Month of January, 1970

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25% 75 $134,550.00
PHASE II & III

Operator's Name ~~New Idria Mining~~ and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Drifting @ $45.00	175.5	$7,897.50	5239.0	$235,755.00	93.122'	$4,190.49	5,156.622'	$232,047.97 *
Timbering @ $12.00	-0-	0.00	1087.5	13,050.00	0	0	1087.5'	13,050.00
Long Hole Drilling @ $2.50	405.0	1,012.50	4012.0	10,030.00	405.0'	1,012.50	4012.0'	10,030.00
		PHASE #12 @ 75%						
TOTALS		$8,910.00		$258,835.00		$5,202.99		$255,127.97 *

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

Date Feb. 4, 1970 *Payee New Idria Mining and Chemical Company
Mark L. Ward
Per Mark L. Ward Title Resident Mine Manager

*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 offence (U. S. Code, Title 18, Sec. 1001).

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit

Signature H K Stager OME Field Officer 2-9-70 Date

3902.23 (C3)14X0804
200.00 14X6875 (08)

Approved for: $ 3,702.23
(SUBJECT TO AUDIT)

Signature

Date FEB 16 1970 Vou. No. 0499
(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

FOR GOVERNMENT USE

REMARKS

* MAXIMUM OF GOVERNMENT PARTICIPATION ($134,550.00) REACHED, 82,378 FEET DISALLOWED TO STAY WITHIN CONTRACT AMOUNT. WITHHOLD $200.00 PENDING RECEIPT OF OPERATOR'S FINAL REPORT.

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

[illegible]

[illegible]

[illegible]

[illegible] Co.
[illegible]

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	Payee's Invoice No.	Remarks
	[illegible]	[illegible]

[illegible]

[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

February 4, 1970

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of January, 1970 as set forth in

Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Company

Mark L. Ward

Mark L. Ward
Resident Mine Manager

MLW/bv
Enclosures

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

February 4, 1970

OME #6696, Contract #2267 for the month of January, 1970.

Report of Operations: This is the seventeenth (17) monthly report submitted.

175.5 feet of drift advance was made in the OME project for the month of January, 1970.

100.5 feet of drift advance was made in the Sulfur Springs, or West Drift. Only the Panoche Sandstones were present this month, which up till this month the shale unit had been explored via drift. This was expected, however, and no importance has been laid upon the contact zone. There were several small stringers, which produced cinnabar "strawberries" 1/2" in diameter in this drift. The cinnabar is spotty and confines itself to fissures; it can only be, at present, a good indication that cinnabar is present.

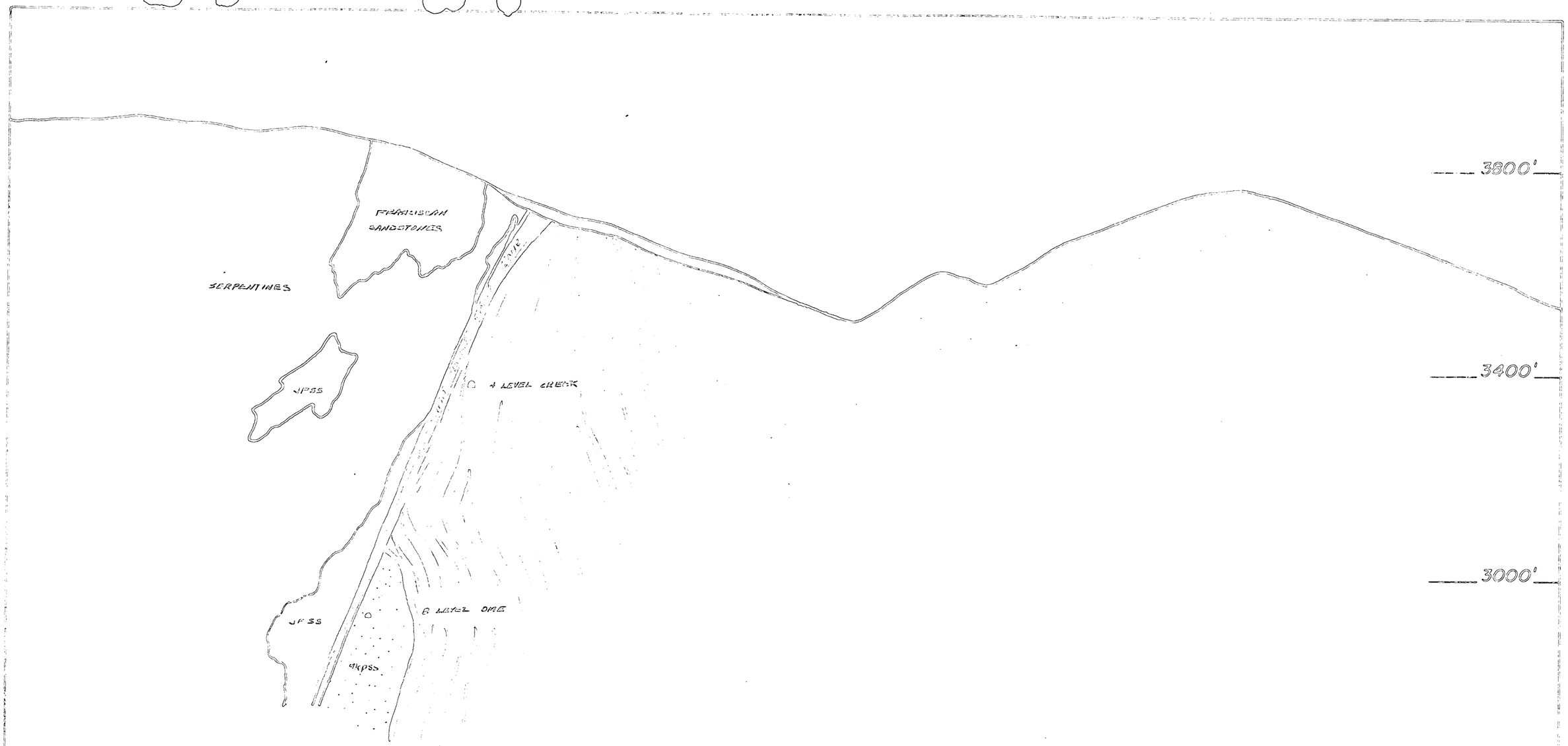
75.0 feet of drift advance was made in the Creek or East Drift. The drift was through mineralized Panoche Sandstone for the entire length. At present location, our Company decided to locate the hanging wall and foot wall with conventional drilling methods. The hanging wall was located at approximately 10 feet beyond the present face of the drift. The footwall was located at about 80 ft. to the southeast. (see map) The mineralization is narrowing at this point, which is favorable; however, there is an abundance of methane gas present at the contacts of these formations.

405.0 feet of long-hole drilling was completed in January in the Creek Drift.

Only colors of cinnabar were found, except for some large "strawberries"; no ore was taken from the contract area in January, 1970.

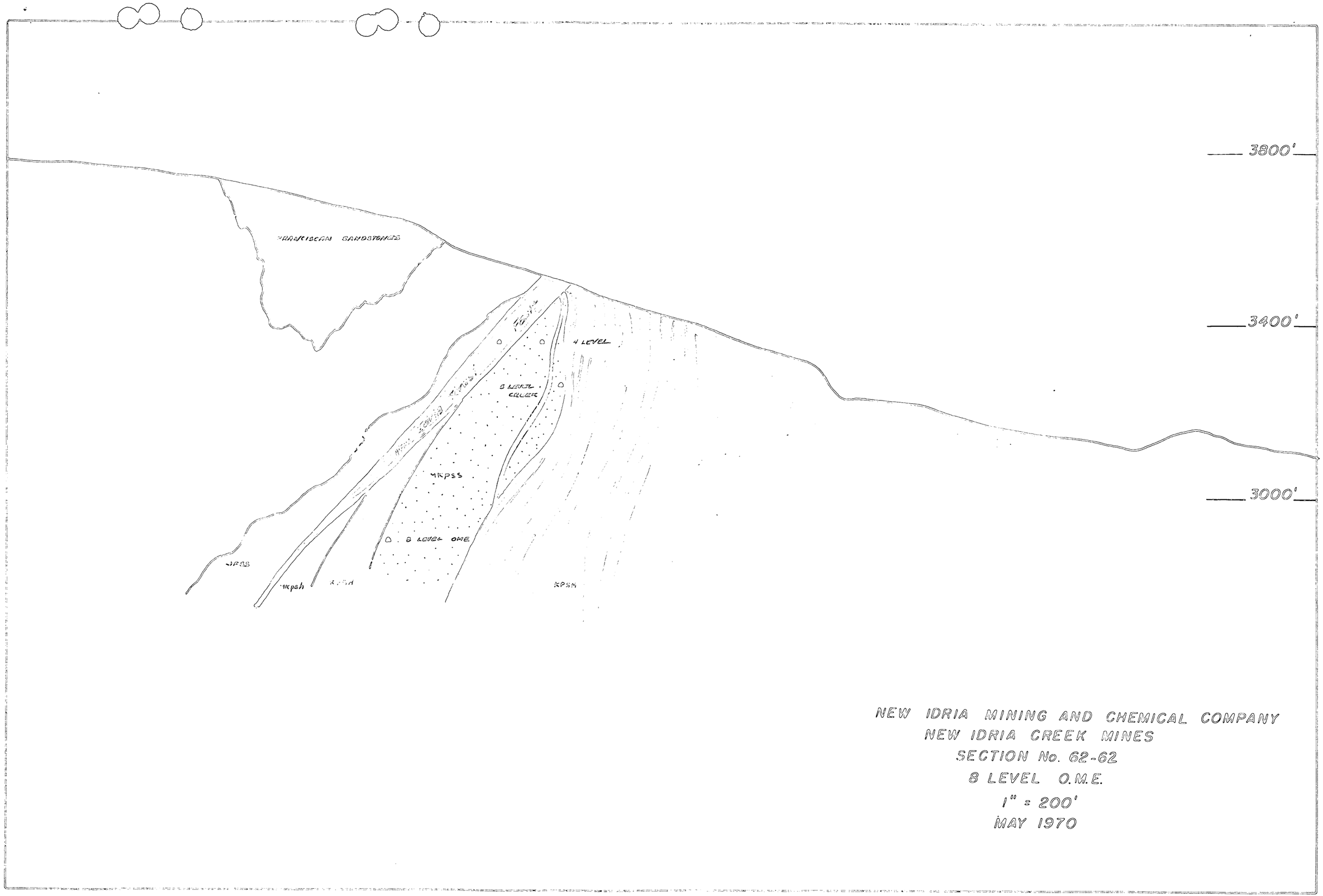
Kenneth Rank

Kenneth Rank
Chief Geologist
New Idria Mine

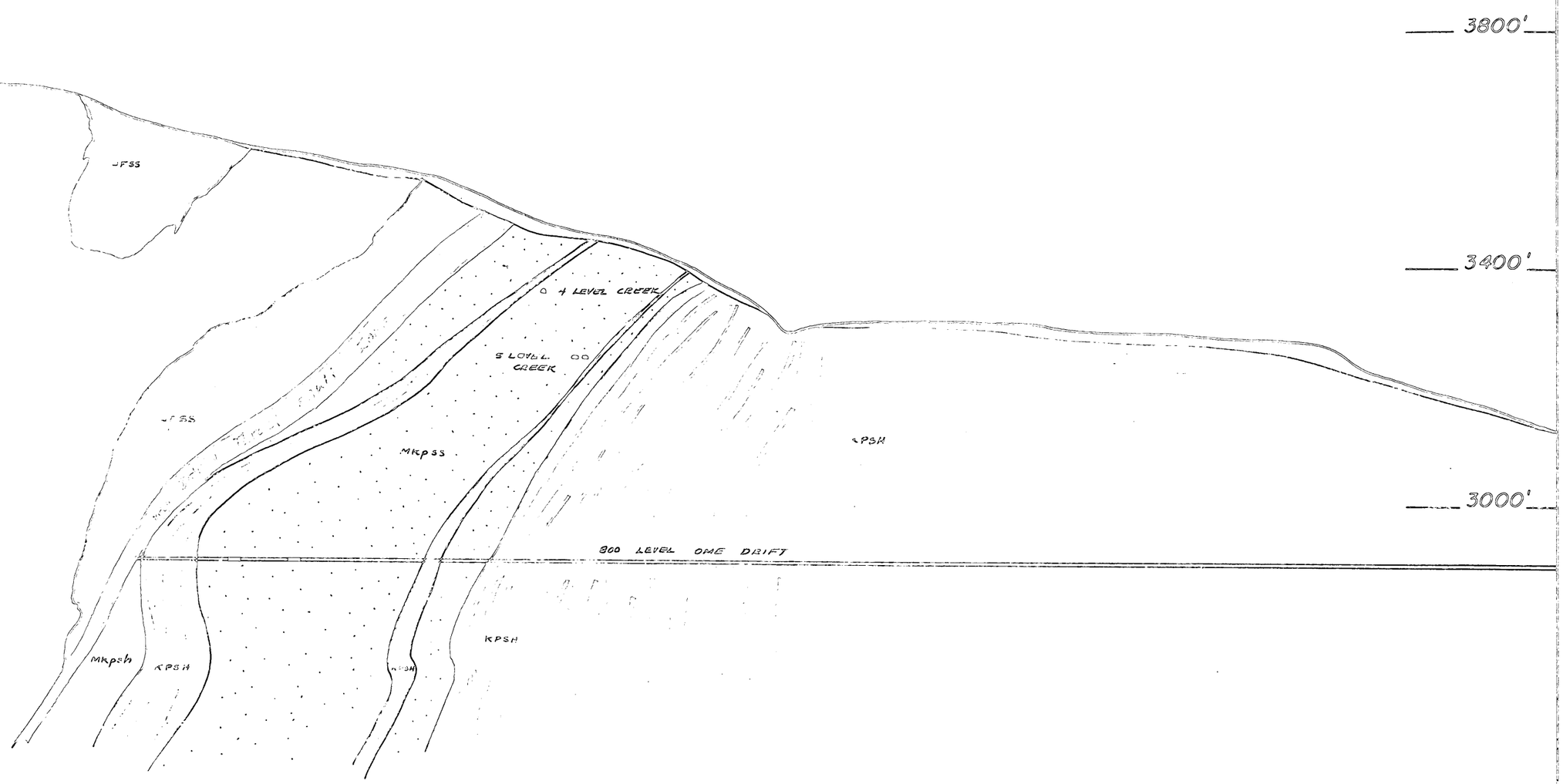


NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA CREEK MINES
SECTION No. 54-54
8 LEVEL O.M.E
1" = 200'
MAY 1970

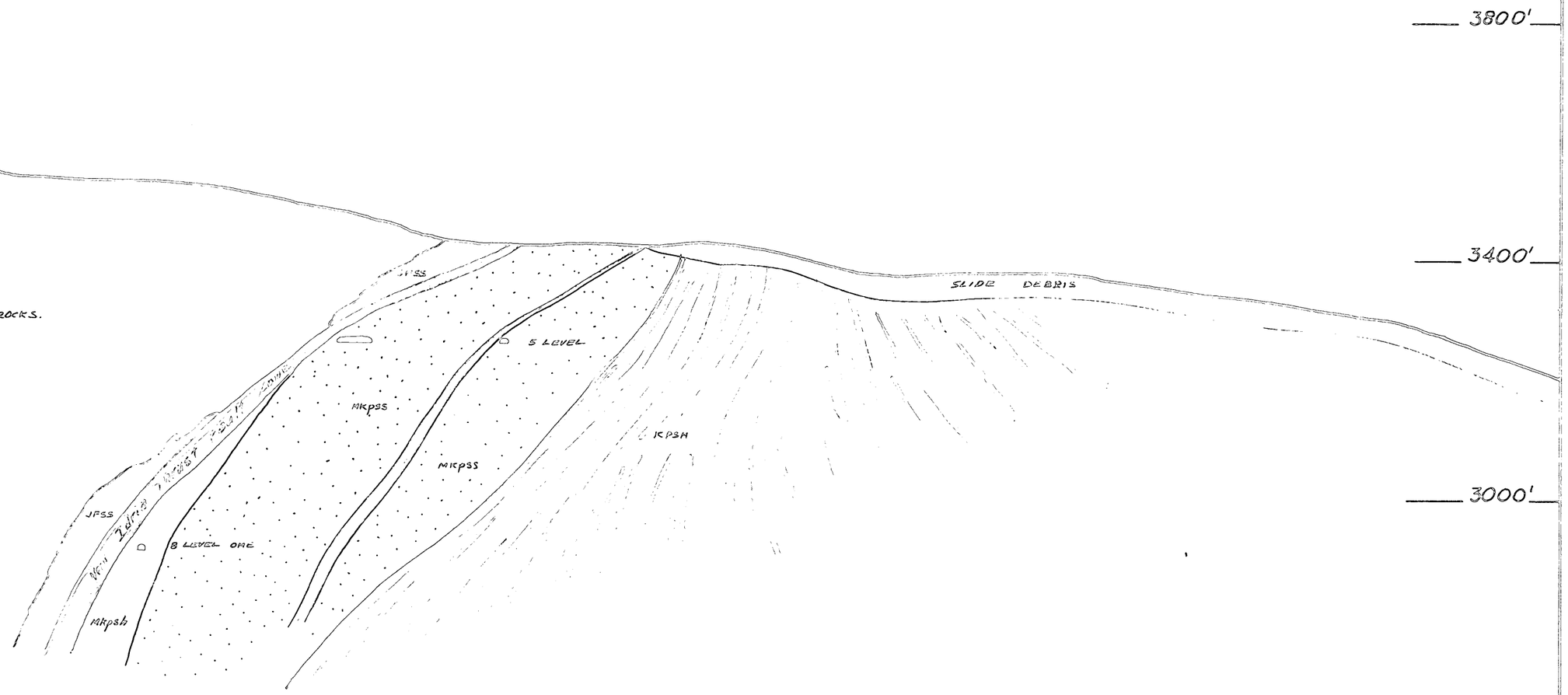
NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA CREEK MINES
SECTION No. 58-58
8 LEVEL O.M.E.
1" = 200'
MAY 1970



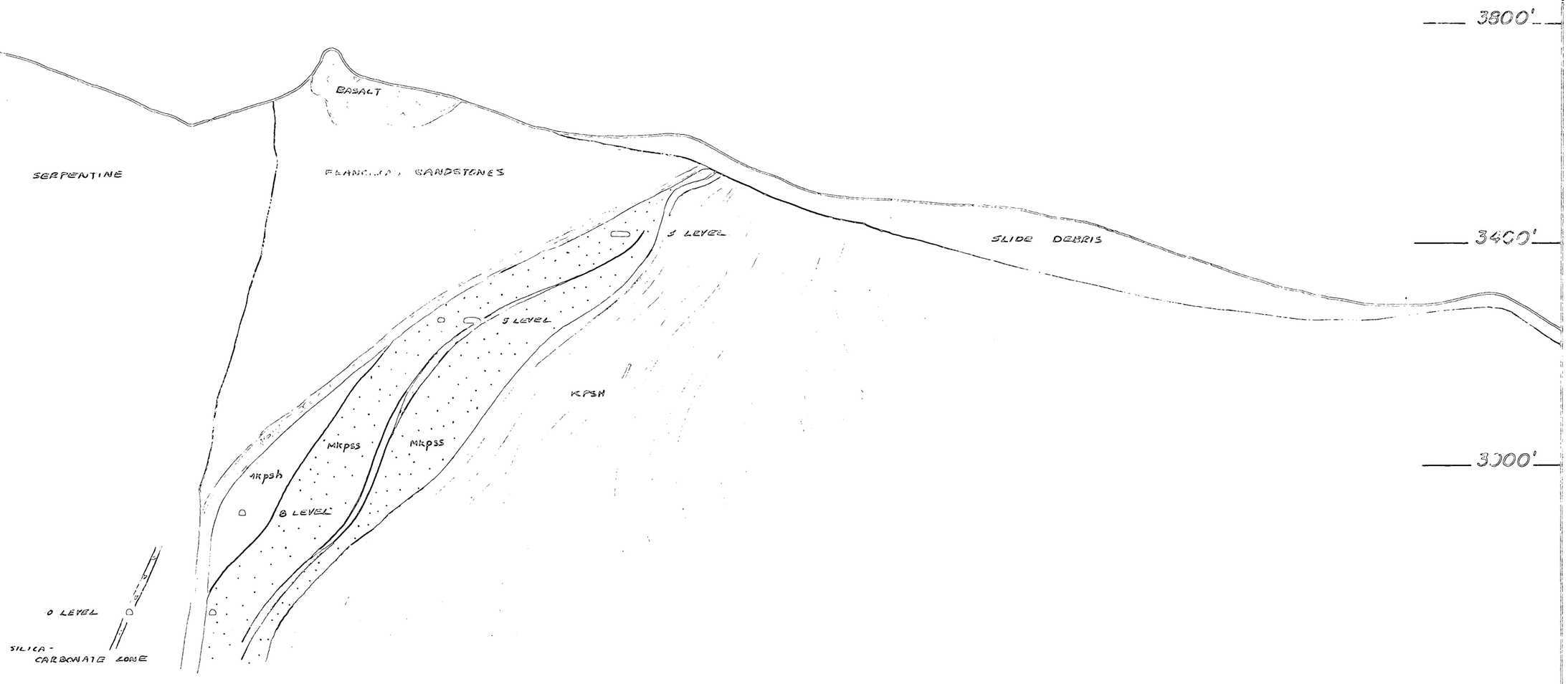
NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA CREEK MINES
SECTION No. 62-62
8 LEVEL O.M.E.
1" = 200'
MAY 1970



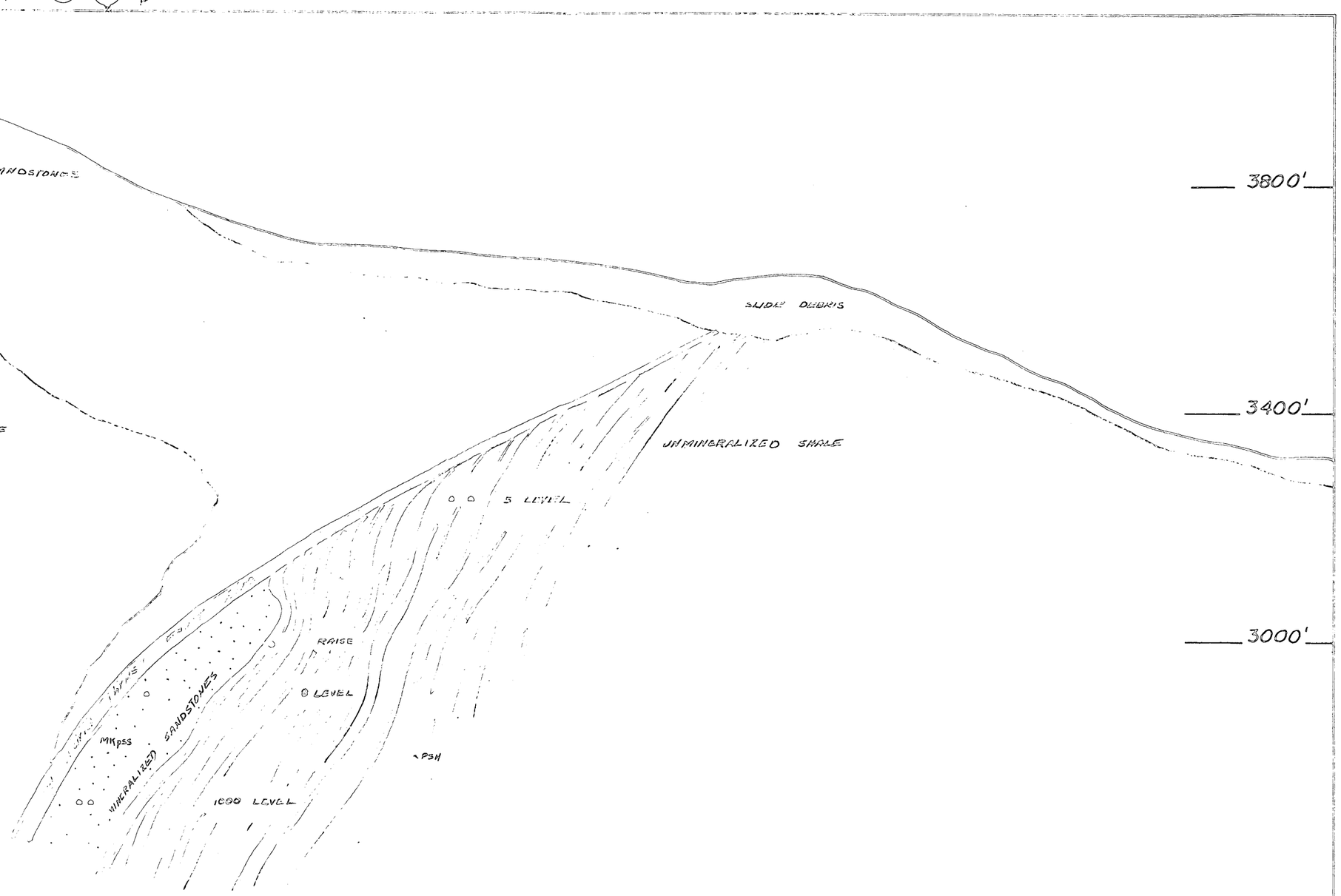
NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA SULFUR SPRINGS - CREEK MINES
SECTION No. 64-64
8 LEVEL O.M.E.
1" = 200'
MAY 1970



NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA SULFUR SPRINGS
SECTION No. 66-66
8 LEVEL O.M.E.
1" = 200'
MAY 1970



NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA SULFUR SPRINGS
SECTION No. 68-68
8 LEVEL O.M.E.
1" = 200'
MAY 1970



NEW IDRIA MINING AND CHEMICAL COMPANY
NEW IDRIA SULFUR SPRINGS
SECTION No. 74-74
8 LEVEL O.M.E.
1" = 200'
MAY 1970

MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK - WK 2/19/70

OFFICIAL COPY

JAN 28 1970

OPERATOR'S MONTHLY VOUCHER

For Month of December, 1969

Docket No. OME- M 6696
Contract 14-08-0001- 2267
Contract Amount $ 261,200.00
Gov't. Participation 25% 75 $ 134,550.00

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Drifting @ $45.00	304.0	$13,680.00	5063.5	$227,857.50	304	$13,680	5063.5	$227,857.50
Timbering @ 12.00	0.0	0.00	1087.5	13,050.00	—	—	1087.5	13,050.00
Long Hole Drilling @ 2.50	0.0	0.00	3607.0	9,017.50	—	—	3607	9,017.50
PHASE #2 @ 75%								
TOTALS		$13,680.00		$ 249,925.00		$13,680.00		$249,925.00

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

Date Jan. 8, 1970 *Payee New Idria Mining and Chemical Company

Mark L. Ward
Per Mark L. Ward Title Resident Mine Manager

*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)

Approved as noted, subject to field examination and audit

Signature for R. M. Smith OME Field Officer Date 1/15/70

(63) 14X0804

Approved for: $ 10,260.00 (SUBJECT TO AUDIT)

Signature MO

Date JAN 31 1970 Vou. No. 04401

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

January 8, 1970

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of December, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Company

Mark L. Ward

Mark L. Ward
Resident Mine Manager

MLW/bv
Enclosures

RECEIVED
JAN 15 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

January 8, 1970

OME #6696, Contract #2267 for the month of December, 1969

Report of Operations: This is the sixteenth (16) monthly report submitted.

