DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 981

DMEA NO. 4214

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [x] Closing Letter
- [x] Cost Audits
- [x] Termination Notice or Agreement 6/21/57
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final) 10/24/57
- [x] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab) - 8/57
- [x] Operator's Final Report (Tab) - 7/31/57
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [x] Project Summary (Interim) by DMEA Engineers

Right Side

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

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

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-8981, Docket DMEA-4214 (copper), dated July 27, 1956, with

Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as San Pedro Mine located in Santa Fe County, New Mexico, during the period December 1, 1960, through October 23, 1961.

A certification of discovery or development was issued on September 6, 1957, and, in accordance with Article 6 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated August 7, 1957, indicated accepted costs under the exploration contract amounting to $58,881.66 with the Government's contribution, on a 50 percent basis, being $29,440.83.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales of copper ore for the period to be $7,541.94. Royalty due the Government at rates specified in the contract is $377.11.

A prior Report of Royalty Review found the sales of copper and manganese ores subject to Government royalty through November 30, 1960, to be $11,992.45 which added to the sales for this subsequent period make a total of $19,534.39. The royalty account as of November 30, 1960, was:

Total Royalty Due	$597.88
Total Royalty Paid	573.12
Balance of Royalty Due	$ 24.76

At October 23, 1961, the royalty account of this project was found to be:

Total Royalty Due	$974.99
Total Royalty Paid	974.99
Balance of Royalty Due	$ -0-

October 25, 1961

E. D. Talbert, OME Auditor

Idm-8981 Mercury Uranium & Oil Company DMEA-4214

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Operator under the exploration project contract terminated its lease of the property effective August 10, 1958, by notice dated May 19, 1958. Effective August 26, 1958, the property was leased to Tom B. Scartaccini, Golden via Sandia Park, New Mexico. During mid-1961 the property was optioned to Allison Mines, Inc., Box 13388, Phoenix, Arizona.

From the date of the contract until termination of its lease, no sales of production were made by the Operator. From September 1958 through June 1961 shipments of copper ores were made by Tom B. Scartaccini to the A. S. & R. Company's smelter at El Paso, Texas. During 1959 a shipment of manganese ore also was made to the McBride Blending Company, Deming, New Mexico. Allison Mines, Inc., made only one shipment, a carload lot during August 1961 to the El Paso Smelter of the A. S. & R. Company.

This review included a recomputation and tabulation of the settlement sheets applicable to sales of copper ores during the period subsequent to the prior review. The tabulation is filed with my audit work papers, but is summarized together with the findings of prior reviews, as follows:

	This Review	Prior Reviews		Totals
Ores	Copper	Copper	Manganese	
Short Dry Tons	304.52	503.37	13.93	821.82
Proceeds	$10,144.74	$15,927.99	$645.10	$26,717.83
Allow. Deductions	2,602.80	4,580.64	-	7,183.44
Subject to Royalty	$ 7,541.94	$11,347.35	$645.10	$19,534.39
Royalty Payable	$ 377.11	$ 565.62	$ 32.26	$ 974.99

The last settlements included in the foregoing summary were nos. 1700, dated July 21, 1961, and 2184, dated September 1, 1961, covering shipments by Tom B. Scartaccini and Allison Mines, Inc., respectively.

The $24.76, stated in the December 6, 1960, Report of Royalty Review as a balance of royalty due, was paid by Mr. Scartaccini on December 8, 1960.

On October 3, 1961, the San Pedro Mine was inactive and Mrs. Chrystine W. Williams, one of the owners of the property, informed the Acting Field Officer, OME Region III, that the Allison Mines, Inc., had given up its option after making only the one shipment included in the summary findings above.

Under the provisions of the contract the Operator, Mercury Uranium & Oil Company, remains as surety for payment of the Government's percentage royalty on any mineral production even though it is not the producer.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that all production has been accounted for and proper royalty thereon paid;

(2) The property is presently inactive; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

MME Form 22
Dec. 60

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name and Address

Mercury Uranium & Oil Company

600 Coal Ave., S.W.

Albuquerque, New Mexico

Contract No.	Docket No.
Idm E981	DMEA 4214

Prepared by (Signature)	Date
Hugh M. Connors	October 23, 1961

Hugh M. Connors

Yes	No		
		1. (a)	Does the Operator stockpile ore subject to royalty repayment?
		(b)	If so, is segregation and identification procedure adequate?
		2. (a)	Does the Operator commingle production subject to DMEA or OME royalties with exempt production?
		(b)	If so, is the allocation of the commingled production equitable?
		3. (a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?
		(b)	If so, are adequate records maintained on such material to protect the Government's interest?
		4.	Are the assay controls in effect adequate?
		5.	Does the manner of disposing of production give the Government its fair royalty returns?
		6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?
		7.	Does the Operator buy from or sell to other Operators?
		8.	Current status of property. (Check one).
			Operating.
	x		Inactive.
			Abandoned.

August 1961 Date of last production if not operating.

Comment on items 1(b), 2(b), 3(b), and 4 to 6, if answer is No:

The property was mined last by Allison Mines, who made one shipment of ore to the smelter. We received royalty on that lot of ore, Smelter lot No. 2184.

84861-60

Received
220

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E981, Docket No. DMEA-4214 (Copper), dated July 27, 1956, with

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as San Pedro Mine located in Santa Fe County, New Mexico, during the period October 2, 1959, through November 30, 1960.

A certification of discovery or development was issued on September 8, 1957, and, in accordance with Article 6 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated August 7, 1957, indicated accepted costs under the exploration contract amounting to $58,881.66 with the Government's contribution, on a 50 percent basis, being $29,440.83.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales of copper and manganese ores for the period to be $4,902.34. Royalty due the Government at rates specified in the contract is $244.40.

A prior Report of Royalty Review found the sales subject to Government royalty through October 1, 1959, to be $7,090.11 which added to the sales for this subsequent period make a total of $11,992.45. The royalty account as of October 1, 1959, was:

Total Royalty Due	$353.48
Total Royalty Paid	360.98
Overpayment of Royalty	$ 7.50

At November 30, 1960, the royalty account of this project was found to be:

Total Royalty Due	$597.88
Total Royalty Paid	573.12
Balance of Royalty Due	$ 24.76

C. E. Fisher

December 6, 1960

C. E. Fisher, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Operator named in the contract did not sell any production from the property between the date of the exploration contract and August 10, 1958, when it surrendered its lease on the property. Mining operations have been conducted by Tom B. Scartaccini under terms of a lease and agreement entered into August 26, 1958. He sells copper ore to American Smelting and Refining Company, El Paso, Texas. In addition, one sale of manganese ore was made during 1959 to McBride Blending Company, Deming, New Mexico.

My review included the recomputation and tabulation of copies of settlement sheets received in support of royalty payments applicable to the sales of copper ore and a computation of the royalty due on the sale of the manganese ore. This tabulation is filed with my audit work papers and is summarized on the attached Exhibit "A".

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) Inspection reports by field representatives of the Government and other information in the Washington office files indicate that all production since the date of the exploration contract has been accounted for and proper royalty has been received except as indicated on Exhibit "A"; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Exhibit "A"

Idm-E981 | Mercury Uranium and Oil Company | OMEA-4214

Summary of Production, Sales and Royalty

	Copper Ore	Manganese Ore	Totals
Production			
Short wet tons	516.71	?	
Short dry tons	503.37	13.93	
Sales			
Value	$15,927.99	$645.10	$16,573.09
Allowable deductions:			
Freight	(3,935.86)	-0-	(3,935.86)
Other	(644.78)	-0-	(644.78)
Amount subject to royalty	$11,347.35	$645.10	$11,992.45
Royalty due	$ 565.62	$ 32.26	$ 597.88
Royalty paid	573.12	-0-	573.12
Balance of royalty due	$(7.50)	$ 32.26	$ 24.76*

* Comprised of the following:

Sales of manganese ore (fall of 1959)		$ 32.26
Overpayments:		
Liquidation No. 2744	$ 4.64	
" " 2789	2.86	7.50
Net balance of royalty due		$ 24.76

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Mercury Uranium and Oil Company

Address 600 Coal Ave., S. W.

Albuquerque, New Mexico

Exploration Contract No. Idm E981 Docket No. DMEA 4214

			Check One Yes	Check One No
1.	(a)	Does the Operator stockpile ore subject to royalty repayment?		X
	(b)	If so, is segregation and identification procedure adequate?		
2.	(a)	Does Operator commingle production subject to DMEA or OME royalties with exempt production?		X
	(b)	If so, do you consider the allocation of the commingled production equitable?		
3.	(a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
	(b)	If so, are adequate records maintained on such material to protect the Government's interest?		
4.		Do you consider the assay controls in effect are adequate?	X	
5.		Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.		Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	X	
7.		Does the Operator buy from or sell to other Operators?		X
8.		Comment on any item 2 (b) to 6 if answer is No.		

11-28-60
Date

Hugh M. Connors
Mining Engineer
Hugh M. Connors

DMEA Form 7
(12-55)

OFFICIAL FILE COPY

Date	Surname	Code
8/28	Griswold	500
	Long	140
	Sanger	140
9/5	Talbot	800
9/6	Brady	130
9/6	Selfridge	130
9/6	Killegaard	130
		110
9/9	P	100
		225
		500

SEP 9 1957

Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Anderson:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-E981, dated July 27, 1956, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all minerals mined or produced from July 27, 1956, to July 27, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $29,440.83 which the Government has advanced as its participating interest is repaid.

Payments should be made to Mr. W. H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. King at six-month intervals that such is the case.

Sincerely yours,

Frank E. Johnson
ACTING Administrator

Enclosures

Mr. Griswold
Chron.
Manuel A. Sanchez, Attorney
Mr. Claude S. Sena, Administrator of the Estate of Charles L. Bradbury, deceased

Op. Committee
Cont. Adm & Audit Div.
Finance Office
Region III (2)
Mr. Johnson

WRGriswold/er 8/28/57
Copy to: Docket
Mr. C.A. Fredell, DR.TDS.DMS
Mr. Lamb, USBM
Mr. Killegaard, USGS
Admr R File

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/28	Griswold	500
	Long	140
"Appd. Sol. Off."	Dunger	140
9/6	Talbot	800
9/6	Bishop	130
9/6	Jellinger	130
9/6	Kiilsgaard	130
		110
		100
		225
		500

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

Pursuant to the provisions of Exploration Project Contract No. Idm-E981, dated July 27, 1956, Docket No. DMEA-4214, hereinafter called the "contract", between Mercury Uranium and Oil Company, a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Diamond drilling from underground locations in the San Pedro mine has proved the existence of copper ores occurring as replacements in limestone.

Dated: SEP 6 1957

WRGriswold/er 8/28/57
Copy to: Docket
Mr. C. A. Fredell, DR.TDS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Admr R File
Op. Committee
Cont. Adm & Audit Div.
Finance Office
Region III (2)
F. E. Johnson
W. R. Griswold
Chron.
Manuel A. Sanchez, Attorney
Mr. Claude S. Sena, Administrator of
the Estate of Charles L. Bradbury, deceased

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals
Exploration Administration

8623

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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		120K
		220

NOV 15 1966

Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: NMSA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-8961

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated September 6, 1957, all minerals mined or produced from July 27, 1956, to July 27, 1966, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Mr. Manuel A. Sanchez, P.O. Box 666, Santa Fe, N.M., 87501
Director's Reading File
Division File
Economic Geology File
OME Reading File
Docket
Br. of Budget & Finance

Region III
120M

MMerrithew/mm (11/16/66)

23263

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract Idm-E981, Docket No. DMEA 4214 (Copper) dated July 27, 1956, with

Tom B. Scartacini, Lessee
Golden, New Mexico
Via Sandia Park
Formerly Mercury Uranium and Oil Company
Albuquerque, New Mexico
(Charles F. Williams et al, Owners)

for the purpose of determining the amount of royalties due the United States Government on the sale of copper ores produced from the San Pedro Mine, located in Santa Fe County, New Mexico, during the period July 27, 1956 to October 1, 1959.

The status of the project, scope of review and reasons therefor are stated on Page 2.

My review established the total sales of copper ores for this period to be $7,090.11 (See Schedule attached). Royalty due the United States Government at the contract rates of 1½ percent to 5 percent is $353.48. The royalty paid and the balance due are as follows:

Total Royalty Due	$353.48
Total Royalty Paid	360.98
Balance Due (Overpayment)	7.50

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 5 1959

DATE	INITIALS	CODE
10/5	RCW	225
		~~800~~
		500
		225

October 2, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

STATUS OF PROJECT, DESCRIPTION OF REVIEW AND REASONS THEREFOR

CONTRACT NO. IDM-E981 DOCKET NO. DMEA 4214

A Certificate of Discovery or Development was issued on September 6, 1957, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated August 7, 1957, indicates accepted costs under the exploration contract of $58,881.66, with the Government's contribution on a 50 percent basis being $29,440.83.

According to a letter to the Executive Officer of the Field Team, Region III, dated September 8, 1958, from Manuel A. Sanchez, Attorney at Law, the Mercury Uranium and Oil Company surrendered its lease on the property on May 9, 1958, effective as of August 10, 1958.

The property was subsequently leased to Mr. Scartacini, who began the sale of ore to the American Smelting and Refining Company in September 1958.

My review included a tabulation and recomputation of all liquidation settlement sheets covering the sale of ore in the files of the Executive Officer, CMX Field Team for the period July 27, 1956 to October 1, 1959, reconciliation of ore production with the Field Team's Semi-Annual Reports issued during the period and reconciliation of royalty payments received with the records of the CMX Finance Office, Denver, Colorado.

The review was made in lieu of an on-site audit of the producer's accounts and records for the following reasons:

(a) All reported production was adequately supported by copies of Liquidation Settlement Sheets issued by the purchaser of the ore who made royalty payments direct to the Government.

(b) Production was reconciled with the Field Team's Semi-Annual Reports for Certified Projects.

(c) The administrative cost to the Government of an on-site audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

TOM B. SCARTACINI
GOLDEN, NEW MEXICO VIA SANDIA PARK
FORMERLY MERCURY URANIUM AND OIL COMPANY

CONTRACT NO. IDM-E981 DOCKET NO. DMRA 4214

SUMMARY OF PRODUCTION, SALES AND ROYALTY
For the Period July 27, 1956 to October 1, 1959

All Sales to American Smelting and Refining Company

Gross Weight, Pounds		621,100	
Moisture Content, Pounds		13,672	
Dry Weight, Pounds		607,428	
Dry Weight, Tons		303.714	
Gross Value		$9,641.97	
Less:			
Freight and Hauling	$2,286.58		
Reset charge	6.28		
Umpire Fees	53.00		
Representation	202.00		
Sampling	4.00		
Total Deductible Charges		$2,551.86	
Net Smelter Value			$7,090.11
Average Value Per Ton		$ 23.34	
Average Royalty Percentage		4.985%	
Total Royalty Due		$ 353.48	
Total Royalty Paid		360.98	
Overpayment			7.50

Schedule of Overpayment

1958			
October 29	Liquidation No. 2744	4.64	
November 3	Liquidation No. 2789	2.86	
			$ 7.50

The last liquidation settlement sheet included in above data is No. 1514, dated August 3, 1959. The last certificate of Deposit is 60-16, dated August 6, 1959.

Check Sheet 10/1/59

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Tom B. Scartacini, Lessee

Address Golden, New Mexico Via Sandia Park
Formerly Mercury Uranium and Oil Company
Albuquerque, New Mexico
(Charles F. Williams et al, Owners)

Exploration Contract No. Idm-E981 Docket No. DMEA 4214

SAN PEDRO MINE
Santa Fe County, New Mexico

			Check One Yes	Check One No
1.	(a)	Does the Operator stockpile ore subject to royalty repayment?		
	(b)	If so, is segregation and identification procedure adequate?		
2.	(a)	Does Operator commingle production subject to DMEA or OME royalties with exempt production?		
	(b)	If so, do you consider the allocation of the commingled production equitable?		
3.	(a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		
	(b)	If so, are adequate records maintained on such material to protect the Government's interest?		
4.		Do you consider the assay controls in effect are adequate?		
5.		Do you consider that the manner of disposing of production gives the Government its fair royalty returns?		
6.		Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?		
7.		Does the Operator buy from or sell to other Operators?		
8.		Comment on any item 2 (b) to 6 if answer is No.		

9. Remarks - The latest information available is contained in the Semiannual Report of Certified Project for the period July 1, 1958 through December 31, 1959. — ?

See 10/6/59 memo to auditor attached
Talbot

October 1, 1959
Date

Mining Engineer
J. W. Townsend
Executive Officer

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/6	Fisher	800
10/6	C	220
10/7	Griswold	~~500~~
		225

OCT 6 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-4214 (Cooper)
Mercury Uranium and Oil Company
Contract No. Idm-8981

The Check Sheet of Examining Engineer accompanying the Report of Royalty Review on the subject project is incomplete in that questions Nos. 1 to 7 have not been answered. It would seem that such information is available as a result of Mr. Belser's examination for the Semi-Annual Report of Certified Project for the period July 1, 1958, through December 31, 1958, reported as made on February 20, 1958 (presumably 1959 was intended). The check sheet reference to the period as July 1, 1958, through December 31, 1959, obviously is a typographical error.

The Report of Royalty Review is approved and normal distribution is authorized; however, it would be appreciated if you would obtain and forward a completed check sheet in duplicate.

CEFisher/ama
October 6, 1959

Copy to: Docket
Director's Reading File
CA & A Division

43683

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
D M E A
RECEIVED AUG 8 1957

DATE	INITIALS	CODE
8-9	JC	
12		
8/12		
8/12		

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

pertaining to Exploration Project Contract No. Idm-2981, Docket No. DMEA-421, including Amendment No. 1, for the months of December, 1956 to March, 1957, inclusive, covering a project for the exploration of copper on property known as San Pedro Mine located in Santa Fe County, New Mexico.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer, DMEA Field Team, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

> All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs for work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by Contractor		$59,081.66
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$200.00	
Herewith	0.00	200.00
Total Accepted Cost		$58,881.66

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-nine thousand, four hundred forty and 83/100ths Dollars

** $29,440.83 **

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

August 7, 1957

T. H. Brading, Auditor

SCHEDULE OF EXCEPTIONS

MERCURY URANIUM AND OIL COMPANY

Contract Idm-2981 Docket DMEA-4214

Operator submitted transcript of assay certificates showing that 40 assays had been completed. None of these certificates showed assay results of tungsten trioxide, and only eleven showed results of gold and silver. Contract provides that samples will be assayed for copper, gold, silver, and tungsten trioxide.

Claim of $200.00 for 40 assays is disallowed.

Disallowance made by Finance Officer, and approved by Auditor.

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 8 1957

DATE	INITIALS	CODE

Government's Copy

TERMINATION AGREEMENT

It is agreed this 21st day of June, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Mercury Uranium and Oil Company, hereinafter called the "Operator," parties to Exploration Project Contract Idm-E981 (Docket No. DMEA 4214), dated July 27, 1956, as amended, hereinafter referred to as the "Contract," that:

1. Effective April 1, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. All rights of the Government provided for in the Contract, with respect to certification of discovery or development, percentage royalty, and lien for its payment, records, audits, and recovery of any overpayment, are preserved.

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

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

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Defense Minerals Exploration Administration

MERCURY URANIUM AND OIL COMPANY

By Ray C. Wood
Title Vice President

Docket
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DMEA
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DATE	INITIALS	CODE
2/21	C	220
		225

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. DMEA-4214

AMENDMENT NO. 1

It is agreed this 6th day of February, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Mercury Uranium & Oil Company, that Contract No. Idm-E981 (Docket No. DMEA-4214), dated July 27, 1956, is hereby amended, effective as of July 27, 1956, as follows:

1. In Exhibit "A," under the heading Description of the Work, Item 1 of Stage I is revised to read as follows:

"1. Diamond drilling 31 diamond drill holes. The approximate locations, directions, inclinations and depths of these holes are shown on 'Table I (to accompany Figure 3) Proposed Diamond Drill Holes' (attached to the Contract), and are also shown, for holes 30 and 31 only, on two maps, entitled respectively, 'Fig. 1-A Plan San Pedro Mine' and 'Fig. 2-A, Section San Pedro Mine,' (attached to this Amendment No. 1). The total amount of diamond drilling shall not exceed 6200 feet of drill holes.

2. In Table I attached to Exhibit "A," the following is added:

"Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in Feet	Objective
30	1277	3320	N 78° E	-60°	250	To test for the extension of the marble line
31	1277	3320	S 78° W	-60°	250	To cut the favorable beds below 31-11 stope"

3. In Exhibit "A," under the heading Description of the Work, Item 2 of Stage I is revised to read as follows:

"Not to exceed 255 feet of drifting to the north from Stope 31-11 to test for an extension of the ore zone which is reported to have been incompletely mined."

4. In Exhibit "A," under the heading, Fixed Unit Costs, Items 1 and 2 of Stage I are revised to read as follows:

"1. 6200 feet of diamond drilling (item 1) @ $7.50/ft. $46,500.00

2. 255 feet of drifting (item 2) @ $39.50/ft. (rounded to) 10,075.00"

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

THE UNITED STATES OF AMERICA

By C. Mittenbergs
Administrator, Defense Minerals
Exploration Administration

MERCURY URANIUM & OIL COMPANY

By [illegible]

Title President

Indexing 2/1/57
Dungan
J. Alb
Greenwell
Chambers
Selfridge
Johnson

Docket copy

3

MF-200A
(Rev. April 1956)

JUL 23 1953

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

DMEA No.	*Commodity*	*Contract No.*	*County*	*State*
4214	Copper	*Idm–E* 981	Santa Fe	New Mexico

JUL 27 1956

It is agreed ....., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and ....MERCURY URANIUM & OIL COMPANY, a New Mexico corporation....

whose mailing address is San Pedro Mine Division
112 8th Street, N.W., Albuquerque, New Mexico
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....September 15, 1956...., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within ....18.... months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $105,300.00..... The Government will contribute ....50.... percent of the fixed unit cost of the work performed, not exceeding $52,650.00....., in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: ....none....

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached, as follows: ....Consent to Lien of the landowners.

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

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

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill-hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. F. Mittendorf
Administrator, Defense Minerals
Exploration Administration

MERCURY URANIUM & OIL COMPANY
(Operator)

By Carl C. Anderson

President

I, Dave Jo Anderson, certify that I am the secretary of the corporation named as Operator herein; that Carl C. Anderson, who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

FROM SOLICITOR
JUN 25 1956
FOR SIGNATURE

Rykin
Dunyo
"Appd Sol. Off."
J.AB
Griswold
Chapelus
Selfridge
Hofmann

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. RMA-4314

ANNEX I

The land referred to in Article 2 of the contract consists of 21 patented claims and 14 unpatented claims lying in the New Placers Mining District, Santa Fe County, New Mexico, as listed in a Lease and Option Agreement dated February 9, 1956, between the Operator and Charles L. Bradbury et al., and in Consent to Lien attached to this contract, and the claim descriptions in said Agreement and said Consent to Lien are incorporated herein by reference. All but 4 of the claims (Mountain View, Colusa, Gray Horse, and Gray Horse Millsite) are shown on the attached map entitled "Figure 2 - Claim Map, Mercury Uranium and Oil Co., San Pedro Copper Mine, Santa Fe County, New Mexico."

The nature of the Operator's rights of property in the land and of possession therein is described in the Lease and Option agreement referred to in the first paragraph of this Annex I.

DATED this 8th day of June, 1956.

CHARLES F. WILLIAMS
CHRYSTINE W. WILLIAMS
MARJORIE H. BRADBURY

By Manuel A. Sanchez
Their attorney-in-fact

Claude S. Sena
Administrator of the Estate of
Charles L. Bradbury, deceased.

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator [redacted]
Docket No. DMEA-[redacted]
Contract No. Idm-E 981
Contract Date JUL 27 1956

CONSENT TO LIEN

RECEIVED
JUN 15 1956

To the United States of America:

Referring to that certain land in the County of [redacted], State of [redacted], described as follows:1/

[redacted]

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

[redacted]

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of _____, 195__.