304.0 feet of drift advance was made in the OME project for the month of December, 1969.

108.5 feet of drift advance was made in the Sulfur Springs, or West Drift. Only the Panoche Shale formation was present in December. There has been no change in rock conditions from last month. No ore was taken from the drift.

195.5 feet of drift advance was made in the Creek on East Drift. The drift was in mineralized Panoche Sandstone for the entire length, except for the first 25 feet, which penetrated a section of unmineralized Panoche Shale.

Only colors of cinnabar were found during the month of December; no ore was taken from the contract area in December, 1969.

Kenneth Rank

Kenneth Rank
Chief Geologist
New Idria Mine

MARCH 1968

OFFICIAL COPY O. K. E. DEC 22 1969

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK-OSE
12/8/69

OPERATOR'S MONTHLY VOUCHER

For Month of November, 1969

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25% 75% $134,550.00
PHASE I & II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Drifting @$45.00	493.0	$22,185.00	4,759.5	$214,177.50	493.0	$22,185.00	4,759.5	$214,177.50
Timbering @$12.00	0.0	0.00	1,087.5	13,050.00	0	0.	1,087.5	13,050.00
Long Hole Drilling @ $2.50	1,435.0	3,587.50	3,607.0	9,017.50	1,435.0	3,587.50	3,607.0	9,017.50
PHASE #2 @ 75%								
TOTALS		$25,772.50		$236,245.00		$25,772.50		$236,245.00

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

Date December 1, 1969 Payee New Idria Mining and Chemical Company

Mark L. Ward

Per Mark L. Ward Title Resident Mine Manager

"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)

Approved as noted subject to field examination and audit

Signature HK Stager OME Field Officer Date 12-4-69

(63) 14X0804

Approved for: $19,329.38 (SUBJECT TO AUDIT)

Signature MO

Date 12/19/69 Vou. No. 3821

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

December 1, 1969

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: CME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of November, 1969 as set forth in Article # 5 of the above contract

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

Mark L. Ward

Mark L. Ward
Resident Mine Manager

MLW/ch

Enclosures:

RECEIVED
DEC - 4 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

December 1, 1969

OME 6699, Contract No. 2267 for the month of November 1969.

Report of Operations: This is fifteenth (15) monthly report submitted.

493.0 feet of drift advance was made in the Sulfur Springs Creek drifts in the month of November, 1969.

239.0 feet of drift advance was made in the Sulfur Springs or West drift. Only the Panoche shale formation was penetrated in November. These shales were highly crushed in places with numerous small shows of cinnabar as stringers, coatings and cavity fillings. No ore was taken from the drift.

254.0 feet of drift advance was made in the Creek or East drift. The drift was in mineralized Panoche sandstones for the entire length, except the last 10 feet, which hit a section of unmineralized Panoche shale.

1435.0 feet of long-hole drilling was completed with only light showings of cinnabar in the holes.

While showings of cinnabar were found during the month, no ore was taken from the contract area in November, 1969.

Kenneth Rank

Kenneth Rank
Chief Geologist
New Idria Mine

United States Department of the Interior

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

November 19, 1969

OFFICIAL COPY
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MEE	120 E

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Interim Inspection

An interim inspection of the subject project was made by H. K. Stager, Field Officer, on November 18, 1969, accompanied by Mr. Ken Rank, chief geologist for the mine.

Work completed since the last inspection on September 10, 1969 (report dated September 11, 1969) has consisted of about 1,200 feet of drifting, and 2,150 feet of long-hole drilling in 15 holes, in the favorable mineralized zone. Total work to date consists of about 4,625 feet of drifting and crosscutting, 1,087.5 feet of timbering, and about 3,470 feet of long-hole drilling. Work is continuing on a 3 shifts per day, 12-days-on and 2-days-off basis, and at the present rate of advance the contract will be completed by the end of December 1969.

The northwest drift has been driven about 800 feet from the crosscut and is almost entirely in highly pyritized sandstone and shale. The last 350 to 400 feet of the drift is in fractured ground with abundant exposures of cinnabar. There are two or three zones that could be mined over about 5 feet of width each with a grade of from 4 to 16 pounds of mercury per ton. These zones will be developed by drifting and raising when the contract work is completed.

The southeast drift is about 625 feet in length in favorable mineralized sandstone and shale with numerous zones of sparsely disseminated cinnabar and several thin seams of high-grade material but no ore of minable thickness. Although nearly all of the 15 long holes drilled from this drift have intersected sparse to abundant cinnabar, no minable ore has yet been indicated.

Drifting will be continued in both headings with some additional long-hole drilling during November and December. Unexpended funds remaining in the contract, for timbering and raising, will be utilized for drifting and drilling. The Operator plans to proceed with additional drifting at its own expense, after completion of the OME contract, and will also drive raises on all of the favorable showings. Plans are being made, and surveys run, to connect the OME workings to other older workings by drifting and raising. These connections will provide better ventilation and safety exits while the ore bodies found by the OME work are being developed and mined.

H. K. Stager

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

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COPY
O. M. E.
RECEIVED
NOV 19 1969
INITIALS DATE
Gal 11/20
HK 11/20
WC 11/20

November 14, 1969

go B+F 11/19

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of October, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Company

Mark L. Ward

Mark L. Ward
Resident Mine Manager

MLW/bv

Enclosures:

MARCH 1968

OFFICIAL COPY O. M. E. RECEIVED NOV 24 1969

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK-Wk 11/20/69

OPERATOR'S MONTHLY VOUCHER

For Month of October, 1969

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25 % 75% $134,550.00
PHASE I & II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Drifting @$45.00	573.0	$25,785.00	4266.5	$191,992.50	573.0	$25,785.00	4,266.5	$191,992.50
Timbering @ $12.00	0.0	0.00	1087.5	13,050.00	0	0	1,087.5	13,050.00
Longhole Drilling @$2.50	0.0	0.00	2172.0	5,430.00	0	0	2,172.0	5,430.00
	PHASE 2 @ 75%							
TOTALS		$25,785.00		$210,472.50		$25,785.00		$210,472.50

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

Date November 14, 69 Payee New Idria Mining and Chemical Company

Mark L. Ward

Per Mark L. Ward Title Resident Manager

*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)

Approved as noted; subject to field examination and audit.

Signature HK Tagen OME Field Officer Date 11-17-69

(63) 14X0804

Approved for: $19,338.75 (SUBJECT TO AUDIT)

Signature MO

Date NOV 24 1969 Vou. No. 03195

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

November 14, 1969

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of October, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Company

Mark L. Ward

Mark L. Ward
Resident Mine Manager

MLW/bv

Enclosures:

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

October 31, 1969

CME 6699, Contract No. 2267 for the month of October, 1969.

Report of Operations: This is the fourteenth (14) monthly report submitted.

573.0 feet of drift advance was made in the Sulfur Springs - Creek drifts in the month of October, 1969.

277.4 feet of drift advance was made in the Sulfur Springs or West drift. Only one formation was penetrated in the month of October, Panoche shale. The Panoche shales are mineralized with marcasite, quartz, pyrite and cinnabar. There are several fault and/or brecciated zones cut by the new drift which will certainly host more work to ascertain thier future value. While several of these zones were favorable, no ore was taken from the drift.

295.6 feet of drift advance was made in the Creek or East drift. The drift was in indurated Panoche sandstone, except for a section of 80 feet, which crossed through a segment of unmineralized Panoche shale. The Panoche sandstones hosted colors of cinnabar throughout but was worthy of only mention.

While showings of cinnabar were found during the month, no ore was taken from the contract area in October, 1969.

Kenneth Rank

Kenneth Rank
Chief Geologist
New Idria Mine

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER for Month of September, 1969

Docket No. OME- 6696
Contract 14-08-0001 2269
Contract Amount $ 261,200.00
Gov't. Participation 25%-75% $ 134,550.00
PHASE I & II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
crosscutting @ $45.00	468.0	$21,060.00	3693.5	$166207.50	468	$21,060.00	3,693.5	$166,207.50
Timbering @ $12.00	0.0	0.00	1087.5	13050.00	0	0	1,087.5	13,050.00
Longhole Drilling @2.50	858.0	2,145.00	2172.0	5430.00	858	2,145.00	2,172.0	5,430.00
TOTALS		$23,205.00		$184687.50		$23,205.00		$184,687.50

Note: All work for the month of September is under the phase II PORTION of the contract.

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

Date November 4, 1969 Payee New Idria Mining and Chemical Company

Mark L. Ward

Per Mark L. Ward Title Resident Manager

"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)

Approved as noted subject to field examination and audit

Signature [illegible] OME Field Officer 11-6-69 Date

(63) 14X0804

Approved for: $ 17403.75 (SUBJECT TO AUDIT)

Signature [illegible]

Date NOV 17 1969 Vou. No. 03062

(SEE OTHER SIDE)

AK 11/17/69

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

November 4, 1969

OME 6696, Contract No. 2267 for the month of September, 1969.

Report of Operations: This is the thirteenth monthly report submitted.

468.0' of drift advance was made in the Sulfur Springs - Creek Drifts in September, 1969.

303.0' of advance was made in the Sulfur Springs or West Drift. The geology of this section is as follows:

Footage	Geology
0'- 90'	Indurated Panoche Sandstone with average Pyrite.
90'-225'	Dead bedded Panoche Shale.
225'-285'	Highly mineralized Panoche Shale, with abundant Pyrite.
285'-303'	Highly mineralized Panoche Shale, with abundant Pyrite and Cinnabar. Visual estimates of the Cinnabar is 0.5-1.0 lb/ton Hg.

165.0' of advance was made in the Creek or East Drift. The drift was in indurated Panoche Sandstone becoming more fractured and Pyritized near the face. The drift was stopped in mid September to long hole drill the face.

858.0' of long hole drilling was done in September to explore the mineralized ground ahead of the present face of the Creek Drift, and to locate the Idria Thrust fault, and the footwall of the mineralized zone. Due to highly broken ground, the drill was unable to locate either the Idria Thrust, or the footwall. Drill holes encountered some colors of Cinnabar ahead of the present face.

While showings of Cinnabar were found during the month, no ore was taken from the contract area in September, 1969.

Mark L. Ward

Mark L. Ward
Resident Mine Manager
New Idria Mine

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

November 4, 1969

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of September, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Co.

By: Mark L. Ward

Mark L. Ward
Resident Mine Manager.

Enclosures: —
MLW/ek

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY O. M. E. RECEIVED OCT 22 1969

ok-wpe 10/13/69

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1969

Doctor No. OME-
Contract 14-08-0001-
Contract Amount $
Gov't Participation % $

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Crosscutting @ $45.00	35.0	$ 1,575.00	3225.5	$ 145147.50	35	$1575.00	3225.5	$145147.50
Timbering @ $12.00	00.0	0.00	1087.5	13050.00	—	—	1087.5	13050.00
Long Hole Drilling @2.50	1314.0	3,285.00	1314.0	3285.00	1314	3285.00	1314	3285.00
TOTALS		$ 4860.00		$ 161482.50		$4,860.00		$161,482.50

Note: All work for the month of August is under the Phase II PORTION of the contract.

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

Date October 7, 1969 Payee New Idria Mining and Chemical Company

Per Benton B. Bailey Title Manager

Benton B. Bailey

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)

Approved as noted, subject to field examination and audit.

Signature R. M. Smith for OME Field Officer 10/9/69 Date

(63) 14X0804

Approved for: $ 3,645.00 (SUBJECT TO AUDIT)

Signature [illegible]

Date OCT 20 1969 Vou. No. 02401

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

October 6, 1969

OME 6696, Contract No. 2267 for the month of August, 1969

Report of Operations

35.0' of drift advance was made in the Sulfur Springs - Creek project in August, 1969. This is the twelfth monthly report submitted.

Prior to slabbing for drifting to the west towards Sulfur Springs and east towards the Creek area, 1314' of long hole drilling was done for prospecting and structural information. Colors, but no ore was encountered, and an unknown dead panoche shale bed was found striking parallel to the hanging wall. This dead shale is separated by 0' to about 20' of mineralized panoche shale adjacent to the hanging wall. No colors were found in this mineralized shale.

Track and ditch repairs were made during the month and drifting started late in August. 10.0' advance was made in the Sulfur Springs or west drift, all in mineralized blocky panoche sandstone, 25.0' advance was made in the Creek or east drift, all in mineralized snadstone.

No ore was taken from the contract area in August, 1969.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division

MLW/bv

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

October 7, 1969

Mr. H. K. Stager
United States Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of August, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Co.

By: Benton B. Bailey

Benton B. Bailey
Resident Mine Manager

Enclosures: __
BBB/ek

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OCT - 9 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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	1323

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9/3/69

6696
2267
261,200.00
75 134,550.00

PHASE II

THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
474.0	21,330.00	3,190.5	143,572.50
0	0	1,087.5	13,050.00
	21,330.00		156,622.50

Benton B. Bailey

SEP 8 1969

H R Ratzer 8-28-69

(63) 14X0804

15997.50

mo 01496

NEW IDRIA MINING AND CHEMICAL CORPORATION
IDRIA, CALIFORNIA 95637
Telephone: Area 408 [illegible]

August [illegible], 1969

SBA 6(a), Contract No. 2267

month [illegible] July, 1969

Board of Directors

Effect work of scheme was made in the [illegible] contract in July, 1969. This is the eleventh monthly report [illegible].

The first of the mechanized stope has [illegible] stage. The approach tunnel of this first [illegible] feet. [illegible] of high [illegible] operated [illegible] was [illegible] the second mechanized stope has [illegible]. The [illegible] of this second [illegible] was 50 feet. [illegible] the [illegible] hydraulic [illegible] Mercury [illegible] feet [illegible] Formaldehyde. The end of the drift is at a horizontal distance of 290 feet from the portal.

[illegible] one [illegible] from the contract area in July, 1969.

[illegible]

[illegible]
Assistant Manager
Administrative Services

[illegible]

NEW MEXICO MINING AND GEOLOGICAL SOCIETY

[illegible], CALIFORNIA [illegible]

TELEPHONE [illegible]

[illegible] 1972

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Dear Mr. [illegible]

Enclosed [illegible] dated [illegible] 1972 [illegible] Article [illegible] of the [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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[illegible] 1972

OFFICE OF [illegible]
U.S. [illegible]
[illegible]

United States Department of the Interior

GEOLOGICAL SURVEY

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

September 11, 1969

OFFICIAL COPY
O. M. E.
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SEP 15 1969
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HK A20

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Interim Inspection

An interim inspection of the subject project was made by H. K. Stager, Field Officer, on September 10, 1969, accompanied by Mr. Ken Park, chief geologist for the mine.

Work completed since the last inspection on January 9 (report dated January 13, 1969) has consisted of about 2,300 feet of crosscut adit (for a total of 3,190 feet), 1,314 feet of long-hole drilling in 8 holes, about 200 feet of timbering, and about 200 feet of drifting in the favorable mineralized zone at the end of the crosscut. Work is continuing on a 3 shifts per day, 12-days-on and 2-days-off basis.

The crosscut adit was driven through steeply dipping unmineralized Panoche shale to 2,618 feet where a well-indurated sandstone containing abundant pyrite was intersected. This mineralized sandstone is about 80 feet in thickness but no cinnabar was noted. A shale interval about 55 feet in thickness was then penetrated to about 2,750 feet where a second mineralized sandstone was found that is about 327 feet in thickness. Another shale interval was then penetrated for 90 feet, followed by a sandstone bed 10 feet in thickness

that ended against a fault gouge about 10 feet in thickness that marked the Idria thrust zone and the end of the crosscut at 3,190 feet. Eight holes were then drilled from stations along the crosscut, in the thicker sandstone interval, to determine the configuration of the sandstone-shale contact and test for possible cinnabar mineralization. Cinnabar was found in one of the holes drilled to the southeast. Drifts were turned northwest and southeast in the sandstone and at the time of the inspection the northwest drift had been driven about 80 feet in highly pyritized sandstone but no cinnabar had been found. The southeast drift had been driven about 100 feet in sandstone and close examination of the face revealed numerous small grains and films of cinnabar. The sandstone is highly fractured, contains abundant pyrite and secondary quartz, and with the appearance of cinnabar mineralization indicates the possible nearby occurrence of an ore body.

Drifting will continue in both headings and additional long-hole drilling will be done from the drifts. Raises will be put up on the most favorable showings exposed by the drifts or in the drill holes.

Work under the contract is progressing in a rapid and efficient manner. About 11 months time remains for completion of the planned work.

H. K. Stager

FORM 9-1040
MARCH 1969

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VOUCHER

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK-WRE
7/29/69

OPERATOR'S MONTHLY VOUCHER

Month of June, 1969

Docket No. OML- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation %75 $134,550.00
Phase II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Cross Cutting @$45.00	362	$ 16290.00	2716.5	$122242.50	362	$16290.00	2716.5	$122,242.50
Timbering @$12.00	196.5	2358.00	1087.5	13050.00	196.5	2358.00	1087.5	13,050.00
TOTALS		$ 18648.00		$ 135292.50		$18648.00		$135,292.50

Note: All work for the month of June is under the Phase II portion of contract

I certify that the above bill is correct and that no part thereof has not been received.

Date June 21, 1969 Payee New Idria Mining and Chemical Company

Mark L. Ward
For Mark L. Ward Title Assistant Manager

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)

Approved as noted, subject to field examination and audit.

Signature R. M. Smith for OME Field Officer Date 7.25.69

(63) 14X0804

Approved for: $13,986.00
(SUBJECT TO AUDIT)

Signature mc
Date AUG 4 1969 Vou. No. 00278

(SEE OTHER SIDE)

101 469

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

July 21, 1969

Mr. H. K. Stager
US Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of June, 1969 as set forth in Article #5 of the above contract.

Very truly yours,

New Idria Mining and Chemical Co.

By Mark L. Ward
Mark L. Ward
Assistant Manager

Enclosures
MLW/bv

RECEIVED
JUL 25 1969
OFFICE OF MINERAL RESOURCES
U.S. G... U.S.
MENLO PARK

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

July 21, 1969

OME 6696, Contract No. 2267

Month of June, 1969

Report of Operations

362.0' of advance was made in the Sulfur Springs - Creek Cross Cut in June, 1969. This is the tenth monthly report submitted.

The footwall of the expected mineralized zone was hit at 2618', and the first section consisted of 80' of bleached, indurated panoche sandstone with abundant pyrite. No cinnabar was noted. The next 22' was in unmineralized panoche shale, which is the downward extension of a 25' band showing in the 5 Level Creek Cross Cut. The hanging wall of the mineralized zone should be reached at ≅ 3100'.

No ore was taken from the contract area in June, 1969.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division

MLW/bv

362°FT Advance in Government Drift For June, 1969

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

HK 7/3/69

OFFICIAL COPY
JUL 9 1969
RECEIVED

OPERATOR'S MONTHLY VOUCHER

For Month of May 1969

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25% 75 $134,550.00
PHASE I & II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Cross Cutting @$45.00	183	$ 8,235.00	2354.5	$ 105,952.50	183	$ 8,235.00	2,354.5	$ 105,952.50
Timbering @ $12.00	70	840.00	891.0	10,692.00	70	840.00	891.0	10,692.00
TOTALS		$ 9,075.00		$ 116,644.50		$ 9,075.00		$ 116,644.50

54.5' of cross cutting and 50' of timbering should be applied to phase II of OME Contract.

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

Date June 26, 1969 Payee New Idria Mining and Chemical Company

For Benton B. Bailey Title Resident Mine Manager

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)

Approved as noted, subject to field examination and audit.

Signature [illegible] OME Field Officer 6/30/69 Date

(63) 14X0804

Approved for: $ 3795.01 (SUBJECT TO AUDIT)

Signature [illegible]

Date JUL 8 1969 Vou. No. 00180

(SEE OTHER SIDE)

Phase I	128.5 ft	5,782.50
	20 "	240.00
		6,022.50
Phase II	54.5 "	2,452.50
	50 "	600.00
		3,052.50

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

June 26, 1969

Mr. H. K. Stager
US Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of May, 1969 as set forth in Article 5 of above contract.

Very truly yours,

New Idria Mining and Chemical Company

By Benton B. Bailey
Benton B. Bailey
Resident Mine Manager

Enclosures
BBB/bv

RECEIVED
JUN 30 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

June 24, 1969

O.M.E. 6696
Contract No. 2267

Month of May, 1969
Report of Operations.

183.0 ft. of advance was made in the Sulfur Springs-Creek Cross Cut in May, 1969. This is the ninth monthly report submitted.

Cross cut advance was stopped for over two weeks in May to put track on grade and to put drainage ditch in.

Advance made was all in unmineralized and partially gouged panoche shale.

No ore was taken from the contract area in May, 1969.

New Idria Mining and Chemical Co.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division

9-1648
ARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK-wle 5/28/69

OFFICIAL COPY
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JUN 16 1969
M. E.
INITIALS CODE

OPERATOR'S MONTHLY VOUCHER For Month of April, 1969

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25% 75 $ 134,550.00
Phase I + II

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Cross Cutting @$45.00	530	$23,850.00	2171.5	$97,717.50	530'	$23,850.00	2171.5	$97,717.50
Timbering @ $12.00	12	144.00	821.0	9,852.00	12'	144.00	821.0	9,852.00
TOTALS		$23,994.00		$107,569.50		$23,994.00		$107,569.50

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

Date June 13, 1969 Payee New Idria Mining and Chemical Company

Per Benton B. Barrett Title Resident Mine Manager

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 offence. (U S Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit

Signature H. K. Stager OME Field Officer Date 5-26-69

Approved for: $5998.50 (SUBJECT TO AUDIT) (63)14X0304

Signature MS

Date JUN 10 1969 Vou. No. 97276

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

May 13, 1969

O.M.E 6696
Contract No. 2267

Month of April, 1969

Report of Operations

530.0' of advance was made in the Sulfur Springs - Creek Cross Cut in April, 1969. This is the eighth monthly report submitted.

The cross cut was driven in unmineralized interbedded panoche shale and sandstone for the first 250', then in similar ground, but with occasional calcite-pyrite stringers, This weak mineralization occurs along small faults and bedding planes.

No ore was taken from the contract area in April, 1969.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

May 13, 1969

Mr. H. K. Stager
US Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OME Contract #6696

Dear Mr. Stager:

Enclosed are reports for the month of April, 1969 as set forth in Article 5 of above contract.

Very truly yours,

New Idria Mining and Chemical Co.