[redacted] (Seal) _____ [redacted] [Seal]

_____ [redacted] [Seal]

_____ [redacted] [Seal]

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

_____

[Corporate Seal]

ANNEX I

Patented Mining Claims

Name	Mineral Survey No.	Book	Page
Ayer	951-A	K Mining Records	388
Virginia	951-B	K Mining Records	388
Copper Belle	951-C	K Mining Records	388
Montezuma	951-D	K Mining Records	388
Giblin	951-E	K Mining Records	388
Hoosier Girl	951-F	K Mining Records	388
White	951-G	K Mining Records	388
Puzzle	951-H	K Mining Records	388
Richman	951-I	K Mining Records	388
Ella	951-J	K. Mining Records	388
Magnolia	951-K	K Mining Records	388
Frankfort	951-L	K Mining Records	388
Bonanza	951-M	K Mining Records	388
Mountain View	952-A	K Mining Records	339
Colusa	952-B	K Mining Records	339
Grey Horse	952-C	K Mining Records	339
Grey Horse Millsite	952-D	K Mining Records	339
Abe Lincoln	1014	_Mining Records	—
Ingersoll	974	_ Mining Records	—
Anaconda	975	_ Mining Records	—
Beautiful Boy	973	E Mining Records	415

UNpatented Mining Claims

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Locations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezuma Extension	"O" Mining Locations	566
Swan Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	565
San Pedro	"O" Mining Locations	568
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	569
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	570

RECEIVED
JUN 15 1956

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That Charles F. Williams and Chrystine W. Williams, his wife, of Santa Fe, New Mexico, and Charles L. Bradbury and Marjorie H. Bradbury, his wife, of St. Petersburg, Florida, have made, constituted and appointed, and by these presents do make, constitute and appoint Manuel A. Sanchez of Santa Fe, in the County of Santa Fe and State of New Mexico, our true and lawful attorney for us, and in our name, place and stead, to lease, sell, transfer, convey or in any other manner whatsoever dispose of any portion or all of the mining and mineral claims and mining property of whatsoever kind, nature or character, situate in the County of Santa Fe, State of New Mexico, owned or claimed by said Charles F. Williams and Chrystine W. Williams, his wife, and Charles L. Bradbury and Marjorie H. Bradbury, his wife.

GIVING AND GRANTING unto our said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as we might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 6th day of February, 1956.

(sgd) CHARLES F. WILLIAMS

(sgd) CHRYSTINE W. WILLIAMS

(sgd) CHARLES L. BRADBURY

(sgd) MARJORIE H. BRADBURY

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

On this 6th day of February, 1956, before me personally appeared Charles F. Williams and Chrystine W. Williams, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal on this the day and year first above written.

(SEAL)
My commission expires:
Feb. 17, 1959.

(sgd) JOYCE FRANKE
Notary Public

STATE OF FLORIDA)
: ss.
COUNTY OF PINELLAS)

On this 13th day of February, 1956, before me personally appeared Charles L. Bradbury and Marjorie M. Bradbury, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal on this the day and year first above written.

(sgd) R. J. HAYNSWORTH
Notary Public
Notary Public, State of Florida at Large
My Commission expires June 28, 1958

(SEAL)

RECEIVED
JUN 15 1956

IN THE PROBATE COURT OF THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

In the Matter of the Estate of Charles L. Bradbury, deceased.	)))	No. 2758.

ORDER APPOINTING ADMINISTRATOR

The petition of Marjorie H. Bradbury for the appointment of administrator of the estate of Charles L. Bradbury, deceased, in the State of New Mexico, came on to be heard this day, and the evidence having been submitted, the Court finds:

1. That Charles L. Bradbury departed this life on April 3, 1956, and at the time of his death was a resident of the State of Florida.

2. That said decedent died without leaving a will.

3. That said decedent left real estate and interests in real estate in the County of Santa Fe, State of New Mexico, said real estate and interests in real estate consisting of mining claims and interests in mining claims.

4. That an administration of the estate of said Charles L. Bradbury, deceased, is not now pending in the State of Florida, the place of his last residence.

5. That said decedent left surviving him as his sole and only heirs at law the following relatives at the following addresses:

Marjorie H. Bradbury	widow	6623 15th Street North St. Petersburg, Florida
William H. Bradbury	son	2567 Albion Street Denver, Colorado
Emily B. Jones	daughter	Base Library, 20th Air Base Squadron A.P.O. 120, New York, New York
Marjorie B. Smith	daughter	U.S.Army Dispensary, Landsut, Germany, A.P.O. 225, New York, New York
Anne Walls Bradbury	daughter	6623 15th Street North St. Petersburg, Florida

and that said heirs are each over the age of 21 years.

6. That petitioner, the surviving widow of said decedent, has recommended for appointment as administrator of the estate of said decedent in New Mexico Claude S. Sena of Santa Fe, New Mexico, and that said Claude

S. Sena is a competent person to act as administrator of said estate.

7. That at this time the administrator appointed herein should furnish a surety company bond in a sum not to exceed $2000.00.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Claude S.Sena be and he hereby is appointed administrator of the estate of Charles L. Bradbury, deceased, in the State of New Mexico.

IT IS FURTHER ORDERED that letters of administration issue herein to said Claude S. Sena as administrator of the estate of Charles L.Bradbury, deceased, upon his filing a corporate surety bond in the sum of $2000.00, and his filing the oath as such administrator as required by law.

Dated this 8th day of May, 1956.

(sgd) Jose Eugenio Romero
Probate Judge

CERTIFICATE

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

I, Ramon Valencia, Clerk of the Probate Court of the County of Santa Fe, State of New Mexico, do hereby certify that the above and foregoing two pages of typewritten matter constitute a true, correct and complete copy of the Order Appointing Administrator in Cause No. 2758, Probate Court, County of Santa Fe, State of New Mexico, entitled "In the Matter of the Estate of Charles L. Bradbury, deceased," as the original of said order remains on file and of record in my office;

I further certify that Claude S. Sena qualified as Administrator of the Estate of Charles L. Bradbury, deceased, by filing the oath of office as required by law and by filing a corporate surety bond in the sum of $2000.00 as required in said order of appointment, both having been done on May 8 1956, and according to the records of my office the aforesaid Claude S. Sena is the duly appointed, qualified and acting Administrator of the Estate of Charles L. Bradbury, deceased.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Probate Court of the County of Santa Fe, State of New Mexico, this 11th day of June, 1956.

RAMON VALENCIA
Clerk of the Probate Court
County of Santa Fe, State of New Mexico

By Ella Baldock
Deputy

EXPLORATION PROJECT CONTRACT
MERCURY URANIUM & OIL COMPANY
DOCKET NO. DMEA-4214

EXHIBIT "A"

Description of the Work

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

All workings shall be timbered as necessary.

The drifts shall be not less than 5 feet by 7 feet in cross section in the clear of timber.

The diamond drill holes shall not be less than AX size.

Stage I

The work of Stage I is shown on the attached map entitled "Figure 3, DMEA-4214, Mercury Uranium and Oil Company, San Pedro Copper Mine, Santa Fe County, New Mexico," and consists of the following:

1. Diamond drilling 29 diamond drill holes. The approximate locations, directions, inclinations, and depths of these holes are specified on the attached sheet entitled "Table I (To accompany Figure 3), Proposed Diamond Drill Holes." The total amount of diamond drilling shall not exceed 5,700 feet of drill holes.

2. Not to exceed 350 feet of drifting to the north from Stope 31-11 to test for an extension of the reportedly incompletely mined ore zone.

3. Not to exceed 100 feet of drifting to the north from Stope No. 1 to test for an extension of the No. 1 ore body.

4. Not to exceed 50 feet of drifting in approximately 10 drifts, each 5 feet long, for diamond drill stations.

5. Not to exceed 100 feet of raising, to provide for approximately 10 raises, each 10 feet high, for diamond drill stations.

6. Not to exceed 180 samples of diamond drill core shall be assayed for copper, gold, silver and tungsten trioxide.

7. Not to exceed 60 samples of drift mineralization shall be assayed for copper, gold, silver and tungsten trioxide.

The locations, directions, inclinations, and depths of all diamond drill holes and the locations and lengths of all drifts shall have prior approval of the Government.

Stage II

The work under Stage II, subject to prior approval of the Government, consists of the following:

1. Not to exceed 2,000 feet of diamond drilling. The number of holes, their locations, directions, inclinations, and lengths shall have prior approval of the Government.

2. Not to exceed 200 feet of drifting.

3. Not to exceed 150 feet of raising.

4. Not to exceed 150 feet of winzing.

5. Not to exceed 65 samples of diamond drill core shall be assayed for copper, gold, silver and tungsten trioxide.

6. Not to exceed 30 samples of mineralization in drifts, raises, and winzes shall be assayed for copper, gold, silver and tungsten trioxide.

The locations of all work shall have prior approval of the Government. The size of the raise or raises and of the winze shall be not less than 3 feet by 8 feet in cross section in the clear of timber. All workings shall be timbered as necessary.

Fixed Unit Costs

Stage I

1. 5,700 feet of diamond drilling (item 1) @ $7.50/ft. $42,750.00

2. 350 feet of drifting (item 2) @ $39.50/ft. 13,825.00

3.	100 feet of drifting (item 3) @ $39.50/ft.	$ 3,950.00	
4.	50 feet of drifting (item 4) @ $39.50/ft.	1,975.00	
5.	100 feet of raising (item 5) @ $39.50/ft.	3,950.00	
6.	180 samples (item 6) @ $5.00/sample	900.00	
7.	60 samples (item 7) @ $5.00/sample	300.00	
	Estimated Total Cost, Stage I		$67,650.00

Stage II

1.	2,000 feet of diamond drilling (item 1) @ $7.50/ft.	15,000.00	
2.	200 feet of drifting (item 2) @ $39.50/ft.	7,900.00	
3.	150 feet of raising (item 3) @ $39.50/ft.	5,925.00	
4.	150 feet of winzing (item 4) @ $55.00/ft.	8,250.00	
5.	65 samples (item 5) @ $5.00/sample	325.00	
6.	50 samples (item 6) @ $5.00/sample	250.00	
	Estimated Total Cost, Stage II		37,650.00
	Estimated Total Cost of the Project		$105,300.00
	Government Participation @ 50%		$ 52,650.00

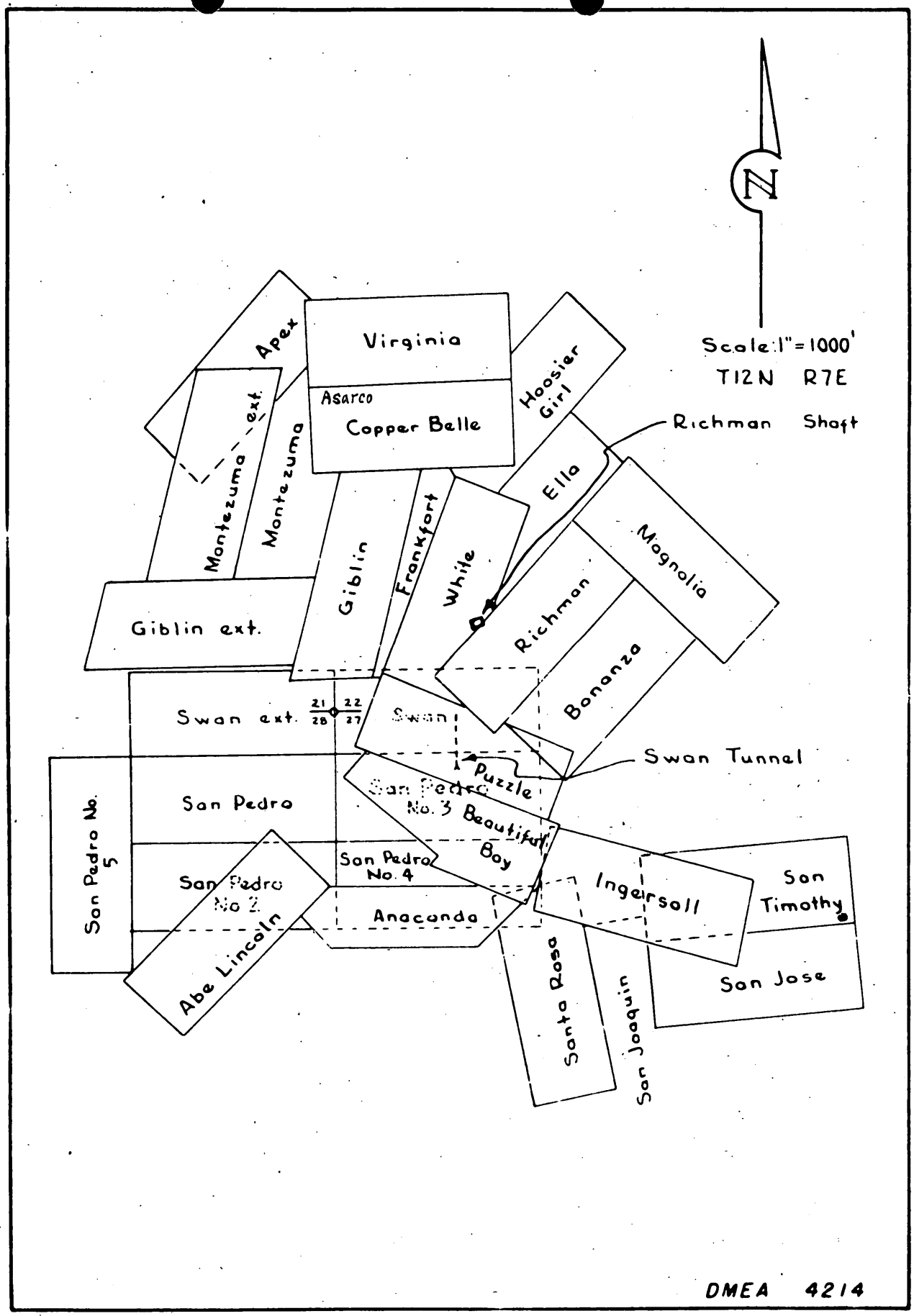

FIGURE-2-CLAIM MAP, MERCURY URANIUM AND OIL CO.

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

TABLE I
(To accompany Figure 3)

PROPOSED DIAMOND DRILL HOLES*

BONA ALLA - SAN PEDRO MINE, SANTA FE COUNTY, NEW MEXICO

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
1	1905	1342	0°	-90°	50	To explore favorable beds below old open-cut.
2	1940	1365	0°	-90°	50	To explore Northward Extension of stopes in Spanish Series.
3	1800	1400	0°	-90°	50	To explore Southward Extension of stopes in Spanish Series.
4	1020	1820	0°	-90°	225	To explore Spanish Series and other beds above quartzite marker.
5	975	1900	0°	-90°	225	Same as #4.
6	933	1985	0°	-90°	225	Same as #4.
7	1110	1795	0°	-90°	225	Same as #4.
8	1195	1800	0°	-90°	225	Same as #4.
9	1135	2125	N12E	+75°	80	To explore all known favorable beds in Spanish Series.
10	1120	2125	N81W	-65°	125	To test limestones at base of favorable bed. Drill to quartzite marker.
11	1070	2755	0°	-90°	900	To test Pennsylvanian limestones beneath monzonite sill.
12	1580	2220	West	-70°	900	Same as 11.
13	1350	2240	West	-70°	900	Same as 11.
14	1193	2190	S70E	-70°	150	To explore limestones below Spanish Series east of Shaft fault.

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
15	1265	2230	S80E	+70°	125	To explore for possible faulted extension of ore mined in old stopes. Drill to rhyolite.
16	1445	2280	S80E	+70°	125	To explore favorable beds east of Shaft fault. Drill to rhyolite.
17	1520	2300	S77E	-70°	150	To explore for favorable limestones below adit level on east side of Shaft fault.
18	1680	2270	N84W	+35°	60	To explore the 50 beds for a possible northward continuation of the No. 1 stope.
19	1792	2190	West	+35°	60	Same as 18.
20	1007	2490	West	-70°	150	To explore mineralized beds below 253 stope.
21	1050	2520	N80E	+80°	50	To explore the 50 beds and other favorable beds above the 41 stope. Drill to rhyolite.
22	1095	2600	N80E	+80°	55	Same as 21.
23	1065	2720	N80E	+80°	55	To explore upper strata of Spanish Series above old stopes.
24	1130	2795	N80E	+80°	60	Same as 23.
25	1135	2895	N80E		70	Same as 23.
26	1070	3025	N80E	+75°	100	Same as 23.
27	1190	3245	N80E	+65°	60	Same as 23.
28	1200	3280	S80W	-57°	200	To explore lower beds of Spanish Series and other beds immediately below the Spanish Series.
29	1210	3335	N80E	+35°	50	To test the marble line on east side of Mill stope.

* The location and depth of these holes are approximate.

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

RECEIVED
MAR 14 1956

March 12, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Aid (Copper), Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico

Enclosed are three copies of the subject application in the amount of $167,401.00.

One copy of the application is being retained in our file.

W. M. Traver

W. M. Traver

Enclosures

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DMEA
Rec'd.
MAR 12 1956
BUREAU OF MINES
Denver, Colorado

RECEIVED
MAR 14 1956

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA 4214
Metal or Mineral Copper
Date Received 3-14-56
Estimated Cost $167,401.00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: MERCURY URANIUM & OIL COMPANY
San Pedro Mine Division
112 8th Street, N. W.
Albuquerque, New Mexico

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See attached sheet and exhibit "B"

(*b*) State any mine name by which the property is known. Sab Pedro Mine.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Under contract to lease and purchase. See Exhibit "B"

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it See Exhibit "B".

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Copper and associated metals and minerals.

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within 10 days and be completed within 15 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

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

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

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.

Dated February 22, 1956.

MERCURY URANIUM & OIL COMPANY
(Applicant)

By [signature]
President

[signature]
Secretary

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

1. (a) Mercury Uranium & Oil Company.
112 8th Street, N. W.
Albuquerque, New Mexico

(b) Corporation organized under the Laws of the State of New Mexico.

(c) President: Carl C. Anderson
112 8th St., N. W., Albuquerque, New Mexico

Vice President: W. A. Rose,
3200 Wheeler, Houston, Texas.

Vice President: H. V. George,
420 Solano, Ave., Albuquerque, New Mexico

Treasurer: Carl C. Anderson, Jr.
1700 Ross Blvd., Albuquerque, New Mexico

Secretary: Marie Jo Anderson,
627 Sierra Drive, Albuquerque, New Mexico.

(d) Not applicable.

3. (a) Section 21, 22, and 28, Township 12 North, Range 7 East, in New Placers Mining District, Santa Fe County, State of New Mexico. See Exhibit "A".

(b) Known as the San Pedro Copper Mine.

(c) Lessee

(d) Exhibit B, 4 copies of Contract, Williams and Bradbury.

(e) Only encumbrances is shown in 3 (d) which is royalty and agreement to build mill. See Ex. B.

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

3. (f) List Patented and List Unpatented Claims.

Patented Mining Claims

Name	Mineral Survey No.	Book	Page
	951-A		
Apex	951-A	K Mining Records	388
Virginia	951-B	K Mining Records	388
Copper Belle	951-C	K Mining Records	388
Montezuma	951-D	K MIning Records	388
Giblin	951-E	K Mining Records	388
Hoosier Girl	951-F	K Mining Records	388
White	951-G	K Mining Records	388
Puzzle	951-H	K Mining Records	388
Richman	951-I	K Mining Records	388
Ella	951-J	K Mining Records	388
Magnolia	951-K	K Mining Records	388
Frankfort	951-L	K Mining Records	388
Bananza	951-M	K Mining Records	388
Mountain View	952-A	K Mining Records	339
Colusa	952-B	K Mining Records	339
Grey Horse	952-C	K Mining Records	339
Grey Horse Millsite	952-D	K Mining Records	339
Abe Lincoln	1014	- Mining Records	—
Ingersoll	974	- Mining Records	—
Anaconda	975	- Mining Records	—
Beautiful Boy	973	B Mining Records	415

Unpatented Mining Claims

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Loeations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezuma Extension	"O" Mining Locations	566
Swan Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	565
San Pedro	"O" Mining Locations	568
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	569
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	570

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

4 (a) This mine was opened in about 1889 and has been operated intermittingly since that date. Its production to date amounts to about $15,000,000.00. Exhibit C shows the underground workings.
It will be necessary to install all equiopment to be used in this exploratory work as all equipment has been removed by last lessee which included rails, air lines and waterlines.
The present lessee has had no interest in any former operations, production oroperating facilities in the mine.
The tunnels shown in Exhibit C are open, there is no timbering to be done except where necessary as the work progress under the program.
The mine is open, well ventilated, and has only a very limited amount of timbering to ne done. Good roads lead to the mine and it can be examined at any time.

(b) Past production is in excess of $15,000,000 and some 75,000 tons of ore reserves are indicated. See Sxhibit C showing stopes and estimated ore bodies.

(c) See Exhibit "D".

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

4. (d) Good roads, mostly oiled highways, lead from Albuquerque over Highway No. 66 and State Highway No. 10, to the mine and mill site. Ore and concentrates would be loaded at Cerrillos, a station on the A. T. & S. Fe Railroad where there are loading facilities. The distance from the San Pedro Mine to Cerrillos is approximately 19 miles.

(e) Ample man power, materials, supplies and equipment are available in both Albuquerque, New Mexico a distance of 38 miles from the mine and in Santa Fe, New Mexico, which is approximately 42 miles from the mine.

Water is available from the Corraban shaft which produces some 780 gallons per minute. This shaft is some 2,000 feet from the mill site.

Diesel power would be used in any permanent installation. No electric power is available at this time.

5. (a) Copper and associated metals. See Exhibit C.

(b) Copper and associated metals.
See Exhibit D showing underground workings and locations of proposed drill holes, etc.

(c) 30 days and be completed in 15 months.

(d) Carl C. Anderson, the applicant, has been engaged in oil well drilling and pipeline work since 1937. He is President of Anderson Brothers Corporation, 3200 Wheeler St., Houston, Texas, Which company is presently engaged in pipeline construction. He has handled his banking business through the Second National Bank of Houston for several years.

The geologist and engineer who will supervise this work is Mr. Florentino Berry Baca, who graduated from New Mexico School of Mines at Socorro, New Mexico in May of 1923. He received the degree of Engineer of Mines from that same school in 1934. He is a member of the American Institute of Mining and Metallurgical Engineers. Mr. Baca is a man of wide experience. In 1926 he was mine engineer for San Francisco Mines of Mexico, Ltd., San Francisco del oro, Chihuahua, Mexico and had supervision of mine contract work underground.
1939-40 He was consulting engineer on Mine Ventilation Cia Minerva de Naguarichic at Naguarichic, Chihuahua, Mexico. His work there was planning and implementing a ventilation system in a hot mine. This included sinking a 400 ft. vertical shaft. In 1941-42 Mr. Baca was employed by Minerva de Colquiri at Colquiri, Bolivia. In 1944 he was employed by Cia Manchaca de Bolivia at Pulacayo, Bolivia, here he had supervision of the Engineering and sampling departments, mine and examination reports.

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

6. (a) Description of Work

The purpose of this project is to explore the San Pedro Mine. The proposed program will consist of the following work:

Dewater the mine.
Rehabilitate the incline shaft and trestle.
Approximately 500 feet of drifing as shown on the accompanying map.
Approximately 3,455 feet of diamond drilling and approximately 305 feet ofllnng-hole drilling as shown on the accompanying 2 maps.
Approximately 600 feet of raises and winzes.
Approximately 200 feet of crosscutting and drifting.

The 600 feet of raises and winzes, and the 200 feet of crosscutting and drifting shall include the raising, drifting, and crosscutting necessary for drill stations. Any additional raising, winzing, drifting, and crosscutting than that needed for diamond drill stations may be done only with the approval of the Government and to the maximum as specified in items 5 and 6 above.

If, in the opinion of the Government, the drifting, diamond drilling, and long-hole drilling indicates favorable ore possibilities, then an additional 3,245 feet of diamond drilling and 1,695 feet of long-hole drilling may be drilled. The location and direction of the holes shall be mutually agreeable to the Operator and the Government.

Estimate of Cost.

Summary

Dewatering the mine - labor only		$ 405.00	
Rehabilitating incline shaft and trestle-labor only		763.00	
500 feet of drifting @ $20.00/ft.		10,000.00	
3,455 feet of diamond drilling by contract @ $7.50 per foot	$25,912.50		
305 feet or long-hole drilling @ $3.00/ft.	915.00		
	26,827.50		26,827.50
600 feet of winzed and raises @ $24.00/ft.			14,400.00
200 feet of drifting and crosscutting @ $20.00			4,000.00
3,245 feet of diamond drilling by contract @ $7.50/ft.	$24,337.50		
1,695 feet of long-hole drilling @ $3.00/ft.	5,085.00		
	$29,422.50		29,422.50
Construction of Compressor and Shop Building			1,500.00
Rehabilitating Bunk and Cookhouse, Office and Laboratory, Warehousd			5,400.00
Equipment and supplies to be purchased			46,402.00
Labor and Supervision as scheduled (does not include labor for drifiting, crosscutting, raising, winzing and long-hole drilling).			19,500.00
Preliminary work labor, for installing pipek ties, rail and cleaning up rock falls			2,581.00
Installation and freight on equipment and supplies			5,000.00

Mine road maintenance	500.00
Truck operating expense	700.00
Total estimated cost	$167,401.00

Details

Fixtures and Improvements:

Compressor and shop building	$1,500.00

Operating Equipment:

To be rented:

NONE

To be purchased	ESTIMATED COST
1 Diesel compressor, 4500500 cfm	$ 10,600.00
1 Air hoist, 2000 lb. rope pull including 600 ft. of cable	2,664.00
1 Battery locomotove and charger	6,338.00
4 Mine cars @ $325.00	1,300.00
1 Drifter, 4 in. and column	875.00
1 Drifter, 3½ in. and column	760.00
2 Jackhammers, 55-lb. @ $330.00	660.00
1 Stoper, 96-lb.	610.00
1 2-ton skip-for incline	400.00
1 Air receiver	900.00
1 Air hoist, 5 h.p. single drum	540.00
5 Pressure tanks @ $75.00	375.00
Drill steel and bits	1,500.00
8 Fifty-ft. lengths air hose with couplings	416.00
8 Fifty-ft. lengths water hose with couplings	300.00
4000 ft. 30-lb rail, splice bars, bolts, spikes, ties	3,367.00
Timber, spikes and bolts to rebuild trestle	500.00
Wall and floor cable rollers, incline shaft 8 @ $7.50	60.00
Pipe, 2000 ft., 3 in. black	1,260.00
Pipe, 2000 ft., 2 in. black	600.00
Pipe 2000 ft., 1 in. black	300.00
Pipe, 1500 ft., 1 in. galv.	300.00
Pipe fittings and valves	750.00
1 Deep-well pump, gas driven, 25 gpm against 400 ft.	1,500.00
1 Booster pump, 25 gpm against 400 ft. head	2,000.00
1 Air pump, 162 gpm, 125 psi working pressure	510.00
1 Diesel-electric generating unit, 8—10 KW	2,250.00
Miscellaneous hand tools, shop equipment, etc.	1,500.00
1 Pickup truck, 3/4 ton, including license	2, 167.00
Replacement parts and repairs, mining and surface equipment	500.00
Oil and fuel	600.00
Total cost of equipment be purchased	$46,402.00

Equipment furnished by Operator:

None.

Labor and Supervision:

Superintendent @ $500.00 per month	$ 6,000.00
Part time engineer-geologist, 100 days @ $d25/day	2,500.00
Part time bookeeper, 140 days @ $10/day	1,400.00
General utility, sampling, etc., 2 men @ $250/month	6,000.00
Compressor operator @ $300/month	3,600.00
	$19,500.00

Labor Classification:	Hourly Rate
Laborer	$ 1.41
Mucker	1.49
Tool Nipper	1.53
Truck Driver	1.53
Machine Helper	1.53
Track Helper	1.53
Machine man	1.74
Trackman	1.74
Motorman	1.74
Pipeman	1.74
Pumpman	1.74
Steel Sharpner	1.84
Hoistman	1.84

Rehabilitation:

Bunk and cookhouse	$ 2,000.00
Office and labratory	2,400.00
Warehouse	1,000.00
Total rehabilitation	5,400.00

The cost per foot of drifting, crosscutting and winzing to include all labor, powder, fuse, caps and all costs necessary to complete this work.

The diamond drilling is to be done by contract and is to include all expenses necessary to complete the drilling, cost of core boxes, core splitter and assaying.

MERCURY URANIUM & OIL COMPANY
SAN PEDRO MINE DIVISION
112 8th Street, N. W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

Re: San Pedro Mines, Santa Fe County, New Mexico

The several phases of the San Pedro exploration program are herein summarized and on attempt is made to assess the potentialities of each phase.

The DMA Copper Exploration Contract

The contract is dated December, 18, 1951 and expenditures authorized are to be made within a period of 14 months from date. The total amount is $167,401, one-half to be a Government loan repayable as a royalty on net smelter returns for a term of ten years from said date. It covers the cost of rehabilitating the surface plant - excepting mill, the re--equipment of the mine, 1100 feet of drifting, cross-cutting, winzing and raising, 6700 feet of diamond core drilling and 2000ffeet of long-hole drilling.

The approved program for the expenditure of the money is subject to modification if circumstances indicate that changes will be beneficial. In the event a significant discovery results, application may be made for a production loan to cover development and the equipment of the property for full scale production. A production loan does not involve applicant participation as does the exploration loan. After production is started, profitable operation seems assured because of the availability of long term fixed or above ceiling price contracts where necessary to issure continued production of critical metals.

The Exploration Program

The exploration plan divides roughly into five phases as follows:

1. Exploration from the present workings, which extend for 2400 feet along the marble-line, for the continuation of orebodies in the seven limstone beds proven to be favorable for ore deposition.

There are long segments in the favorable beds, above and below present workings, which have not been adequately prospected. This exploration is believed to have a reasonable chance of finding more shipping ore in the relatively little prospected upper 50 beds. A discovery of the order of the small 6000 ton, 17% stope opened in 1939, could be expected to result in a profit sufficient to repay the cost of the entire program.

2. Exploration from the present workings of three lower limestone beds in the 150 foot section between the known favorable beds and the monzonite sill.

Where cut by drill holes put down at a point south of the upper zone of mineralization, the beds had a thickness of 14, 12 and 29 feet. Where penetrated by the Richman shaft and two of three old drill holes, the upper bed showed about 13 feet of low grade ore, possible mill grade as this work dates from the smelter period.

3. Exploration of the indicated north-easterly extension of the favorable period neyond the present workings.

Ore has been mined in the favorable beds where they outcrop on the north slope of the San Pedro mountain. At one of these tunnels, located to the east of the Virginia mine, the marble-line has a generally north-south trend. This development tends to support the theory advanced by Locke and Perry thirty-five years ago that the easterly trend of the marble-line in the Sab Pedro mine might turn to the north and continue around the western mass of hhe mountain. Subsequent development in the east end of the mine indicated that the marble-line has turned to the north. Thses developments appear to set up an unexplored section of the marbleline, possibly several thousand feet in length.

4. Exploration for the possible occurence of ore bodies and association marble areas north of the marble-line.

Based on similar geological relationships noted in the Hanover district, a distinguished minig geologist has stated that, because the exploration and development work at San Pedro has been generally confined to the narrow zone following the tactite-marble line, possibly as little as 15% of the ore in the favorable beds has been found.

5. Exploration of the masive limestone beds known to underlie the monzonite sill.

The Carnaham lead-zinc-copper mine which is part of the San Pedro copper group of patented claims, is located 1800 feet south of the San Pedro copper mine. It is a replacement deposit in a limestone bed having a thickness of at lease 90 feet. Two drill holes which bottomed several hundred feet south of the center of maximum mineralization in the upper beds, disclosed the presence of several feet below low grade copper-gold ore in this general horizon, some 500 feet below the bottom of hhe Richman shaft. Here there appears to be a reasonable chance of developing new ore and the thickness of the limestones suggests that ore bodies, if found, may well exceed in cross section the block long sbopes of the upper horizon.

The cost of the diamond drilling planned to explore below the still is estimated at about $50,000 or $25,000 to the operator. In relation to the possible favorable results, this phase of the work, entailing the greatest risk, promises the greatest reward and the lowest cost per ore-ton, should a discovery result.

Conclusions

The exploration in the known favorable beds will almost certainly result in findg ore of a grade at lease as good as has been mined in the past. I addition to the 75,000 tons of probable ore, mill grade, estimated to be available, it would seem reasonable to expect the development of a substantial new reserve sufficient to keep a 200-300 ton concentrating plant grinding away for years. The prospect of finding more shipping grade ore under the rhyolite sill seems excellent and the longer chance for the development of major ore boides below the monzonite, appears to have a sound geological basis for the undertaking.

By C. F. Williams, 1951

MERCURY URANIUM & OIL COMPANY
112 8th Street, N. W.
Albuquerque, New Mexico

DMEA LOAN APPLICATION

7 (a) Yes

(b) Money.

MERCURY URANIUM & OIL COMPANY

By _____
Pres.

_____
Sec'y

MERCURY URANIUM & OIL COMPANY
112 8th Street, N.W.
Albuquerque, New Mexico

D.M.E.A. LOAN APPLICATION

Index of Exhibits

A. Claims map, showing legal description and individual claims.

B. Copy of Lease Contract, Williams and Bradbury.

C. Map showing stopes and estimates ore reserves, map showing proposed drill holes.

D. Copy of Geologic Map.

EXHIBIT "B"

CERTIFICATE

Manuel A. Sanchez, attorney for Charles L. Bradbury and Marjorie H. Bradbury, His wife, and Charles F. Williams and Chrystine W. Williams, his wife, does hereby certify that the above and foregoing Lease and Option constitues a true, correct and complete copy of the original thereof which is in escrow in the First National Bank of Santa Fe, to be delivered to the lessee Mercury Uranium and Oil Company upon compliance with the provisions of Articles 2 and 3 and 5 of said Lease.

Dated March 7, 1956.

/s/ Manuel A. Sanchez

LEASE AND OPTION

THIS LEASE AND OPTION made and entered into this 9th day of February, 1956, by and between CHARLES L. BRADBURY AND MARJORIE H. BRADBURY, his wife, and CHARLES F. WILLIAMS AND CHRYSTINE W.WILLIAMS, His wife, parties of the first part, hereinafter called the Lessors, and MERCURY URANIUM AND OIL COMPANY, a New Mexico corporation, party of the second part, hereinafter called the Lessee, WITNESSETH:

ARTICLE 1. Description of Property.

The Lessors for and in consideration of the sum of Six Thousand ($6000.00) to them in hand paid by the Lessee, the receipt whereof is hereby acknowledged, and for and in consideration of the royalties to be paid by the lessee and of the covenants and agreements of the lessee hereinafter set forth, do hereby lease, let and demise and give and grant unto the lessee, its successors and assigns, the sole and exclusive right, privilege and option to purchase for the price, and upon the terms and conditions hereinafter set forth, free and clear of encumbrances, all those certain patented and unpatented mining claims situate, lying and being in the New Placers Mining District, Santa Fe County, New Mexico, wherein the patents therefor and the location notices thereof are recorded are as follows, to-wit;

Patented Mining Claims

Name	Mineral Survey No.	Book	Page
Apex	951-A	K Mining Records	388
Virginia	951-B	K Mining Records	388
Copper Belle	951-C	K Mining Records	388
Montezuma	951-D	K Mining Records	388
Giblin	951-E	K Mining Records	388
Hoosier Girl	951-F	K Mining Records	388
White	951-G	K Mining Records	388
Puzzle	951-H	K Mining Records	388
Richaman	951-I	K Mining Records	388
Ella	951-J	K Mining Records	388
Magnolia	951-K	K Mining Records	388
Frankfort	951-L	K Mining Records	388
Bonanza	951-M	K Mining Records	388
Mountain View	952-A	K Mining Records	339
Colusa	952-B	K Mining Records	339
Grey Horse	952-C	K Mining Records	339
Grey Horse Millsite	952-D	K Mining Records	339
Abe Lincoln	1014	- Mining Records	---
Ingersoll	974	- Mining Records	---
Anaconda	975	- Mining Records	---
Beautiful Boy	973	B Mining Records	415

UNpatented Mining Claims

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Locations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezume Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	566
San Pedro	"O" Mining Locations	565
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	568
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	569

Together with all buildings and improvements thereon and all water and water rights appurtenant to said mining claims, or held, owned or used in connection therewith, and the right to use the same either on or off of said mining claims.

ARTICLE 2. Preliminary Period for Examination.

The lessee is hereby given and granted a period of six months from the date hereof within which to make an examination of said property and determine whether it would proceed with this lease and option as hereinafter provided. During said period of examination the lessee shall have and is hereby given and granted the right and privilege to enter into and upon said property and the whole and every part thereof for the purpose of investigating, measuring, mapping, sampling, examining and testing the same, the mineral contents thereof, and the water and sources of water available for use in connection therewith. During said six months period, lessee may undertake any development, exploration, mining or construction but may not remove ore from the leased premises except for test purposes.

ARTICLE 3. Notice of Election to Proceed and Effective Date of Lease and Option

In the event lessee shall elect to take possession of said property and proceed under this lease and option, it shall, on or before the last day of said examination period, notify the lessors in writing of such election, in which event the effective date of this lease and option shall be the next day after the expireation of said examination period. In the event of the failure of the lessee to so notify hhe lessors of its intention to proceed with this lease and option, then this lease and option shall become wholly null and void at midnight on the last day of said examination period.

ARTICLE 4. Term of Lease and Option.

The term of this lease, unless soon forfeited, cancelled or terminated by the lessors as hereinafter provided, shall be seven (7) years from the effective date hereof. The term of this option shall be one (1) year from the effective date hereof.

ARTICLE 5. Purchase Price.

The purchase price for which the lessors agree to sell the above described property is the sum of Two Hundred Sixty Thousand Dollars ($260,000.00) lawful money of the United States of America, payable as follows:

$6,000.00 at the time this lease and option is executed;

$14,000.00 on or before effective date hereof;

$40,000.00 on or before one year from effective date hereof;

$40,000.00 on or before two years from effective date hereof;

$40,000.00 on or before three years from effective date hereof;

$40,000.00 on or before four years from the effective date hereof;

$40,000.00 on or before five years from effective date hereof;

$40,000.00 on or before six years from effective date hereof;

In the event lessee shall elect not to exercise the option but to continue in possession under the terms of the seven year lease, said lessee shall be obligated to pay Sixty Thousand Dollars ($60,000.00) in advance royalty, payable as follows:

10,000.00 on or before one year from effective date hereof;

$10,000.00 on or before two years from effective date hereof;

$10,000.00 on or before three years from effective date hereof;

$10,000.00 on or before four years from effective date hereof;

$10,000.00 on or before five years from effective date hereof;

$10,000.00 on or before six years from effective date hereof;

ARTICLE 6. Possession and Control of Property.

Immediately upon notifying the lessors of its intention to proceed with this lease and option, the lessee shall have and it is hereby given and granted the right to enter into and take over the sole and exclusive possession and control of said property and the whole and every part thereof, and, during the term of this lease and option, to remain in the sole and exclusive possession and control thereof, and to work, mine, operate, use, manage and control the same as the buildings and improvements theron and the water rights appurtenant

thereto, and to mine, extract and remove from said property the ores and minerals therin and appurtenant and belonging thereto, and to treat, mill, ship, sell, or otherwise dispose of the same and receive the full proceeds therefrom, less the royalty payable to lessors as hereinafter provided.

ARTICLE 7. Entry and Manner of Work.

The lessee agrees to take possession of said property immediately upon notifying the lessors of its intention to proceed with this lease and option, and to cause all work, development and mining to be done in a careful and minerlike manner, and to conform in all respects with the mining laws and regulations of the State of New Mexico and the United States of America.

ARTICLE 8. Requirement for Construction of Mill.

The lessee will be required to construct a modern flotation mill on the leased premises, or on other property to be owned by lessors, of not less than one hundred (100) tpd capacity and to have said mill operating or ready to operate, on or before two (2) years from the effective date hereof. This mill, its equipment and power plant, will be considered to be permanent improvements and title to same, free and clear of all encumbrances, will pass to the lessors shoudl the lease be terminated by reason of the lessee's failure, after notice as hereinafter provided, to make any of the payments required under the terms of the lease and/or option to purchase.

ARTICLE 9. Royalties and Manner of Payment.

The lessee agrees to pay the lessors royalties on all ores, concentrates, minerals and other products mined or produced and removed from said property during the term of this lease and option as follows:

A. Shipping Ores.

Royalties on ores not milled on the premises but shipped directly to a custom smelter, mill or stock pile, shall be an amount equal of ten percent (10%) of the net smelter, mill or stock pile returns. Net smelter, mill, or stock pile returns shall be all sums paid to the lessee from the values in the ores after deducting smelter or custom mill treatment charges, all admissible railroad (but no other) transportation charge, or stock pile handling charges.

B. Ores Processed on Premises.

Royalties on ores milled or processed on the premises shall be an amount equal to ten percent (10%) of the net smelter, mint or stock pile re-

turns. Net smelter, mint or stock pile returns shall be all sums paid to the lessee for the values in the products so produced after deducting smelter treatment charges, all admissible railroad (but no other) transportation charge, or mint or stock pioe handling charges.

C. Date Settlements to be Made.

Royalty settlements shall be made by the lessee on or before the 25th day of each and every calendar month during the preceding calendar month. Each settlement shall be accompanied by a duplicate liquidation or settlement sheet for each lot of ore, concentrate or other produce sold.

D. Credit of Royalties on Purchase Price.

All royalty payments herein provided for shall be applied upon the purchase price of said property, and credited upon the installment thereof next falling due; provided, however, that no royalty payments shall be paid to the lessors on ores shipped except upon royalties due lessors in excess of advance royalty payments.

E. Credit of Royalties on Advance Royalty Payments.

In the event lessee shall elect not to exercise the option but to continue in possession under the terms of the seven year lease, the payments totalling Twenty Thousand Dollars ($20,000.00) made on or before the effective date and the annual advance royalty payments totalling Sixty Thousand Dollars ($60,000.00) will be considered to be all royalty paid in advance and credited upon royalty payments next coming due.

F. Method of Payment.

All royalty payments herein provided for shall be made by check payable to the order of C.F. Williams, Agent, and mailed to him at the address hereinafter given for notices.

ARTICLE 10. Protection from Liens and Damages.

The lessee shall keep said property and the whole and every part thereof free and clear of liens for labor done or performed upon said property or materials furnished to it, on or for said property, on for the development or operation thereof under this lease and option and while the same is in force and effect, and will save and keep harmless the lessors from all cost, loss or damage which may rise by reason of injury to any persons, livestock or other property as the result of any work or operations of the lessee or its possession and occupancy of the property.

ARTICLE 11. Notices of Non-Liability.

The lessee shall at all times keep posted in a conspicuous place at every surface opening, and at every building or other structure upon said property a notice in the following form:

NOTICE

The premises, the Apex, Virginia, Copper Belle, Montezuma, Giblin, Frankfort, White, Puzzle, Richman, Bonanza, Magnolia, Ella, Hoosier Girl, Mountain View, Colusa, Grey Horse, Grey Horse Millsite, Abe Lincoln, Ingersoll, Anaconda, Beautiful Boy, San Timothy, San Jose, Santa Rosa, San Joaquin, Asarco, Giblin Extension, Montezuma Extension, Swan Extension, Swan, San Pedro, San Pedro No. 2, San Pedro No. 3, San Pedro No. 4 and San Pedro No. 5 are being worked and operated by Mercury Uranium and Oil Company as tenant and lessee of the undersigned Charles L. Bradbury and Marjorie H. Bradbury, his wife, and Charles F. Williams and Chrystine W. Williams, his wife, and the undersigned are not and will not be responsible for and said premises are not and will not be responsible for, any labor, services, work or materials done, rendered or furnished to, for or upon said premises.

Charles L. Bradbury
Marjorie H. Bradbury
Charles F. Williams and
Chrystine W. Williams

ARTICLE 12. Payment of Taxes.

The lessee shall pay when due and before delinquent all taxes upon said property falling due during the term of this lease and option and while the same is in force and effect, and shall pay when due and before delinquent all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the lessee during the term of this lease and option. The lessee shall also pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease and option upon the ores, minerals, concentrates or products of ores produced, sold or otherwise disposed of by the lessee, and all taxes levied against the lessee as an employer of labor, all such taxes to be promptly paid when due and before delinquent.

ARTICLE 13. Assessment Work.

The lessee shall do and perform within the time required by law the annual labor or assessment work on the unpatented mining claims hereinbefore described necessary to comply with the laws of the United States and the State of New Mexico, and upon completion of the annual labor for any particular year, the lessee shall furnish the lessors for recording, withing sixty (60) days after the expiration of the time fixed for the performance thereof, and affidavit showing said work to have been performed.

ARTICLE 14. Insurance.

The lessee shall carry at all times during the term of this lease and option Workmen's Compensation, Liability and other insurance required by the laws and mining regulations of the State of New Mexico.

ARTICLE 15. Books of Account.

The lessee shall keep accurate books of account relating to the milling, sale and disposal of ores,minerals, concentrates or other products from said property, which books of account shall be open to inspection by the lessors or their duly authorized agent at all reasonable times.

ARTICLE 16. Inspection.

The lessors or their duly authorized agent or representative shall be permitted to enter into or upon said property and the workings of the lessee at all reasonable times for the purpose of inspection.

ARTICLE 17. Forfeiture Clause.

The failure of the lessee to make or cause to be made any payment herein provided for, or to keep or perform any agreement on its part to be kept and performed according to the terms and provisions hereof shall, at the election of the lessors, work a forfeiture hereof, and any and all monies which shall have been paid by the lessee to the lessors as royalties, or otherwise, shall be deemed forfeited to the lessors; PROVIDED HOWEVER, that in the event of a default on the part of the lessee, and the election of the lessors to terminate this lease and option on account thereof, the lessors shall give to the lessee a written notice of their intention to declare a forfeiture of this lease and option and to terminate the same on account thereof, specifying the particular default or defaults relied upon by them, and the lessee shall have thirty (30) days after receipt of such notice in which to make good such default or defaults, in which event, there shall be no forfeiture therefor.

ARTICLE 18, Unavoidable Delays.

If the lessee shall be delayed at any time in keeping or performing any agreement on its part to be kept or performed according to the terms and provisions hereof, except the payment of royalties, advance royalty, installments on the purchase price and taxes, by any act or neglect of the lessors, or by strikes, lockouts, fire, unusual delay in transportation, orders of the Government, or any duly constituted instrumentality thereof, unavoidable casualties or any caused beyond the control of the lesse, such delay shall not be deemed a breach of this lease or a default on the part of the lessee constituting a cause for

forfeiture of this lease and option.

ARTICLE 19. Surrender of Property.

In the event of a valid forfeiture or upon the expiration of the lease, if option to purchase is not exercises, the lessee will surrender peaceable possession of said property and the whole and every part thereof to the lessors immediately and will return to the lessors their maps, reports and mine and mill records together with copies of lessee's reports, maps, drill logs and other technical data pertaining to said property.

ARTICLE 20. Removal of Equipment, etc. by Lessee.

The lessee shall have, and it is hereby given and grantd, ninety (90) days after a valid forfeiture or after the expiration of this lease and option, to remove from said property all warehouse stocks, merchandise, materials, tools, hoists, compressors, motors, pumps, transformers, electrical accessories, mine cars and all other machinery and equipment placed on or upon said property by it EXCEPTING the permanet imporvements including the mill building with crushing and concentrating equipment in operating condition, all other buildings or structures, well casings, underground timbers, mine tract and pipe lines.

ARTICLE 21. Deed in Escrow.

Upon the written request of the lessee made during the term of this lease and option after the effective date hereof,the lessors shall make, execute and acknowledge a good and sufficient mining deed conveying the above described property to the lessee free and clear of encumbrances; unpatented mining claim, however, to be conveyed by quitclaim deed; together with a copy of this lease and option, and a complete abstract of title to said property brought down to date of the execution of the deed, showing the title therefor and the right to convey said property to be vested in the lessors, and proper escrow instructions for the delivery of said deed and abstract of title to the lessee upon final payment on the purchase price..

ARTICLE 22. Notices.

All notices herein provided for may be given by mail at the following addresses until otherwise changed by written request of the parties:

To the Lessors:

Col. Charles F. Williams
110 Camino de la Pena
Santa Fe, New Mexico

To the Lessee:

Mercury Uranium & Oil Company
112 8th Street, N.W.
Albuquerque, New Mexico

ARTICLE 23.

It is understood that lessees may procure a Defense Minerals Emergency Administration Loan and lessors will file with said Agency upon lessees request a consent to a lien on the property hereinbefore described in order that said loan be approved.

ARTICLE 24. Inurement.

Time is the essence of this lease and option. The terms, provisions, covenants and agreements herein contained shall extend to, be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the lessors have hereunto set theri hands, and the lessee has caused its corporate name to be hereunto subscribed and its corporate seal to be hereunto affixed and attested by its duly authorized officers, in triplicate counterparts, as of the day and year first above written.