By Benton B. Bailey
Benton B. Bailey
Resident Mine Manager

Enclosures
BBB/bv

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OIL AND GAS EXPLORATION

OK-WZE
4/17/69

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O. M. E.
RECEIVED
APR 22 1969
INITIALS CODE
RJ
HR
WZ

OPERATOR'S MONTHLY VOUCHER

For Month _____

Operator's Name: New Idria Mining and Chemical Company
Address: Idria, California 95447

Docket No. OMIL- 6696
Contract 14-08-0001 2287
Contract Amount $ 261,200.00
Gov't. Participation 25.75 % $ 134,550.00
Phase I + II

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Green Cutting @ 845.00/ft	457.0	$ 20,565.00	1641.5	$ 73,867.50	457'	$ 20,565.00	1,641.5	$ 73,867.50
Blasting @ 812.00/ft	111.0	1,332.00	809.0	9,708.00	111'	1,332.00	809.0	9,708.00
TOTALS		$ 21,897.00		$ 83,575.50		$ 21,897.00		$ 83,575.50

I certify that the above bill is correct and that said work has not been credited

Date April 7, 1969 New Idria Mining and Chemical Company

Dexter B. Bailey

Per Dexter B. Bailey Title Mine Manager

"When a number is signed or assigned to the name of a company or corporation, the name of the person making the company or corporate name, as well as the capacity in which he signed 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)

Approved or noted, subject to field examination and audit

Signature H. H. Stagen, OME Field Officer — Date 4-15-69

(63) 14X0804

Approved for: $ 5,474.25 (SUBJECT TO AUDIT)

Signature MS

Date APR 18 1969 Vou. No. 96110

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

April 4, 1969

O.M.E. 6696
Contract No. 2267

Month of March, 1969

Report of Operations

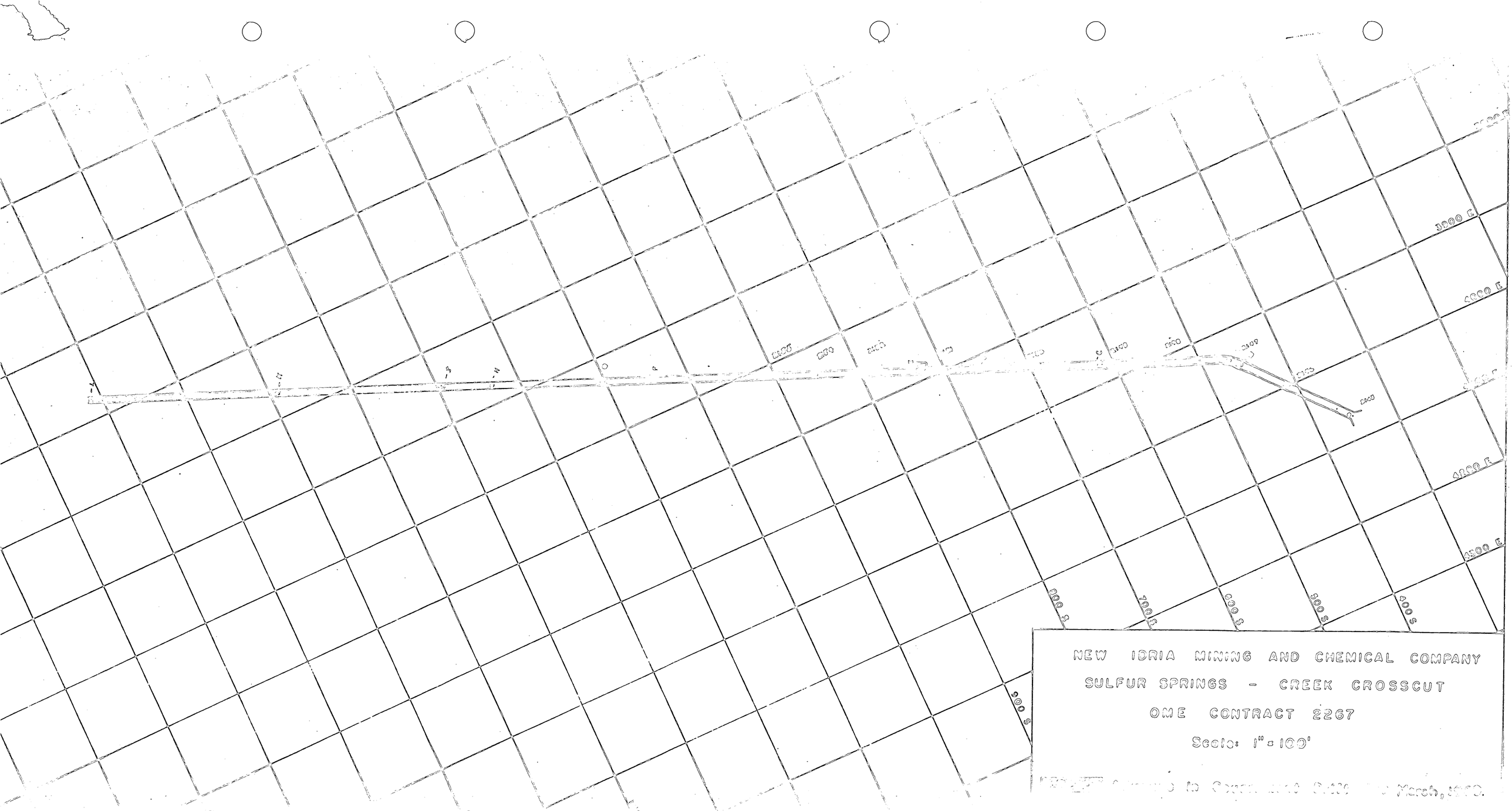
457.0 ft. of advance was made in the Sulfur Springs Creek Cross Cut in March, 1969. This is the seventh monthly report submitted.

The Cross Cut was driven in unmineralized panoche shale the entire distance.

No ore was taken from the contract area in March.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division



NEW IDRIA MINING AND CHEMICAL COMPANY

SULFUR SPRINGS - CREEK CROSSCUT

OME CONTRACT 2267

Scale: 1" = 100'

[illegible] to [illegible] March, [illegible]

Form 9-330

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MINERALS EXPLORATION

OFFICIAL COPY O. M. E. RECEIVED APR 22 1969

INITIALS	CODE
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OK-WLE
4/17/69

OPERATOR'S MONTHLY VOUCHER for Month of March, 1969

Contract No. OMS- 6696
Contract 14-08-0001- 2267
Contract Amount $ 261,200.00
Gov't. Participation: 25 % 75 % $ 134,550.00
Phase I + II

Operator's Name Roy Rogers Mining and Chemical Company
Address Lista, California 95947

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Cross Cutting @ $45.00	201	$9045.00	1184.5	$53302.50	201'	$9,045.00	1,184.5'	$53,302.50
Bulkheading @ $12.00/ft	71	852.00	698	8376.00	71'	852.00	698	8,376.00
TOTALS		$9897.00		$61678.50		$9,897.00		$61,678.50

I certify that the data on this is correct and that payment therefor has not been received.

Date April 17, 1969 Roy Rogers Lista Mining and Chemical Company
By Benton B. Bailey Its Plant Manager

Where a warrant is signed or countersigned 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)

Approved as noted, subject to field examination and audit

Signature H K Hagen
OMS Field Officer
4-15-69
Date

(63) 14X0804

Approved for: $ 2474.25
(SUBJECT TO AUDIT)

Signature [illegible]

Date 4/18/69 Vou. No.
(SEE OTHER SIDE)

Q 6110

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

April 4, 1969

O. M. E. 6696
Contract No. 2267

Month of February, 1969

Report of Operations

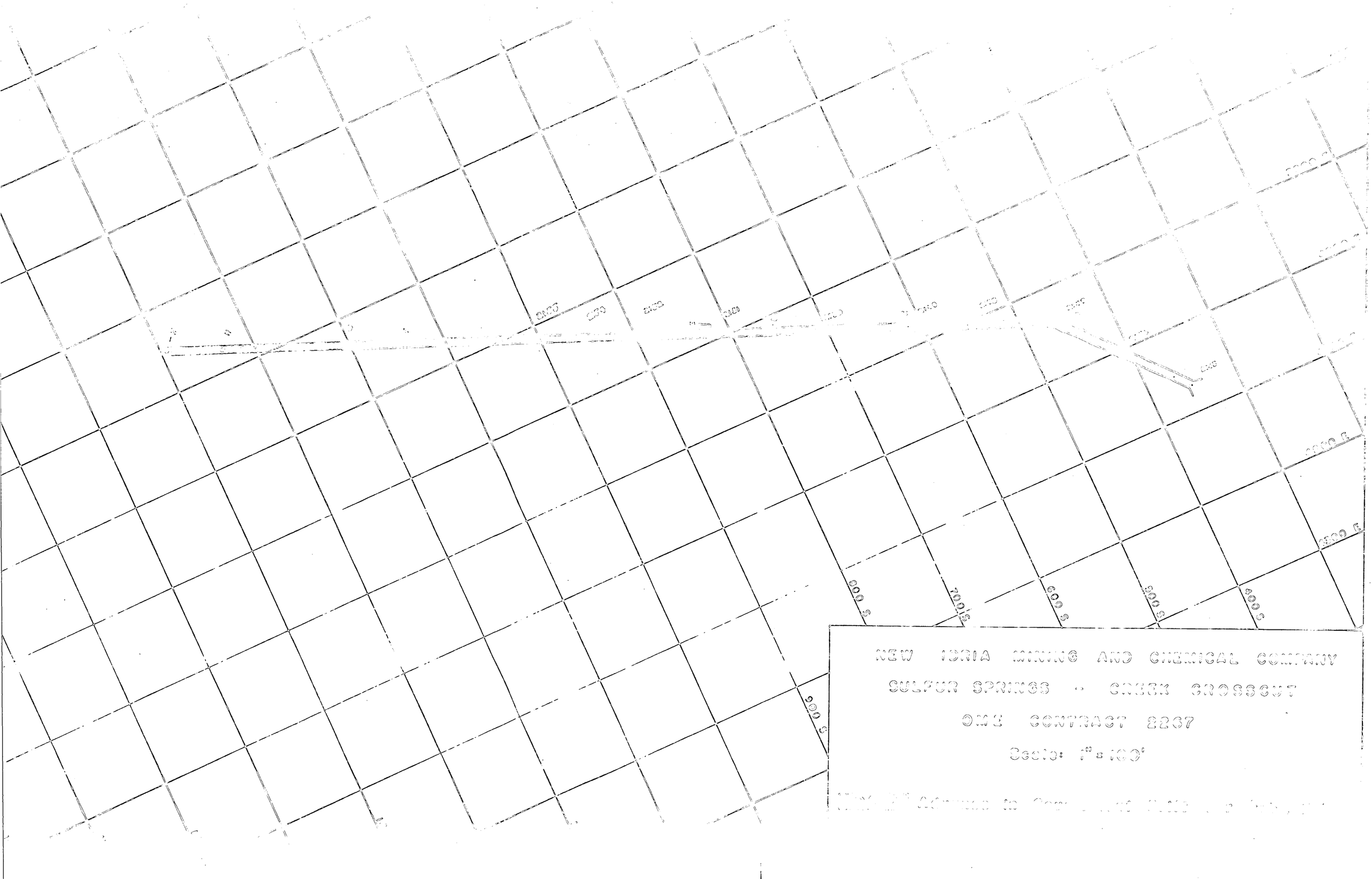
201.0' of advance was made in the Sulfur Springs - Creek Cross Cut in February, 1969. This is the sixth monthly report submitted.

The cross cut was driven in unmineralized panoche shale the entire distance.

No ore was taken from the contract area in February.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division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NEW IBERIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS - GREEN CROSSCUT
OME CONTRACT 2267
Scale: 1" = 100'

MARCH 1968

MAR 19 1969

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

ok-WH
3/7/69

OPERATOR'S MONTHLY VOUCHER

For Month of January, 1969

Docket No. OME- 6696

Contract 14-08-0001 2267

Contract Amount $ 261,200.00

Gov't. Participation 25% 75 $ 134,550.00

PHASE I & II

Operator's Name New Idria Mining and Chemical Company

Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Crosscutting @$45.00	208.5	$9,382.50	983.5	$44,257.50	208.5	$ 9,382.50	983.5	$ 44,257.50
Timbering @ $12.00/ft	220.0	2,640.00	627.0	7,524.00	220.0	2,640.00	627.0	7,524.00
TOTALS		$12,022.50		$51,781.50		$ 12,022.50		$ 51,781.50

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

Date 2-27-69 Payee New Idria Mining and Chemical Company

Per Benton B. Bailey Title Resident Manager

Benton B. Bailey

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)

Approved as noted, subject to field examination and audit

Signature H. H. Stager OME Field Officer Date 3-4-69

(63) 14X0804

Approved for: $ 3,005.63 (SUBJECT TO AUDIT)

Signature MS MAR 14 1969

Date Vou. No. 953778

(SEE OTHER SIDE)

063907

MAR 12 2 21 PM '69

BUDGET&FINANCE

NEW IDRIA MINING AND CHEMICAL COMPANY

February 27, 1969

C O P Y

Mr. R. E. Hager
Mt Geologist Survey
Building 2
345 Middlefield Road
Menlo Park, California

Re: OMR Contract 06693

Dear Mr. Hager

Enclosed are reports for the month of January, 1969 as set forth in Article 8 of above contract.

Very truly yours

NEW IDRIA MINING AND CHEMICAL CO.

By [signature]
Martin R. Kelly
Mining Plant Manager

Enclosure
MRK/bv

NEW IDRIA MINING AND CHEMICAL COMPANY

February 18, 1969

C O P Y

O.M.T. 6696
Contract No. 2237

Month of January, 1969

Report of Operations

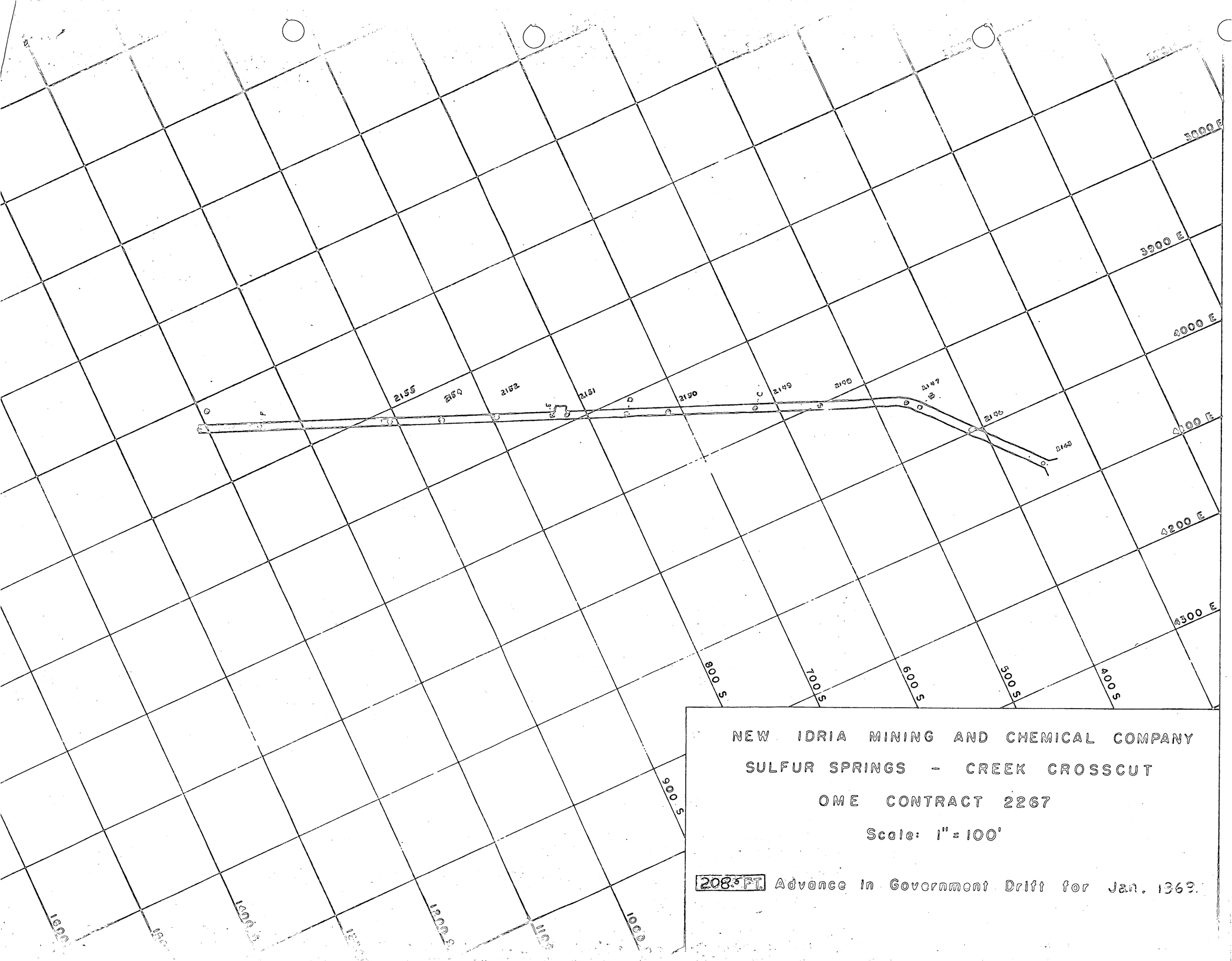
203.5 ft. of advance was made in the Sulfur Springs - Greek Cross Set in January, 1969. This is the 41th monthly report submitted.

The cross cut was driven in sandstone lined partially gouged panache chalk the entire distance.

No ore was taken from the contract area in January.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division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1000
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS - CREEK CROSSCUT
OME CONTRACT 2267
Scale: 1" = 100'
208.5 FT. Advance in Government Drift for Jan. 1969.

FORM 9-1048
MARCH 1969

OFFICIAL COPY O. M. E. RECEIVED FEB 14 1969

INITIALS | CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OK - WRE
2/4/69

OPERATOR'S MONTHLY VOUCHER

For Month of December, 1968

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $261,200.00
Gov't. Participation 25% 75 $134,550.00
Phase 1 & 2

Operator's Name New Idria Mining and Chemical Company
Address Idria, California 95027

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Crosscutting @$45.00	427	$19,215.	775	$34,875.	427'	$19,215.00	775'	$34,875.00
Timbering @$12.00/ft.	94	1,128.	407	4,884.	94'	1,128.00	407'	4,884.00
TOTALS		$20,343.		$39,759.		$20,343.00		$39,759.00

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

Date 1/21/69 Payee New Idria Mining and Chemical Company

For Benton B. Bailey Title Resident Manager

Approved as noted, subject to field examination and audit

Signature H. B. Yager OME Field Officer Date 1-30-69

(63) 14X0304

Approved for: $ 5085.75 (SUBJECT TO AUDIT)

Signature [illegible]

Date FEB 14 1969 Vou. 947-41

(SEE OTHER SIDE)

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)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

January 10, 1969

O.M.E. 6696
Contract No. 2267

Month of December, 1968

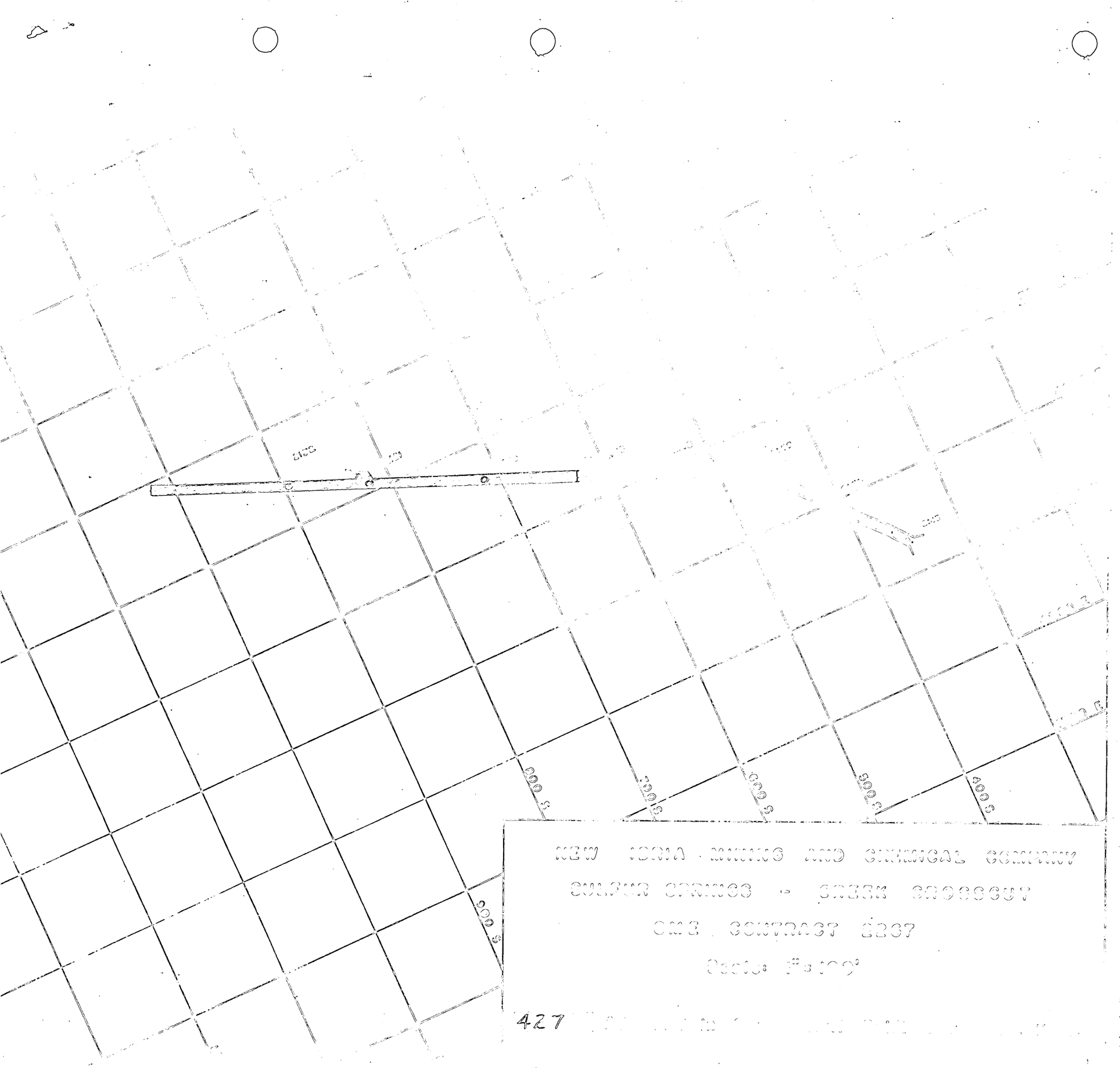
Report of Operations

427.0 ft. of advance was made in the Sulphur Springs Creek Cross Cut in December, 1968. This is the fourth monthly report submitted.

The Cross Cut was driven in unmineralized panoche sandstone with numerous thin gouged shale partings the entire distance.

No Ore was taken from the contract area in December.

Mark L. Ward
Assistant Manager
Quicksilver Division


NEW IDRIA MINING AND CHEMICAL COMPANY
SULPHUR SPRINGS - GREEN CROSSCUT
CMB CONTRACT 2237
Scale 1"=100'
427

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

January 13, 1969

OFFICIAL COPY
O. M. E.
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JAN 14 1969
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California
Contract 2267

Interim Inspection

An interim inspection of the subject project was made on January 9, 1969.

Work on the project was started on September 12, 1968, with construction of an access road and portal site. Power and water lines were laid to the site and the portal installations completed during September and October 1968. The adit was started during October and about 900 feet of crosscut was driven during the period from October to January. The crosscut is being driven at a present rate of about 20 feet per day. Three shifts per day are worked on a 12-days-on and 2-days-off basis. The crosscut is about 9 feet by 10 feet in cross section and most of the advance has required timbering. Ventilation tubing, 26 inches in diameter, is carried as close to the working face as possible. Rail is 40 pounds per foot in size; tramming is by 2-ton mine cars pulled by a diesel-powered locomotive equipped with exhaust scrubber.

All of the advance to date has been through steeply dipping Panoche shales and sandstones (upper Cretaceous age). No mineralization has been intersected and none is expected until the crosscut reaches a length of about 2,300 feet from the portal.

The adit is known locally as the "Dead Horse adit" because of the presence of two dead horses at the portal site when work was started.

H. K. Stager

FORM 9-1648
MARCH 1968

OK - WRS
12/18/68

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	120

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of November, 1968

Docket No OME- 6696
Contract 14-08-0001 2267
Contract Amount $ 261,200.00
Gov't. Participation 25% - 75% $ 134,550.00
PHASE I & II

Operator's Name New Idria Mining & Chemical Company
Address 3457 S. Cedar Ave.; Fresno, California 93745

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
ntimbered @ $45.00	326	$ 14,670	348	$ 15,660	326	$ 14,670.00	348	$ 15,660.00
imbered	293	3,516	313	3,756	293	3,516.00	313	3,756.00
TOTALS		$18,186		$ 19,416		$ 18,186.00		$ 19,416.00

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

Date 12/13/68 *Payee New Idria Mining & Chemical Company

Per Benton B. Bailey Title Resident Manager

*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)

Approved as noted, subject to field examination and audit.

Signature [illegible] OME Field Officer 12-16-68 Date

(63) 14X0804

Approved for: $ 4546.50
(SUBJECT TO AUDIT)

Signature [illegible]

Date DEC 23 1968 V 03709

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

December 13, 1968

Mr. H. K. Stager
US Geological Survey
Building 2
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Re: O.M.E. Contract #6696

Enclosed are reports for the month of November, 1968 as set forth in Article 5 of the above contract.

Very truly yours,

NEW IDRIA MINING AND CHEMICAL CO.

By _____
Benton B. Bailey
Resident Mine Manager

Enclosures

BBB/bv

RECEIVED
DEC 16 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

December 13, 1968

OME 6696
Contract No. 2267

MONTH OF NOVEMBER, 1968

REPORT OF OPERATIONS

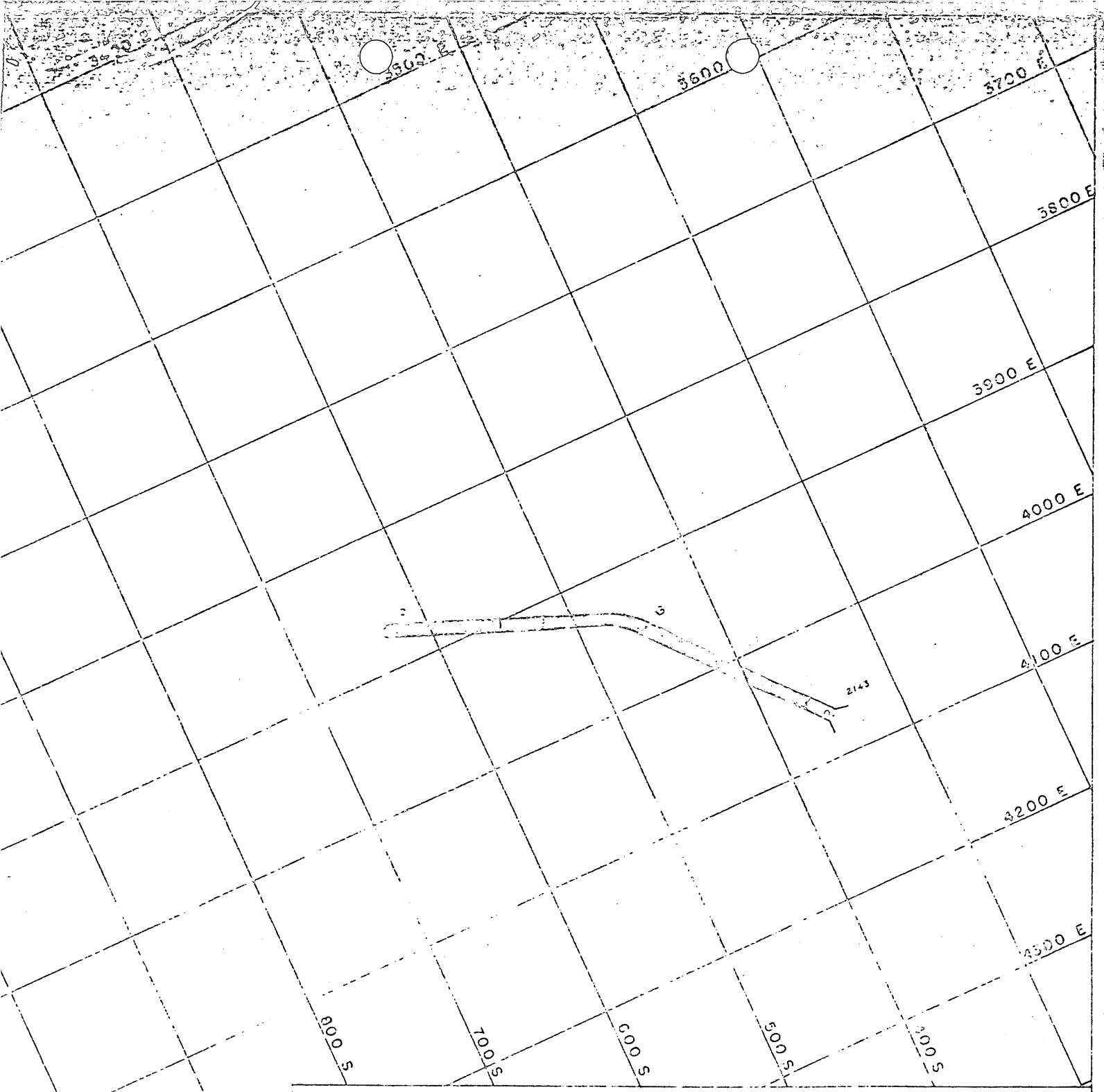
326.0' of advance was made in the Sulphur Springs Creek Cross Cut in November, 1968.