/s/ Charles L. Bradbury
Charles L. Bradbury

/s/ Marjorie H. Bradbury
Marjorie H. Bradbury

/s/ Charles F. Williams
Charles F. Williams

/s/ Chrystine W. Williams
Chrystine W. Williams

Lessors

MERCURY URANIUM AND OIL COMPANY
Lessee

By /s/ Carl C. Anderson
President

ATTEST:

/s/ Marie Jo Anderson
Secretary

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

On this 9th day of February, 1956, before me personally appeared Charles F. Williams and Chrystine W. Williams, his wife, to me known to be two of the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal the day and year last above written.

My commission expires:
Feb. 17, 1959.

/s/ Joyce Franke
Notary Public

STATE OF FLORIDA)
: ss.
COUNTY OF PINELLAS)

On this 13th day of February, 1956, before me personally appeared Charles L. Bradbury and Marjorie H. Bradbury, his wife, to me known to be two of the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and seal the day and year last above wirtten.

/s/ R.J. Haynsworth
Notary Public

My commission expires:
June 28, 1958

STATE OF NEW MEXICO)
: ss.
COUNTY OF Benrnalillo)

On this 9th day of February, 1956, before me appeared Carl C Anderson to me personally known, who, being by me duly sworn did say that he is the President of Mercury Uranium and Oil Company, a coporation organized under the laws of the State of New Mexico, and that the seal affixed to said instrument is the corpoarate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Carl C. Anderson acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal the day and year last above written.

/s/ Ruth M. Walter
Notary Public

My commission expires:

7-3-59

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: J. W. Alt October 23, 1957

1. Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Property: San Pedro Mine
Santa Fe County, New Mexico

Operator: Mercury Uranium & Oil Company
San Pedro Mine Division
112 - 8th Street, N.W.
Albuquerque, New Mexico

Operator's Property Rights: Lessee
Lease and Option Agreement with Charles L. and Marjorie H. Bradbury, and Charles F. and Chrystine W. Williams, dated February 9, 1956.

Consent to Lien - dated June 8, 1956.

2. Contract dated July 27, 1956. To complete - 18 months.

Work Authorized

Stage I

1. Diamond drill 29 holes, not to exceed 5,700 feet of drill holes.
2. Not to exceed 350 feet of drifting to the north from stope 31-11.
3. Not to exceed 100 feet of drifting to the north from stope No. 1.
4. Not to exceed 50 feet of drifting for 10 diamond drill stations.
5. Not to exceed 100 feet of raising for 10 diamond drill stations.
6. Not to exceed 180 samples of diamond drill core, assayed for copper, gold, silver and tungsten trioxide.
7. Not to exceed 60 samples of drift mineralization, assayed as above

Stage II

1. Not to exceed 2,000 feet of diamond drilling.
2. Not to exceed 200 feet of drifting.
3. Not to exceed 150 feet of raising.
4. Not to exceed 150 feet of winzing.
5. Not to exceed 65 samples of diamond drill core, assayed for copper, gold, silver and tungsten trioxide.
6. Not to exceed 50 samples of mineralization in drifts, raises and winzes, assayed as above.

Fixed Unit Costs

Stage I

1.	5,700 feet of diamond drilling @ $7.50/ft.	$42,750.00	
2.	350 feet of drifting @ $39.50/ft.	13,825.00	
3.	100 feet of drifting @ $39.50/ft.	3,950.00	
4.	50 feet of drifting @ $39.50/ft.	1,975.00	
5.	100 feet of raising @ $39.50/ft.	3,950.00	
6.	180 samples @ $5.00/sample	900.00	
7.	60 samples @ $5.00/sample	300.00	
	Estimated Total Cost of Stage I		$ 67,650.00

Stage II

1.	2,000 feet of diamond drilling @ $7.50/ft.	$15,000.00	
2.	200 feet of drifting, @ $39.50/ft.	7,900.00	
3.	150 feet of raising, @ $39.50/ft.	5,925.00	
4.	150 feet of winzing, @ $55.00/ft.	8,250.00	
5.	65 samples @ $5.00/sample	325.00	
6.	50 samples @ $5.00/sample	250.00	
	Estimated Total Cost of Stage II		$ 37,650.00
	Estimated Total Cost of Project		$105,300.00
	Government's participation, 50%		$ 52,650.00

Amendments

No. 1 Dated February 6, 1957. Effective date July 27, 1956.

Increases amount of drilling under Item 1, Stage I. Allows not to exceed 6,200 feet of drill holes and cost increased to $46,500.00.

Decreases amount of drifting of Item 2, Stage I to 255 feet and cost descreased to $10,075.00.

Work Completed

Stage I

31 diamond drill holes, 5,468 feet, @ $7.50/ft.	$41,010.00	
57.6 feet of drifting, @ $39.50/ft.	2,275.20	
21 feet of drifting for drill stations @ $39.50/ft.	829.50	
95.48 feet of raising for drill stations @ $39.50/ft.	3,771.46	
Total Cost of Stage I Work		$47,886.16

Stage II

6 diamond drill holes, 1,445 feet, @ $7.50/ft.	$10,837.50	
4 feet of raising for drill stations, @ $39.50/ft.	158.00	
Total Cost of Stage II work		10,995.50
Total Cost of the Project		$58,881.66
Government's share, 50%		$29,440.83

Work on the project was started on November 22, 1956 and the contract was terminated on April 1, 1957.

3. Report of Review dated August 7, 1957.

Total cost as billed by Contractor	$59,081.66
Exceptions by DMEA Finance Officer	- 200.00
Total accepted cost of project	$58,881.66
Government's participation, 50%	$29,440.83

Operator's final report dated July 31, 1957.
Field Team's final report dated August 1957,
received August 16, 1957.

Termination Agreement, dated June 21, 1957, effective date April 1, 1957.

4. Certificate date: September 6, 1957.

The discovery consisted of copper ores occurring as replacements in limestone. The estimated ore reserve resulting from the work of exploration under the contract consists of 29,400 tons with a grade of 4.74 per cent copper.

5. Comments

The contract was supervised in an efficient manner by capable representatives of the Operator, and operations of the drilling contractors, as well, were prosecuted efficiently with trained crews and a minimum of delays.

The work of the project resulted in the discovery of a significant amount of copper ore in various parts of the mine. Some of the ore was discovered in beds that appear to be below the Spanish series of favorable beds, either in the lower part of the San Pedro formation or in the upper part of the underlying Carnahan limestone, for example in Diamond drill hole No. 10. Further exploration of the ore possibilities in these underlying beds must be undertaken by the Operator to prove their extent. Mineralization encountered in the deep Drill Hole No. 27 to the north of the lower workings should encourage further exploration for new ore bodies in that direction by the Operator. Probabilities of finding sizabel ore bodies to the east down the dip of the formation appear unfavorable.

Exploration of the underground workings was adequately done by the diamond drilling program and any further exploration in the mine can be undertaken by the Operator at his own expense during development of the reserves.

J. W. Alt

J. W. Alt

JWAlt/er
Copy to: Docket
Mr. Johnson
Chron.

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

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

Operator: Mercury Uranium & Oil Company		Actual Cost	
State: New Mexico		Agreed Unit Cost	x
Final Report of Audit		Commodity: Copper	Docket No. DMEA-4214
Final Report of Review	X		Contract No. Idm-E981

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
5' x7' Drifting & Crosscutting	605' @ $39.50	$23,900.00	78.6'	$ 3,104.70	$ 3,104.70
Raising DD (5'x8')	250' @ $39.50	9,875.00	99.48'	3,929.46	3,929.46
Shafts					
Winzes (5' x 8')	150' @ $55.00	8,250.00			
Drilling Diamond ~~AX~~ (Specify)	8,200' @ $ 7.50	61,500.00	6,913'	51,847.50	51,847.50
Surface Excavation					
Underground Excavation					
D.D. Assays @ $5.00 - 245 ~~Roads and Trails~~		1,225.00			
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Drift, Winze & Raise Assays @ Other (Specify) $5.00 - 110 Assay		550.00			
Totals		$105,300.00		$58,881.66	* $58,881.66

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

Prepared by W. P. Klugescheid/er Date 4/2/58

31398

Report of Review

☒ Audited 8/7/57 WORK ANALYSIS SHEET - DMEA PROJECT ☐ Actual Cost

☒ Certified 9/6/57. Analysis as of _____ ☒ Agreed Unit Costs

Incl. Voucher for March 1957.

Name **MERCURY URANIUM & OIL COMPANY.** Docket No. 4,214

State **NEW MEXICO** Commodity **COPPER** Idm-E No. 981

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
(5'x7') Drifting & Crosscutting ~~Stage I~~	405' @ 39.50	$16,000.00	78.6'	3,104.70	$3,104.70
~~Stage II~~	200' @ 39.50	7,900.00			
Raising D.D. (5'x8') ~~Stage I~~	100' @ 39.50	3,950.00	99.48'	3,929.46	3,929.46
~~Stage II~~	150'	5,925.00			
Shafts		9,875.00			
Winzes (5'x8') ~~Stage II~~	150' @ 55.00	8,250.00			
Drilling (Specify) Diamond (AX) ~~Stage I~~	6,200' @ 7.50	46,500.00	5,700' Total 6,913'	42,750.00	51,847.50
~~Stage II~~	2,000'	15,000.00	1,213'	9,097.50	
	8,200'				
Surface Excavation					
Underground Excavation					
D.D. assays @ 5.00. ~~Roads and Trails~~ ~~Stage I~~ - 180		900.00			
~~Stage II~~ - 65		325.00			
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Drift & Winze Price Assays ~~Stage I~~ - 60 assays		300.00			
Other (Specify) @ 5.00 ~~Stage II~~ - 50 "		250.00			
Totals		$105,300.00		$58,881.66	$58,881.66

Checks Audit.

Date of Contract--July 27, 1956.
Completion date January 27, 1958
Expiration date of Royalty Payments July 27, 1966.
Termination Agreement dated--June 21, 1957.
Amendment No. L incorporated
Operator's final report received--August 12, 1957.
Field Team Final Report received--August 12, 1957.

Lease and Agreement, dated August 26, 1958 to Charles F. Williams and wife of property. A clause protects Government Royalties.

Prepared by [illegible]

Ore Reserves: Indicated Ore 11,900 tons
Inferred Ore 17,500 "
Total 29,400 tons @ 4.74% Cu.

Project Summary Report--Dated October 23, 1957.

71626

Stage I

~~5,400'~~ 6,200' D.D. (4X) @ 7.50 ✓ ~~$42,750.00~~ 46,500.00

~~500'~~ 405' Drifting @ (5'x7') ~~39.50~~ ✓ ~~19,750.00~~ 16,000.00

100' Raising (D.D. Room) @ 39.50 ✓ 3,950.00

180 Assays Cu, Au, Ag, Tungsten Trioxide (D.D. Samples) @ 5.00 ✓ 900.00

60 Assays (Drift Samples) Cu, Au, Ag, W Trioxide @ 5.00 ✓ 300.00

Stage II

2,000' D.D. @ 7.50 (4X) ✓ 15,000.00

200' Drifting @ 39.50 (5'x7') ✓ 7,900.00

150' Raising (5'x8') @ 39.50 ✓ 5,925.00

150' Winze (5'x8') @ 55.00 ✓ 8,250.00

D.D. Assays for Cu, Au, Ag + W Trioxide @ 5.00 ✓ 325.00

Assays (Drs, Raises + Winzes) for Cu, Au, Ag + W Trioxide @ 5.00 ✓ 250.00

Total. $105,300.00

Spent. 1956. December 1957 ~~Jan. Feb.~~ March

Drifting @ 39.5 - ~~Stage~~ I	~~3'~~ ~~21~~ 78.6'	3,104.70	~~818.50~~ ~~889.50~~
Raising @ 39.5 - ~~Stage~~ I	~~95.48'~~ ~~14.55'~~ 99.48'	3,929.46	~~574.75~~ ~~3,771.46~~
D.D. @ 7.50 - ~~Stage~~ I.	~~4856'~~ ~~[illegible]~~ 5,700' ~~855'~~ ~~5,593'~~	42,750.00	~~41,947.50~~ ~~36,150.00~~ ~~[illegible]~~ 6,412.50
~~Stage~~ II	1,213'	9,097.50	
Assays @ 5.00 - ~~Stage~~ 1 - 40		200.00	

~~7,105.72~~
~~41,050.96~~
~~48,981.66~~
59,081.66

~~40~~ 20

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

GEOLOGICAL SURVEY

Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

NOV 15 1966

Re: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated September 6, 1957, all minerals mined or produced from July 27, 1956, to July 27, 1966, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON, D. C. 20240

OFFICIAL BUSINESS

GEOLOGICAL SURVEY

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF THE INTERIOR

90

Moved-Left No Address

Opened in error

Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

RETURN TO WRITER

ALBUQUERQUE
NOV 28
4 PM
1966
N. MEX.

40

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

Mr. Manuel A. Sanchez
Attorney at Law
P. O. Box 666
Santa Fe, New Mexico 87501

Re: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

Dear Mr. Sanchez:

Thank you for your letter of November 11, 1966, and copy of lease dated April 8, 1966, between the owners and Silver Bar Mining Company.

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Consent to Lien dated June 8, 1956, executed by you as attorney-in-fact for the owners, Charles F. and Chrystine W. Williams and Marjorie H. Bradbury, under the Defense Minerals Exploration Administration program.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
DMEA Docket
Region III w/cy of incoming letter and 63 (lease not included)
120M

MMerrithew/mm (11/16/66)

23263

MANUEL A. SANCHEZ
ATTORNEY AT LAW
BATTS BUILDING
SANTA FE, NEW MEXICO

POST OFFICE BOX 666

TELEPHONE 983-4631

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 14 1966

INITIALS	CODE
	120
JJ	~~110~~

November 11, 1966

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
U.S. Department of the Interior
Geological Survey
Washington D.C. 20242

Re: DMEA-4214 (Copper)
Mercury Uranium & Oil Co.
San Pedro Mine
Santa Fe County, N M
Contract Ddm-E981

Dear Mr. Johnson

I enclose two copies of your form MME Form 63 Revised 7-65 which I have filled out.

I enclose also copy of the lease that was entered into on April 8, 1966, between the owners and Silver Bar Mining Company. From what I know, it took the lessees until about the middle of August 1966 to ready the property for extraction of ore. The lessees paid, in the month of September 1966, the minimum royalty called for in Article II, sub-paragraph (f), because of non-production, and which royalty became effective on July 8, 1966. The first shipment of ore was made on September 12, 1966, namely 23,700 lbs.

Yours very truly,

Manuel A. Sanchez

Thanks - appreciate your info in closing letter
JJ

MAS/JF
Enc.

IN REPLY REFER TO:

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

REGISTERED MAIL
RETURN RECEIPT REQUESTED

November 2, 1966

Mr. Manuel A. Sanchez
Attorney at Law
P. O. Box 666
Santa Fe, New Mexico

Re: DMEA-4214 (Copper)
Mercury Uranium and Oil Co.
San Pedro Mine
Santa Fe County, N. M.
Contract Idm-E981

Dear Mr. Sanchez:

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

From January 1966 to July 27, 1966

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

From January 1966 to July 27, 1966

2. ~~Since~~ , has there been any production from the land subject to the contract? Yes [ ] No [x]

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

   _____ Quantity Value

   _____ _____ _____

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

Type	Quantity		Estimated Grade	Location
Ore	_____	Tons	_____	_____
Concentrates	_____	Tons	_____	_____
Other	_____	Tons	_____	_____

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

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

Disposition of Material	Quantity	Value
_____	_____	_____

Submitted by:

Name Manuel A. Sanchez
Manuel A. Sanchez

Title Attorney for Owners

Address PO Box 666
Santa Fe N.M.

Date Santa Fe, New Mexico 87501

MINING LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 8th day of April, 1966, by and between CHRYSTINE W. WILLIAMS, a widow, of 110 Calle La Pena, Santa Fe, New Mexico, and MARJORIE H. BRADBURY, a widow, of Socorro, New Mexico, parties of the first part, hereinafter called LESSORS, and SILVER BAR MINING COMPANY, INC., a New Mexico corporation, whose address is Alto Route, Capitan, New Mexico, party of the second part, hereinafter called LESSEE,

W I T N E S S E T H:

ARTICLE I - TERM OF LEASE AND DESCRIPTION OF PROPERTY.

That for and in consideration of the sum of Ten Dollars ($10.00) and royalty payments and mutual covenants hereinafter contained, the Lessors hereby lease to the Lessee for a period of three (3) years from date hereof, the following patented and unpatented mining claims, situate, lying and being in the New Placer Mining District, Santa Fe County, New Mexico, wherein the patents therefor and the location notices therefor are recorded as follows, to-wit:

PATENTED MINING CLAIMS

Name	Mineral Survey No.	Book	Page
Apex	951-A	K Mining Records	388
Virginia	951-B	K Mining Records	388
Copper Belle	951-C	K Mining Records	388
Montezuma	951-D	K Mining Records	388
Giblin	951-E	K Mining Records	388
Hoosier Girl	951-F	K Mining Records	388
White	951-G	K Mining Records	388
Puzzle	951-H	K Mining Records	388
Richman	951-I	K Mining Records	388
Ella	951-J	K Mining Records	388
Magnolia	951-K	K Mining Records	388
Frankford	951-L	K Mining Records	388
Bonanza	951-M	K Mining Records	388
Mountain View	952-A	K Mining Records	339
Colusa	952-B	K Mining Records	339
Grey Horse	952-C	K Mining Records	339
Grey Horse Millsite	952-D	K Mining Records	339
Abe Lincoln	1014	134 Mining Records	275
Ingersoll	974	134 Mining Records	270
Anaconda	975	134 Mining Records	279
Beautiful Boy	973	B Mining Records	415

UNPATENTED MINING CLAIMS

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Locations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezuma Extension	"O" Mining Locations	566
Swan Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	565
San Pedro	"O" Mining Locations	568
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	569
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	570

together with all building and improvements thereon and all water and water rights appurtenant to said mining claims or held, owned or used in connection therewith and the right to use the same either on or off of said mining claims.

ARTICLE II - ROYALTIES AND MANNER OF PAYMENT

The Lessee agrees to pay the Lessors royalties on all ores, concentrates, minerals and other products mined or produced and removed from said property during the term of this lease and agreement as follows:

(a) Shipping Ores

Royalties on ores not milled on the premises but shipped directly to a custom smelter, mill or stock pile, shall be an amount equal to ten per cent (10%) of the net smelter, mill or stock pile returns. Net smelter, mill or stock pile returns shall be all sums paid to the Lessee for the value in the ores after deducting smelter or custom mill treatment charges, all transportation charges, and stock pile handling charges.

(b) Ores Processed on Premises.

Royalties on ores milled or processed on the premises shall be an amount equal to ten per cent (10%) of the net smelter, mint or stock pile returns. Net smelter, mint or stock pile returns shall be all sums paid to the Lessee for the values in the production so produced after deducting smelter treatment charges, all transportation charges, mint and stock pile handling charges.

(c) Date Settlement to be Made

Royalty settlements shall be made by the Lessee on or before the 25th day of each and every calendar month during the term of this lease and agreement for all returns received during the preceding calendar month. Each settlement shall be accompanied by a duplicate liquidation or settlement sheet for each lot of ore, concentrate or other produce sold.

(d) Method of Payment

1. All royalty payments herein provided for shall be made by check payable to the order of Chrystine W. Williams, Agent, and mailed to her at the address hereinafter given for notices.

2. Royalty payments to United States Government to be mailed to the United States Government Executive Officer DMEA Team Region 3, 224 New Custom House Building, Denver 2, Colorado.

(e) Royalties Payable to the United States

Royalties payable to the United States, if any, under United States Government DMEA 4212 Contract No. IIM-E 981, dated July 27, 1956, shall be paid by Lessors and Lessee in equal shares; this royalty is at the rate of 5% on net smelter returns to the United States Government pursuant to the terms of said contract; this obligation, according to said contract, expires on July 27, 1966.

(f) Minimum Royalty.

Beginning on the 90th day from and after the date of this lease and agreement, and during the term of this lease and agreement, Lessee agrees to pay Lessors a minimum royalty of $300.00 per month, which royalty shall be net to the Lessors, and which shall be paid irrespective of ore production shipment or sale; said minimum royalty to be paid regardless of other royalty provision payments contained in this lease and agreement, but said royalty shall not be in addition to other royalty payments herein provided.

ARTICLE III - POSSESSION AND CONTROL OF PROPERTY.

Lessee shall have and it is hereby given and granted the right to exclusive possession and control of all the said properties and the whole and every part thereof during the term of this lease and agreement to remain in the sole and exclusive possession and control thereof, and to work, mine, operate, use, manage, and control the same and the buildings and improvements thereon and the water rights appurtenant thereto,and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell or otherwise dispose of the same and to receive the full proceeds therefrom, less the royalty payable to Lessors and the United States Government as herein provided. Lessee shall cause all work, development and mining to be done in a careful and minerlike manner, and to conform in all respects with the mining laws and regulations of the State of New Mexico and the United States of America.

ARTICLE IV - PAYMENT OF TAXES.

Property taxes on said property for the year 1966 shall be paid share and share alike by Lessors and Lessee; otherwise the Lessee shall pay when due and before delinquent all taxes upon said property falling due during the term of this lease and while the same is in force and effect, and shall pay when due and before delinquent all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the Lessee during the term of this lease. The Lessee shall also pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease upon the ores, minerals, concentrates or products of ores produced, sold or otherwise disposed of by the Lessee, and all taxes levied against the Lessee as an employer of labor, all such taxes to be promptly paid when due and before delinquent.

ARTICLE V - ASSESSMENT WORK.

Lessee will perform within the time required by law the annual labor or assessment work on the unpatented mining claims hereinbefore described necessary to comply with the laws of the United States and the State of New Mexico, and upon completion of the annual labor for any particular year Lessee will furnish the Lessors for recording within thirty (30)days prior to September 1 of each year an affidavit showing said work to have been performed. It is further agreed that the Lessee shall perform said annual labor or assessment work for the year ending September 1, 1966, and furnish affidavit therefor.

ARTICLE VI - PROTECTION FROM LIENS AND DAMAGES.

The Lessee shall keep said property and the whole and every part thereof free and clear of liens for labor done or performed upon said property or materials furnished to it, on or for said property, or for the development or operation thereof under this lease and agreement, and while the same is in force and effect, and will save and keep harmless the Lessors from all costs, loss or damage which may arise by reason of injury to any persons, livestock or other property as the result of any work or operations of the Lessee or its possession and occupancy of the property.

ARTICLE VII - NOTICES OF NON-LIABILITY.

The Lessee shall at all times during the possession by Lessee of said premises keep posted at several conspicuous places upon said property a notice in the following form:

NOTICE

These premises, the Apex, Virginia, Copper Belle, Montezuma, Giblin, Frankfort, White, Puzzle, Richman, Bonanza, Magnolia, Ella, Hoosier Girl, Mountain View, Colusa, Grey Horse, Grey Horse Millsite, Abe Lincoln, Ingersoll, Anaconda, Beautiful Boy, San Timothy, San Jose, Santa Rosa, San Joaquin, Asarco, Giblin Extension, Montezuma Extension, Swan Extension, Swan, San Pedro, San Pedro No. 2, San Pedro No. 3, San Pedro No. 4 and San Pedro No. 5 are being worked and operated by Silver Bar Mining Co. Inc. as tenant and lessee of the undersigned Marjorie H. Bradbury and Chrystine W. Williams, and the undersigned are not and will not be responsible for and said premises are not and will not be responsible for, any labor, services, work or materials done, rendered or furnished to, for or upon said premises.

Marjorie H. Bradbury
Chrystine W. Williams

ARTICLE VIII - INSURANCE

The Lessee shall carry at all times during the term of this lease and agreement Workmen's Compensation liability and other insurance required by the laws and mining regulations of the State of New Mexico.

ARTICLE IX - BOOKS OF ACCOUNT AND INSPECTION.

The Lessee shall keep accurate books of account relating to the milling, sale and disposal of ores, minerals, concentrates and other products from said properties, which books of account shall be open to inspection to Lessors or their duly authorized agent at reasonable times during office hours. The Lessors and their duly authorized agent shall be permitted to enter into or upon said property and the workings of the Lessee at all reasonable times during working hours for the purpose of inspection.

ARTICLE X - FORFEITURE CLAUSE

The failure of the Lessee to make or cause to be made any payment herein provided for, or to keep or perform any agreement on its part to be kept and performed according to the terms and provisions hereof, shall, at the election of the Lessors, work a forfeiture hereof, and any and all monies which have been paid by the Lessee shall be deemed forfeited to the Lessors as liquidated damages, PROVIDED, HOWEVER, that in the event of a default on the part of the Lessee and the election of the Lessors to terminate this lease and agreement on account thereof, the Lessors shall give to the Lessee a written notice of their intention to declare a forfeiture of this lease and agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon by them, and the Lessee shall have thirty (30) days after receipt of such notice in which to make good such default or defaults, in which event there shall be no forfeiture thereof.

ARTICLE XI - REPORTS FURNISHED BY LESSEE.

Lessee will furnish Lessors duplicates, copies or facsimiles of all maps, surveys, reports, records, assays, interpretations and data obtained and prepared by virtue of Lessee's entrance under this agreement.

ARTICLE XII - RIGHT OF LESSEE TO TERMINATE.

Lessee reserves a right to cancel, terminate and surrender this agreement at any time by giving the Lessors 30 days written notice. It is understood and agreed that in case of cancellation of this agreement the Lessee will have 180 days from the date of cancellation to remove from the premises any property or equipment installed or erected by Lessee, including the portable mill which Lessee intends to move to and use in the operation of said property, EXCEPTING the permanent improvements including all buildings, structures, well casings, underground timbers, mine track and pipe lines. Lessee agrees on or before the termination date specified in the notice of intention to cancel to deliver to the Lessors a written relinquishment of this lease and agreement.

ARTICLE XIII - SURRENDER OF PROPERTY.

In the event of a valid forfeiture or upon the expiration of the lease, the Lessee will surrender peaceable possession of said property and the whole and every part thereof to the Lessors immediately, and will return to the Lessors their maps, reports and mine and mill records, together with copies of Lessee's reports, maps, drill logs and other technical data pertaining to said property.

ARTICLE XIV - NOTICES

All notices herein provided for may be given by registered mail at the following addresses until otherwise changed by written request of the parties:

To the Lessors: Chrystine W. Williams
110 Camino de la Pena
Santa Fe, New Mexico

To the Lessee: Ira Young
Alto Route
Capitan, New Mexico

ARTICLE XV - ASSIGNMENT

Lessee may assign without leave of Lessors any and all interest arising hereunder; provided, however, that any Assignee shall assume the obligations of the Assignor; always provided that the Assignor shall remain liable for all its covenants contained herein.

ARTICLE XVI - RESERVATION OF SLAG DUMP.

Lessors reserve from the provisions of this lease and agreement the slag dump now on said premises, together with the right of ingress and egress for the removal of same.

ARTICLE XVII - PRIVILEGE OF RENEWAL

Lessees shall have the right to renew this lease and agreement at the expiration thereof for a period of two years thereafter on the same terms and conditions as provided herein.

ARTICLE XVIII - INUREMENT.

Time is of the essence of this lease and agreement. Subject to the foregoing provisions herein contained, this agreement shall extend to, be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto executed this agreement in quintuplicate counterparts as of the day and year first above written.

MARJORIE H. BRADBURY

By Manuel A. Sanchez
Her attorney-in-fact

Chrystine W. Williams
Chrystine W. Williams

LESSORS

SILVER BAR MINING COMPANY, INC.

By Frank G. Young
President

LESSEE

ATTEST:

Gilberta J. Young
Secretary

ACKNOWLEDGMENTS

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 11th day of April, 1966, by Manuel A. Sanchez as attorney-in-fact on behalf of Marjorie H. Bradbury.

My commission expires:
April 27, 1967.

Joyce Franke
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 11th day of April, 1966, by Chrystine W. Williams.

My commission expires:
April 27, 1967.

Joyce Franke
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF LINCOLN)

The foregoing instrument was acknowledged before me this 8th day of April, 1966, by Ira Young, President of Silver Bar Mining Company Inc. a New Mexico corporation, on behalf of said corporation.

William W. Dean
Notary Public

My commission expires:
8-8-67

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center- U. S. G. S.
Building 25-Room 2284

November 7, 1966

OFFICIAL COPY
O. & E.
NOV 8 1966
11/9 Mm 120 m
Rg 110
220

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: DMEA-4214 (Copper)
Mercury Uranium and Oil Co.
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

Reference is made to your memorandum of November 3, 1966 relative to the above-mentioned docket.

We have checked with Margaret Dunbar of the Minerals Resources office of the U. S. Bureau of Mines, and she advises us that they do not have any production showing from the property during the past year.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Royalty opened
July 27, 1966

Wait for reply from 63
before closing.

4214

INSTRUCTIONS TO DELIVERING EMPLOYEE

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

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO. 500030

CERTIFIED NO.

INSURED NO.

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

Manuel A. Sanchez

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Joyce Franke

DATE DELIVERED

NOV 7 1966

SHOW WHERE DELIVERED (*only if requested*)

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300

SANTA FE, NM
NOV 1
PM
1966
87501

POSTMARK OF
DELIVERING OFFICE

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article *RETURN RECEIPT REQUESTED.*

RETURN TO

NAME OF SENDER

Office of Minerals Exploration
U. S. Geological Survey

STREET AND NO. OR P.O. BOX

Dept. of Interior

POST OFFICE, STATE, AND ZIP CODE

Washington, D. C. 20242

POD Form 3811 Oct. 1965

DMEA-4214

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		110
		220

NOV 3 1966

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: DMEA-4214 (Copper)
Mercury Uranium and Oil Co.
San Pedro Mine
Santa Fe County, N. M.
Contract Ida-2981

The royalty period on the subject contract expired July 27, 1966. Will you please check with the Bureau of Mines to see if there has been any production from the property during the past year.

FRANK E. JOHNSON

Frank E. Johnson

cc; Director's Reading File
Division File
Economic Geology File
DMEA Docket
OME Reading File
130
120M

MMerrithew/mm (11/3/66)

23263

July

IN REPLY REFER TO:

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

REGISTERED MAIL
RETURN RECEIPT REQUESTED

January 10, 1966

Mr. Manuel A. Sanchez
Attorney at Law
P. O. Box 666
Santa Fe, New Mexico

OFFICIAL COPY
O. N. R.
RECEIVED
JAN 12
INITIALS
1/18/66 110 120 720 220

Re: DMEA-4214 (Copper)
Mercury Uranium and Oil Co.
San Pedro Mine
Santa Fe County, N. M.
Contract Idm-E981

Dear Mr. Sanchez:

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

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

Sincerely yours,

(SIGNED) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

DMEA-4214
Ldm-E981

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

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

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

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Manuel A. Sanchez Title Attorney in fact for owners

Address Box 666 Santa Fe N.M. Date 1-14-66

4214

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☒ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

Manuel A Sanchez

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Joyce Franke.

DATE DELIVERED

JAN 14 1966

SHOW WHERE DELIVERED *(only if requested)*

Window P.O.

C55—16—71548-5—F GPO

4214

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE
PAYMENT OF POSTAGE

SANTA FE
JAN 17
1966
N. MEX.

POSTMARK OF
DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 500030	NAME OF SENDER OFFICE OF MINERALS EXPLORATION
CERTIFIED NO.	STREET AND NO. OR P. O. BOX INTERIOR BLDG.
INSURED NO.	CITY, STATE, AND ZIP CODE WASHINGTON, D. C. 20242

POD Form 3811 Sep. 1963

C55—16—71548-6

DMEA 4214

MAR 23 1964
DENVER, COLORADO

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

March 5, 1964

Re: DMEA-4214 (Copper)
Mercury Uranium and Oil Co.
San Pedro Mine
Santa Fe County, N. M.
Contract Idm-E981

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. Manuel A. Sanchez
Attorney at Law
P. O. Box 666
Santa Fe, New Mexico

Dear Sir:

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 27 1964

DATE	INITIALS	CODE
3/27	[illegible]	800
		~~100~~
3/27	[illegible]	~~110~~
	Griswold	500
		~~520~~

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since October 3, 1961, 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, 1961, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name Manuel A. Sanchez Title Attorney for owners

Address Box 666, Santa Fe, N.M. Date March 20, 1964

4511

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

Manuel A. Sanchez

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Joyce Franke

DATE DELIVERED	ADDRESS WHERE DELIVERED *(only if requested in item #1)*
Mar. 9/64	

MAR 9 1964 83 S Am 4214

C55—16—71548·4 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

STATE
MAR 9
AM
1964
N. MEX.

GIVE
RED CROSS
FUND

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 598211	NAME OF SENDER OFFICE MINERAL EXPLORATION
CERTIFIED NO.	STREET AND NO. OR P. O. BOX DEPT. INTERIOR
INSURED NO.	CITY, ZONE AND STATE WASHINGTON 25, D.C.

POD Form 3811 Jan. 1958

C55—16—71548·4

Grinnell
230

DMEA 4214

OFFICIAL FILE COPY O. M. E RECEIVED OCT 30 1961		
DATE	INITIALS	CODE
10/30	[illegible]	800
		~~500~~
"	[illegible]	500
		220

Building 20 - Federal Center
Denver 25, Colorado

October 27, 1961

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMRA-4214 (Copper)
Contract Ibm-E981
(San Pedro Mine)
Santa Fe County, New Mexico

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated October 25, 1961 covering the period December 1, 1960, through October 25, 1961, which shows that no royalty is due the Government at this time.

Yours very truly,

Original signed by

Hugh N. Connors
Acting Field Officer, OME
Region III

Enclosure
HNC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E981
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 30 1961

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado

October 27, 1961

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: Docket No. DMEA-4214 (Copper)
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico
Contract Idm-E981

Enclosed is the original of the Report of Royalty Review on the subject property dated October 25, 1961 covering the period December 1, 1960, through October 23, 1961.

Original signed by

Hugh M. Connors

Attachment

HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E981
Chron

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

OCT 25 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

The original and two copies of a Report of Royalty Review covering the subject contract are attached. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy for the Operator; and
(c) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the copy of the report to the Operator should be furnished this Division. If for any reason you do not concur, the original and both copies of the report should be returned to this Division with your comments.

Attachments

EDTalbert/ama
October 25, 1961

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

OCT 19 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

This Division is preparing a Report of Royalty Review on the subject contract. Accordingly, your submission of an original and one copy of MME Form 22, Check Sheet of Examining Engineer, will be appreciated.

EDTalbert/ama
October 19, 1961

Copy to: Docket
Director's Reading File
CA & A Division

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 19 1961

DATE	INITIALS	CODE
10/19	[illegible]	800
		~~500~~
"	[illegible]	500
		220

October 16, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Acting Field Officer, OME, Region III

Subject: Docket No. DMEA-4214 (Copper)
Contract Idm E981
Mercury Uranium & Oil
(San Pedro mine)
Santa Fe County, New Mexico

On October 3, 1961 the San Pedro mine was inactive. I talked to Mrs. Chrystine W. Williams one of the owners of the subject property. She informed me the Allison Mines Inc. had given up their option on the property and the only shipment made by Allison Mines Inc. was smelter lot no. 2184 on which we received royalty.

Attached is a copy of a letter from R. Russell Rager in reply to my letter to Mercury Uranium and Oil Company dated September 20, 1961.

Hugh M. Connors

Hugh M. Connors

Attachment

LAW OFFICES
GORDON W. COKER DAVID F. BOYD, JR.
R. RUSSELL RAGER NILS T. KJELLSTROM
PHONE 243-3548
515 CENTRAL AVENUE, N. E.
ALBUQUERQUE, NEW MEXICO

OME
DEPARTMENT OF THE INTERIOR
OFFICIAL FILE COPY
OCT 13 1961
O. M. E.
REGION III
DENVER, COLORADO
RECEIVED OCT 19 1961

DATE	INITIALS	CODE
October 11,	1961	

October 11, 1961

Mr. Hugh M. Connors
Acting Field Officer, OME, Region III
United States Department of the Interior
Building 20, Federal Center
Denver 25, Colorado

Re: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
(San Pedro mine)
Santa Fe County, New Mexico

Dear Sir:

You letter dated September 20, 1961, addressed to the Mercury Uranium and Oil Company has been referred to me for reply.

Mercury Uranium and Oil Company's lease to the subject property was terminated by notice dated May 9, 1958, and the property was surrendered and released back to the owners, Colonel Charles F. Williams, Mrs. Chrystine W. Williams and Mrs. Marjorie H. Bradbury. Therefore, my client is not acquainted with any operations which may presently be in effect on the lands.

My client's file reflects that Mr. Manuel A. Sanchez, Attorney at Law, P. O. Box 666, Santa Fe, New Mexico, is the attorney for the land owners. The carbon copy of your letter, along with a copy of this letter, will be forwarded to Mr. Sanchez, with the request that he correspond with you in this regard.

Yours very truly,

R. Russell Rager

R. Russell Rager

RRR/m

cc: Mr. Manuel A. Sanchez

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 25 61

DATE	INITIALS	
9/25	[illegible]	800
9/28	Received	500
		~~500~~
		220

September 20, 1961

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
(San Pedro mine)
Santa Fe County, New Mexico

Gentlemen:

It has come to our attention that the captioned property is now being operated by Allison Mines Inc.

In accordance with the contract, will you please furnish this office two copies of the agreement the present Operator has with you to mine and remove ore from this property.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Idm E981
Chron

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 25
DATE INITIALS

September 20, 1961

C. F. Carroll
American Smelting and Refining Company
ElPaso Smelting Works
ElPaso, Texas

Re: Your Check No. 91038 dated 9/1/61
Amount $51.95 Lot No. 0184 Royalty - Allison Mines, Inc.

Dear Mr. Carroll:

Please disregard my letter to you dated September 19, 1961 regarding the captioned check.

Today I received your letter from Mr. A. Liebert with the information I had requested.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Contract Idm E981
Chron

AMERICAN SMELTING AND REFINING COMPANY
P. O. BOX 1111
EL PASO, TEXAS

SOUTHWESTERN DEPARTMENT
BEN D. ROBERTS, MANAGER
ROBERT M. McGEORGE, ASSISTANT MANAGER

EL PASO SMELTING WORKS
T. J. WOODSIDE, SUPERINTENDENT
D. H. MASON, ACCOUNTING MANAGER
R. E. REDMAN, SUPPLY AGENT

September 18, 1961

E 751

OME
DEPARTMENT OF THE INTERIOR
SEP 20 1961
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, O. M. E.
United States Department of the Interior
Officer of Minerals Exploration
Building 20-Federal Center
Denver 25, Colorado

Dear Mr. Connors:

As requested in your letter of September 6, 1961, we are forwarding another copy of settlement sheet for Smelter Lot 2184.

Yours very truly,

A. LIEBERT

AL:fbd
Enc.

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 25 1961

DATE	INITIALS	CODE

OFFICIAL FILE COPY O. M. E. RECEIVED SEP 25 1961		
DATE	INITIALS	CODE
9/25	[illegible]	800
		700
		700
		700

Building 20 - Federal Center
Denver 25, Colorado

September 19, 1961

C. F. Carroll
American Smelting and Refining Company
El Paso Smelting Works
ElPaso, Texas

Re: Your Check No. 91038 dated 9/1/61
Amount $51.95 Lot No. 2184 Royalty - Allison Mines, Inc.

Dear Mr. Carroll:

We have received no reply to our letter to your company dated September 6, 1961 regarding the captioned check.

We are at a loss to credit this check to the proper account.

Will you please advise the name of the mine, name of the Operator, and the County and State where the ore originated.

Also would you send us another copy of the settlement sheet. We need one copy to forward to the Washington Office and one copy for our files.

Yours very truly,

Original signed by

High M. Conners
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
File
Chron

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

DATE	INITIALS	CODE
9/11	[illegible]	800
		~~500~~
		~~500~~
		220

Building 20 - Federal Center
Denver 25, Colorado

September 6, 1961

American Smelting and Refining Company
ElPaso Smelting Works
ElPaso, Texas

Re: Your Check No. 91038 dated 9/1/61
Amount $51.95 Lot No. 2184 Royalty-Allison Mines, Inc.

Gentlemen:

We received the above check and are unable to identify it.

Would you kindly advise the name of the mine and the location--County and State.

Also would you send us another copy of the settlement sheet. We need one copy to forward to the Washington Office and one copy for our files.

Yours very truly,

TMR
Original signed by
for

Hugh M. Connors
Acting Field Officer, OME
Region III

lm
cc Chief, Division of Field Operations, OME
File
Chron

(2)

Dec. 5 - 1960
Golden Via Santa Fe
New mexico

Docket No. OMER-4214 copper
Contract No. Idm-E981
Mercury Uranium + oil Company
San Pedro Mine
Santa Fe County New mexico

OME
DEPARTMENT OF THE INTERIOR
DEC 11 1960
REGION III
DENVER, COLORADO

United States
Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25 Colorado

Letter from Washington 25 D.C.
in which you have copy also states
that I owe a Bal. of $24.76, in
which enclosed you will find check
for the amount due

Sincerely
Tom B. Scartaccini

E 981
Mercury Uranium + Oil
$24.76

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 19 1960

DATE
12/19 cac 210
" Murphy 500
220

December 15, 1960

Memorandum

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

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket No. DMFA-4014 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Attached is the original Report of Royalty Review on the subject property dated December 6, 1960 covering the period October 2, 1959, through November 30, 1960.

Original signed by

Hugh M. Connors

Attachment
HMC/lm
cc Chief, Division ofField Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E981
Chron

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
RECEIVED
DATE 9 1960

December 15, 1960

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated December 6, 1960 covering the period October 2, 1959, through November 30, 1960.

You will note the Report shows balance of Royalty due $24.76, but we have Mr. Scartaccini's check No. 30 dated December 8, 1960 in the amount of $24.76 so the Royalty account is in balance.

Yours very truly,

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure
HMC/lm
cc E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations OME (2)
Royalty Corres. E981
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 5 1960

DATE	INITIALS	CODE
12-5	gad	VVO
12/5	[illegible]	800
"	[illegible]	500
		220

December 1, 1960

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

This is to advise that this office has not received the $24.76 from the subject Operator, which was requested in the Acting Director's letter by certified mail to Mr. Scartaccini dated October 26, 1960.

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/26	Fisher	800
10/26	Talbert	800
	Riverside	500
10/26	Selfridge	120
		110
10/26	Coe	220

OCT 26 1960

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden via Sandia Park
New Mexico

Re: DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract Idm-E981

Dear Mr. Scartaccini:

Reference is made to your letter dated October 10, 1960, and previous correspondence with our Denver, Colorado, office relative to royalty due the Government on a shipment of manganese ore during the latter part of 1959.

As was explained in Mr. Connor's letter to you dated August 10, 1960, Article 6(c) of the contract provides that transportation charges paid by the Operator are not deductible in arriving at the gross proceeds on which the Government's percentage royalty is based. Inasmuch as you paid the transportation on this shipment, the amount of such charge is not a deductible item in computing the amount of royalty due the Government.

Accordingly, the royalty due on this shipment is $32.26, which is 5% of the gross proceeds of $645.10 received by you. However, a review of your account discloses an overpayment of $7.50, which amount was shown as additional royalty applicable to lots 2744 and 2789 by the American Smelting and Refining Company and paid to the Government on a settlement dated February 15, 1959, for lot 36. This represents an overpayment for the reason that the royalty was properly computed and paid when initial settlements were made for lots 2744 and 2789. Therefore, the net amount of overdue royalty is $24.76 ($32.26 less $7.50).

I trust that you will promptly remit to the Acting Field Officer, OME, Region III, Building 20, Denver Federal Center, Denver, Colorado, the sum of $24.76 in order to place your account on a current basis.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

CEFisher/ama
October 26, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

43683

OFFICIAL FILE COPY O. M. E. RECEIVED OCT 20 1960		
DATE	INITIALS	CODE
10-20	gad	220
10/20	[illegible]	800
	Received	500
		220

Building 20 - Federal Center
Denver 25, Colorado

October 18, 1960

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Your letter dated October 10, 1960 is being forwarded to our Washington Office for reply as we believe sufficient time has been allowed you for the payment of $32.26 in past due royalty.

Yours very truly,

Original signed by
TMR

For

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

Oct. 10 - 1960

Golden Via Sandia

Park N. Mex.

United states

Department of The interior

Office of Minerals Exploration

Building 20 - Federal Center

Denver 25, Colorado

OFFICIAL FILE COPY
O.E.M.E.
RECEIVED OCT 20 1960
DEPARTMENT OF THE INTERIOR
OCT 24 1960
REGION III
DENVER, COLORADO

DATE	INITIALS	CODE

Docat No. DMEA-4214 (Copper)

Contract No. IDM-E981 MERCURY URANIUM

+ Oil Company SAN Pedro MINE

SANTA FE COUNTY, NEW MEXICO

Dear Sir.

This is in Reference to your letter regarding Freight Charges of shipment of Manganese ore, I am still Under the impression that this Freight Charges should be deducted before computing the Royalty, Before I will mail you a check for the Royalty, I would to talk to the owner of the San Pedro mine, I have been unable to do so, for reason that he is out of the State at Present time as soon as he gets back, I talk to him, and what ever he says, I will

go along with him, after all he is the owner of the mine and then will mail you a check and settle this matter.

Sincerely Yours
Tom B. Scartaccini

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 28 1960

DATE	INITIALS	
9-28	gad	VVO
"	E.T.	800
"	~~[illegible]~~ Disavowed	500
		225

Ransome ..... Kelly .....
Kerns ....
Mullen ..... Drake .....

??

Sept. 21. 1960
Gallen, N. Mex

United States
Department of the Interior

Dear Sir:

In reply to your letter of the 12th. Since Tom has been corresponding with you over this matter. All I can say I'll bring this matter to him, when he gets back. He is out right at the present, but as soon as he returns I'll have him contact you and try and straighten this matter out.

I Thank you

Eugene Scartaccini

W.D.(2)

E 981
4214

Mercury Uranium
& Oil Co.

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 15 1960

DATE		
9-15	gad	VVO
9/15		800
"	Grieved	500
		225

Building 20 - Federal Center
Denver 25, Colorado

September 12, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated August 10, 1960 in which we requested $32.26 for past due Royalty on ore sold from the captioned property.

If we do not receive $32.26 before October 12, 1960 we will refer the matter to our Washington office for such action as they deem necessary to protect the Government's interest.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 12 1960

DATE		
8-12	gad	NNO
8/12		800
		500
		225

Building 20 - Federal Center
Denver 25, Colorado

August 10, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMRA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

This has further reference to your letter of August 6, 1960 regarding the freight charges on the shipment of manganese ore.

The contract specifies as follows:

> "Article 6 (c) Basis for computation.--
> The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the 'gross proceeds' as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the 'gross proceeds' as that term is here used. ------ "

From the forgoing, you will note that the Government's Royalty

applies to the gross settlement ($645.10) and the Royalty due the Government is $32.26 as shown in our letter June 29, 1960.

Will you please forward this office your check for $32.26 to balance your Royalty account.

Yours very truly,

Original signed by

Hugh M. Conners
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres. E981
Chron

E 981

Reg. [illegible]
Golden Via
Sandia Park
N. M.

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 12 1960
DATE | INT.

United States
Department of The Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Mr. Hugh Connors
Acting Field Officer
Ofme, Region III

Refering to the Roylty due The Government on the sale of Manganese ore. should be computed after the Freight charges, the carrier is independent truck operator: as the ore was only test sample the buyers send me the full amount of the gross value of their manganese ore, so He did not decut the Freight that was the reason for me paying the trucker. I hope this will clear up this matter, so I can mail a check, for the due amount.

Sincerly
Tom B. Scarlaccini

OFFICIAL FILE COPY O. M. E. RECEIVED JUL 5 1960		
DATE	INITIALS	
7-5	gad	VVO
7/5	[illegible]	800
7/5	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado

June 29, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Thank you for your letter of June 17, 1960 in which you stated that you had paid for the hauling on the shipment of manganese ore.

The Royalty due the Government on the sale of the manganese ore, is $32.26 which is computed as follows:

Gross Settlement	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due
$ 645.10	$ 13.93	$ 46.31	5%	$ 32.26

Will you please forward this office your check for $32.26 to bring your Royalty account into balance.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Correspondence E981
Suspense
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 5 1960

DATE	INITIALS	CODE
7-5	gad	VVO
June 17-1960		800
Golden via Sandia		500
Park 22 mch		

United States
Department of The Interior
office of Minerals Exploration
Building 20 - Federal Center
Denver 25 Colorado

I am sorry that you have not Received my ans. of letter dated april 15 - 1960, which I wrote But had some one else mailed it for me. What happend they must lost it. so in they meantime I have been you just Returned and found another Reg. letter dated May 31-1960 so here is the same ans. I Paid the Hauling by check $111.44 if not satisfied I will send you the Cancelled check for Proof. Hoping we can Clear up the matter,

Very Truly Yours
B. Scartaccini

OME
DEPARTMENT OF THE INTERIOR
JUN 24 1960
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 3 1960

DATE	INITIALS	CODE
6-3	gad	120
6/3	[illegible]	800
"	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado

May 31, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. EMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated April 15, 1960 requesting advice as to who paid the hauling charges of $8.00 per ton on the shipment of Manganese in the fall of 1959.