The above cross cut was turned to a bearing of S 22° 30' W, and will proceed on this bearing to the target area. The cross cut was in unmineralized interbedded panoche sandstone and shale. The shale occurs as thin highly gouged beds.

No Ore was taken from the contract area in November.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division



NEW IDRIA MINING AND CHEMICAL COMPANY

SULFUR SPRINGS - CREEK CROSSCUT

OME CONTRACT 2267

Scale: 1" = 100'

326 FT. Advance in Government Drift for NOV. 1948

M. L. Ward

MARCH 1969

OK-WRE 12/2/68

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY M. E. RECEIVED DEC 13 1968 INITIALS CODE

OPERATOR'S MONTHLY VOUCHER For Month of October, 1968

Docket No. OME- 6696
Contract 14-08-0001 2267
Contract Amount $ 261,200.00
Gov't. Participation 25% 75% $
Stage I - II

Operator's Name New Idria Mining and Chemical Company
Address 3457 S. Cedar Avenue; Fresno, Calif. 93745

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Untimbered @ $45.00	22	$990.00	22	$ 990.00	22'	$ 990.00	22'	$ 990.00
Timbered @ $12.00	20	240.00	20	240.00	20'	240.00	20'	240.00
TOTALS		$1,230.00		$1,230.00		$1,230.00		$1,230.00

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

11/12/68
Payee New Idria Mining & Chemical Company
...enton B. Bailey
Title Resident Manager

...hen it is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate ...e of the capacity in which he signs must appear. For example: "John Doe Company, per John Smith, Secretary," or "Trea...tee may do.

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature [illegible] OME Field Officer 11-26-68 Date

(63) 14X0001

Approved for: $ 307.50
(SUBJECT TO AUDIT)

Signature [illegible]

Date DEC 10 1968 Vou. No. 93469

(SEE OTHER SIDE)

NEW IDRIA MINING AND CHEMICAL COMPANY
IDRIA, CALIFORNIA 95027
Telephone: Area code 408 693-4501

November 13, 1968

OME 6696
Contract No. 2267

MONTH OF OCTOBER, 1968

REPORT OF OPERATIONS

Actual advance of the Sulphur Springs Creek Cross cut was started in October, 1968, and this is the second monthly report submitted.

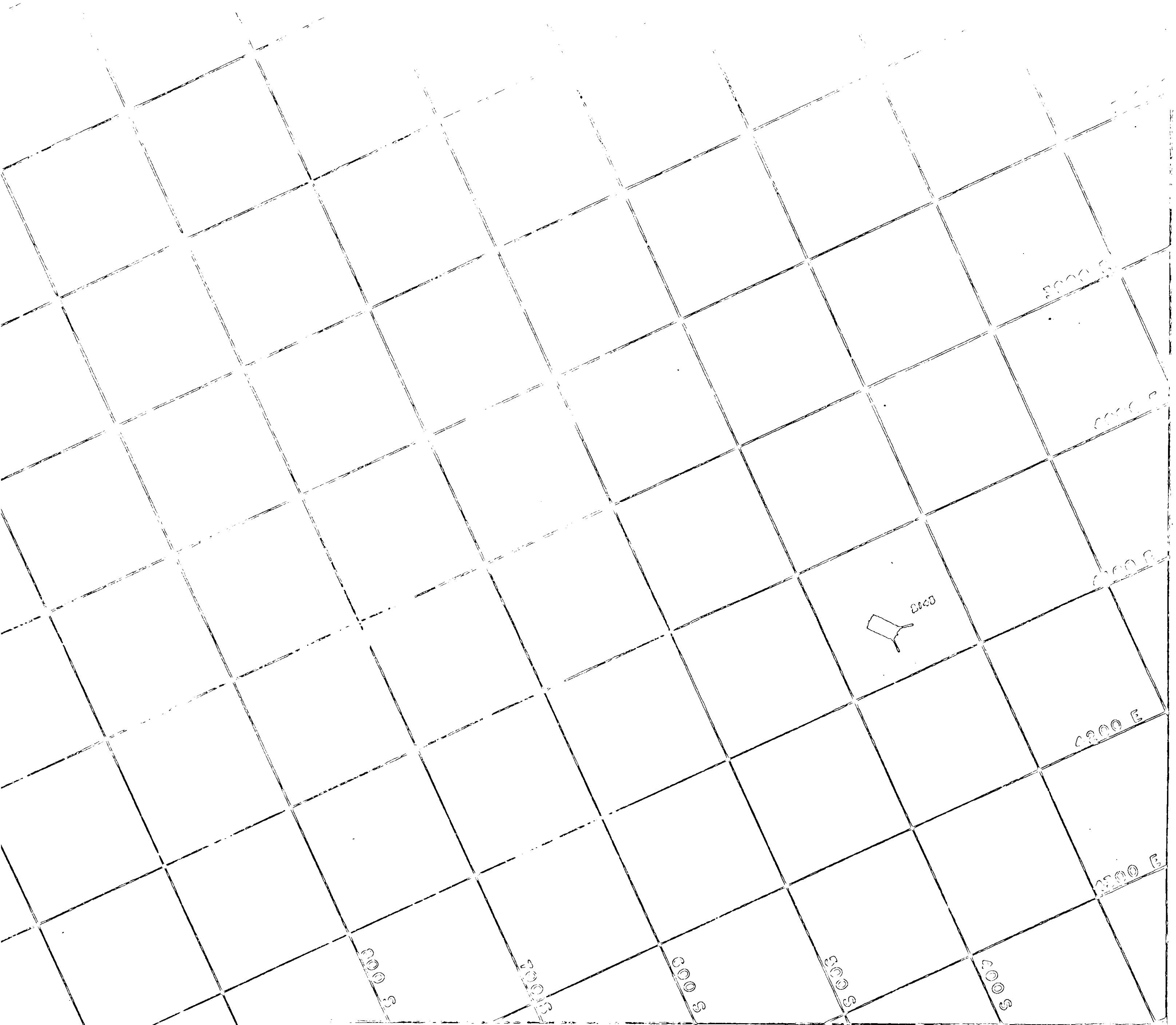
22.0' of cross cut advance was made in October, 1968

The above cross cut was driven on a bearing of S 49°- 37' W, through unmineralized blocky panoche sandstone.

No ore was taken from the contract area in October.

Mark L. Ward

Mark L. Ward
Assistant Manager
Quicksilver Division



NEW IDRIA MINING AND CHEMICAL COMPANY

SULPHUR SPRINGS - CREEK CROSSCUT

OME CONTRACT 2267

Scale: 1" = 100'

22

October 1968

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

RECEIVED

OCT 17 1968

OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

October 15, 1968

MR. H. K. STAGER
U. S. Geological Survey
Building 2
345 Middlefield Rd.
Menlo Park, California 94025

Re: OME Contr.
6696 (Mercury)

Dear Mr. Stager:

In connection with Article 5, above contract, we submit the following as our initial Report:

1. Operators Monthly Voucher claiming costs for work performed: NONE

2. Operators Progress Report: Attached

3. Narrative Report: Combined with (2) above.

We trust the foregoing will meet with your approval.

All work will be under the immediate supervision of Mr. Benton Bailey, Resident Manager at Idria, and his assistant, Mr. Mark Ward.

Very truly yours

NEW IDRIA MINING AND CHEMICAL COMPANY

By Benton B. Bailey
BENTON B. BAILEY

BBB:fip

Enc: 1 Progress Report

P. S. Will you kindly send to the mine office at Idria a sufficient number of appropriate Government forms for all future reports? BBB

Copy to B+F

OPERATORS PROGRESS REPORT

OME 6696 10/16/68

Work commenced on this project on September 12, 1968.

Initial work consisted of surveying to the portal site into existing grid, designation of access road line, and power line route.

At this writing access road has been dozed and portal site dirt work is completed. This involved use of two D - 9 Cat. dozers with rippers for 10 shifts each. Also involved was laying and back filling of 150' of 4' steel culvert in San Carlos Creek.

Water line has been layed to site. Power line construction is in progress. Portal yard and access road are not covered with furnace slag but will be shortly.

Portal should be collared and all initial surface installations completed during next reporting period.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

September 9, 1968

Memorandum

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

From: Field Officer
Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulfur Springs-Creek Zone
San Benito County, California

file / 311
Dom
HO
130
HK 130
(Smith)

Enclosed are the Government's copy and Budget and Finance's copy of the contract properly executed by the Operator. The remaining copies have been distributed in the usual manner.

See left side

H. K. Stager

Enclosures

NEW IDRIA MINING AND CHEMICAL COMPANY
3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

September 6, 1968

MR. H. K. STAGER. Field Officer
United States Department of the Interior
Geological Survey
Office of Mineral Exploration
345 Middlefield Road
MENLO Park, California 94025

Dear Hal:

Enclosed find three (3) signed copies of the New Idria - Sulphur Springs contract. We have retained our signed copy.

Preliminary work such as surveying and equipment purchase has begin and work leveling the portal site will be started shortly.

We are pleased to have the contract and although it is short of the amount we applied for, we feel that all other aspects of the contract are satisfactory.

Very truly yours

Robert K Linn

ROBERT K. LINN
Exploration Manager

RKL:fip

Enc. Three signed copies
New Idria - Sulphur
Springs contract

c:c M. Sakkinen, Price Waterhouse
Francis Cross, Cross, Brandt, Hays & Brown
Hartley J. Chazen, Roseman Colin Kay Petscheck Fruend & Emil

RECEIVED
SEP 9 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

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

August 20, 1969

Mr. Robert L. Ellis
P. O. Box 1050
San Carlos, California 94070

Re: OMX-696 (Mercury)
New Idria Mining and Chemical Co.
New Idria Mine, Fulton Springs
Group Area
San Benito County, California

Dear Bob:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of DM Form 51 (five pages), Annex I (two pages), Exhibit A (four pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government.

If the proposed contract is satisfactory to you, all four copies should be signed by an authorized representative of New Idria Mining and Chemical Company and the Government's, Budget and Finance's, and Field Office's copies returned to this office. If any part of the proposed contract does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Please note that the 7½ percent interest accrues from the date on which individual payments are made by the Government and that the principal is repayable from royalty on production.

Sincerely yours,

L. K. Steyer
Field Officer
OMX, Region II

Enclosures

cc: Chief, OME, WDC
Dir RF
ACG RF
MP RF
Docket

HKStager:gtt

SURNAME COPY

8/14/68 120

" 110

220

8/14/68 Peterson Jones 8/15

Address

Telephone

To: Mold Office, Denver

From: Chief, Office of Minerals Exploration

110

220

Subject: [illegible]
[illegible]
[illegible]
[illegible]

120M

Enclosed are the original and three copies of a proposed contract for the subject property. The contract contains [illegible] [illegible] acres, Area B [illegible] acres, Area C [illegible] acres, Area D [illegible] acres, and has a [illegible] of [illegible]. All copies of the contract have been signed for the Government. You should retain one copy for your [illegible] of the work. Also enclosed is an extra copy of the contract for Mold use.

If the proposed contract is satisfactory to you and the applicant, the first copies should be signed by an authorized representative of the applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the applicant that the Mold general federal nonuse fund, the [illegible] in which [illegible] payments are made by the Government and also the principal is repayable from royalty or production.

If any part of the proposed contract does not have been approved on behalf of the applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
Mr. Kirkemo
Mr. Smith
130

GLAult/a 8-14-68

Bob Long: 7/25/68

First phase of contract is for crosscut to reach target area. This will be a haulage level for Operator. We feel Government participation should be only 25 percent for major work items, such as crosscuts and shafts, which are not in the target area.

Frank E. Johnson

I phoned Mr. Ken Olmert's office (ext. 2845) on 8/14/68 regarding this proposed contract. Olmert was on vacation but information given to a secretary for OEO purposes. Mr. Olmert is in the Director's office and handles these matters which Doug Woodward formerly handled.

H. Di Remo

DRAFT 6/12/68
RMSmith/bsl
Revised 7/16/68

Original 7/28/68

120
120 HIK
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120M

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6696	Mercury		San Benito	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

New Idria Mining and Chemical Company, a corporation

_____,

whose mailing address is 3457 So. Cedar Ave., P. O. Box 2806, Fresno, California, 93745, hereinafter called the "Operator," as follows:

ARTICLE I. 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 7 and Exhibit A, shall complete the work within 24 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $~~275,000.00~~ 261,200.00 The Government will contribute ~~75 percent~~ 75 percent of the total fixed unit costs of the work performed, not in excess of $~~206,250.00~~ 134,550.00 in accordance with the provisions of Articles 4 and 5.

(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

* 25 percent of Phase I and 75 percent of Phase II as described in Exhibit A

(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 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, 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) 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. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) 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.)

(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 unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's 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 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. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the 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 6(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 construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. 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 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, 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, U. S. Geological Survey, 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, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. 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 U. S. Geological Survey 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 13. 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 14. Changes and added provisions.--

Executed in quintuplicate the day and year first above written.

New Idria Mining and Chemical Company
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
Director, U. S. Geological Survey

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]

EXPLORATION CONTRACT
NEW IDRIA MINING AND CHEMICAL CO.
CC-6396

ARTICLE I

The land, including all rights thereto, referred to in Article 2 of the contract consists of one unpatented lode mining claim, three legal subdivisions lots, and six fractions of lots comprising 260 acres in secs. 32 and 33, T. 17 S., R. 12 E., M.D.B.M., New Idria mining district, San Benito County, California. It is shown outlined in green on Figure 1 entitled "New Idria Mine, San Benito County, California" Property Map, attached and made part hereof.

The unpatented lode mining claim and the legal subdivisions are recorded in the Office of the County Clerk and Recorder, Hollister, California, as follows:

Name	Acres	Vol.	Page
Hollins No. 2 mining claim	20	220	179
Lots 1, 8, and 9, sec. 32	120	1	4
E ½ Lots 2, 7, 10, 15, sec. 32	80	1	4
W ½ Lots 4 and 5, sec. 33	40	1	4

The Grantor is the owner of the land.

Special Agreement Concerning Royalty

"Notwithstanding the certification provisions of Article 6, and with no further action required on the part of the Government, the Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, or its successor, shall pay to the Government a royalty on production, regardless of where it is produced, which is transported through any working or any portion of any working in the case of which the Government has contributed, for the period described in Article 6(b)(2) above, and pursuant to the terms of Article 6(c) or (d). Moreover, in no event shall more than one royalty be due or paid under this contract on the same production."

EXPLORATION CONTRACT
NEW IDRIA MINING AND CHEMICAL CO.
CMP-6696

EXHIBIT A

The purpose of the project is to explore by exploratory, drifting, raising and long-hole drilling for mercury-bearing ore bodies in whole and/or portions of the Franciscan Formation of upper Cretaceous age in the footwall of the New Idria thrust fault between the abandoned Sulfur Springs and P fault.

General Provisions

All drifts and crosscuts shall be not less than 6 by 9 feet in cross section in the clear of timber and shall be timbered as necessary. Drift cross shall be of not less than 10- by 10-inch timber, or equivalent round timber.

Man raise shall be not less than 24-foot size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and vent lines not less than 20" diameter.

All significantly mineralized zones encountered by the drifts, crosscuts, or raises shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet, or by a representative bulk sample of each zone broken. Significantly mineralized cuttings from the long-holes shall be sampled with no sample representing more than 5 linear feet of hole.

All samples from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split

of each sample in a suitable container properly labeled. Or such samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

All types of samples secured shall be analyzed for toxicity.

The system of every construction and map or sketch showing the work executed, the location, width, and grade line of all sewers created, and the profiles, formulas and measurements covered by the lump labor and unit price shall be furnished monthly to the Contractor.

The Contractor shall provide and systems, materials, equipment, labor, and skilled service including supplies and equipment as may be required to perform the work in a satisfactory manner.

The work shall be divided into two phases. Phase I shall consist of providing access to the abandoned box cast (altered hazardous substance and shale) by excavating 4,000 feet vertically through reclaimed shale. Phase II shall consist of exploring the abandoned box cast by excavating, drilling, coring and longitude drilling.

Bids provided for any item of work may be applied to any other item of work at the final unit cost of the work actually performed, except that excavating in Phase I is fixed at and limited to 4,000 linear feet of completed excavation.

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

Description of the Work

Phase I

Work in subject period shall be at a level or an elevation of approximately 2,000 feet in the Cedar Creek Canyon, drive a crosscut adit continuously a distance of 2,200 feet and locate other as necessary.

Phase II

Extend the crosscut adit continuously an additional distance of approximately 700 feet or to the hanging wall of the New Mexico Ground Zero.

Work the crosscut, drive drift crosscuts and tunnels near or along the New Mexico Ground Zero a combined distance of approximately 1,500 feet. This figure includes any additional exploratory work to follow other segments of the Ground Zero.

Work the crosscut or drift, drive raises and drill hole holes as often as is selected by the Contractor to further explore significantly mineralized showings or to locate the hanging wall of the Ground Zero. It is estimated that 500 feet of raising and 4,000 feet of longhole drilling will be required, but no single raise shall exceed 100 feet in length.

The approximate location of the proposed structures and details are shown on the above mentioned Figure 1, and on Figure 2 attached. "Proposed 0 Revol. Two Bolts Mono. Vertical Lockup Anti-Siphon Cartridge - Check Area." attached and made part hereof.

Estimated Cost of Structure

Area 1

Multi-Family Dwelling 34 24

Excavation

2,500 Cu.Yd. @ $45.00/Cu.Yd. $112,500.00

Shoring or Lagging

1,000 Sq.Ft. @ $12.00/Sq.Ft. $12,000.00

U.S.P. additional cost of Type II $122,500.00

Contingency percentage @ 25% ..... $ 30,625.00

Area 2

Multi-Family Dwelling 34 24

Excavation and Footing

2,200 Cu.Yd. @ $45.00/Cu.Yd. $ 99,000.00

Footing, excavation and Caisson

1,000 Sq.Ft. @ $12.00/Sq.Ft. $12,000.00

Caisson

500 Lin.Ft. @ $23.00/Lin.Ft. $11,500.00

Lateral, Soldier

100 Lin.Ft. @ $25.00/Lin.Ft. $2,500.00

Temporary Bracing

4,000 Lin.Ft. @ $5.00/Lin.Ft. $20,000.00

Total additional cost of Area 2 ..... $125,000.00

Contingency percentage @ 25% $31,250.00

S U M M A R Y

Total Estimated Costs, Phase I	$[illegible],000
Contract Indirect Costs 0.85%	$ [illegible]
Total Estimated Costs, Phase II	$[illegible],000
Contract Indirect Costs 0.85%	$[illegible]
Total Estimated Costs of the Project	$[illegible],000
Total Contract Indirect	$[illegible],000

1/ Costs of all other direct, including equipment, materials, travel, [illegible], contract services, etc. for [illegible].

2/ The Contract Indirect is equal to 0.85% of the expenses of [illegible] costs.

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

May 29, 1968

Memorandum

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

From: Field Officer, Region II

Subject: OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulphur Springs-Creek Zone
San Benito County, California

Enclosed is an Application Report on the subject property recommending that a contract be granted consisting of 4,500 feet of drifting and crosscutting, 1,000 feet of raising, and 8,000 feet of underground long-hole drilling. Total cost is estimated at $300,000, of which the Government's share would be $225,000.

Also enclosed, for your use if a contract is granted, are five extra copies of Figure 2.

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6696 (Mercury)
New Idria Mining and Chemical Company
New Idria Mine, Sulphur Springs-Creek Zone
San Benito County, California

By

H. K. Stager
Field Officer
OME, Region II

May 29, 1968

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ILLUSTRATIONS

Figure 1. Index map of San Benito County, California.

Figure 2. Property map, New Idria Mine, San Benito County, California.

INTRODUCTION

The New Idria Mining and Chemical Company, 3457 South Cedar Ave., P.O. Box 2806, Fresno, California 93745, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6696, to explore for mercury at the New Idria Mine, San Benito County, California. The applicant infers the presence of large mercury-bearing ore bodies along the footwall side of the New Idria thrust fault in the Sulphur Springs-Creek area and wishes to explore this favorable zone by crosscutting, drifting, raising, and underground long-hole drilling.

A review and field examination was requested by the Office of Minerals Exploration and was made by H. K. Stager, Field Officer, on May 8, 1968, accompanied by Mr. R. K. Linn, company geologist, and Mr. Mark Ward, resident manager for the company. The applicant's maps, cross sections, and assay data were examined and compared with exposures on the property.

The applicant has successfully completed three previous exploration contracts under the DMEA Program (Dockets DMEA-2478, DMEA-3563, and DMEA-4654) with a total Government participation of $347,218.49, all of which was repaid to the Government.

SUMMARY

The New Idria Mine is the second largest mercury producer in the United States, having yielded over 575,000 flasks since its discovery in 1853. The proposed exploration is in an area geologically similar to others in the mine that have yielded large tonnages of ore and it is reasonable to infer that one or more large ore bodies will be found. The applicant's estimates of the costs required to accomplish the proposed work are reasonable. The proposed program, consisting of 4,500 feet of crosscutting and drifting, 1,000 feet of

raising, and 8,000 feet of long-hole drilling, is well suited to explore the favorable area. The project site is accessible, facilities for accomplishing the work are available, and the applicant is competent to undertake the work. The project will require about 24 months to complete.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with the New Idria Mining and Chemical Company to provide 75 percent of the costs of the proposed program to explore the Sulphur Springs-Creek zone. The program will require about 24 months to complete and the Government's share of the estimated total cost of $300,000 would be $225,000.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The New Idria Mine is in the southern portion of the Diablo Range, San Benito County, California. Property holdings cover parts of secs. 28, 29, 31, 32, and 33, T. 17 S., R. 12 E., and secs. 3 and 4, T. 18 S., R. 12 E., MDBM. The mine town of Idria, population about 300, is 69 miles southeast of Hollister (Fig. 1). The road is oil surfaced but narrow and sinuous. All unpaved roads in the area are generally impassable during wet weather.

Labor and supplies are obtainable from the San Francisco, Hollister, and Fresno areas. Electric power, water, telephone service, post office, school, and general store are available at Idria. The company operates its own sawmill for mine timber and its own assaying and furnacing facilities.

PROPERTY

History and Production

The New Idria Mine was discovered about 1853. The mine has operated almost continuously since its discovery and total production is about 575,000 flasks

of mercury. Annual production of mercury has ranged from a few hundred flasks to about 14,000 flasks. The variation in production rates was due, in part, to depletion of reserves, discovery of new reserves, variable economic conditions, and the price of mercury. Production for 1967 totaled 4,689 flasks and for the first four months of 1968 was 3,111 flasks.

In May 1942, the mine was explored by the U.S. Bureau of Mines in cooperation with the Geological Survey. The results of this work were published in R.I. 4525, Investigation of New Idria Mercury Deposit, San Benito County, Calif., by Russell R. Trengove.

The mine would probably have closed down during the 1950's except for Government exploration assistance through the DMEA contracts. A crew of about 100 men is now employed in the mine and furnace plant.

More than half of the employees are of Mexican-American descent with several families having lived and worked at Idria for many generations.

Ownership

The property consists of about 1,600 acres of land that is owned by the New Idria Mining and Chemical Company, a California corporation, with main offices in Fresno, California. Mine units within this area are known locally as West Idria, Idria, "5" East, Sulphur Springs, Creek Tunnel, Molino Tunnel, and San Carlos Mine.

The area to be included in the proposed project consists of 260 acres of land; is in T. 17 S., R. 12 E., MDBM; recorded in Hollister, San Benito County, California; and is described as follows:

Name	Acres	Title Location
Molino No. 2 mining claim in sec. 32	20	Vol. 220, p. 173
Lots 1, 8, and 9 in sec. 32	120	Fee, Vol. 1-4
East ½ of Lots 2, 7, 10, and 15 in sec. 32	80	Fee, Vol. 1-4
West ½ of Lots 4 and 5 in sec. 33	40	Fee, Vol. 1-4

The property and the location of the proposed work are shown on Figure 2.

Financial Eligibility

The applicant furnished copies of letters to two banks requesting loans for the proposed work and copies of letters of refusal from the banks. A financial statement, as of December 31, 1967, was also furnished. The applicant intends to furnish its share of the costs of the proposed work out of funds derived from current production and in bank deposits.

Development

The mine is developed by more than twenty miles of underground workings and four open pits. It is the largest operating quicksilver mine in the United States and is now operating at its capacity of about 300 tons per day. Ore is being mined from underground workings and from two open pits.