Will you please advise if the $111.44 for hauling was paid by you or the McBride Blending Company of Deming, New Mexico. We must have this information to compute the Royalty due the Government.

Very truly yours,

Original signed by

Hugh M. Conners
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres E981
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 18 1960

DATE	INITIALS	CODE
4-18	gad	VVO
4/18	[illegible]	800
4/19	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado

April 15, 1960

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. DMRA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Thank you for your letter dated April 12, 1960 and copies of the settlement sheets for the sale of the Manganese ore.

Before we can compute the royalty due the Government, we must know who paid the hauling costs. Will you please advise if the $111.44 for hauling was paid by you or the McBride Blending Company of Deming, New Mexico.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

HMC/bjo

cc: OME, Washington (2)
Royalty corres. E981
Suspense
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 14 1960

DATE	INITIALS	CODE
3-14	gad	VVO
3/14	[illegible]	800
3/15	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado

March 10, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. IMEA-4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have been informed that the McBride Blending Company of Deming, New Mexico under a working agreement with you, made one shipment of manganese ore from the subordinated ground during the Fall of 1959.

We understand that the shipment contained 31,203 dry pounds of ore assaying 32.5% manganese.

Will you please forward this office three (3) copies of the settlement sheet for this ore. When we receive the settlement sheets, we will calculate the amount of royalty due the Government and advise you.

Very truly yours,

Original signed by

J. William Hasler
Member, OME Field Team
Region III

HMC/ms

cc: Chmn. Op. Comm. (2)
Roy corres E981
Chron
Suspense

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 20 1960

DATE	INITIALS	CODE
1-20	gad	1110
1/20	[illegible]	800
1/20	[illegible]	500
		225

Jan. 15-60
Golden Via Sunshine
New Mexico

United States Department
of Interior Office of Minerals Exploration
Building 20 - Federal Center
Denver 25 Colorado

E981

DMEA 4V14
Mercury Vanadium

Dear Mr. J. W. Townsend,

Referring to your letter of Jan. 11-60 about the ore stockpiled at the San Pedro mine, dated back to Feb. 20-59,

This ore was shipped in small lots, to the El Paso Smelter, which I am sure you have a copy of all shipments, We are in the process of shipping some ore in the near future if the weather permits. At this time we have been unable, on account the road, to get trucks to haul.

Hoping this will answer your question on this matter, any more information you wish, will be glad furnish.

Very Truly Yours

Tom B. Scartaccini

Clearance 2)

OFFICIAL FILE COPY O. M. E. RECEIVED JAN 14 1960		
DATE	INITIALS	CODE
1-14	gad	VVO
1/14	[illegible]	800
1/18	[illegible]	100
		VVS

CHARLES F. WILLIAMS
MINING ENGINEER
110 CAMINO DE LA PEÑA
SANTA FE, N. M.

OME
DEPARTMENT OF THE INTERIOR
JAN 11 1960
REGION III
DENVER, COLORADO

January 9, 1960

Mr. J. W. Townsend
Executative Officer, OME
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4214
Contract No. Idm-E981
Mercury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, N. M.

Dear Mr. Townsend:

Reference is made to your letter of January 7th in the matter of our lease in favor of Mr. Tom B. Scartaccini on the subject San Pedro mine.

Mr. Scartaccini's lease is being renegotiated and modified to encourage the construction of a mill on the premises. When the revised lease is completed, I shall mail a copy to your office.

Shipments of ore to the El Paso smelter were suspended in August, 1959, when the AS&R plant was struck. It is expected that shipments will be resumed as soon as the weather permits.

Mr. Scartaccini's permanent address is

420 Amherst Drive NE, Albuquerque, New Mexico

however, as he is living at the mine property, he had best be addressed

c/o Mr. Eugene Scartaccini, Golden via Sandia Park, NM.

At any time information is required relative to the San Pedro operation, please call on me - I shall be happy to oblige.

Very truly yours,

Charles F. Williams

Chairman (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 14 1960

DATE	INITIALS	CODE
1-14	gad	VVO
1/14	[illegible]	800
1/18	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado
January 7, 1960

Charles F. & Chrystine W. Williams
110 Calle La Pena
Santa Fe, New Mexico

Re: Docket No. DMRA 4214 (Copper)
Contract No. Ldm-E981
Mercury Uranium and Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. and Mrs. Williams:

Our letter to Mr. Tom B. Scartacini, addressed to 420 Amherst Drive, Albuquerque, New Mexico, was unclaimed and has been returned to us.

Will you please advise if the Lease and Agreement dated the 26th day of August 1958 between you and Mr. Scartacini is still valid. We would also like to know the present status of the San Pedro Mine.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E981
Chron.

OFFICIAL FILE COPY O. M. E. RECEIVED JAN 14 1960		
DATE	INITIALS	CODE
1-14	gad	VVO
1/14	gad	800
1/18	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado
January 11, 1960

CERTIFIED MAIL

Mr. Tom B. Scartaccini
c/o Mr. Eugene Scartaccini
Golden Via Sandia Park
New Mexico

Re: Docket No. [illegible] 4214 (Copper)
Contract No. [illegible]-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated October 7, 1959, in which we requested to know what disposition had been made of the 45 tons of hand sorted ore, estimated to contain 10 percent copper, which was stockpiled as of February 20, 1959, the date of our last semiannual inspection of the San Pedro Mine.

We presume that the ore in question has been shipped since you have shipped many lots to the smelter since that time, but we would like your advice on the matter, and to know if there is any ore presently stockpiled on the property.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, CMK
Field Team, Region III

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E981
Chron.

OFFICIAL FILE COPY O. M. E. RECEIVED NOV 19 1959		
DATE	INITIALS	CODE
11-19	gcb	NVO
11/19	[illegible]	800
"	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado
November 16, 1959

CERTIFIED MAIL

Mr. Tom B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Lim-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter to you dated October 7, 1959, in which we requested to know what disposition had been made of the 45 tons of hand sorted ore, estimated to contain 10 percent copper, which was stockpiled as of February 20, 1959, the date of our last semiannual inspection of the San Pedro Mine.

We presume that the ore in question has been shipped since you have shipped many lots to the smelter since that time, but we would like your advice on the matter, and to know if there is any ore presently stockpiled on the property.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E981
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/22		500
Noted 10/22	Talbert	800
	Selfridge	~~120~~
		110
		225

October 22, 1959

Memorandum

To: Chairman, Operating Committee

From: W. R. Griswold, Chief
Division of Minerals

Subject: Examining Engineer's Check Sheet
Docket No. DMEA-4214 (Copper)
Mercury Uranium and Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

On October 6 Mr. Talbert wrote to Auditor Finch requesting a "completed check sheet." Mr. Finch returned an incomplete sheet with a notation "This is as far as Mr. Townsend would go."

Offhand, it would seem we could waive the requirement for submittal of such check sheets. It seems obvious that, where an Operator's procedure is not proper, he should be so advised by the Field Team, without the formality of a check sheet.

W. R. Griswold

WRGriswold/gla
10-22-59
cc to: Director's Reading File
Mr. Selfridge
Mr. Talbert
Docket
Chron

Set made for signature

8623

DMEA FORM 6 REFERENCE SLIP
REV. 12-56 DEFENSE MINERALS EXPLORATION ADMI

TO:	INITIAL	
1. Mr. Selfridge		
2. M & F 225		
3.		
4.		
5.		
FROM: Talbert		

FOR: Check items for action desired

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

REMARKS: The next step, if any, appears to be a matter for the consideration of the Operating Committee.

Re: Auditor's note on Reference Slip covering "revised" Check Sheet on DMEA-4214

See Op. Comm. Minutes No. 492 & 633

INT.-DUP. SEC., WASH., D.C. M25803

-95 (Revised)
(1955)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to:	Name	Room
1.	E. D. Talbert, Acting Chief	
2.	Cont. Admin. & Audit. Div., OME	
3.	Washington 25, D. C.	
4.		
5.		

For:

..... Action	..... Record of .....
...X..... Approval	..... Referring to .....
..... Comment	..... Reply for signature of .....
..... Conference	..... Rewriting
..... Consideration	..... See or call me
..... Filing	..... Signature
..... Initials	..... Suggestions
..... Instructions	..... Surname
..... Investigation	..... Your information
..... Mailing	
..... Note and return	
..... Previous correspondence	
..... Recommendation	

Remarks:

Enclosed are 2 copies of revised Check Sheet of Examining Engineer, Cont. E981, Tom B. Scartacini, Lessee.

This is as far as Mr. Townsend would go.

Donald T. Finch

From *(Name)* Donald T. Finch Date October 12, 1959

Division—Office—Address OME Auditor Ext: Room:

U. S. GOVERNMENT PRINTING OFFICE : 1957—O-416832 GPO-871273

MME Form 22
April 59

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 19 1959

DATE	INITIALS	CODE

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Tom B. Scartacini, Lessee
Address Golden, New Mexico Via Sandia Park
Formerly Mercury Uranium and Oil Company
Albuquerque, New Mexico
(Charles F. Williams et al, Owners)

Exploration Contract No. Idm-E981 Docket No. DMEA 4214

SAN PEDRO MINE
Santa Fe County, New Mexico

			Check One Yes	Check One No
1.	(a)	Does the Operator stockpile ore subject to royalty repayment?		
	(b)	If so, is segregation and identification procedure adequate?		
2.	(a)	Does Operator commingle production subject to DMEA or OME royalties with exempt production?		
	(b)	If so, do you consider the allocation of the commingled production equitable?		
3.	(a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		
	(b)	If so, are adequate records maintained on such material to protect the Government's interest?		
4.		Do you consider the assay controls in effect are adequate?		
5.		Do you consider that the manner of disposing of production gives the Government its fair royalty returns?		
6.		Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?		
7.		Does the Operator buy from or sell to other Operators?		
8.		Comment on any item 2 (b) to 6 if answer is No.		

9. Remarks - As of this date, Lessee of the property has made royalty payments to the Government on shipments to August 3, 1959. The latest information available relative to questions 1 - 7 inclusive, is contained in the Semiannual Report of Certified Project for the period July 1, 1958 to December 31, 1958.

October 9, 1959
Date

J W Townsend
Mining Engineer
J. W. Townsend
Executive Officer, OME
Field Team, Region III

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 12 1959

DATE	INITIALS	CODE
10/12	RCW	225
10/12	[illegible]	800
10/12	[illegible]	500
		225

Building 20 - Federal Center
Denver 25, Colorado

October 7, 1959

Mr. Tom B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket No. DMRA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Our last semiannual inspection of the San Pedro mine was made on February 20, 1959. The report on that inspection indicated that there were 45 tons of hand sorted ore, estimated to contain 10 percent copper, stockpiled.

You have shipped many lots to the smelter since that time, and we would like to know if the 45 tons of ore mentioned in the report have been shipped. We would also like to know if there is any ore presently stockpiled on the property.

Will you please advise.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, CMK
Field Team, Region III

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E981
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 15 1959

DATE	INITIALS	CODE
4/15	C	220
4/15	alh.	500

224 New Customhouse
Denver 2, Colorado
April 9, 1959

Mr. Charles F. Williams
110 Cuesta De La Paz
Santa Fe, New Mexico

Re: Docket No. [illegible] (Copper)
Contract [illegible]
Mercury Uranium & Oil Company
(San Pedro mine), Santa Fe County,
New Mexico

Dear Mr. Williams:

This will acknowledge receipt of your letter dated April 8, 1959, regarding the royalty provisions of the captioned contract.

Your letter to the American Smelting and Refining Company dated March 18, 1959, copy of which you forwarded this office, was correct in stating that the overpayment of royalty to DMEM on Lot Nos. 240 and 281 was $12.56.

In accordance with Article 6(e) of the contract, the hauling, representation, weighs and sampling are allowable deductions since they are paid for by the smelter and are shown on the settlement sheets.

Very truly yours,
Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC/ff
cc: Chmn. Op. Comm. (2) } w/copy of letter from Williams dated April 8, 1959
Romslo
Royalty file E981
Chron.

[illegible]

OFFICIAL FILE COPY O. M. E. RECEIVED JAN 9 1959		
DATE	INITIALS	CODE
1-9	C	220
1-9	alh	500

224 New Customhouse
Denver 2, Colorado

January 5, 1959

Mr. Tom B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket DMRA-4214 (Copper)
Contract LMm-E981
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Thank you for your letter dated December 29, 1958, regarding the delinquent royalty. As stated in our letter to you dated November 5, 1958, the amount of royalty due the Government on your lot Nos. 2744 and 2789 is $7.50, which is calculated as follows:

Lot No.	Smelter Value	Allowable Deductions	Net Value	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
2744	$ 214.80	$ 15.00	$ 199.80	21.785	$9.17	2½%	$5.00	$ 0.36
2789	210.93	15.00	195.93	23.673	8.28	1½%	2.94	0.08

We presume that the smelter will deduct the $7.50 from your next shipment and forward it to this office.

For your information and for the information of the smelter personnel, the basis for computing DMRA royalty payments is as follows:

WHEN VALUE PER DRY TON IS:				ROYALTY PAYMENTS ARE:	
$ 0.01	-	$ 8.49		1.5%	
8.50	-	8.99		2.0	
9.00	-	9.49		2.5	Of
9.50	-	9.99	Then	3.0	"Gross Proceeds"
10.00	-	10.49		3.5	
10.50	-	10.99		4.0	
11.00	-	11.49		4.5	
11.50	-	and over		5.0	

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

cc: Mr. Ben Roberts,
Manager, El Paso Smelter
American Smelting & Refining Co.
El Paso, Texas

Chum. Op. Comm. (2)
Royalty E-981
Harshman
OME-DFC-Belser
Chron

Mr. [illegible] Townsend
Executive Officer
Field Team, Region III
[illegible] Customhouse
Denver 2, Colorado

EXTRA COPY
O. M. E.
RECEIVED JAN 9 1959

DATE	INITIALS	CODE

Re: Docket DMEA [illegible] (Sander)
Contract Idm-[illegible]
Mercury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Townsend:

I reply with reference to your registered letter of December 22, 1958. I had delayed replying your previous letter of November 5, 1958 since I had talked personally with one of your field men at the San Pedro Mine in regard to this delinquent royalty. In essence, he had informed me that the matter would be cleared up through the El Paso Smelting Works where my lease is on file and whose management has been kind enough to deduct all necessary royalty charges from my returns.

I have another shipment scheduled for the El Paso Smelting Works in the near future and suggest, in order to avoid further similar errors, that you make such adjustment as necessary from this shipment both for the delinquent lots and such others as may be shipped in the future. I trust that this approach meets with your approval.

Very truly yours,

Tom B. Scartaccini

Tom B. Scartaccini

cc: Mr. Ben Roberts
Manager, El Paso Smelter

OFFICIAL FILE COPY O. M. E. RECEIVED DEC 29 1958		
DATE	INITIALS	CODE
12/29	C	220
1/8	ah	500

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

December 22, 1958

Mr. Tom. B. Scartaccini
420 Amherst Drive, N. E.
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper)
Contract Idm-E981
Merucury Uranium & Oil Co.
(San Pedro Mine)
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

We have had no reply to our letter of November 5, 1958, which explained to you why additional royalty is due the Government on your mine lots No. 2744 and 2789.

Please forward this office by return mail your check for $7.50 to cover the amount of delinquent royalties.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC:jy

cc: Chm. Op. Comm. (2)
Harshman
OME/DFC - Belser
Royalty E981
Chron.

OFFICIAL ... OFFICE
RECEIVED NOV 20 1958

DATE	INITIALS	CODE
11/20	C	220
11/24	...	500

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 17, 1958

Memorandum

To: Carl Belser

From: Executive Officer, OME Field Team, Region III

Subject: DMEA Docket No. 4214 (Copper), Contract No. Idm E981 (San Pedro Mine), Mercury Uranium & Oil Company), Santa Fe County, New Mexico

This has reference to your memorandum dated November 14 on the subject contract.

Attached is a copy of a letter to Mr. Scartaccini regarding royalty payments on the two (2) shipments of ore from the property which you mentioned in your memorandum. You will also note that the ore is of a lower grade than you had anticipated.

Original signed by
J. W. TOWNSEND

Enclosure

J. W. Townsend

cc: Chmn. Op. Comm. (2)
Royalty File E981
Harshman
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1958

DATE	INITIALS	CODE

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 5, 1958

COPY

Mr. Tom B. Scartaccini
420 Amherst Drive, N.E.
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper)
Contract Idm-E981
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Scartaccini:

Settlement sheets for smelter lots Nos. 2744 and 2789 have been received in this office and the breakdown of these settlement sheets as concerns DMEA is as follows:

Lot No.	Smelter Value	Allowable Deductions	Net Value	Dry Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
2744	$ 214.80	$ 15.00	$ 199.80	21.785	$9.17	2 1/2%	$5.00	$ 0.36
2789	210.93	15.00	195.93	23.673	8.28	1 1/2%	2.94	0.08

You will note from the foregoing that only forty-four cents royalty has been paid to the Government. The correct amount of royalty due the Government was $7.94. Will you please forward this office a check in the amount of $7.50 to pay the balance of royalty due the Government on these two shipments.

Very truly yours,
Original signed by
J. W. TOWNSEND

J. W. Townsend
Executive Officer
OME Field Team, Region III

HMC/ff
cc: Chmn.Op.Comm. (2)
Royalty E981
Chron
Harshman
OME-DFC-Belser

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1958

DATE	INITIALS	CODE
	Nov. 14, 1958	

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: DMEA Docket No. 4212 (Copper) Contract Idm-E981
San Pedro mine, Mercury Uranium and Oil Company, Santa Fe County, New Mexico

The mine was turned back to Colonel Williams by the Mercury Uranium and Oil Company on August 10, 1958.

Tom Scartaccini, 420 Amherst, Albuquerque, is leasing on the property. He has five men working. Shipments are to the El Paso smelter and amount was one car lead, 48 dry tons, and four truck loads. All shipments have been this fall. Scartaccini left a copy of his lease with the smelter and told them about the DMEA royalty.

There is a possibility that the royalty could have been sent to the El Paso DMEA on that the smelter is slow in settling.

Carl Belser
Carl Belser
Mining Engineer

CB/mw
cc: 7
Idm-E981
chron

OME
DEPARTMENT OF THE INTERIOR
NOV 14 1958
REGION III
DENVER, COLORADO

DMB (1) m 7

OFFICIAL FILE COPY

Date	Surname	Code
8/28	Griswold	500
9/5	Talbut	800
9/4	Brofos	130
9/6	Selfolsd	130
9/6	Kilsgaard	130
		~~110~~
		~~100~~
		225
		500

SEP 9 1957

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Services
General Services Administration
7th and D Street, S. W.
Washington 25, D. C.

Re: Docket No. DMA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-E981.

The contract was dated July 27, 1956, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $105,300.00. Actual expenditures were $58,881.66, with the Government's share being half of such amount or $29,440.83.

The total amount of work provided for under the contract consisted of 700 feet of drifting, 250 feet of raising, 150 feet of winzing and 7,700 feet of diamond drilling. Work actually completed consisted of 79 feet of drifting, 99 feet of raising and 6,913 feet of diamond drilling.

The discovery consisted of copper ores occurring as replacements in limestone. The estimated ore reserve resulting from the work of exploration under the contract consists of 29,400 tons with a grade of 4.74 per cent copper.

Sincerely yours,

Frank E. Johnson
ACTING Administrator

WRGriswold/er 8/28/57
Copy to:
Docket
Admr R File
Op. Committee
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Cont. Adm & Audit Div.
Mr. Johnson
Mr. Griswold
Region III (2)
Chron.

Enclosures

8623

OFFICIAL FILE COPY

Date	Surname	Code
9/5	Dusinberry	500
9/5	Talbert	800
9/6	Bryfogle	130
9/6	Selfridge	130
9/6	Kiilsgaard	~~130~~
		~~110~~
		~~100~~
		225
		500

SEP 9 1957

Mr. Claudes S. Sena
Administrator of the Estate
of Charles L. Bradbury, deceased
Santa Fe, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Sena:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien signed by you, as Administrator of the Estate of Charles L. Bradbury, deceased, on June 8, 1956. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson
ACTING Administrator
WRGriswold/er 9/5/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Chron.

Enclosures

8623

OFFICIAL FILE COPY

Date	Surname	Code
9/5	Driscoll	500
9/5	Talbut	800
9/6	Bishop	130
9/6	Selfridge	130
9/6	Kielsgaard	120
		~~110~~
		~~100~~
		225
		500

SEP 9 1957

Manuel A. Sanchez, Attorney

Santa Fe, New Mexico

Re: Docket No. IMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Sanchez:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien signed by you, as attorney-in-fact on June 8, 1956. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

WRGriswold/er 9/5/57

Enclosures

Copy to: Docket
Admr R File
Op. Committee
Mr. Hamb, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Chron.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

September 10, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 1958

DATE	INITIAL	CODE
9/N	C	220
11		500

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981
Mercury Uranium & Oil Company (San Pedro Mine)
Santa Fe County, New Mexico

Enclosed is a photo copy of each of the following: -

(1) LEASE AND AGREEMENT (Less Exhibit A), dated August 26, 1958, between Charles F. Williams et al. and Tom B. Scartacini.

(2) Letter dated September 8, 1958, from Manuel A. Sanchez, forwarding Item 1 to this office.

It appears that the content of paragraph 6, page 2, makes suitable provision for the protection of the Government's interest in the land.

E. N. Harshman

E. N. Harshman

Encls.

POST OFFICE BOX 666

MANUEL A. SANCHEZ
ATTORNEY AT LAW
BATTS BUILDING
SANTA FE, NEW MEXICO

TELEPHONE
YUCCA 3-4631

September 8, 1958

DMEA
DEPARTMENT OF THE INTERIOR
SEP 9 - 1958
REGION III
DENVER, COLORADO

Executive Officer
DMEA Field Team
Region III
224 New Customhouse Building
Denver 2, Colorado

Dear Sir:

Enclosed is executed and acknowledged copy of Lease and Agreement dated August 26, 1958, wherein Charles F. Williams, et al, are lessors, and Tom B. Scartacini is lessee, said lease and agreement covering patented and unpatented claims in the New Placers Mining District, Twp. 12 North, R. 7 E., New Mexico Meridian, Santa Fe County, New Mexico.

You will note that Exhibit A, which is the exploration project contract between the United States and Mercury Uranium & Oil Company, is made part of the agreement.

Mercury Uranium & Oil Company surrendered its lease on May 9, 1958, effective as of August 10, 1958. Undoubtedly, Mercury Uranium has advised you of the surrender, or will advise you of the surrender of said lease.

Please acknowledge receipt of the copy of this lease and agreement.

Yours very truly,

Manuel A. Sanchez

MAS/JF
Enc.

DMEA
DEPARTMENT OF THE INTERIOR
SEP 9 - 1958
REGION III
DENVER, COLORADO

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into this 26 day of August, 1958, by and between Charles F. Williams and Chrystine W.Williams his wife, of 110 Calle La Penna, Santa Fe, New Mexico, and Marjorie H.Bradbury, a widow, of Socorro, New Mexico, parties of the first part, hereinafter called Lessors, and Tom B. Scartacini, of 420 Aubrey Drive N.E., Albuquerque, New Mexico, party of the second part, hereinafter called Lessee, WITNESSETH:

1. That for and in consideration of the sum of One Dollar ($1.00) and the royalty reservations and mutual covenants hereinafter contained, the Lessors hereby lease to the Lessee for a period of one (1) year from the date hereof the following patented mining claims, to-wit:

Apex	Puzzle	Colusa
Virgina	Richman	Grey horse
Copper Belle	Ella	Grey Horse Millsite
Montezuma	Magnolia	Abe Lincoln
Giblin	Frankfort	Ingersoll
Hoosier Girl	Bonanza	Beautiful Boy
White	Mountain View	Anaconda

and the following unpatented mining claims, to-wit:

San Timothy	Giblin Extension	San Pedro No. 2
San Jose	Montezuma Extension	San Pedro No. 3
Santa Rosa	Swan Extension	San Pedro No. 4
San Joaquin	Swan	San Pedro No. 5
Asarco	San Pedro	

all of said claims being situated within the New Placers Mining District, and being in Township 12 North, Range 7 East of the Principal Meridian, Santa Fe County, New Mexico.