There is a complete milling and furnacing installation at the mine. These facilities include crusher, ore bins, four rotary furnaces of 75 tons-per-day capacity each, and condensing system.

Most of the employees, numbering more than 100, live in the company-owned town of Idria that has a school, post office, store, and other facilities.

GEOLOGY

Geologic Setting

The New Idria Mine is in an area of moderate relief and much of the surface is covered with slope wash, alluvium, landslide debris, and dense vegetation. Because of the cover there are few outcrops. The rocks exposed in the vicinity of the mine are chiefly shale and sandstone of the Panoche Formation of upper Cretaceous age and sandstone of the Franciscan Formation of Jurassic or Cretaceous age, that has been intruded by a large mass of serpentine.

The rocks of the Franciscan Group consist chiefly of greenish-gray to brown arkosic sandstone, with a little shale and conglomerate interlayered with altered basaltic lavas, or greenstone, and associated lenses of chert. These rocks are at least 5,000 feet thick and, in the mine area, strike northeast and dip 60° to 85° northwest.

The Panoche Formation rocks consist mainly of dark gray micaceous shale, with thin interbeds of arkosic sandstone, and massive light gray to buff micaceous sandstone. Thin lenses and concretions of dense limestone are present but not abundant. These rocks, in general, strike northwest and dip 45° to 85° northeast. They are less than 5,000 feet thick in the mine area but thicken to 20,000 feet a few miles to the east. The shale is commonly soft and tends to form deep, steep-sided valleys. The sandstone is resistant to erosion and forms high ridges.

Intrusive into the Franciscan rocks but older than the Panoche rocks is a large mass of pale green to brown strongly sheared serpentine. This mass is over 2,000 feet thick and crops out over an area about 4 miles wide and 10 miles long.

The sedimentary rocks have been pushed into an elongate asymmetric dome bounded by an irregular thrust fault on the northeast side and by steep faults along the other sides. The core of the dome is composed of serpentine. The thrust fault is known as the New Idria thrust and is of major importance in the localization of the ore deposits. It has thrust Franciscan rocks over the rocks of the younger Panoche Formation, folding and overturning the younger beds. In places it is a complex fault zone, complicated by tear faults and other crosscutting faults but elsewhere it is a simple thrust fault. The fault zone is marked by 5 to 50 feet of gouge and in places by 100 to 300 feet of sheared and brecciated rock. The fault dips steeply to the southwest although the dip changes from vertical to nearly horizontal within short distances. The strike also changes abruptly from westerly to nearly north. Some of these abrupt changes, and possibly all of them, are caused by north-northwest-trending tear faults. Most of the tear faults dip steeply southwest but a few dip steeply northeast and others southwest at low angles. The changes in strike of the thrust fault, and the offsets caused by the tear faults, have resulted in the formation of a series of inverted troughs that dip toward the south or southwest. It is within these inverted troughs at points of change in dip and strike that the ore bodies were formed.

Ore Deposits

The ore bodies consist of cinnabar-rich ore shoots localized in the shale on the foot-wall side of the New Idria thrust fault.

Cinnabar is the chief ore mineral in the deposit although small quantities of metacinnabar and native mercury have been observed in the ore. It occurs as veins, veinlets, films, grains, and irregular lenses that fill fractures

and interstices in indurated and strongly fractured shale. Gangue minerals are pyrite, marcasite, quartz, and calcite. All of the ore bodies are enclosed by hydrothermally altered rocks. The alteration has mainly been argillization and induration of the sedimentary rocks and silicification of the serpentine.

The ore bodies range in size from small pods a few feet in diameter, containing a few tons of ore, to large elongate lenses 800 feet high, 300 feet long, 25 to 50 feet wide, containing several hundreds of thousands of tons of ore. The grade of the ore ranges from a few pounds of mercury to over 200 pounds per ton. The average grade of the ore mined has been about 15 pounds per ton.

The deposit has been mined through a vertical range of about 1,500 feet and a horizontal distance of about 12,000 feet. The largest and richest ore shoots were localized in the inverted troughs formed under the New Idria thrust fault at the intersections of the northwest-trending tear faults, usually where the dip of the thrust flattened. The exploration work proposed in the Sulphur Springs-Creek area is planned to test the favorable zone beneath a flattening in the dip of the thrust zone between the 10 and 5 levels between two major tear faults. This favorable zone is about 200 feet in length at the surface, about 500 feet in length at the 5 level, and is estimated to be over 1,000 feet in length at the level of the proposed exploration.

Sampling

No attempt was made to sample any of the mine workings. The average grade of the ore shoots is well known and the grade used in the ore reserve estimates has been computed from production records.

Ore Reserves

The applicant states that there are no measured ore reserves within the Sulphur Springs-Creek area, but infers there are undiscovered ore bodies similar in size and grade to others in similar geologic settings elsewhere in the mine. The ore body mined by open pit at the surface in the Creek area yielded about 11,500 flasks of mercury and an ore body mined from the 5 level in the northern part of the Sulphur Springs area yielded about 5,000 flasks of mercury. The applicant infers that an ore zone, containing more than 20,000 flasks of mercury, exists in the favorable area to be tested by the proposed exploration. This estimate appears reasonable, inasmuch as the DMEA product in 1952 (DMEA-2478) led to the discovery of ore bodies that yielded more than 50,000 flasks of mercury in a similar geologic setting.

EXPLORATION

Applicant's Proposal

The applicant proposes to explore the Sulphur Springs-Creek area by driving a new crosscut adit about 3,000 feet to the New Idria thrust fault, followed by 1,500 feet of drifting in the favorable ore zone along the foot wall of the fault, 1,000 feet of exploratory raises from the drift, and 8,000 feet of long-hole drilling from the drift.

Alternative methods of exploration have been considered by the applicant and were discussed in detail at the time of the examination. Underground diamond drilling from the 5 level was considered but past experience has indicated that inclined holes, 600 feet in length, are expensive to drill and yield poor core recovery because of the nature of the rock involved. Unsatisfactory results could be expected and a large number of holes would be required

to adequately test the target area. Sinking a winze from the 5 level would cost as much as the proposed crosscut because of the additional labor required for hoisting and rock handling, as well as holding the ground and pumping of water. Raising from the 10 level would require similar hoisting expense and because of the excessive distance from the 10 level portal (over a mile) would be slow and costly. A fire in a sealed-off part of the southeast end of 10 level also restricts access to the area.

Examiner's Proposal

The applicant's proposal is well suited to test the ore zone along the New Idria thrust fault in the Sulphur Springs-Creek area and is the most efficient and lowest cost method of exploration. The applicant has given careful consideration to alternate methods of exploration but with its long experience and knowledge of ground conditions and operating costs has rejected these alternatives. I concur in the applicant's proposed method of exploration and, except for minor changes in the estimated cost items, recommend that the work be undertaken as proposed.

Proposed Exploration Costs

The applicant has supplied detailed cost estimates for the proposed work based on many years of experience in the mine area. These costs have been modified slightly to more closely conform to OME allowances and policies.

Drifting and crosscutting costs have been changed by removing the timbering costs ($9.00/ft.) and adding depreciation of equipment ($3.65/ft.) and to allow for a recent 2% increase (40¢/ft.) in compensation, insurance, and taxes, etc. (from 14% to 16%). These changes result in an estimated cost of $45.06 per

foot (rounded to $45/ft.) for 4,500 feet of 8' x 9' drifts and crosscuts. This size working is required to permit the 26" diameter ventilation pipe, required by California State law for this mine, because of the use of underground diesel powered equipment. A smaller size working would require smaller equipment, additional labor, and result in higher costs per foot.

Timber will probably be required for about 75 percent of the drifts and crosscuts or about 3,000 feet. Timbering, including labor, for 10" x 10" posts and caps with 3" x 10" lagging, will cost about $12 per foot.

Raising costs have been changed by removing the timbering costs ($3.00/ft.), adding depreciation of equipment ($3.65/ft.) and increasing insurance, etc. (20¢/ft.). These changes result in an estimated cost of $23.05 per foot (rounded to $23/ft.) for 1,000 feet of 4' x 5' raise in about 20 raises of 50 feet each, inclined about 45°.

Timber will be required in about 75 percent of the raise footage, or about 750 feet, and will cost about $4 per foot.

Long-hole drilling costs have been increased by 50¢ per foot to allow for depreciation on the drill and steel rods, or a total of $2.50 per foot for the estimated 8,000 feet of drilling planned. special drill for holes

Salvage value of the surface installations, waterline, compressor building, transmission line, culverts, etc., is estimated to be about 50 percent at the end of the project and the estimated costs have been reduced by this amount so that the Government will retain no equity in any of the materials or installations.

Cost Estimate

Fixed Unit Costs

Road construction, including repair of existing road, and installation of culvert.....	$ 7,500.00
Preparation of portal site, dump area, compressor building and installation of compressor, car dump, etc.....	5,000.00
Installation of transmission lines to portal.....	3,000.00
Crosscutting and drifting, 8' x 9', 4,500 ft. at $45/ft.	202,500.00
Timbering, drifts and crosscuts, 3,000 ft. at $12/ft....	36,000.00
Raising, 4' x 5', inclined raises, 1,000 ft. at $23/ft..	23,000.00
Timbering in raises, 750 ft. at $4/ft.....	3,000.00
Long-hole drilling, 8,000 ft. at $2.50/ft.....	20,000.00
Total estimated cost of the project.....	$300,000.00
Government participation at 75 percent.....	$225,000.00

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6696
(Mercury)

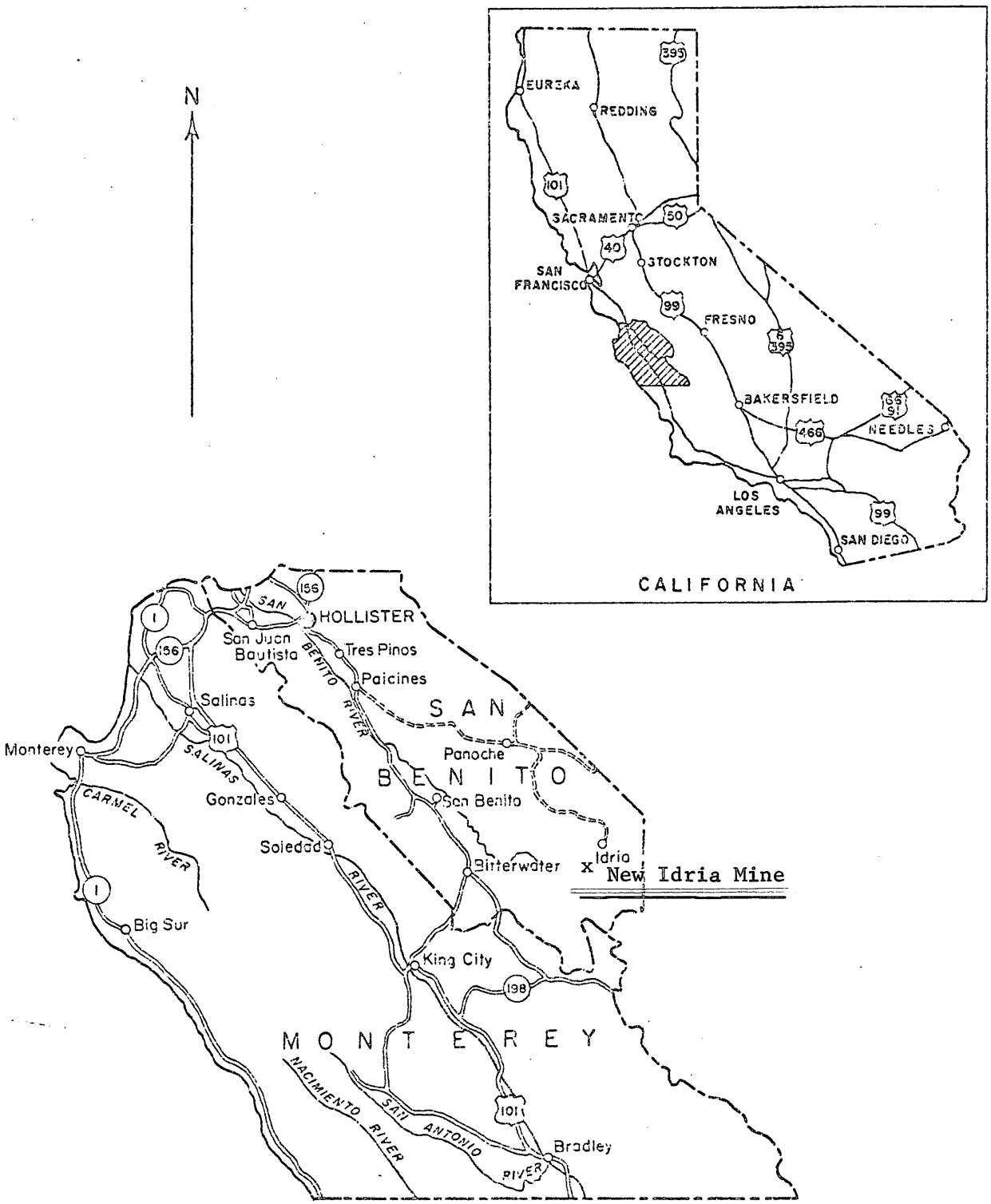


Figure 1. INDEX MAP OF MONTEREY AND SAN BENITO COUNTIES, CALIFORNIA

0 20 40 60 Miles

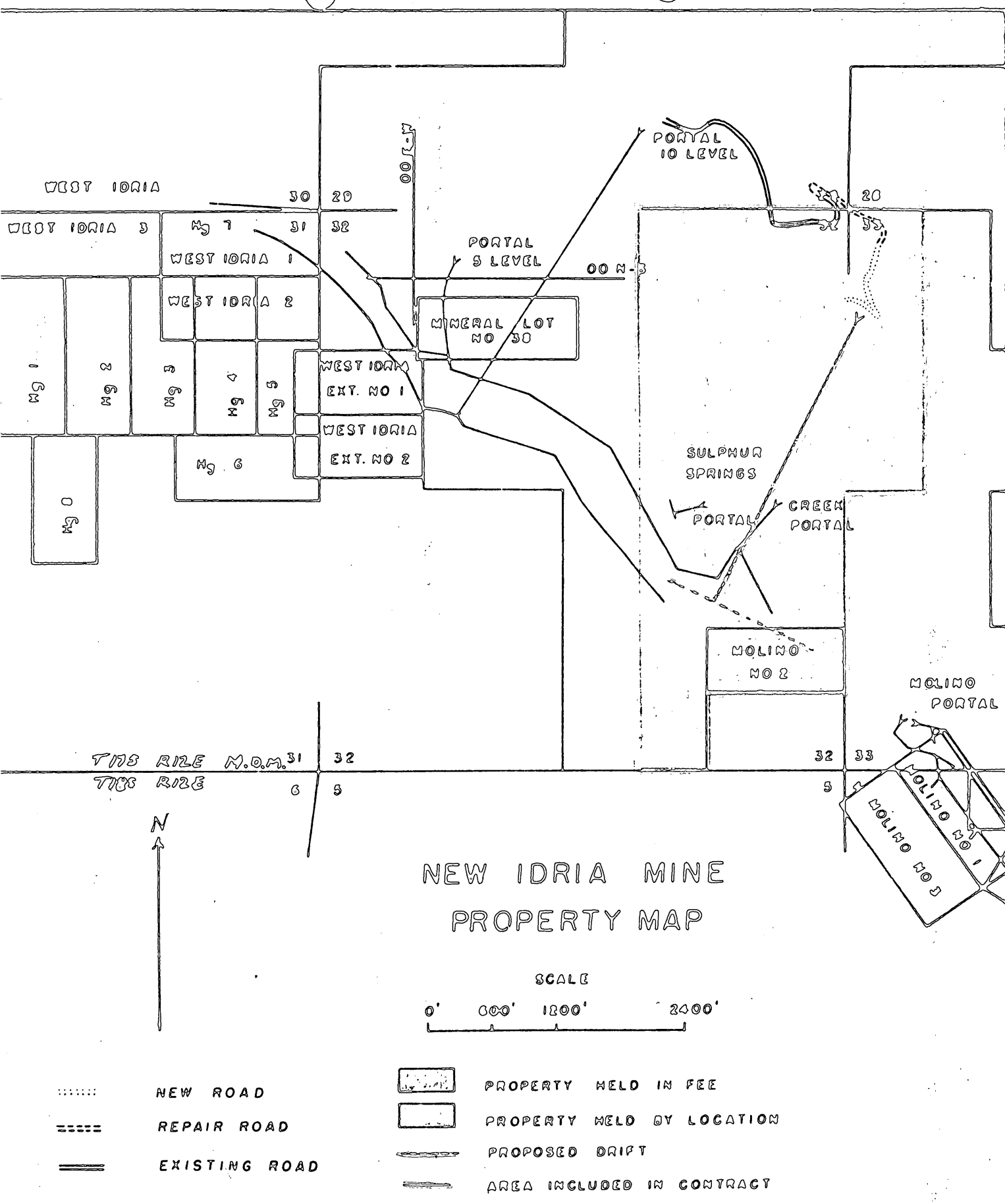


Figure 2.--Property map, New Idria mine, San Benito County, California.

MLS Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

MAR 22 1968

Memorandum

To: Field Officer, Region II

From: Chief, Office of Mineral Exploration

Subject: OME-6096 (Uranium)
New Idria Mining and Chemical Co.
New Idria Mine, Sulfur Springs Creek Zone

The subject application is referred to Region II for review, a field examination if necessary, and recommendations. Copies of the Applicant's new bank letters and a recent financial statement establishing its financial eligibility are enclosed for your file.

In your report please comment on the reliability of projections which are the basis for inferring ore reserves of significant size in the specific area to be explored.

The proposed exploration is well designed to serve later if necessary as a production entry. For purely exploratory purposes an adit smaller than 8' x 9' might suffice, and might or might not be driven at less cost. The Government should participate only to the extent of exploration costs. We cannot estimate comparative costs from the cost summary in the application.

Alternative methods of exploration by drilling or winzing have been considered and rejected by the Applicant. Please give us your evaluation of these and of any other possible alternatives.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures
cc; Director's reading file
Division file
Economic Geology file
OME reading file
130
Mr. Smith

RMSmith/cac 3-22-68

Form 7
(63)

OFFICIAL FILE COPY

Date	Surname	Code
		170
		170
		120

MAR 22 1969

AIR MAIL

New State Mining and Chemical Company
2437 South Cedar Avenue
P. O. Box 2806
Fresno, California 93745

Re: CMB-6693 (Monarch)
New State Mining and Chemical Co.
New State Mine, Kaiser Springs-Creek Zone
San Benito County, California

Gentlemen:

Thank you for your letter of March 15, 1969, enclosing copies of your December 31, 1967 financial statement and correspondence with the First National Bank of Fresno and Crocker-Citizens National Bank, Fresno Main Office.

The referenced application has now been referred to Mr. E. H. Stager, Field Officer, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

Mr. Stager will notify you if additional information is needed or to arrange an on-site examination if necessary.

Sincerely yours,

FRANK E. Johnson

Frank E. Johnson
Chief, Office of
Mineral Exploration

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 18 1968

INITIALS	CODE
	130
	120
	105

March 15, 1968

Mr. FRANK E. JOHNSON, Chief
Office of Minerals Exploration
Department of Interior, Geological Survey
Washington, D. C. 20242

Re: OME-6696 (mercury)
Sulfur Springs-Creek Zone
New Idria Mine
San Benito County, Calif.

Dear Mr. Johnson:

Pursuant to my letter to you of March 2, 1968 I send you herewith copies of the results of our latest efforts to secure acceptable commercial financing for our proposed exploration program for subject area. Enclosed are three copies each of:

1. Letter to Crocker-Citizens National Bank, Fresno
2. Letter to First National Bank, Fresno
3. Letter from Crocker-Citizens National Bank
4. Letter from First National Bank
5. Consolidated Profit and Loss Statement for six months period ending December 31, 1967
6. Statement of financial position as of December 31, 1967

If you feel that we should make additional efforts to secure commercial loans, we shall do so. The Crocker-Citizens National Bank is an institution at which we have maintained major operating funds for a long time . . . . they know our operations and our relationship is excellent. The First National Bank in Fresno has been courting us off and on for years to establish accounts with them. We felt that the loan we requested would give them an opportunity to establish the working relationship they have been seeking.

If Idria is to maintain its position as the major domestic producer of mercury, we must maintain a major exploration

Copy letter only to OME R-II 3/18/68, no enclosures

effort. To this end, and in keeping with the avowed aims of the OME Program, we feel that our financial position and the calibre of subject exploration program do definitely qualify us for favorable consideration of our loan application.

Again I sincerely invite your comments and recommendations on any aspect of subject loan application.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

by Thomas H. Cole
THOMAS H. COLE
President

THC:ml
Encls: As stated

Copy to R-II bal

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

March 11, 1968

Mr. Allan E. Head
Crocker-Citizens National Bank
2145 Fresno Street
Fresno, California

Dear Mr. Head:

This letter from New Idria Mining and Chemical Company constitutes a request for consideration of a bank loan in the amount of $250,000. We propose to use this money to finance part of a long-range exploration program which has been planned to explore for mercury ore at the New Idria Mine. The project will take about two years to complete and will consist of driving underground drifts, drilling, and raising.

Enclosed is a consolidated company Balance Sheet and Profit and Loss Statement as of December 31, 1967 (unaudited).

Nearly all of the equity of the company lies in two mining properties; the New Idria Mine (mercury) in San Benito County, California and the Strawberry Mine (tungsten) in Madera County, California.

The net assets of $2,442,938 shown for December 31, 1967 consist mostly of plants and equipment because depletable ore reserves are small. Among the company properties, depletable ore reserves exist only at the Strawberry Mine and amount to $163,279 as of December 31, 1967. The property value of the New Idria Mine has long since been written down and therefore no value is included in the above assets. However a small amount of assured ore reserves does exist in the New Idria Mine.

We propose to draw incremental sums against the total amount of the loan over a two year period as the project progresses and expenses are incurred.

Will you kindly advise us if your bank would be interested in making a loan of this size for circumstances as above, and if so, the terms you would require.

Very truly yours,

E. A. FABIANI
Vice President

EAF:ml
Enclosures

Copy

CROCKER-CITIZENS NATIONAL BANK

CHARTERED 1870

FRESNO MAIN OFFICE

2145 FRESNO STREET • FRESNO, CALIFORNIA 93717

March 12, 1968

Mr. E. A. Fabiani
Vice President
New Idria Mining & Chemical Company
3457 South Cedar Avenue
Fresno, California

Dear Mr. Fabiani:

I have your letter of March 11 requesting consideration of a bank loan in the amount of $250,000 to New Idria Mining and Chemical Company.

The Fresno Main Office Branch Loan Committee would recommend to our Regional Loan Committee that because of the term nature of the loan and the nebulous source of repayment we could only recommend approval of such a loan if it were on a fully secured basis of marketable securities or collateral acceptable to the bank. It should be fully amortized in a period of 36 months.

If you have any questions, please contact us.

Very truly yours,

Alan E. Head

Alan E. Head
Assistant Vice President

AEH/kcw

Copy to ~~[illegible]~~

FIRST NATIONAL BANK OF FRESNO

FRESNO, CALIFORNIA 93720

W. F. LAMBERT
EXECUTIVE VICE-PRESIDENT

March 11, 1968

New Idira Chemical Co.
3457 So. Cedar Avenue
P. O. Box 2806
Fresno, California 93745

Gentlemen:

Your request for a bank loan in the amount of $250,000 to enable you to partially finance a long range exploration program for mercury ore has been denied inasmuch as we do not consider this to be a bankable loan in view of its speculative nature.

Loans of this sort are sometimes made by banks when other satisfactory collateral is offered to secure the debt in its entirety.

Your statement of December 31, 1967, does not indicate any collateral that our bank would be particularly desirous of pursuing in order to grant this loan.

Your request was sincerely appreciated and if we might be of service in any other way, do not hesitate to call upon us.

Sincerely yours,

W. F. Lambert

RECEIVED
MAR 13 1968
NEW IDRIA MINING
AND CHEMICAL CO.

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

March 11, 1968

Mr. W. F. Lambert
First National Bank of Fresno
1903 Fulton Avenue
Fresno, California

Dear Mr. Lambert:

This letter from New Idria Mining and Chemical Company constitutes a request for consideration of a bank loan in the amount of $250,000. We propose to use this money to finance part of a long-range exploration program which has been planned to explore for mercury ore at the New Idria Mine. The project will take about two years to complete and will consist of driving underground drifts, drilling, and raising.

Enclosed is a consolidated company Balance Sheet and Profit and Loss Statement as of December 31, 1967 (unaudited).

Nearly all of the equity of the company lies in two mining properties; the New Idria Mine (mercury) in San Benito County, California and the Strawberry Mine (tungsten) in Madera County, California.

The net assets of $2,442,938 shown for December 31, 1967 consist mostly of plants and equipment because depletable ore reserves are small. Among the company properties, depletable ore reserves exist only at the Strawberry Mine and amount to $163,279 as of December 31, 1967. The property value of the New Idria Mine has long since been written down and therefore no value is included in the above assets. However a small amount of assured ore reserves does exist in the New Idria Mine.

We propose to draw incremental sums against the total amount of the loan over a two year period as the project progresses and expenses are incurred.

Will you kindly advise us if your bank would be interested in making a loan of this size for circumstances as above, and if so, the terms you would require.

Very truly yours,

E. A. FABIANI
Vice President

EAF:ml
Enclosures

NEW IDRIA MINING AND CHEMICAL COMPANY

Statement of Financial Position

December 31, 1967

	December 1967	November 1967
Current Assets:		
Cash	$ 364,881	$ 302,117
Accounts Receivable	327,787	272,188
Notes Receivable	90,758	87,500
Inventories - Quicksilver	14,184	35,485
Inventories - Tungsten	89,165	89,165
Inventories - Materials & Supplies	106,103	115,796
Prepaid Expense	38,218	27,088
Total Current Assets	$1,031,096	$ 929,339
Current Liabilities:		
Accounts Payable	51,092	76,035
Accrued Expenses	37,816	67,007
Total Current Liabilities	$ 88,908	$ 143,042
Working Capital	942,188	786,297
Property, Plant & Equipment	2,963,613	2,938,343
Reserve for Depreciation & Depletion	(1,533,934)	(1,516,726)
	1,429,679	1,421,617
Long Term Notes Receivable	87,500	87,500
Long Term Notes Payable	(16,429)	(19,321)
Net Assets	$2,442,938	$2,276,093
Stockholders Equity		
Capital Stock, 7,500,000 Shares with 5,509,887 issued	$2,754,944	$2,754,944
Capital Surplus	456,899	456,899
Treasury Stock	(14,039)	(14,039)
Deficit - beginning of year	(990,685)	(990,685)
Profit (Loss) this year	235,819	68,974
Net Stockholders Equity	$2,442,938	$2,276,093

NEW IDRIA MINING AND CHEMICAL COMPANY

Consolidated Statement of Profit & Loss

For the Six Months Ending December 31, 1967

December			Year to Date	
This Year	Last Year		This Year	Last Year
		Income:		
$371,390	$199,503	Sales & Operating Income	$1,829,736	$1,538,787
1,688	503	Royalty Income	7,608	6,051
8,554	14,481	Other Income	19,749	25,798
$381,632	$214,487		$1,857,093	$1,570,636
		Expenses:		
$121,455	$167,754	Cost of Sales & Operating Expenses	$1,119,917	$1,026,117
20,334	11,940	Selling, General & Administrative Expense	102,863	82,504
$141,789	$179,694		$1,222,780	$1,108,621
$ 21,981	$ 12,344	Parent Company	$ 145,736	$ 88,778
32,769	29,422	Exploartion & Development	136,682	199,486
$ 54,750	$ 41,766		$ 282,418	$ 288,264
$185,093	($ 6,973)	Cash Operating Profit (Loss)	$ 351,895	$ 173,751
18,248	22,243	Depreciation & Depletion	116,076	127,021
$166,845	($ 29,216)	Net Profit (Loss)	$ 235,819	$ 46,730

Operating Data

Quicksilver Division

600	218	Flasks Produced	2,971	1,938
723	220	Flasks Sold	2,953	1,880

Tungsten Division

-0-	386	Units Produced	11,656	16,331
-0-	2,217	Units Sold	9,492	16,331

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/15/68	[illegible]	120
"	Williams	120
		110
3/15	[illegible]	220
		120M

MAR 15 1968

AEC 188

Mr. Fred Mining and Chemical Company
2197 South Cedar Avenue
P. O. Box 2000
Fresno, California 93745

Re: [illegible] (Claremont)
Red White Mining and Chemical Co.
[illegible] Mine, [illegible] Springs Area
San Benito County, California

Gentlemen:

Thank you for your letter of March 8, 1968 informing us of your intention to mine barites because to obtain exploration funds from commercial banks, and pointing out that to undertake geochemical assays to obtain funds for exploration not good business or lending policy.

We concur in the views expressed in your letters. However, it appears that we have not clearly stated the real crux of the matter of financial eligibility. We may not waive the requirement of documentary evidence consisting of letters to and from the banks which unequivocally indicate that funds are not available on reasonable terms.

When the requested documents are received we will notify you promptly of the results.

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
Mr. Smith
Region II

RMSmith/bsl 3/15/68

	*Fed. Inc. Tax	Avail. for Fxd. Chgs.	Fxd. Chgs.
†1967	8,644	20,562	4,679
1966	7,415	19,035	4,622
1965	6,063	17,022	4,600
1964	5,621	14,840	3,563
1963	4,849	13,023	1,999
1962	4,021	10,797	2,004

	Times Earned Fxd. Chgs.	Times Earned F.C. & Pfd. Divds.	Net Income
†1967	4.39	3.19	15,883
1966	4.12	2.98	14,413
1965	3.70	2.67	12,422
1964	4.17	2.78	11,277
1963	6.51	3.88	11,024
1962	5.39	3.13	8,793

*Incl. defr. fed. inc. taxes and defr. invest. tax credit.

During 1965 company discontinued normalizing tax reductions resulting from liberalized depr. by charges to income and credits to defr. Fed. inc. tax. The amount of tax reduction not so normalized was $859,000 for 12 mos. end. July 31, 1967, $935,000 in 1966, and $1,063,000 in 1965.

†12 mos. end. July 31, 1967.

BALANCE SHEET: Thou. $

Assets—	Jul.31'67	Dec.31'66
Util. plt. orig. cost	314,475	314,324
Constr. in prog.	36,557	15,535
Other phys. prop.	1,499	1,500
Invest. in atomic electric cos.	11,252	9,102
Prepyts. defr. chgs. & other assets	808	504
Current Assets—		
Cash	2,961	1,878
Accts. rec.—affil.	7,566	8,792
Accts. rec.—other	2,472	2,632
Mater. & suppl.	7,913	7,355
Tot. curr. assets	20,912	20,657
Total assets	385,503	361,622
Liabilities—		
6% Pfd., p. $100	8,014	8,014
4.60% Pfd., p. $100	8,014	8,014
4.64% Pfd., p. $100	10,000	10,000
456% Pfd., p. $100	10,000	10,000
6.08% Pfd., p. $100	10,000	------
Com. stk., par $20	68,641	66,141
Long term debt	130,000	130,000
Unamort. bd. prem.	341	340
Other res. & defr. credits	367	468
Contribs. for constr.	125	125
Res. for depr.	69,185	65,677
Defr. Fed. inc. tax	10,873	11,078
Defr. invest. tax credit	2,104	1,929
Prem. on cap. stk.	27,177	24,642
Earn. surplus	6,279	4,456
Current Liabilities—		
Notes pay.	10,100	10,900
Accts. pay.	4,768	4,393
Fed. inc. taxes	2,750	4,109
Accr. liabs.	6,765	1,336
Tot. curr. liabs.	24,383	20,738
Total liabs.	385,503	361,622
Net wkg. cap.	d3,471	d81
†Equity pfd. shr.	$351.02	$401.74

d Deficit.

†Incl. defr. inc. tax.

NEW ENGLAND TEL. & TEL.

EARNINGS: Thou. $

3 Mos. to Aug. 31:	1967	1966
Total oper. rev.	156,061	146,416
Income taxes	19,160	19,425
Oper. income	28,226	26,986
Avail. for int.	28,905	27,435
Interest	5,306	3,991
Net income	23,599	23,444
*Sh. Earns.	$0.77	$0.79
Int. Times Earn.	5.45	6.87
12 Mos. to Aug. 31:	**1967**	**1966**
Total oper. rev.	606,097	563,953
Oper. exp.	385,536	348,530
Fed. inc. tax	70,993	69,655
Other taxes	47,187	45,472
Oper. income	102,381	100,296
Other income	1,964	1,265
Avail. for int.	104,345	101,561
Interest	18,131	18,057
Net income	86,214	83,504
Dividends	72,271	62,087
Bal. after divds.	13,943	21,417
*Com. Earns.	$2.82	$3.00
Int. Times Earn.	5.76	5.62
*Avge. shs.:		
3 mos.	30,623,000	29,514,000
12 mos.	30,623,000	27,850,000

EARNINGS AND FINANCES

EARNINGS, YRS. END. DEC. 31: Thou. $

	Operating Revenues			
	Local	Toll	Misc.	*Total
b1967	176,472	115,028	13,182	303,080
b1966	166,537	105,594	12,355	283,520
1966	337,551	219,874	25,444	580,312
1965	317,194	194,592	23,383	533,238
1964	303,153	180,260	22,691	504,602
1963	289,950	165,185	22,507	476,145
1962	276,994	155,245	21,132	452,032

	Oper. Exps.	Maint.	Depr.	aInc. Taxes
b1967	88,377	59,517	45,0[illegible]	37,230
b1966	81,484	52,038	41,876	36,662
1966	169,420	106,555	85,389	76,896
1965	158,717	97,902	75,496	69,583
1964	151,623	92,786	70,451	69,641
1963	143,957	85,720	65,626	69,653
1962	140,926	82,160	58,638	65,755

	Avail. for Fxd. Chgs.	†Fxd. Chgs.	Times Earn.	Net Inc.
b1967	50,771	8,112	3.26	42,659
b1966	50,088	8,784	3.70	41,304
1966	101,349	15,498	6.54	85,851
1965	92,888	15,117	6.14	77,771
1964	83,940	11,989	7.00	71,951
1963	77,419	12,697	6.10	64,722
1962	72,573	11,272	6.44	61,301

*Aft. dedctg. prov. for uncollectibles: Thou. $

b1967	1,602	1964	1,502
b1966	966	1963	1,497
1966	2,557	1962	1,339
1965	1,931		

†Aft. dedctg. int. chgd. to constr.: Thou. $

b1967	1,199	1964	1,390
b1966	840	1963	1,218
1966	1,799	1962	1,253
1965	1,674		

aIncl. net defr. invest. credits in all periods.

b6 mos. end. June 30.

BALANCE SHEET: Thou. $

Assets—	Jun.30'67	Dec.31'66
Telephone plant:		
In service	1,898,484	1,834,781
Under constr.	63,129	45,321
Held for future use	308	441
Misc. phys. prop.	130	222
Prepayments	14,330	9,243
Defr. chgs.	5,311	3,497
Current Assets—		
Cash	4,394	6,074
Accts. rec., net	94,611	93,715
Mater. & supplies	8,501	6,459
Tot. curr. assets	107,506	106,248
Total assets	**2,089,198**	**1,999,753**
Liabilities—		
*Com. stk. p. $20	612,467	612,467
Funded debt	375,000	375,000
Adv. from A.T.&T.	131,000	59,500
Res. for depr.	511,744	493,974
Defr. invest. credits	16,300	15,772
Oth. defr. credits	2,857	114
Com. stk. prem.	195,016	195,016
Earn. surplus	157,041	150,619
Current Liabilities—		
Accts. pay.	50,945	50,610
Adv. billing & depos.	5,647	5,616
Accr. taxes	26,611	36,476
Oth. accrs.	4,570	4,589
Tot. curr. liabs.	87,773	97,291
Total liabs.	2,089,198	1,999,753
Net wkg. cap.	19,733	8,957
Equity per shr.	$32.03	$31.80

*Shs.: 30,623,329.

Debentures Offered — Sept. 27, 1967, group headed by Lehman Brothers, Blyth & Co., Inc., First Boston Corp., Halsey, Stuart & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and Salomon Brothers & Hutzler offered at 100.968 and int. from Oct. 1, 1967, $100,000,000 6⅛% Debs. due Oct. 1, 2006.

Underwriting disc., 1.039%; proceeds to Co., $99,929,000.

S & P Rating—AAA.

Net Proceeds will reduce advances (expected to be $149,000,000 at time of proceeds) from American Tel. & Tel. Co., parent, incurred for general corporate purposes, including extensions, additions and improvements to telephone plant. Co. expected to continue to obtain large amounts of new capital to meet demand for and to improve communication services.

Construction expenditures were $134,000,000 in 1962, $138,000,000 in 1963, $156,000,000 in 1964, $170,000,000 in 1965, $190,000,000 in 1966—a total of $788,000,000; and were estimated at more than $210,000,000 for 1967 ($109,000,000 spent thru June 30). Telephone plant (before depreciation) increased to $1,962,000,000 at June 30, 1967, from $1,307,000,000 at Dec. 31, 1961. Share owners' equity, long-term debt and advances from parent were $964,524,000, $375,000,000 and $131,000,000, respectively, at June 30, 1967, compared with $644,846,000, $265,000,000 and $49,600,000, respectively, at Dec. 31, 1961.

Thirty-Nine Year Debentures; Due Oct. 1, 2006

Auth. and to be offered ---$100,000,000

Dated Oct. 1, 1967. **Interest Payable** Apr. & Oct. 1 to holders registered the preceding Mar. & Sept. 15, respectively. **Principal & Interest Payable** at First Natl. City Bank, NYC. **Interest Grace Period**—30 days.

Trustee — New England Merchants Natl. Bank, Boston.

Denominations—Fully registered, $1,000 and multiples thereof.

REDEEMABLE beginning Oct. 1, 1972, on 30 days' notice, at the following prices & int., thru each Sep. 30:

1973--105.438	1974--105.23	1975--105.09
1976--104.90	1977--104.71	1978--104.53
1979--104.34	1980--104.15	1981--103.96
1982--103.77	1983--103.58	1984--103.39
1985--103.21	1986--103.02	1987--102.83
1988--102.64	1989--102.45	1990--102.26
1991--102.07	1992--101.89	1993--101.70
1994--101.51	1995--101.32	1996--101.13
1997--100.94	1998--100.75	1999--100.57
2000--100.38	2001--100.19	after -100.00

Security—Same as for the 2005 Debs.

NEW HAMPSHIRE INS.

CONSOL. INC. ACCT., 6 MOS. END. JUN. 30: $

	1967	1966
Net prems. writ.	50,945,893	48,425,098
Inc. in unearned prem. res.	4,174,724	5,468,263
Prems. earned	46,771,169	42,956,835
Underwrtg. gain	95,469	d591,597
Net invest. inc.	2,153,159	1,963,866
*Sh. Undwrtg. gain	$0.09	d$0.56
*Sh. Net Inv. Inc.	2.02	1.87

d Deficit.

*Shs.: 1,065,013 (1967); 1,051,100 (1966)

CONSOL. INC. ACCT., 12 MOS. END. JUN. 30: $

	1967	1966
Net prems. writ.	92,865,069	87,883,592
Prems. earned	91,858,553	85,534,134
Undwrtg. gain	1,755,414	d563,360
Net invst. inc.	4,247,699	3,902,085
*Sh. Undwrtg. gain	$1.65	d$0.54
*Sh. Net Inv. Inc.	3.99	3.71

d Deficit.

*Shs.: 1,065,013 (1967); 1,051,100 (1966)

CONSOL. BAL. SHEET, JUN. 30: $

Assets—	1967	1966
Bonds, bk. val.	76,272,195	71,335,513
Stocks, bk. val.	41,271,303	35,506,761
Real estate	2,005,736	1,913,402
Cash	2,897,789	3,746,589
Ctf. of dep.	50,000	150,000
Agents bals.	19,709,814	17,900,067
Equity in Amer. Intl. Underwriters. Assn.	4,565,230	3,737,741
Other assets	7,651,664	7,546,326
Tot. adm. assets	154,423,731	141,886,399
Liabilities—		
Cap. stk., par $5	5,325,065	5,255,500
Surplus	39,005,358	32,666,658
Unearn. prems.	53,884,093	52,670,071
Res. for losses	43,740,272	38,213,559
Res. held under reinsur. treaties	6,445,844	6,510,290
Res. for divds.	426,005	420,671
Other liabs.	5,595,622	6,147,371
Min. int.	1,472	2,279
Total liabs.	154,423,731	141,886,399

NEW HAVEN BOARD & CARTON

INTERIM CONSOL. INC. ACCT.: $

13 Wks. Ended:	Sales	Net Inc.	cSh. Earns.
Jun.30'67	6,801,481	360,268	0.21
Jun.30'66	7,439,712	338,359	0.19
9 Mos. Ended:			
Jun.30'67	21,171,340	1,228,414	0.68
Jun.30'66	22,433,303	1,043,275	0.58

cShs.: 1967—As reported; 1966—1,804,290.

Opens South Carolina Plant—Aug. 7, 1967, announced Co. had opened a 55,000 sq. ft. folding carton plant in Landrum, S.C.

NEW HAVEN GAS

MERGED Jan. 1 '67 into Southern Connecticut Gas Co., stockholders receiving one Com. sh. of Southern for each Cap. sh. held.

NEW HAVEN WATER

Bonds Called — Co. called for payment Sept. 1, 1967, at 102½ and interest $5,000 of its Gen. & Ref. 3⅛s, series C, due Sept. 1, 1976, at First New Haven National Bank, New Haven.

NEW IDRIA MINING & CHEMICAL

INCOME ACCOUNT, YRS. END. JUN. 30: $

	1967	1966
Sales & other oper. income	2,370,537	2,453,041

File DME-6696 (inactive) New Idria Mng. & Chem. Co.

Cost & exps.	2,470,362	1,903,407
Oper. income	d99,825	549,634
Other income	47,622	44,014
Total income	d52,203	593,648
Depr. & depl.	236,425	183,444
Net inc. bef. extraord. item	d288,628	410,204
Extraord. item:		
Write off of Chemical Plant	dr293,439	------
Net inc. aft. extraord. item	d582,067	410,204
*Sh. Earns.	†d$0.05	$0.07
d Deficit.		
*Shs.:	5,493,487	5,487,862

†Bef. extraord. item of dr$0.05 a sh.

Note—Tax loss carry-forward at Jun. 30'67 was $2,900,000.

BALANCE SHEET, JUN. 30: $

Assets—	1967	1966
*Net property	1,399,875	1,670,299
Long term note rec.	87,500	------
Current Assets—		
Cash	322,900	801,614
Receivables	259,102	171,852
Inventories	225,213	192,773
Prepayments	23,289	17,892
Preproduc. & mng. cost	46,634	104,413
Tot. curr. assets	877,138	1,288,544
Total assets	2,364,513	2,958,843
Liabilities—		
Cap. stk., p. $0.50	2,754,944	2,752,131
†Treas. com. stk.	dr14,039	dr14,039
Cap. surplus	456,899	455,844
Earn. surplus	d990,684	d408,617
Current Liabilities—		
Accts. pay.	112,645	138,345
Accruals	44,748	35,179
Tot. curr. liabs.	157,393	173,524
Total liabs.	2,364,513	2,958,843
Net wkg. cap.	719,745	1,115,020
Equity per shr.	$0.40	$0.51
d Deficit.		
*Depr. & depl. res.	1,440,257	1,341,035

†Shs.: 16,400.

NEW JERSEY ALUMINUM

INTERIM CONSOL. INC. ACCT.: $

6 Mos. Ended:	Net Sales	Inc. Tax	Net Inc.
Jun.30'67	5,154,000	43,000	74,000
Jun.30'66	5,565,000	N.R.	231,000

NEW JERSEY BANK & TRUST

CONSOL. BAL. SHEET: $

Assets—	Jun.30'67	Dec.31'66
*Loans	242,865,707	247,265,419
Cash & in banks	65,984,027	65,114,473
U. S. Govt. secs.	51,840,284	43,346,374
State & mun. sec.	62,673,826	53,304,568
Other secs.	668,000	668,000
Fed. fds. sold	------	1,000,000
Accr. inc. rec.	2,121,324	1,851,110
Bk. prems. & eqp.	5,396,667	5,494,592
Oth. real estate	12,441	58,373
Cust's accepts. liab.	170,143	65,745
Other assets	667,587	555,056
Total assets	432,400,006	418,723,710
Liabilities—		
Com. par $11	7,535,000	7,535,000
Surplus	10,965,000	10,965,000
Undivided profits	7,041,683	6,669,782
Unearned disc.	6,468,284	6,326,376
Res. taxes, etc.	3,381,653	3,441,554
Notes pay.	5,631,215	5,701,877
Fed. fds. purch.	6,875,000	8,000,000
Fed. Res. Bk. defr. credit	5,053,404	5,885,666
Accepts. outstg.	170,143	65,745
Divds. pay.	308,192	445,168
Other liabs.	853,602	316,618
Deposits	378,116,830	†363,370,924
Total liabs.	432,400,006	418,723,710
Bk. Val. per shr.	$37.29	$36.74
*Net of res.	4,591,990	3,983,187

†Incl. time dep. of $147,442,444.

NEW JERSEY BELL TEL.

INCOME ACCOUNT, 3 MOS. END. JUN. 30: $

	1967	1966
Oper. revs.	133,398,885	124,987,909
Oper. exp.	77,127,673	71,391,148
Oper. taxes	31,734,766	30,011,748
Oper. income	24,536,446	23,585,013
Oth. inc. net	369,670	348,484
Avail. fxd. chgs.	24,906,116	23,933,497
Fixed charges	3,258,315	2,522,545
Net income	21,647,801	21,410,952
F. C. Times Earn.	7.64	9.49

NEW JERSEY NATURAL GAS

INCOME ACCT., 9 MOS. END. JUN. 30: $

	1967	†1966
Oper. revs.	30,737,000	27,491,000
Net income	3,508,000	3,162,000
*Com. Earns.	$1.39	$1.27

INCOME ACCT., 12 MOS. END. JUN. 30: $

	1967	†1966
Tot. op. revs.	36,047,000	32,464,000
Net income	3,737,000	3,413,000
*Com. Earns.	$1.48	$1.35

*Aft. pfd. divds.: com. shs.: 1967—2,375,629; 1966—2,349,122.

†Restated.

NEW JERSEY POWER & LIGHT

EARNINGS: $

6 Mos. to Jun. 30:	1967	1966
Total oper. rev.	16,834,938	15,446,442
Fed. inc. tax	503,298	858,247
Defr. invest. tax cred.	106,600	78,900
Oper. income	3,028,914	3,253,764
Avail. fxd. chgs.	3,047,848	3,262,221
Fixed charges	1,116,844	1,004,892
Net income	1,931,004	2,257,329
*Comb. Pfd. Earns.	$42.91	$50.16
F. C. Times Earn.	2.73	3.25
F. C. & Pfd. Divd. Times Earn.	2.52	2.98

*Shs.: 45,000.

EARNINGS: $

12 Mos. to Jun. 30:	1967	1966
Total oper. rev.	32,673,548	30,016,814
Power interchanged	7,812,503	5,672,105
Oper. exp.	8,814,065	8,352,551
Maintenance	2,129,098	2,338,356
Depreciation	2,877,400	2,483,300
Fed. inc. taxes	1,132,530	1,480,199
Chg. equiv. to invest. tax cr.	222,600	174,000
Amort. invest. cr.	cr25,200	cr21,900
Other taxes	3,624,655	3,311,597
Oper. income	6,085,897	6,226,606
Other income	22,202	2,154
Total income	6,108,099	6,228,760
Misc. deducts.	cr3,456	3,096
Avail. fxd. chgs.	6,111,555	6,225,664
Int. lg. term debt	1,988,511	1,839,124
Other interest	233,212	204,140
Int. chgd. constr.	cr79,588	cr60,899
Total fxd. chgs.	2,142,135	1,982,365
Net income	3,969,420	4,243,299
*Comb. Pfd. Earns.	$88.21	$94.30
F. C. Times Earn.	2.85	3.14
F. C. & Pfd. Divds. Times Earn.	2.63	2.88

*Shs.: 45,000.

BALANCE SHEET, JUN. 30: $

Assets—	1967	1966
Util. plt. orig. cost	121,622,117	112,706,113
Misc. phys. prop.	438,663	449,151
Investments	22,504	36,745
Defr. chgs. related to proposed constr. projects & oth. work	32,678	31,335
Other defr. chrgs.	89,498	37,198
Current Assets—		
Cash	1,186,878	1,138,059
Temp. cash invests.	1,090,312	------
Accts. rec., net	2,635,168	2,453,148
Mater. & supplies	2,103,874	1,589,772
Prepayments	345,652	331,084
Tot. curr. assets	7,361,884	5,512,063
Total assets	129,567,344	118,772,605
Liabilities		
4% pfd., p. $100	2,665,500	2,665,500
4.05% pfd., p. $100	1,834,500	1,834,500
*Com. stock	33,325,000	29,625,000
Prem. on pfd. stk.	22,480	22,480
Long term debt	60,140,000	50,360,000
Notes pay. to banks, due within 1 yr., to be refinanced	------	3,800,000
Res. for depr.	21,749,329	20,115,251
Res. for unamort. invest. credit	933,300	735,900
Oth. defr. credits	207,116	211,823
Contrib. to constr.	181,238	181,032
Cap. surplus	889,067	889,067
Earn. surplus	3,436,849	3,510,966
Current Liabilities		
Curr. debt mat.	75,000	100,000
Accts. pay.	1,481,006	2,062,162
Int. accr.	580,280	527,228
Accr. taxes	1,022,424	1,355,227
Consumers' dep.	330,461	308,526
Oth. curr. liab.	693,794	467,943
Tot. curr. liabs.	4,302,965	4,821,086
Total liabs.	129,567,344	118,772,605
Net wkg. cap.	3,178,919	690,977
Equity comb. pfd. shr.	$961.95	$876.99

*Shs.: 1967—N.R.; 1966—103,500.

NEW MEXICO & ARIZONA LAND

INTERIM INC. ACCT.: Thou. $

6 Mos. Ended:	Oper. Revs.	Income Taxes	Net Income
Jun.30'67	173	26	74

NEW ORLEANS & NORTHEASTERN RR.

INC. ACCT., 6 MOS. END. JUN. 30: $

	1967	1966
Total oper. rev.	5,821,481	5,693,609
Net ry. op. inc.	500,328	522,067
Net income	402,068	466,148

NEW ORLEANS PUBLIC SERVICE

INCOME ACCT., 12 MOS. END. JUL. 31: $

	1967	1966
Total oper. rev.	77,824,844	73,294,402
Oper. income	10,530,959	8,852,578
Avail. fxd. chgs.	10,768,315	9,177,248
Fixed charges	3,008,099	3,190,015
Net income	7,760,216	5,987,433
*Pfd. Earns.	$56.32	$43.45
F. C. Times Earn.	3.58	2.88

*Comb. pfd. shs.: 137,798.

EARNINGS: $	1967	1966
Jul. oper. rev.	7,457,791	6,947,463
Oper. income	1,228,388	1,069,811
Net income	1,000,697	870,794

NEW PARK MINING

(Reprinted for Additional Information)

INTERIM CONSOL. INC. ACCT.: $

6 Mos. Ended:	Gross Inc.	Net Inc.	*Sh. Earns.
Jun.30'67	218,852	94,171	0.03
Jun.30'66	155,847	†75,224	0.02

*Shs.: 3,424,042.

†Restated.

Lease Agreement With Santa Cruz Resources—Co. reported Aug. 21, 1967, that a lease agreement had been executed with Santa Cruz Resources Corp., a California corporation, granting to New Park exploration and mining rights in a group of 19 claims in an area west of Milford, Utah. Preliminary soil sampling by Santa Cruz demonstrated the presence of anomalous silver-mercury values.