2. Lessee shall have the right and option to renew this Lease and Agreement for two additional one (1) year terms by giving written notice to Lessors not less than thirty (30) days prior to the termination date hereof, or extensions granted, and provided that Lessee has produced and shipped not less than two thousand (2000) tons of ore or the equivalent in mill concentrates from the leased premises during the preceding one year term. Lessors will grant no extension of this Lease and Agreement to run beyond three (3) years from the date hereof unless Lessee shall construct on the leased premises

an affisient concentrating mill of not less than one hundred (100) t.p.d. capacity and have said mill in operation prior to the termination of said three (3) year period, and in which event, Lessee shall have the right and option to renew this Lease and Agreement for additional one (1) year terms for up to seven (7) years, under the same terms and conditions as herein set forth for renewal under the first three (3) year period.

3. Lessee is hereby given and granted immediate possession and access to said claims with authority to enter thereon for the purpose of mining, hoisting, sorting, trucking and shipping or concentrating ore produced therefrom.

4. It is agreed between the parties hereto that any operations under this Lease and Agreement will be subordinate to any surface or underground explorations Lessors may authorize and that said operations by Lessee will be carried on so as to not interfere with such explorations.

5. Lessors reserve and retain under this Lease and Agreement a royalty of ten (10) per cent of the value of all ore or concentrates removed from the leased premises, said royalty to be ten (10) per cent of the net smelter, custom mill or stock pile returns. "Net returns" shall mean all sums paid to the Lessee for the values in the ores or concentrates after deducting freight charges paid by the buyer to a carrier, and smelter, custom mill or stock pile sampling, assaying and treatment charges assessed against the Lessee.

6. Lessee shall pay to the United States Government the royalties reserved under DMEA No. 4214, Contract No. Idm-S 961 dated July 27, 1956, in accordance with the provisions of said contract, copy of which contract is hereto attached, marked Exhibit A and made a part hereof. Said royalty shall be paid by the purchaser of the production who is hereby authorized and directed to pay said royalty directly to:

Executive Officer, DMEA Field Team,
Region III, 224 New Customhouse Building, Denver 2, Colo.

Checks should be drawn in favor of the Defense Minerals Exploration Administra-

tion. Royalty payments to the Government should be accompanied by copies of settlement sheets.

7. Said payment of royalties to the United States shall not be considered a charge against Lessors in arriving at the royalty to be paid Lessors herein under this Lease.

8. Lessee agrees to carry on all mining operations in a miner-like fashion, with due regard to preserving the premises as a working mine, and further agrees to comply with the provisions of all laws of the State of New Mexico and the United States of America relating to mining and such operations as Lessee may engage in.

9. Lessee shall be solely liable for all labor and material claims, smelter, mill or stock pile charges, trucking and railroad transportation charges on ore and concentrate shipments, and agrees to post in conspicuous places on the leased premises, notices to the public to the effect that he is the Lessee of said premises and is responsible for all labor and materialmen's claims, and that the Lessors, Mrs. Marjorie M. Bradbury, Charles F. Williams and Mrs. Chrystine W. Williams, will not be liable for any such claims, nor will the leased premises be subjected to labor liens or mechanics' or materialmen's liens.

10. Lessee, prior to first shipment, shall deliver to the purchaser of the mineral product a copy of this lease and agreement; said purchaser shall, upon each and every shipment of ore or concentrates received by said purchaser pay to Lessors 10% royalty and to the United States Government an additional royalty as hereinbefore set forth. Purchaser will be authorized to mail checks for the Lessor's royalty to:

Charles F. Williams, Agent,
110 Calle La Fena, Santa Fe, New Mexico.

and for the Government's royalty to:

Executive Officer, DMEA Team, Region III,
224 New Customhouse Bldg., Denver 2, Colo.

both checks to be accompanied with a copy of the settlement sheet.

11. It is specified and required that Lessee shall ship a minimum of one hundred (100) tons of ore, or the equivalent tonnage in concentrates based on an 8 to 11 concentration ratio, per month from the leased premises after January 1, 1959, and in the event of Lessee's failure to maintain an average of one hundred (100) tons per month for a period of three (3) months, this Lease shall be subject to forfeiture and cancellation as hereinafter provided.

12. In the event Lessors have an opportunity to sell the leased premises, Lessee, upon written notice to this effect, shall be given six (6) months to terminate all operations and to remove his equipment and materials except track, pipe lines and improvements of a permanent nature, and except the mill hereinbefore mentioned, if one be erected, and unless other arrangements are made between Lessee and buyer, said Lease and Agreement shall terminate on the expiration date of the said six (6) month period. In the event that Lessee has qualified for the renewal of this Lease and Agreement for one (1) year terms up to a maximum period of ten (10) years by the construction of a concentrating mill as herein defined, Lessors agree, in the event the leased premises are to be sold, Lessee shall be given one (1) year in which to terminate operations instead of the six (6) month period set forth above.

13. Lessee, at his sole expense, shall carry at all times during the term of this Lease and Agreement, Workmen's compensation, Liability and other insurance required by the laws and mining regulations of the State of New Mexico.

14. Lessee shall keep accurate books of account relating to the mining, milling, transportation and sale of ores and concentrates produced from the leased premises, which books of account shall be open to the inspection of the Lessors or their duly authorized representative.

15. Lessee shall promptly pay when they become due all taxes of whatever description or character on said property. Lessor shall pay the property taxes on said claims for the year 1958; additional taxes, if any, for 1958, shall be paid by the Lessee.

16. Lessee may use any building, piece of equipment, item of material, track or pipe line now on the leased premises and which is the property of the Lessors, as may be required in Lessee's operations on the leased premises.

17. Lessors have approved a request by Mercury Uranium & Oil Company that it be permitted to leave certain items of equipment and material which may be removed under the terms of its surrendered Lease and Option, on the leased premises until mid-night of November 7, 1958, without liability to said Lessors for their safekeeping, and thereafter until given thirty (30) days notice in writing of the date Lessors desire the removal of said items from the leased premises.

18. It is agreed that each and every term and condition contained in this lease and agreement is hereby declared to be the essence thereof, and Lessors may cancel same at any time in event of the failure of Lessee to abide by the terms and conditions hereof, provided, however, that Lessee shall be given notice in writing of cause and intent to cancel and shall have thirty (30) days to correct any violation before cancellation is effective.

19. Lessee shall be under no obligation for any failure or delay in the performance of any of the terms or conditions of this Lease and Agreement if such failure or delay shall result from an act of God.

WITNESS our hands and seals the day and year first above written.

Maxwell H. Bradbury
Maxwell H. Bradbury, Lessor

Charles F. Williams
Charles F. Williams, Lessor

Chrystine W. Williams
Chrystine W. Williams, Lessor

Tom B. Scartacini
Tom B. Scartacini, Lessee

STATE OF NEW MEXICO)
: ss.
COUNTY OF SOCORRO)

The foregoing instrument was acknowledged before me this 5th day of ~~August~~ Sept, 1958, by Marjorie H. Bradbury.

Charlotte H. Fowler
Notary Public

My commission expires:
Oct. 15, 1960

STATE OF NEW MEXICO)
: ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 26th day of August, 1958, by Charles F. Williams and Chrystine W. Williams, his wife.

Jane Franklin
Notary Public

My commission expires:
Feb. 17, 1959.

STATE OF NEW MEXICO)
: ss.
COUNTY OF Santa Fe)

The foregoing instrument was acknowledged before me this 2nd day of August, 1958, by Tom B. Scartacini.
Sept.

Jane Franklin
Notary Public

My commission expires:
[illegible]

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

August 19, 1957

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Base Metals

Subject: Review of Final Report by Field Team, Docket No. DMEA 4214, (copper) Contract No. Idm-E981, Mercury Uranium and Oil Co., San Pedro Mine, Santa Fe County, New Mexico. $105,300.00

A significant amount of copper was discovered in the San Pedro mine as a result of diamond drill exploration from existing underground workings and the Field Team recommended the issuance of a certification of discovery and development.

I concur in that recommendation.

A. D. McMahon

A. D. McMahon

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
F. D. Lamb
F i l e s

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 20 1957

DATE	INITIALS	CODE
8/20	C	220
8/21	alt	500

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DATE	INITIALS	CODE
8/16	P	220
8/16	Jwa	500

8/20

August 15, 1957
Re: DMEA 4214
Mercury, Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Copper

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Final Report

The contract, granted July 27, 1956, approved the expenditure of $105,300.00 for diamond drilling, drifting, winzing and raising in an old mine, reputed to have produced 20,000,000 pounds of copper from ore averaging 3.90% Cu.

The DMEA assisted work, which cost $58,881.66 resulted in the 'discovery' of about 30,000 tons of indicated (11,900 tons) and inferred (17,900) ore, located by drilling in 10 separate orebodies ranging in thickness from 2 to 12 feet and in grade from 1.02 to 20.1% copper.

The contract was terminated about June 24, 1957, work having stopped March 30, 1957. Certification was recommended by the examiners.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

Cell
Hill
Hue
7

IN REPLY REFER TO:
MINERAL DEPOSITS

Final Eval Report

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR

RECEIVED
AUG 5 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

AUG 5 - 1957
REGION III
DENVER, COLORADO

Box 4126 University Sta.
Tucson, Arizona

August 1, 1957

Memorandum

To: W. H. King, Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick

Through: E. N. Harshman EMH

Subject: Docket No. DMEA-4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico - Final Report.

Enclosed are the original and 8 copies of a joint final report on the above docket by W. L. Emerick, U. S. Geological Survey, and W. D. McMillan, U. S. Bureau of Mines. Owing to lack of available information on cost data in the Tucson office, the section in the report on "Cost of Work Performed" is probably inadequate, and the Denver office may wish to supplement the section with additional facts.

W L Emerick
W. L. Emerick
Geologist, U. S. Geological Survey

WLE:ms

cc: W. H. King (8)
E. N. Harshman
W. D. McMillan
W. L. Emerick

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 12 1957

DATE	INITIALS	CODE
		130
		220

Reviewed by
DMEA OPERATING COMMITTEE
8-16-57
(date)

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 12 1957

DATE	INITIALS	CODE
		130
		220

FINAL REPORT BY FIELD TEAM
REGION III

Docket No. DMEA-4214 (Copper), Contract No. Idm-E981

Mercury Uranium and Oil Company (San Pedro Mine)

Santa Fe County, New Mexico

W. L. Emerick, Geologist
U. S. Geological Survey

W. D. McMillan, Mining Engineer
U. S. Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
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SUMMARY AND CONCLUSIONS

The San Pedro Mine, situated in Santa Fe County, New Mexico, was explored with Government aid from the Defense Minerals Exploration Administration for new copper ore bodies. Three applications were submitted to explore the San Pedro mine, but the first two were rescinded. The third application was assigned docket No. DMEA-4214 and Contract No. Idm-E981 was granted to the Mercury Uranium and Oil Company on July 27, 1956, after the necessary field examinations were completed. The contract provided for diamond drilling from the surface and underground, drifting, winzing and raising in two stages at an estimated cost of $105,300.00.

The San Pedro copper mine was operated intermittently since 1889 to the present time. Total production from the mine from 1889 to the present time is in excess of 20,000,000 pounds of copper from ore averaging about 3.90 per cent.

The ore bodies in the San Pedro mine are replacements of certain favorable limestone beds in a formation consisting of interbedded limestones, shales, sandstones and quartzites that were intruded by a laccolith of granodiorite and sills of monzonite porphyry and rhyolite. The structure is monoclinal and the ore zones follow the dip of the beds for over 2,400 feet. Most of the ore consists of chalcopyrite in a gangue of garnet. Metamorphism has recrystallized the limestones, altered shales to hornfels, and in places altered both limestones and shales to garnet-rich tactite.

Reserves discovered under the DMEA program amount to about 30,000 tons of indicated and inferred ore in various parts of the mine, ranging in grade from 1.02 per cent to 20.1 per cent copper.

Cost of the project at the termination of the contract, before audit, amounted to $58,881.66.

The project resulted in the discovery of a significant amount of copper ore in various parts of the mine, and a certification of discovery was recommended. Exploration of the underground workings was adequately done by the diamond drilling program and any further exploration in the mine can be undertaken by the operator at his own expense during development of the reserves.

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DOCKET NO. DMEA-4214 (COPPER), CONTRACT NO. Idm-E981,
MERCURY URANIUM AND OIL COMPANY (SAN PEDRO MINE)
SANTA FE COUNTY, NEW MEXICO

CONTENTS

Page

INTRODUCTION ---------- 1

ACKNOWLEDGMENTS ---------- 2

LOCATION AND ACCESSIBILITY ---------- 3

EXTENT AND OWNERSHIP OF PROPERTY ---------- 3

HISTORY AND PRODUCTION ---------- 4

GEOLOGY ---------- 8
- Introduction ---------- 8
- Rocks of the Area ---------- 9
  - Sedimentary Rocks ---------- 9
  - Igneous Rocks ---------- 11
- Structure ---------- 11
- Metamorphism ---------- 12
- Ore Deposits ---------- 13
- Mineralogy ---------- 15
- Ore Reserves ---------- 15

THE PROJECT ---------- 20

COST OF WORK PERFORMED ---------- 28

RESULTS OF THE PROJECT ---------- 29

EFFICIENCY OF THE OPERATIONS ---------- 30

ILLUSTRATIONS

Figure 1 - Location Map ---------- Following page 3
" 2 - Claim Map ---------- " " 3
" 3 - Composite Plan of Mine Workings ----- In folder
" 4 - Geology and Topography ---------- " "
" 5 - Geologic Sections ---------- " "

INTRODUCTION

The Mercury Uranium and Oil Company applied to the Defense Minerals Exploration Administration on March 30, 1956 for assistance in exploring their San Pedro Mine, Santa Fe County, for new copper ore bodies. The application, docketed DMEA-4214, proposed exploratory work in two stages, consisting of diamond drilling from the surface and underground, drifting, winzing, raising and sampling at a total estimated cost for the project of $105,300.00.

The above application was the third one requesting assistance in exploration of the San Pedro mine. The first application (DMA-15) was submitted early in 1951 by Charles T. Williams, one of the co-owners of the property, and an exploration project estimated to cost $167,401.00 was recommended. A second application (DMEA-3651) was submitted early in 1955 by Verne Byrne and Donald B. Beers, lessees of the property, and a slightly revised project, estimated to cost $101,357.00, was recommended. No work was done under either of the contracts granted as a result of the first 2 applications.

Application DMEA-4214 as submitted by Mercury Uranium and Oil Company was a revised and modified version of the 2 preceding applications.

The first application (DMA-15) was examined by John H. Soulé, Mining Engineer, U. S. Bureau of Mines, and John N. Faick, Geologist, U. S. Geological Survey, and reported in July 1951. A supplemental report of the same number was submitted by the above two authors in August 1951. The second application (DMEA-3651) was examined on May 10, 1955, by T. M. Romslo, Mining Engineer, U. S. Bureau of Mines, and he and J. N. Faick of the Geological Survey submitted a joint report in June 1955. The present application was examined by T. M. Romslo and J. N. Faick on April 25, 1956, and recommended for exploration work. After the granting of a contract, the applicant began work on the project on November 22, 1956.

ACKNOWLEDGMENTS

Acknowledgments are made to R. C. Wood, General Superintendent, and to T. B. Baca, Geologist and Engineer, of the Mercury Uranium and Oil Company, for their cooperation and submittal of pertinent data during the life of the project. Acknowledgment is also made of the reproduction or adaptation of maps and sections from separate private reports by L. P. Entwistle and by A. Locke and E. H. Perry, and Government reports by J. F. Smith and A. H. Wadsworth, of the Geological Survey. Acknowledgment is also made to J. N. Faick, of the Geological Survey, and J. H. Soulé and T. M. Romslo, of the Bureau of Mines, for material extracted from their reports on the San Pedro mine.

LOCATION AND ACCESSIBILITY

The San Pedro mine is situated in adjoining Sections 21, 22 and 27, T. 12 N., R. 7 E., NMPM, in the New Placers Mining District, Santa Fe County, New Mexico (Fig. 1). The property is about 39 miles southwest of Santa Fe and about 38 miles northeast of Albuquerque.

The mine is on the southern slope of the San Pedro Mountains at an altitude of approximately 7,500 feet, where the terrain is mountainous but not exceptionally rugged. Vegetation consists of mountain cedar, pinon pine, scrub oak, native grasses and cacti.

The average annual precipitation ranges from 20 to 25 inches. Winter snows and summer rains are occasionally heavy but do not seriously hamper mining operations. Temperatures range from below zero to 95 degrees, but the climate in general is not severe.

EXTENT AND OWNERSHIP OF PROPERTY

The San Pedro mine property comprises 34 lode mining claims and 1 millsite claim in 2 groups. The major group, consisting of 17 patented claims and 14 unpatented claims, includes the San Pedro mine workings (Fig. 2). The minor group, consisting of 3 patented mining claims and a patented millsite claim, is situated about one mile west of the mine.

Mercury Uranium and Oil Company of Albuquerque, New Mexico, the applicant, holds the property under a lease and option agreement dated February 9, 1956, with the owners C. L. Bradbury, C. F. Williams and their wives.

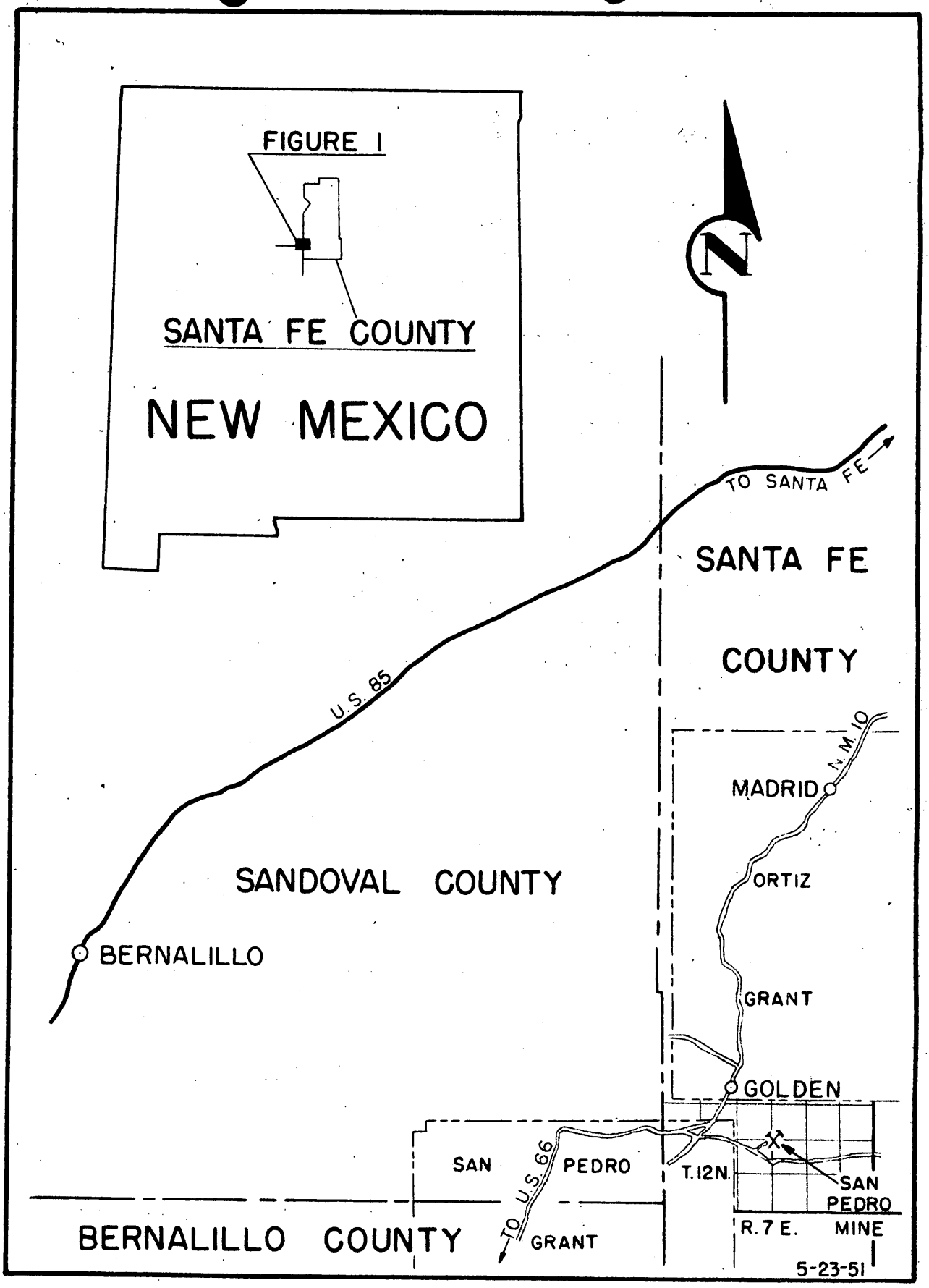

FIGURE I.—INDEX MAP, SAN PEDRO COPPER MINE, SANTA FE CO., N. MEX.

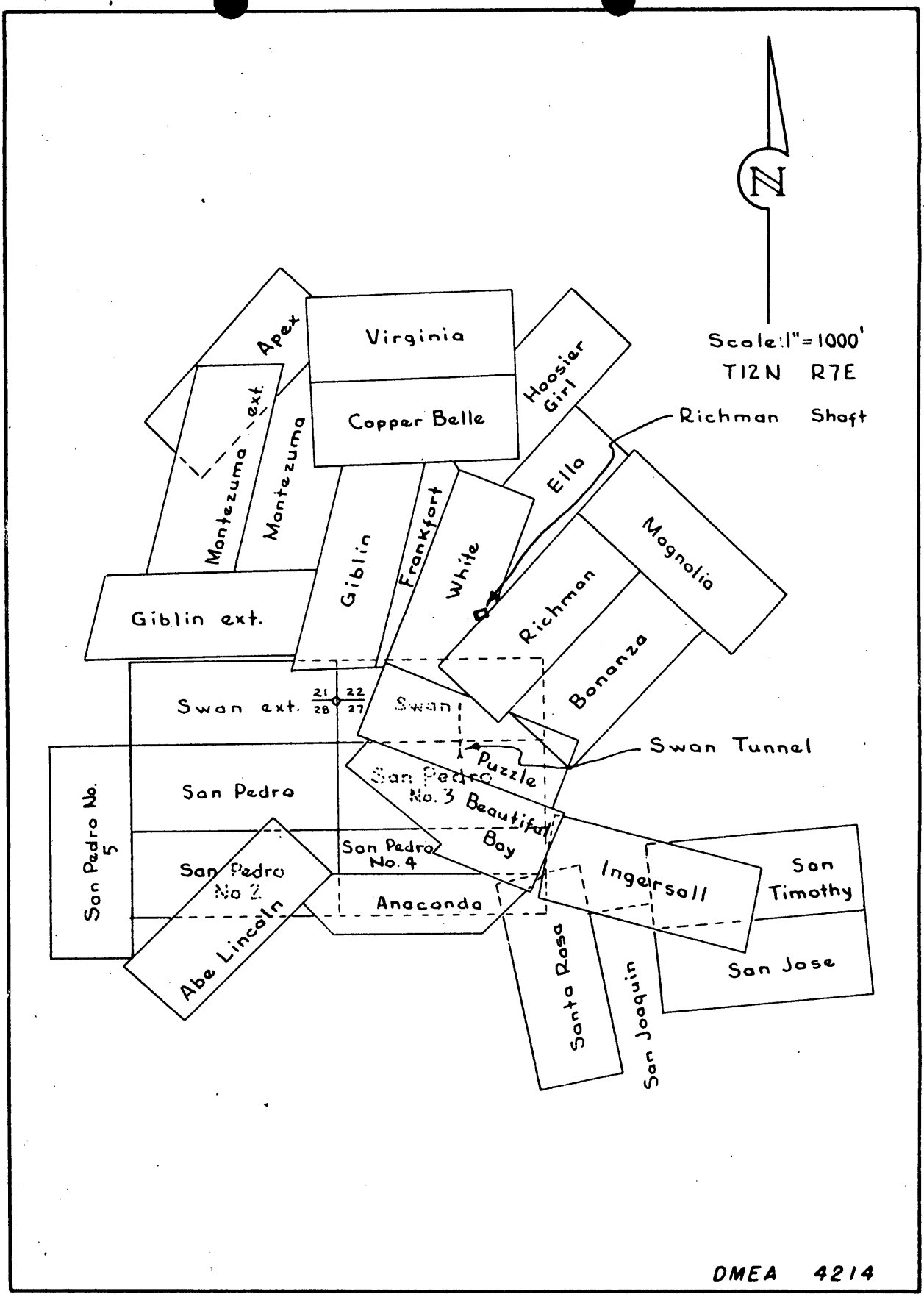

FIGURE-2-CLAIM MAP, MERCURY URANIUM AND OIL CO.