Directors Resign—E. S. McIntyre and Walter S. Sly.

NEW PROCESS

INTERIM INC. ACCT.: $

Quarters Ended:	Net Sales	Inc. Tax	Net Inc.	*Sh. Earns.
Jun.30'67	12,809,414	875,550	867,677	2.12
Jun.30'66	11,112,722	801,100	810,119	1.97
6 Mos. Ended:				
Jun.30'67	23,828,463	1,548,950	1,550,530	3.78
Jun.30'66	22,223,725	1,575,000	1,571,451	3.83

*As reported.

N. Y. AIR BRAKE

Unlisted BSE Trading in Common Approved—Aug. 22, 1967, Boston Stock Exchange received SEC permission to extend unlisted trading privileges to Co.'s Com. stock.

Adjustment Dividend of $0.07¼ declared on Com., payable Oct. 4 to holders of record Sept. 20, 1967.

Merger Ratified—Sept. 19, 1967, stockholders of General Signal Corp. and New York Air Brake Co. approved agreement to merge New York Air Brake into General Signal, effective Sept. 20, 1967.

N. Y. AIRWAYS

INTERIM INC. ACCT.: $

6 Mos. Ended:	Total Oper. Rev.	Net Inc.
Jun.30'67	4,250,211	12,544

N.Y. AMER. BEVERAGE

CONSOL. INCOME ACCOUNT, YRS. END. APR. 30: $

	1967	1966
Net sales	14,979,168	10,429,243
Net income	†40,373	149,030
cSh. Earns.	†$0.10	$0.42

cAs reported.

†Aft. exps. relating to Hoffman Beverage acq. Jun. 3'66, amounting to $0.55 a sh.

N. Y. AUCTION

INTERIM INC. ACCT.: $

6 Mos. Ended:	Revs.	Inc. Taxes	Net Inc.	c Sh. Earns.
Jun.30'67	3,054,847	518,137	580,999	2.26
Jun.30'66	3,869,451	851,458	975,134	3.78

c As reported.

N. Y. CENTRAL RR.

SYSTEM INC. ACCT., 6 MOS. END. JUN. 30 (ICC): $

	1967	1966
Freight rev.	255,881,291	269,948,037
Pass. rev.	20,487,666	23,075,726
Tot. oper. rev. incl. other	319,714,670	336,314,244

NEW IDRIA MINING AND CHEMICAL COMPANY

3457 SO. CEDAR AVE., P. O. BOX 2806
FRESNO, CALIFORNIA 93745 — PHONE 237-5121

Copy to R. H.

March 2, 1968

6696

ORIGINAL COPY
RECEIVED
MAR 4 1968
INITIALS | CODE
120

MR. FRANK E. JOHNSON, Chief
Office of Minerals Exploration
Department of Interior, Geological Survey
Washington, D. C. 20242

Dear Mr. Johnson:

Your letter of February 21, 1968 has been received and its reference to our failure, in your opinion, to adequately establish the Company's financial eligibility is noted.

Our letters applying for financial assistance from banks were written in accordance with the instructions as to Financial Eligibility, Paragraph 1, MME Form 40, January 65, United States Department of Interior, Geological Survey.

The final clause of the last sentence of the second paragraph of your above letter points to the crux of the whole matter: as we understand the intent of the OME Program, it is to encourage legitimate exploration by loaning money on terms that are favorable enough so (a) the government can recover its money if the exploration is successful; and (b) the borrower is not financially hobbled, or even bankrupted, if the exploration is unsuccessful.

New Idria's management would be most imprudent to mortgage property and equipment as collateral in order to undertake any exploration program. Collateral would be required by the banks we approached.

Our ore bodies are of such erratic nature both as to occurrence, size, and configuration that we are unable to predict our future production with any meaningful accuracy. This is the nature of the beast. Consequently, to mortgage a substantial portion of our present and projected income or other assets on an exploration program is just not either good business or sound management. Unlike some of the major

copper, iron, lead-zinc ore bodies and major coal seams, our structure and ore is poorly suited to normal commercial financing. This is why we feel that the OMI loan terms are fair and acceptable, and commercial institution terms requiring both heavy collateral and a high risk rate of interest are not acceptable.

As you instructed in the third paragraph of your above letter, we shall make further attempts to secure acceptable loan proposals from local or other banks.

We invite your further comments on our position, and in the meanwhile we shall make additional loan attempts as you suggested.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

by Thomas H. Cole
THOMAS H. COLE
President

THC:nl

MIE Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/21/68		120
2/21/68	Shirbaner	120
		110
2/21	CWE	220
		120M

FEB 21 1968

Attn:

Pan Pacific Mining and Chemical Co.
3437 So. Dale Ave.
P. O. Box 2003
Fresno, California 93745

Re: CM-6693 (Pacific)
Pan Pacific Mining and Chemical Co.
Pan Pacific Min. Sullen Canyon-Great Oak
San Bernardino County, California

Gentlemen:

Your application for financial assistance in exploring the property referenced above has been carefully reviewed. Our review indicates that additional evidence is necessary to establish the Company's financial eligibility.

Although the bank letter indicates that funds from the commercial sources are not available at the same percent, there seems to not reflect the Company's present exploration activity, which of final access, or the cost account table. Under our present regulations, which are more restrictive than those in 1961-62, government participation is not authorized without evidence that a commercial loan is not available on reasonable terms. Your statement that you do not choose to impair the Company's present cash position does not impair financial eligibility, but the proposal to repay only from the proceeds of ore discovered by the work would be unacceptable to any bank.

Additional evidence that funds are not obtainable should include letters to the funds indicating both within the Company's capacity that might be acceptable to the bank, and state agencies. Also, relatively a case in financial assistance, is significantly different from your June 20, 1967 report, might be additional evidence.

We unfortunately express that if financial eligibility cannot be established you may prefer to withdraw the application. Otherwise, we shall have no alternative but to deny it.

cc: Director's Reading File
Division File
Economic Geology File
GML File
GML Reading File
Mr. Smith
Region II

MSmith/bol 2/21/68

February 8, 1968

New Idria Mining and Chemical Co.
3457 South Cedar Avenue
P. O. Box 2816
Fresno, California 93745

Subject: OME-6696

Gentlemen:

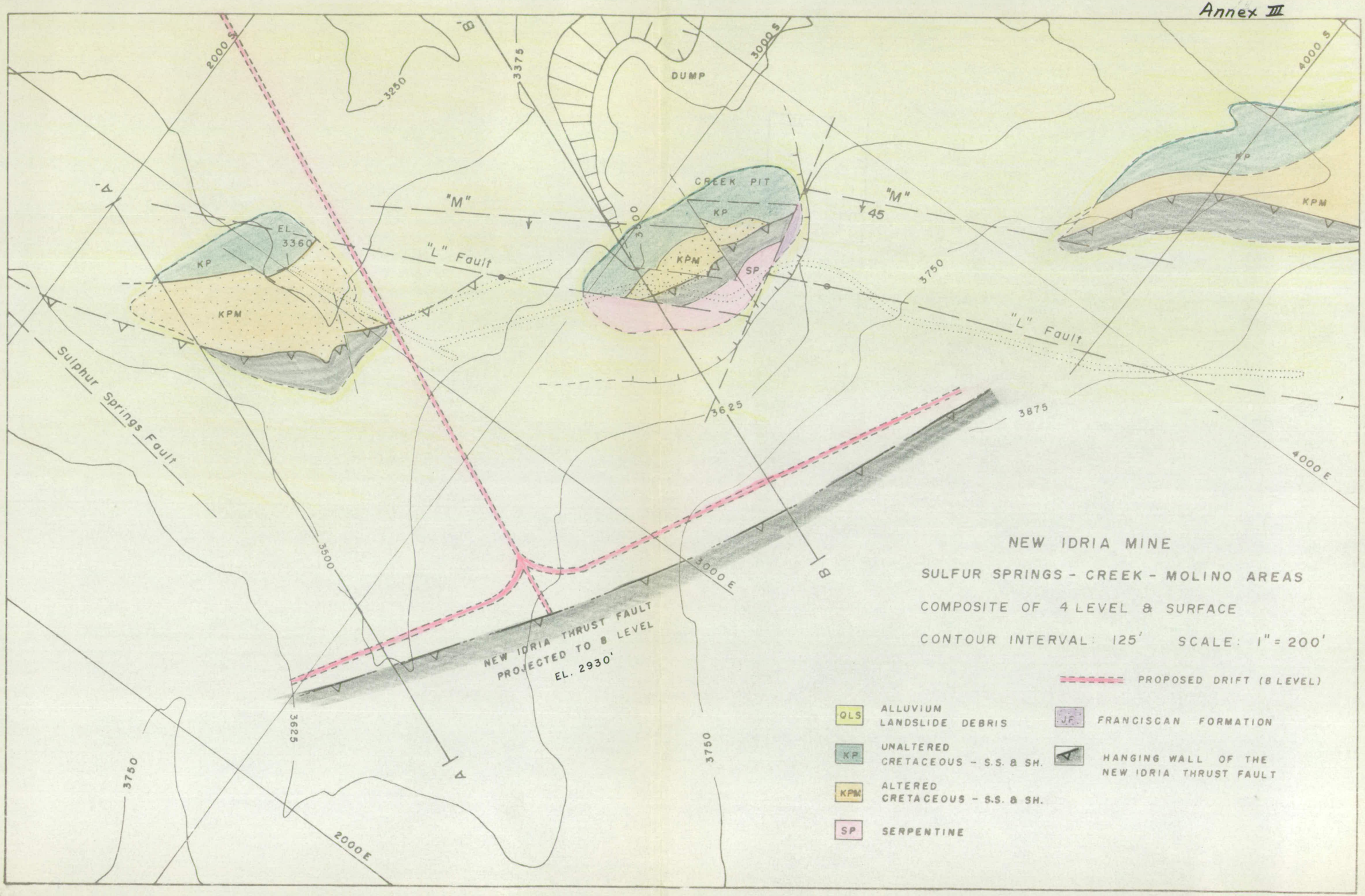
Your application for exploration assistance, dated February 2, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6696.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Annex III


NEW IDRIA MINE
SULFUR SPRINGS - CREEK - MOLINO AREAS
COMPOSITE OF 4 LEVEL & SURFACE
CONTOUR INTERVAL: 125' SCALE: 1" = 200'
PROPOSED DRIFT (8 LEVEL)
QLS ALLUVIUM LANDSLIDE DEBRIS
KP UNALTERED CRETACEOUS - S.S. & SH.
KPM ALTERED CRETACEOUS - S.S. & SH.
SP SERPENTINE
JF FRANCISCAN FORMATION
HANGING WALL OF THE NEW IDRIA THRUST FAULT
DUMP
CREEK PIT
"M"
"L" Fault
Sulphur Springs Fault
NEW IDRIA THRUST FAULT PROJECTED TO 8 LEVEL EL. 2930'
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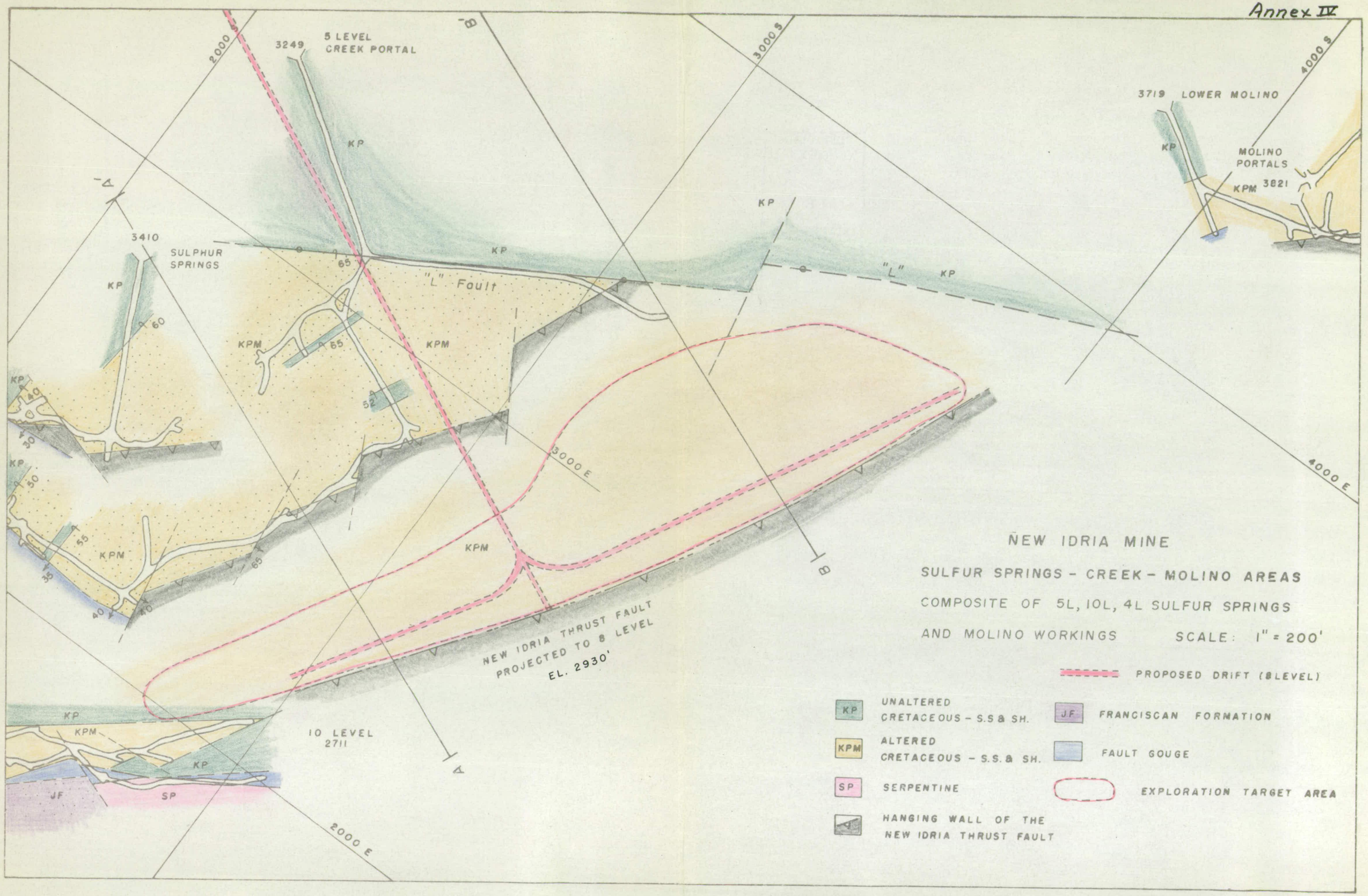
O. M. E.
RECEIVED
FEB 8 1968

INITIALS	CODE

Annex IV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LOWER MOLINO
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SPRINGS
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NEW IDRIA THRUST FAULT
PROJECTED TO 8 LEVEL
EL. 2930'
10 LEVEL
2711
JF
SP
NEW IDRIA MINE
SULFUR SPRINGS - CREEK - MOLINO AREAS
COMPOSITE OF 5L, 10L, 4L SULFUR SPRINGS
AND MOLINO WORKINGS
SCALE: 1" = 200'
PROPOSED DRIFT (8 LEVEL)
KP UNALTERED CRETACEOUS - S.S & SH.
KPM ALTERED CRETACEOUS - S.S. & SH.
SP SERPENTINE
HANGING WALL OF THE NEW IDRIA THRUST FAULT
JF FRANCISCAN FORMATION
FAULT GOUGE
EXPLORATION TARGET AREA

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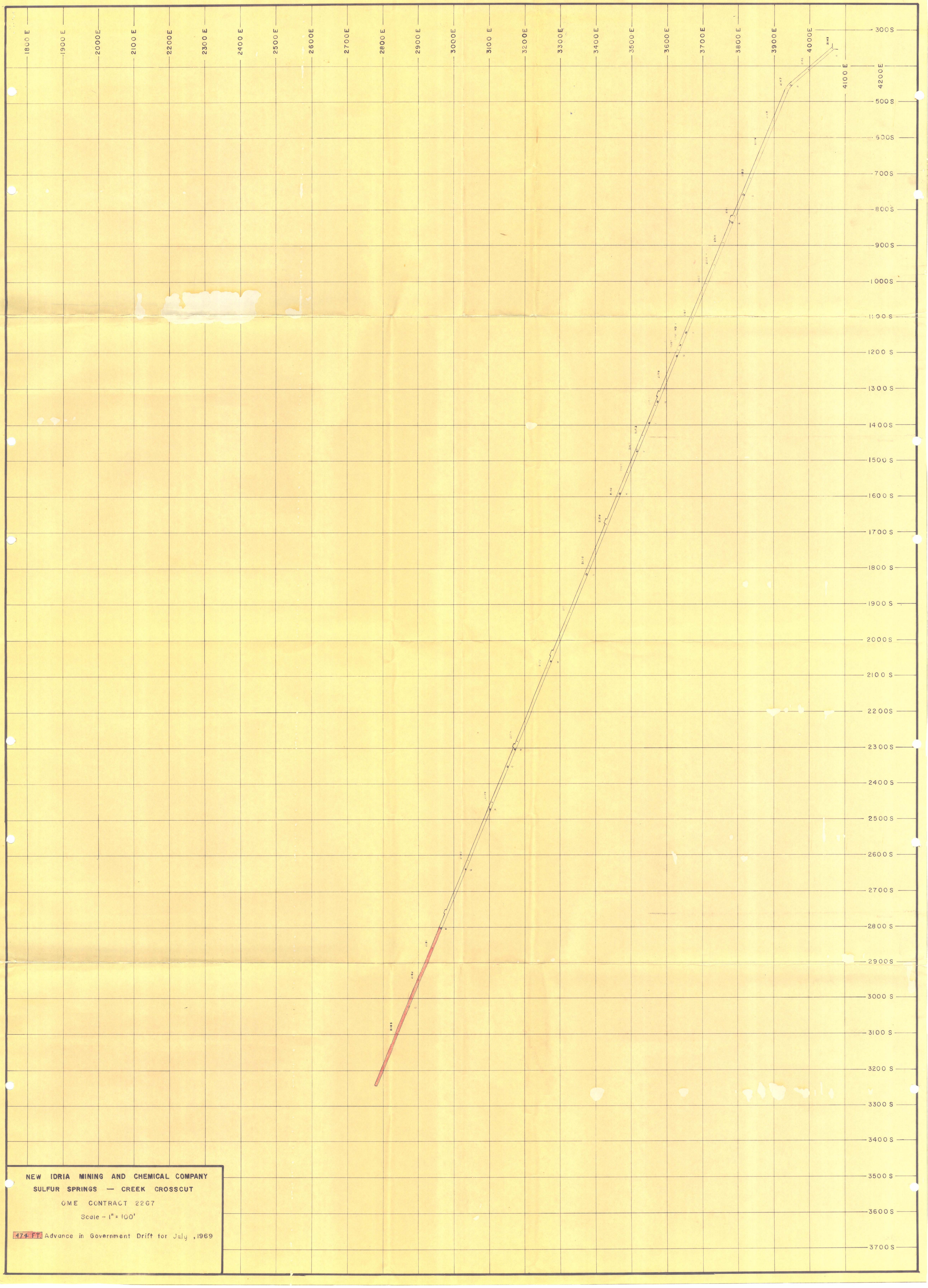
O. M. E.
RECEIVED
FEB 8 1968

INITIALS	CODE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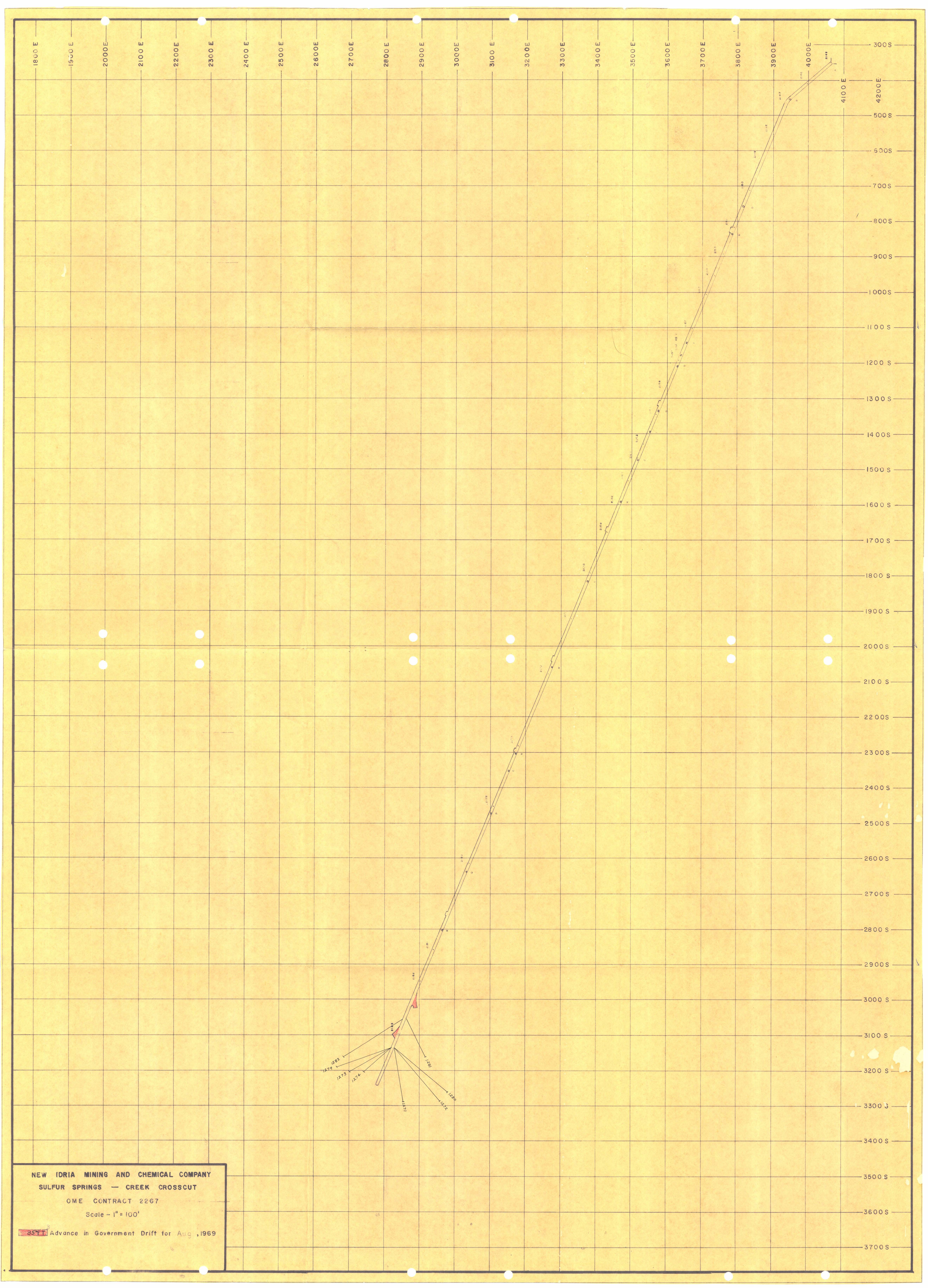
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale - 1" = 100'
474 FT. Advance in Government Drift for July, 1969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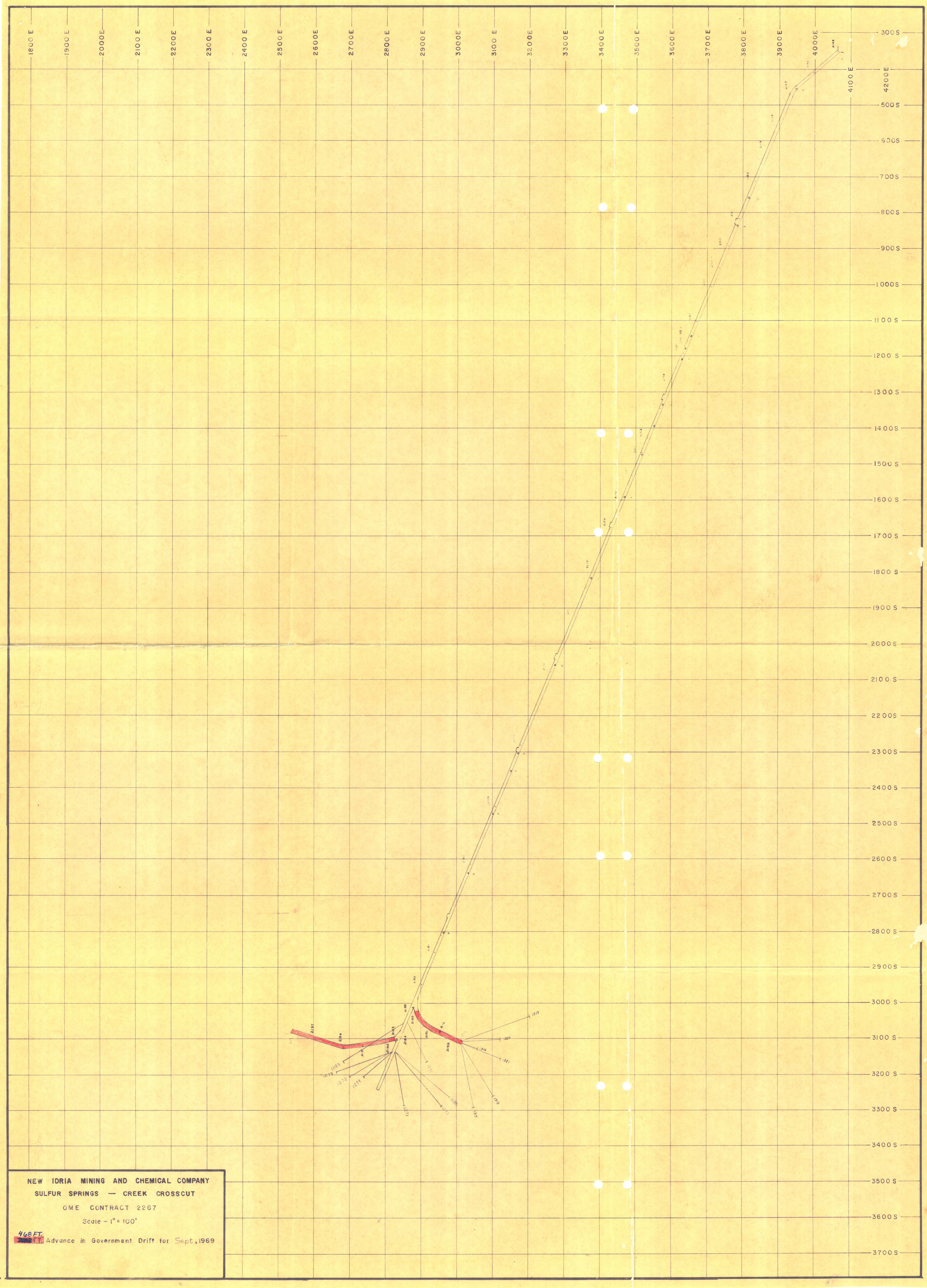
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale - 1" = 100'
35 FT Advance in Government Drift for Aug, 1969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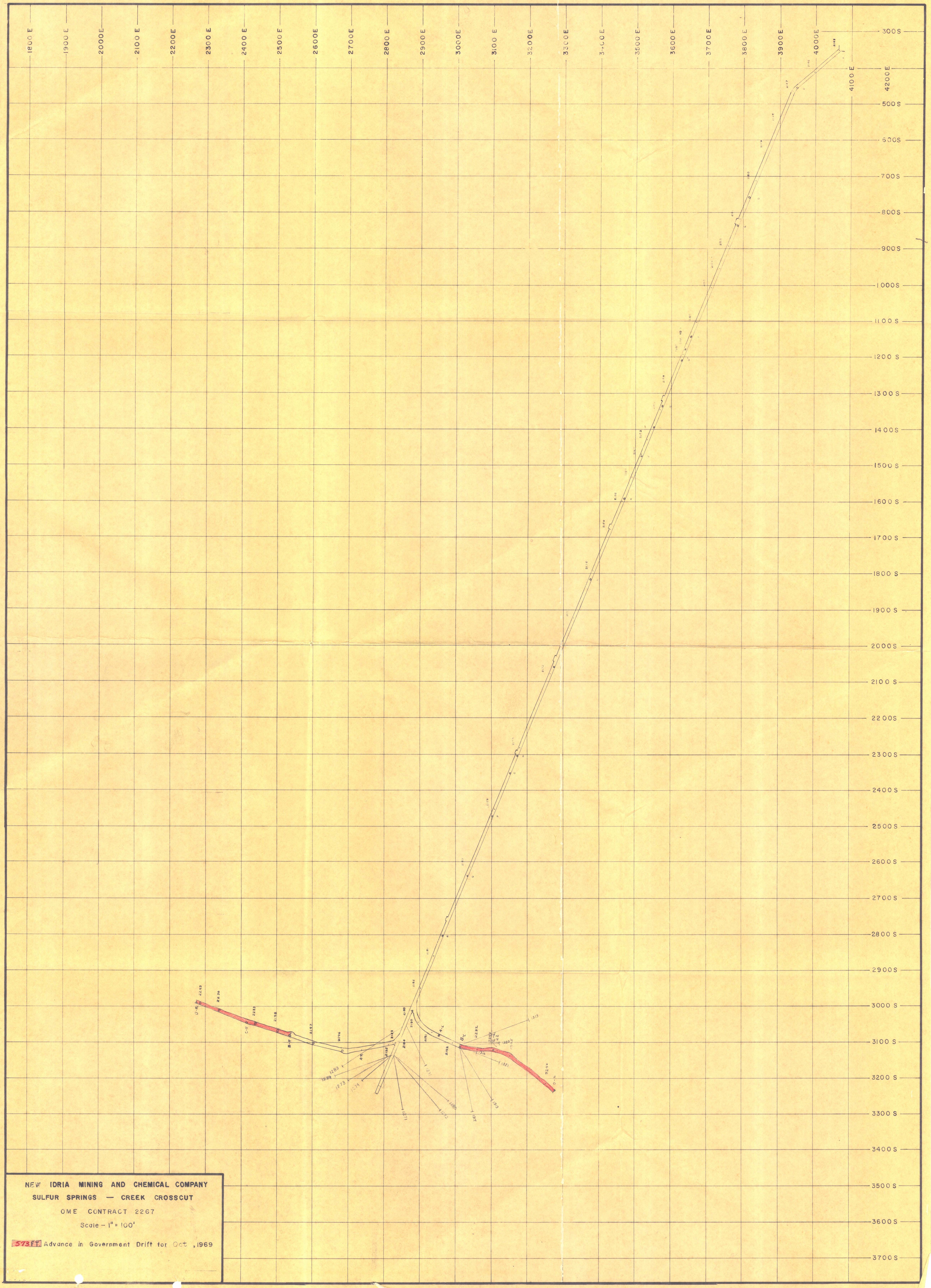
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale - 1" = 100'
468 FT.
Advance in Government Drift for Sept, 1969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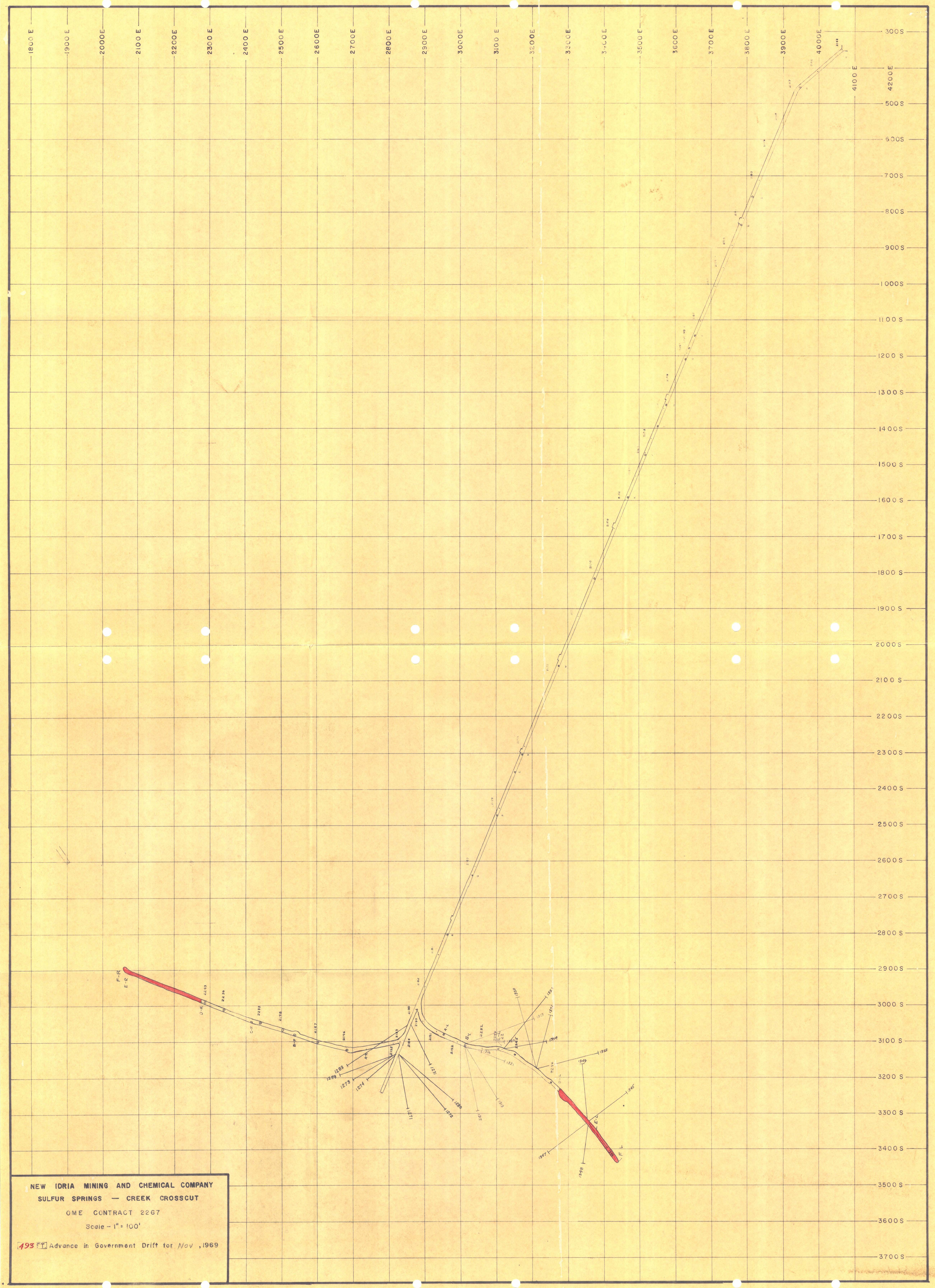
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale – 1" = 100'
573 FT. Advance in Government Drift for Oct, 1969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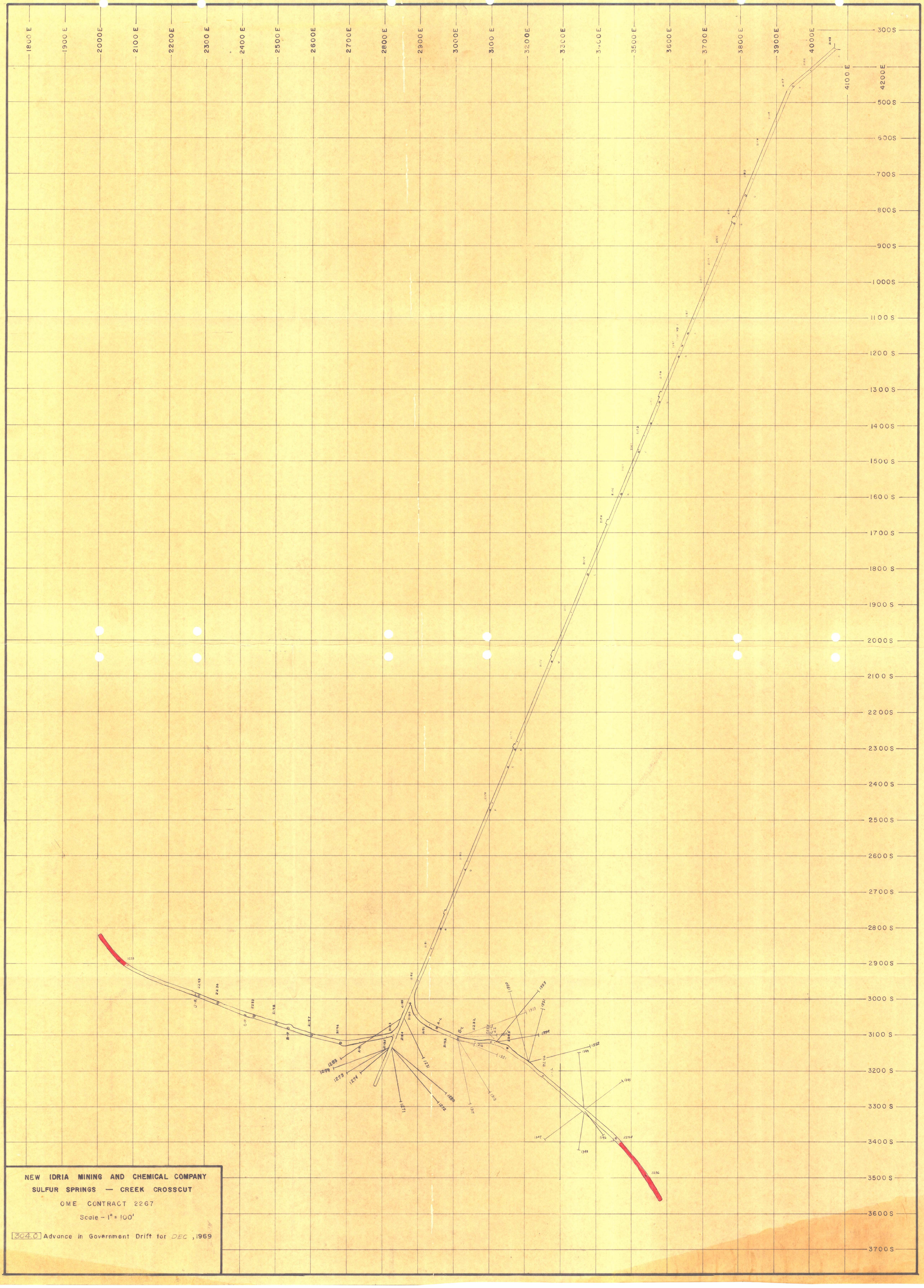
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale - 1" = 100'
493 FT. Advance in Government Drift for Nov, 1969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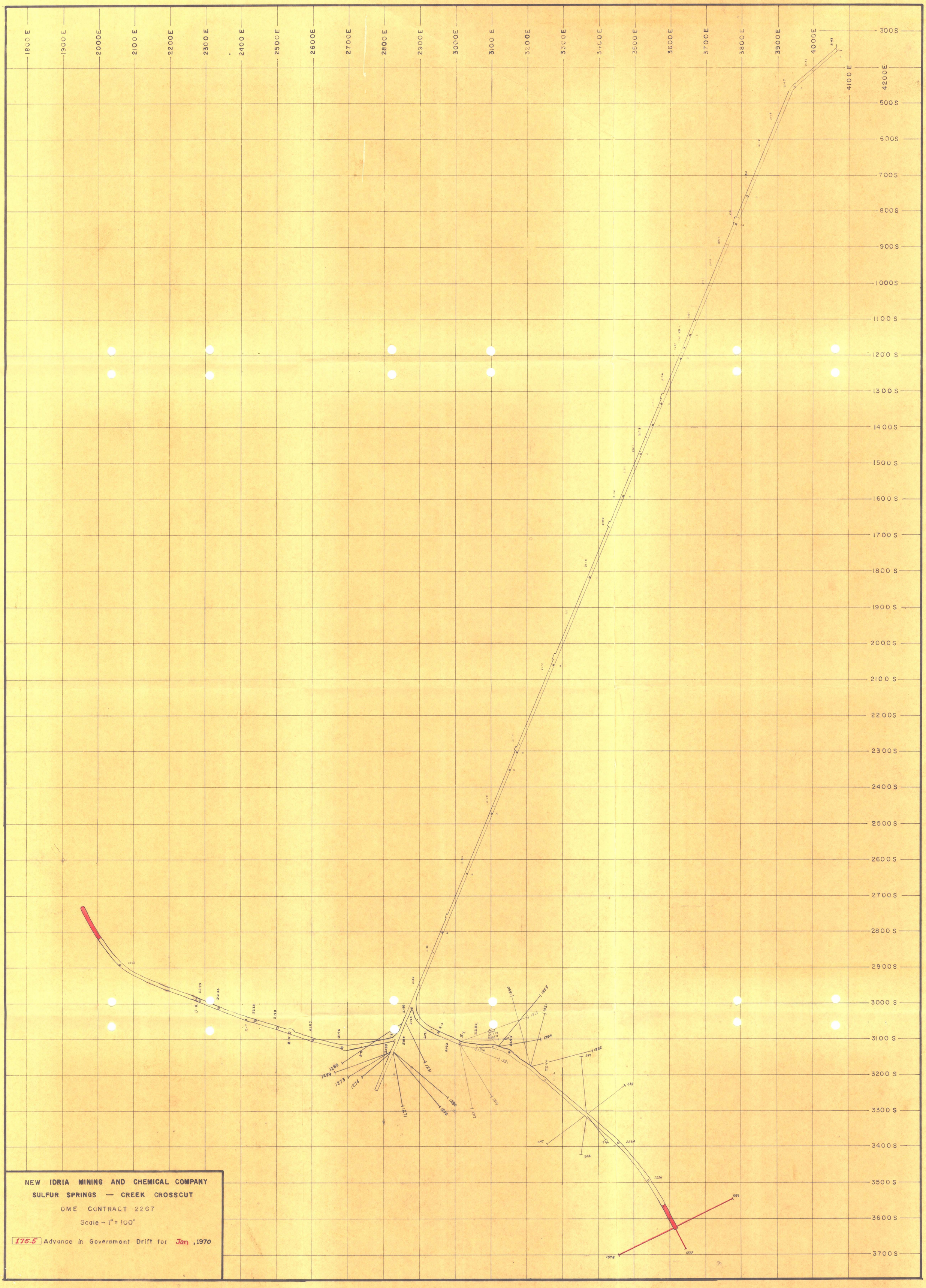
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale – 1" = 100'
304.0 Advance in Government Drift for DEC , 1969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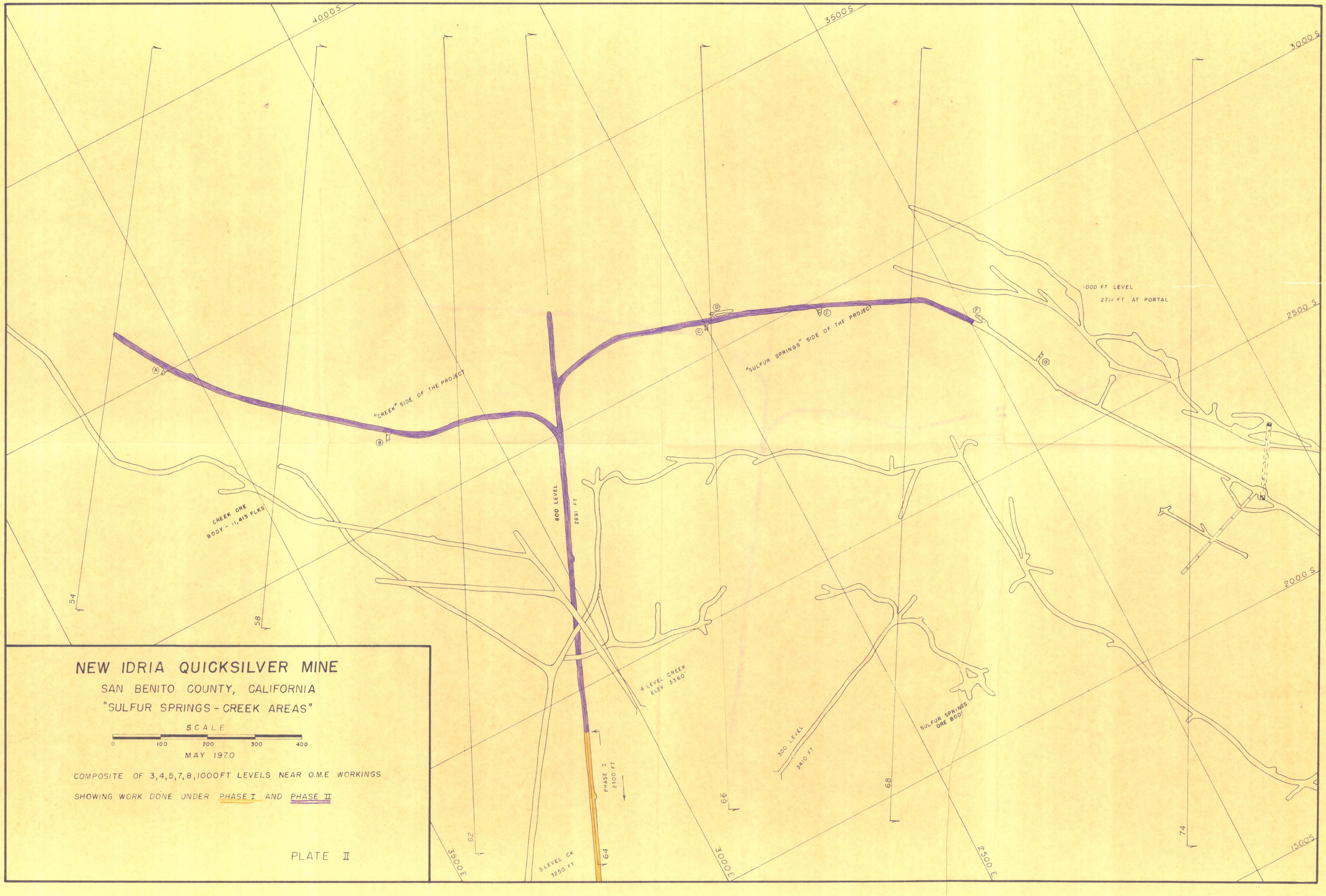
NEW IDRIA MINING AND CHEMICAL COMPANY
SULFUR SPRINGS — CREEK CROSSCUT
OME CONTRACT 2267
Scale - 1" = 100'
175.5 Advance in Government Drift for Jan ,1970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1000 FT LEVEL
2711 FT AT PORTAL
"SULFUR SPRINGS" SIDE OF THE PROJECT
"CREEK" SIDE OF THE PROJECT
A
B
C
D
E
F
G
800 LEVEL
2891 FT
CREEK ORE
BODY - 11,413 FLKS
54
58
62
64
66
68
74
4 LEVEL CREEK
ELEV 3360'
300 LEVEL
3410 FT
SULFUR SPRINGS
ORE BODY
PHASE I
2300 FT
5 LEVEL CK
3250 FT
3500 E
3000 E
2500 E
NEW IDRIA QUICKSILVER MINE
SAN BENITO COUNTY, CALIFORNIA
"SULFUR SPRINGS - CREEK AREAS"
SCALE
0
100
200
300
400
MAY 1970
COMPOSITE OF 3,4,5,7,8,1000FT LEVELS NEAR O.M.E WORKINGS
SHOWING WORK DONE UNDER PHASE I AND PHASE II
PLATE II

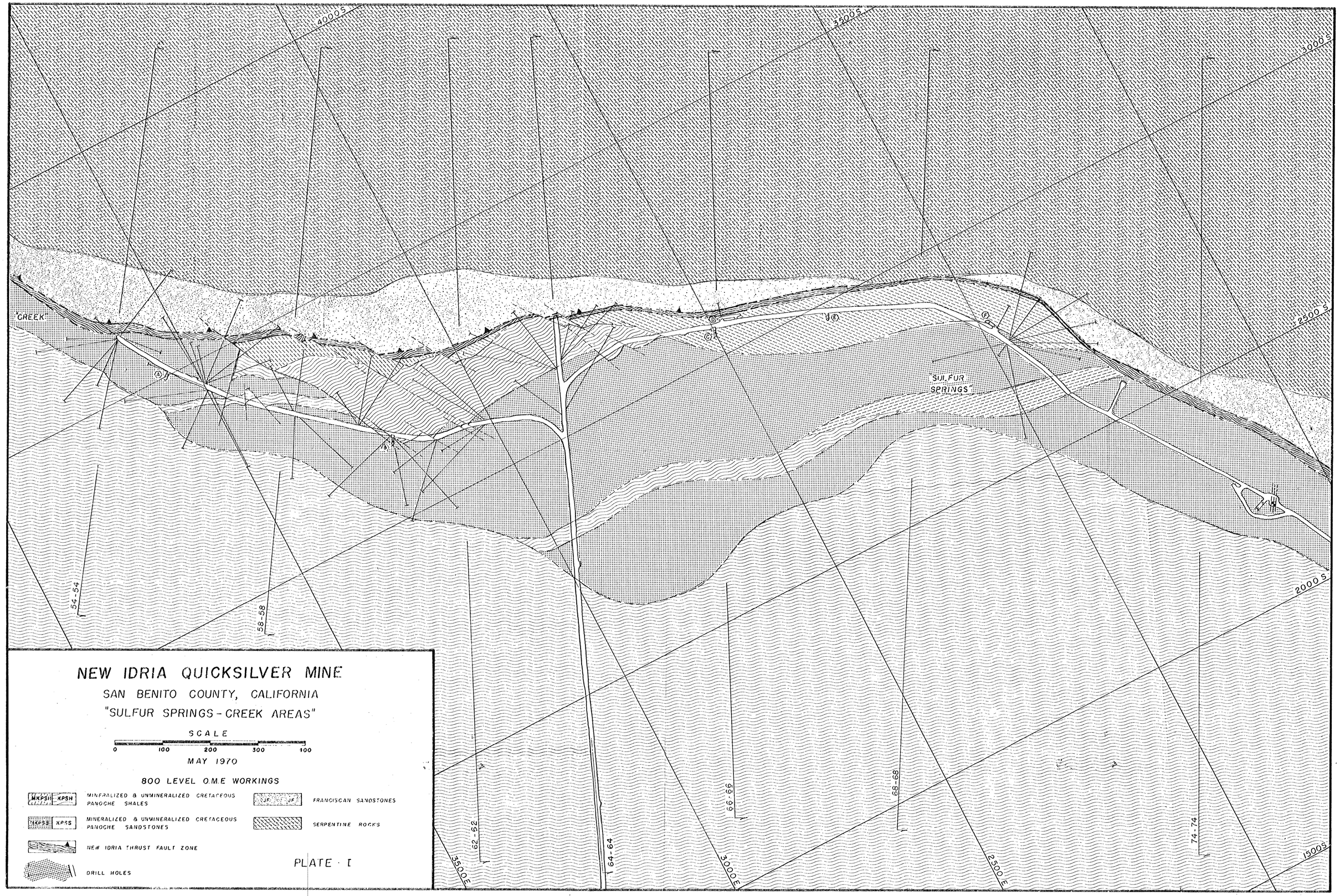
4000 S
3500 S
3000 S
2500 S
2000 S
1500 S
CREEK
SULFUR SPRINGS
A
B
C
D
E
F
54-54
58-58
29-29
64-64
69-69
68-68
74-74
3500 E
3000 E
2500 E
NEW IDRIA QUICKSILVER MINE
SAN BENITO COUNTY, CALIFORNIA
"SULFUR SPRINGS - CREEK AREAS"
SCALE
0 100 200 300 400
MAY 1970
800 LEVEL O.M.E WORKINGS
MKPSH KPSH MINERALIZED & UNMINERALIZED CRETACEOUS PANOCHE SHALES
MKPSS KPSS MINERALIZED & UNMINERALIZED CRETACEOUS PANOCHE SANDSTONES
NEW IDRIA THRUST FAULT ZONE
DRILL HOLES
JF FRANCISCAN SANDSTONES
SERPENTINE ROCKS

PLATE I