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

HISTORY AND PRODUCTION

Soulé[1/] states:

"The San Pedro mine reportedly was discovered and worked by the Spaniards looking for the source of placer gold in the New Placers area. The first recorded copper production from Santa Fe County was in 1889. The San Pedro is the only copper mine in the county and was operated by the Santa Fe Gold and Copper Co. for three years after 1889. A copper matte smelter was built.

The mine was inactive until 1899 when the company was reorganized and a new smelter was erected. This operation lasted one year. Crude ore was shipped from the mine the next three years.

In 1907 the company again was reorganized and operations started. These operations continued intermittently until 1918. From 1919 to early 1940, the property was idle except for small shipments of crude ore. The Raskob Mining Interests purchased the mine in 1939, constructed a 150-ton mill in 1940 and operated through August 1941. They then completely stripped the mine and mill of all equipment. Operations since that time have been confined to lessees shipping small lots of crude ore."

Table I following this section, extracted from Soulés report, shows the recorded production of copper from the San Pedro mine from 1889 through 1948. During 1954 and 1955 about 200 tons of ore were produced and shipped by two men named Beers and Byrne. Of this production approximately 15 tons of 6.3 per cent copper ore came from the oxidized zone of the Old Spanish workings and about 135 tons of 11 per cent sulfide copper ore was mined from the No. 1 stope. The

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1/ Soulé, John H., Engineering report, San Pedro Copper Mine, New Placers Mining District, Santa Fe County, New Mexico: DMA 15, p. 3, July 1951.

remaining estimated 50 tons was produced from an open pit about 200 feet south of the Richman shaft. The grade of this ore, all oxidized material, probably was 3 to 5 per cent copper. Last production was in 1956 by T. Scartacini, a lessee, who produced less than a railroad car of ore containing an estimated 4 per cent copper. Total production for the San Pedro mine from 1889 to 1956 is therefore in excess of 20,000,000 pounds of copper from ore averaging 3.90 per cent.

Mine workings (Fig. 3) consist of the Swan tunnel, Spanish open cut, No. 2 tunnel, Home Tunnel, and the Richman shaft, all connecting to the surface. Underground there are numerous stopes, raises, winzes, and inclines covering an east-west length of about 2400 feet and a north-south length of about 1200 feet.

All equipment, pipe and track were removed from the property during July 1955, but the present operator has installed two diesel-driven compressors, aluminum airlines, air-driven drills, 1800 feet of track, mine cars, and a Mancha locomotive.

The ground is good and very little, if any, timbering is required in the mine. Ventilation, even in the lower workings, is good. Water is found only in the lowermost workings.

TABLE NO. 1. - Recorded and Estimated Production of San Pedro Copper Mine

Year	Short Tons	Gold Ounces	Gold Oz/ton	Silver Ounces	Silver Oz/ton	Copper Pounds	Copper Percent	Remarks
1889 1/						4,515,731		Metal recoverable
1890 1/						200,000		from
1891 1/						923,076		matte
1889-91 1/	28,194	5,638.00	0.20	80,353	2.85	5,638,807	10.00	
1892-99	Inactive							
1900-01	Smelter operated - no record of production							
1902 1/	16	3.20	0.20	46	2.85	3,250	10.00	Metal recoverable
1903 1/	48	9.60	0.20	137	2.85	9,596	10.00	from crude ore -
1904 1/	11	2.20	0.20	31	2.85	2,308	10.00	shipped by leasers.
1905-06	Inactive							
1907 2/	21,298	786.00	0.037	17,626	0.82	1,223,460	2.8	Metal rec. from matte.
1908 2/	Inactive							
1909 3/	6	1.20	0.20	17	2.85	1,093	10.00	Metal rec. from crude
1910 3/	25	5.00	0.20	71	2.85	5,150	10.00	ore - shipped by
1911 3/	83	16.60	0.20	237	2.85	16,644	10.00	leasers.
1912 2/	14,583	493.81	0.034	13,134	0.90	801,895	2.75)	
1913 2/	29,506	1,085.00	0.037	21,714	0.74	1,774,473	3.00)	
1914 2/	23,080	242.55	0.010	4,767	0.20	277,159	0.60)	Metal recoverable
1915 2/	26,921	1,995.84	0.074	23,601	0.87	1,673,790	3.10)	from matte.
1916 2/	40,087	3,189.88	0.080	29,532	0.73	2,140,995	2.67)	
1917 2/	6,880	328.85	0.047	6,380	0.92	369,390	2.68)	
1918 2/	3,600	158.30	0.044	4,645	1.29	210,923	2.93)	
1889-1918	194,338	13,956.03	0.071	202,291	1.04	14,148,933	3.64	
1919 4/	19	3.00	0.158	53	2.79	3,414	8.95)	
1920-21 4/	--	--		--		--	)	Metal recoverable
1922 4/	9	1.00	0.111	27	3.00	2,003	11.20)	from crude ore -
1923 4/	84	20.60	0.245	245	2.91	19,032	11.32)	mainly shipped by
1924 4/	534	123.50	0.231	1,788	3.35	143,152	13.40)	leasers.
1925 4/	984	166.90	0.170	2,939	2.98	197,000	10.00)	
1926 4/	544	85.90	0.158	1,856	3.41	141,536	13.01	Metal content of crude
1927 4/	201	18.50	0.092	466	2.31	34,312	8.53	ore - mainly shipped
1928 4/	2,238	144.70	0.065	3,750	1.67	245,391	5.48	by leasers.
1929 4/	1,166	111.10	0.095	2,428	2.08	185,574	7.95	----------Do----------
1930 4/	365	39.00	0.107	865	2.37	82,447	11.29	----------Do----------

TABLE NO. 1 - Recorded and Estimated Production of San Pedro Copper Mine - Continued

Year	Short tons	Gold Ounces	Gold Oz/ton	Silver Ounces	Silver Oz/ton	Copper Pounds	Copper Percent	Remarks
1931-32	--	--		--		--		
1933 3/	5	1.00	0.20	14	2.85	1,000	10.00	Metal content of crude
1934 4/	2	2.93	1.465					ore - mainly shipped
1935 4/	31	5.00	0.161	78	2.52	5,604	9.03	by leasers.
1936 4/	34	6.10	0.179	40	1.17	3,174	4.66	by San Pedro G.& C.Co.
1937 3/	435	87.00	0.20	1,240	2.85	87,000	10.00	by leasers.
1938 3/	402	80.40	0.20	1,145	2.85	88,500	11.00	----------Do----------
1939 3/	2,580	516.00	0.20	7,353	2.85	671,000	13.00	----------Do----------
1940 4/	3,297	1,275.00	0.386	12,823	3.88	1,044,463	15.84	By Raskob Min. Interests.
1919-1940	12,930	2,695.63	0.208	37,110	2.87	2,874,256	11.11	
1940 4/	31,671	1,394.00	0.044	24,007	0.758	2,026,944	3.2	Metal contents of heads
1941 4/	26,544	876.00	0.033	20,925	0.788	1,646,348	3.1	at Raskob M. I. Mill.
1942-45	--	--		--		--		
1946 3/	30	6.00	0.20	85	2.85	6,000	10.0	Metal recoverable,
1947 3/	2+	0.40	0.20	6	2.85	500	10.00	from crude ore shipped
1948 3/	10	2.00	0.20	28	2.85	2,000	10.0	by leasers.
1940-48	58,257	2,278.40	0.039	45,051	0.77	3,681,792	3.27	
1919-40	12,930	2,695.63	0.208	37,110	2.87	2,874,256	11.11	
1889-1918	194,338	13,956.03	0.071	202,291	1.04	14,148,933	3.64	
1889-1948	265,525	18,930.06	0.071	284,452	1.07	20,704,981	3.90	

1/ Copper production from county records, Lindgren, Graton & Gordon, U. S. Geol. Surv. Prof. Paper 68, pp. 21-23. Tons ore and ounces gold and silver estimated.

2/ Bureau of Mines - Geological Survey Annual Statistics.

3/ Copper production from county records, Bureau of Mines. Tons ore and ounces gold and silver estimated.

4/ Bureau of Mines Annual Statistics.

GEOLOGY

Introduction

The San Pedro mine area, located in the New Placers mining district in the southwestern part of Santa Fe County, New Mexico, received considerable attention over a period of many years from mining engineers and geologists. The previous studies resulted in several detailed reports of which the following were the most important:

Lindgren, Waldemar, Graton, L. C., and Gordon, C. H., The Ore Deposts of New Mexico; U. S. Geol. Survey Prof. Paper 68, pp. 170-175, 1910.

Locke, Augustus and Perry, Edward H.; Private Report to the Santa Fe Gold and Copper Mining Company, San Pedro, New Mexico.

San Pedro Mine, Santa Fe County, New Mexico; War Minerals Report 143, U. S. Bureau of Mines, April 1943.

Smith, J. F., Wadsworth, A. H., Cooper, J. R., Farwell, F. W., and Weissenborn, A. E.; San Pedro and Carnahan Mines, New Placers Mining District, Santa Fe, County, New Mexico, U. S. Geol. Survey Open File Report, January 1945.

Entwistle, L. P.,; Private Report on the San Pedro Mine for the American Smelting and Refining Company, 1945.

McMillan, W. D., Proposed development Project on the San Pedro Copper Mine, New Placers (San Pedro) Mining District, Santa Fe County, New Mexico, U. S. Bureau of Mines Supplemental Examination Report, June 1950.

Much of the geology of this report has been extracted from reports submitted by J. N. Faick, U. S. Geological Survey, on previous examinations of the property for the Defense Minerals Exploration Administration. The present writer has supplemented this information with more recent material of his own.

Rocks of the Area

Sedimentary Rocks

The San Pedro area is underlain by a series of Pennsylvanian strata about 2,000 feet thick belonging to the Madera formation. The lower member of the series consists of thick-bedded gray limestones interbedded with minor thicknesses of shale. The upper member, known as the San Pedro formation, consists of interbedded arkosic sandstones, shales and limestones. About 80 to 90 feet of the section near the base of the upper member is known as the "favorable beds" because the beds of the horizon were the host rock for nearly all of the ore produced from the San Pedro mine (Figs. 4 and 5).

Summary of Geologic Column

Pennsylvanian
Madera

Upper member

Dominantly arkosic limestones.

Canyoncito formation	+400 feet of shales and sandstones with a few limy beds.
Puzzle sill (Laramide age)	±60 feet of white, fine-grained rhyolite.
San Pedro formation	110-120 feet in two distinct units.
Spanish series	80-90 feet of alternating limestone and shale beds of the "favorable series." Includes 7 thin limy beds that are host rocks for the San Pedro ore.
Giblin quartzite	30-foot bed of quartzite. May be facies of Parnell arkose.
Parnell arkose	30 feet of dirty brown quartzite with fragments of feldspar, limestone, gravels and grit.

Lower member

Marine limestones

Carnahan limestone	± 50 feet above laccolith. Thin-bedded shaly limestone.
San Pedro laccolith (Laramide age)	450 feet of syenite(?) or granodiorite.
Carnahan limestone	±1,000 feet below laccolith. Fossiliferous limestone; massive, thick-bedded, shaly at top. Host rock for Carnahan ore body.

Igneous Rocks

The Madera formation, in the vicinity of the San Pedro mine, has been intruded by a granodiorite or syenite laccolith, rhyolite porphyry sills, and monzonite porphyry sills. Several hornblende porphyry dikes occur in the area. The laccolithic intrusions and related mineralization caused widespread metamorphism of the Madera formation. The rhyolite porphyry sills apparently exerted little metamorphic influence on the sediments.

Structure

The structure of the San Pedro mine area, in general, is monoclinal, with the stratified formations and associated sills striking northerly and dipping about 15 degrees easterly. The general eastward dip has been slightly modified by gentle warps and flexures and by two sets of fractures that trend approximately east-west and nearly north-south. The east-west fractures are pre-mineral but the much stronger north-south faults are regarded as post-mineral, although some movement may have taken place on them before the ore was emplaced. These structures are believed to have been important in localizing the ore in the favorable beds.

The most prominent fracture of the north-south system, known as the Shaft fault, passes through the Richman shaft (Fig. 4). The Shaft fault offsets the ore-bearing beds but is not itself mineralized.

It is believed to be post-ore. Beds on the west side of the fault have been displaced 80 to 90 feet downward and perhaps 200 to 250 feet northward relative to the east side.

Metamorphism

The sedimentary rocks in and near the San Pedro mine have been extensively metamorphosed. In general, the shale beds were altered to hornfels and the limestone beds were either recrystallized to marble or altered to garnet-rich tactite. The contact between tactite and unaltered limestone and shale may be sharp or gradational, and tactite replaced shale as well as limestone. Apparently some beds were more receptive because metamorphism is much more widespread in some beds than in others.

The narrow contact zone between marbleized or recrystallized limestone and garnetized limestone in the San Pedro mine was designated as the marble line by Locke and Perry in their private report. The marble line is highly irregular both in the plane of the beds and in planes normal to the beds. Along the marble line mineralization ends and marble comes in, probably because of stratigraphic variations and structural deformation of the beds. Most of the San Pedro ore bodies lie along or near the marble line.

Ore Deposits

The ore bodies in the San Pedro mine are pyrometasomatic replacements of certain favorable limestone beds in a stratigraphic unit about 80 or 90 feet thick. The favorable stratigraphic unit is in the lower part of the upper member of the Madera formation of Pennsylvanian age. Locally, the unit is known as the "Spanish series" or "Favorable series," and the limestone beds have been named or numbered from stopes developed in the productive beds. From the top down the favorable beds of the Spanish series, in designation and general thickness, are:

Upper 50 bed	2 to 3 feet
Lower 50 bed	2 to 3 feet
Upper 24 bed	8 to 10 feet
Lower 24 bed	9 to 12 feet
Unnamed bed	2 to 3 feet
West Stope bed	5 to 7 feet
10 bed	3 to 4 feet.

Recrystallization and garnetization of the favorable beds occurred during the emplacement of the chalcopyrite ore. Garnet generally is associated with the chalcopyrite but all garnetized beds are not mineralized nor are all the favorable beds uniformly garnetized or mineralized. Nowhere in the mine were all the beds found to be mineralized. The 50 beds were most productive of high grade ore in the past.

The ore zone crops out on the southwest shoulder of the hill in the Old Spanish mine workings (Fig. 4) and follows an irregular but well defined zone eastward and southeastward down the dip of the beds for over 2,400 feet to the lowest workings, where the ore trend appears either to be pinching out or to be turning to the north.

The ore bodies are manto-like, with the two greatest dimensions in the plane of the limestone beds, and the smallest dimension normal to the beds. The width of the stopes varies from 100 to 200 feet but the average width is less than 100 feet. The height of the stopes varies from 2 to 30 feet. In some stopes ore was mined from two beds, one over the other, separated by a barren or low-grade section a few feet thick. In some places the ore was stoped from 3 beds (Sec. A-A', Fig. 5) and in one place from 4 beds (Sec. C-C', Fig. 5). In several places only one bed was stoped.

Faults, minor folds, and favorable limestone beds in the general monoclinal structure probably played an important part in the localization of the ore bodies. The mineralization apparently is genetically related to an underlying laccolith of granodiorite or syenite, or to a monzonite stock lying about 3,000 feet northwest of the mine.

Mineralogy

Most of the ore consists of chalcopyrite in a gangue of garnet, and the bodies previously mined were localized at or near a contact zone between massive garnet and marbleized limestone.

Chalcopyrite is the valuable mineral at the San Pedro mine. It normally occurs disseminated or in small nodules in massive garnet associated with calcite, specularite, quartz, and pyrite. Locally, the ore contains some scheelite. Small amounts of molybdenite have been reported from the lower workings of the mine. Nearly all of the ore contains small amounts of gold and silver.

Oxidation has not greatly affected the ore body although some evidence of supergene alteration can be found to considerable depths in the mine. No noteworthy bodies of secondarily enriched ore have been found, although the old Spanish workings on the outcrop supposedly exploited oxidized ores containing free gold and native copper.

Ore Reserves

Ore reserves discovered as a result of the DMEA program in the San Pedro mine were entirely from diamond drill exploration at various locations in existing workings of the mine. None of the surface drill holes, or the one drift involved in the program, were favorable. The size, shape and distribution of the San Pedro ore bodies, as indicated by the limits and outlines of the old mined

areas, were considered in calculating reserves based upon the DMEA drill holes. Where justified by conditions, a radius of 25 feet around any one drill hole was used for indicated ore and an additional 25 feet beyond the radius for inferred ore. The bearing and inclination of the hole and the dip of the ore beds were considered, where feasible, in adjusting the thickness of the ore interval penetrated by the drill holes. A tonnage factor of 8 was used, based upon a mixed ore assumed to be about 60 per cent chalcopyrite, 30 per cent garnet, 5 per cent quartz and 5 per cent pyrite.

high?

Diamond drill holes 9, 10, 19, 23, 25, 28, 30, 31 and 35 penetrated various thicknesses of ore ranging from 1.02 per cent to 20.1 per cent copper. Locations of the holes are shown on the composite mine plan (Fig. 3) and on the geologic sections (Fig. 5).

In the area of Diamond drill hole No. 9 the ore bodies were small and irregular, judging from a study of the old stope outlines on existing maps. The eastern limits of the old stopes indicate a probable unfavorable condition of the beds to mineralization from that eastern limit to the Richman fault. Probabilities that the ore interval penetrated by Diamond drill Hole No. 9 indicates more than a small isolated body of ore are not favorable. The ore encountered by the drill hole appears to be in the lower part of the Lower 24 bed of the Spanish series.

Two intervals of commercial grade ore, separated by a barren interval of about 33 feet, were discovered in Diamond drill hole No. 10. The lower ore interval between 116.5 and 122.5 feet lies below a bed of quartzite, probably the Giblin, and a thin monzonite porphyry sill, and may be in the upper part of the Carnahan limestone of the Madera formation.

A 2-foot ore interval in Diamond drill hole No. 19 lies just below a thick rhyolite sill, as did the ore in the No. 1 stope. This ore interval appears to be in the upper 50 bed, in which high grade ore was found in the earlier mining operations. However, inasmuch as Diamond drill hole No. 18, 100 feet southeast of Diamond drill hole No. 19, indicated no ore, and there is no other data to support extensive projections of the ore in Diamond drill hole No. 19, it was assumed that the ore interval represents a small, isolated ore body on the same horizon as the No. 1 stope.

The ore encountered in Diamond drill holes No. 23 and 25 probably represents remnants of ore left from previous operations in the back of the 31 stope, and the outlines of the old stope probably delineate the horizontal limits of ore in these holes. Diamond drill holes 22 and 24 on either side of Diamond drill hole No. 23 indicated that all the ore on either side had been mined. The outlines of the ore indicated by Diamond drill holes 23 and 25 are irregular.

The ore interval at 98.5 to 103.0 feet in Diamond drill hole No. 28 appears to be in one of the lower beds of the Spanish series, probably the so-called 10 beds. Production from these beds in the past was not large and the ore bodies were small and irregularly spaced where present. Dimensions of the ore bed are conjectural, with only one drill hole. The ore horizon can be easily reached by cleaning out a 100-foot shaft and crosscutting a short distance west to the bed.

The ore shown near the tops of Diamond drill holes No. 30 and 31 probably represents the irregular remnants of the ore body extension mined from Stope 31-11. The ore may lense out down dip on the Diamond drill hole No. 30 (east) side and part of the ore has already been mined on the Diamond drill hole No. 31 side (west), and only a thin layer probably remains in the roof.

The ore interval penetrated in Diamond drill hole 35 between 13.5 and 17.7 feet may be in the projection of the upper part of the 10 beds inasmuch as it lies below the west stope bed. If the ore bed is in the 10 beds, it is likely to be small and irregular in extent.

The sub-level drift north from Stope No. 1 (Fig. 3) was driven with the hopes of discovering a continuation of the No. 1 stope ore body in that direction, but results were unfavorable. The lense of ore split and divided and pinched out between 25 and 30 feet

in the drift. No significant tonnage of ore was involved in driving the sub-level drift north from the No. 1 stope.

A summary of reserves estimated from results of the DMEA drilling program in the San Pedro mine is given below.

Summary of Reserves

Diamond Drill Hole No.	Ore Thickness (feet) adjusted	Reserves (Rounded) Indicated	Reserves (Rounded) Inferred	Grade (Percent)
9	5.0	500	--	1.02
10	(Upper Interval (5.0	1200	2800	2.65
	(Lower Interval (6.0	1500	3400	11.36
19	2.0	500	1300	20.1
23	12.5	2600	1600	3.26
25	12.2	2300	1800	1.97
28	4.5	1100	2500	3.35
30 & 31	9 to 6	1200	1700	2.22
35	4.2	1000	2400	8.45
	Totals	11900	17500	
		29400		4.74 %

Estimated indicated and inferred reserves of ore discovered by the DMEA drilling program therefore equal about 30,000 short tons in various beds and locations within the mine, ranging in grade from 1.02 per cent to 20.1 per cent copper.

Operator's representative, in an oral statement, estimated that about 100,000 short tons of minable ore averaging about 3 per cent copper could be obtained from old workings as gob, pillars, and remnants. The estimate may be too high.

THE PROJECT

Recommendations for the proposed project at the San Pedro mine were based on the considerable past production of copper from the mine and on favorable geological conditions for discovering new reserves of copper ore.

The proposed project, Contract No. Idm-E981, involved 5700 feet of diamond drilling, 500 feet of drifting and crosscutting, 100 feet of raising, 180 drill core samples, and 60 samples of drift mineralization under Stage I. The work under Stage II consisted of 2000 feet of diamond drilling, 200 feet of drifting, 150 feet each of raising and winzing, 65 drill core samples and 50 samples of mineralization in drifts, raises, and winzes. All work under Stages I and II was subject to prior approval of the Government.

Fixed unit costs under the proposed project were:

STAGE I

1. 5,700 feet of diamond drilling @ $7.50/ft.	$42,750.00	
2. 350 feet of drifting to the north of Stope 31-11 @ $39.50/ft.	13,825.00	
3. 100 feet of drifting to the north of Stope No. 1 @ $39.50/ft.	3,950.00	
4. 50 feet of drifting for diamond drill stations at $39.50/ft.	1,975.00	
5. 100 feet of raising for diamond drill stations @ $39.50/ft.	3,950.00	
6. 180 drill core samples @ $5.00/sample	900.00	
7. 60 samples of drift mineralization @ $5.00/sample	300.00	
Estimated Cost, Stage I		$ 67,650.00

STAGE II

1. 2,000 feet of diamond drilling @ $7.50/ft.	$15,000.00	
2. 200 feet of drifting @ $39.50/ft.	7,900.00	
3. 150 feet of raising @ $39.50/ft.	5,925.00	
4. 150 feet of winzing @ $55.00/ft.	8,250.00	
5. 65 drill core samples @ $5.00/sample	325.00	
6. 50 samples of mineralization in drifts, raises, and winzes @ $5.00/sample	250.00	
Estimated Cost, Stage II		37,650.00
Estimated Total Cost of the Project		$105,300.00
Government Participation @ 50%		$ 52,650.00

Twenty-nine diamond drill holes were originally proposed under Stage I, but an examination of the lower workings indicated that the proposed 350-foot drift, as provided by the contract (item 2, Stage I), would be stratigraphically too high to be effective for exploration purposes. Conditions in the lower workings suggested that the beds strike northwesterly and dip to the northeast. Consequently, the drift as originally proposed would tend to extend into unfavorable or barren beds above the "Spanish Series" of ore-bearing beds. At the time there was no evidence to indicate where the drift could be more advantageously driven; therefore, the operator requested permission to drill two additional diamond drill holes in the lower workings (Holes 30 and 31, Fig. 3). By Amendment No. 1, dated February 6, 1957, approval for drilling the two additional diamond drill holes was granted. The additional drill hole footage was obtained by converting 95 feet of the 350-foot drift footage at $39.50 per foot to comparable drill footage at $7.50 per foot. All of the diamond drill holes approved under Stage I were driven to their proposed depth with the exception of Diamond Drill Hole No. 12. The original proposed depth of Diamond Drill Hole No. 12 was 900 feet but unfavorable drilling conditions made it impossible to

drill below 173 feet. The operator therefore requested a stoppage of the hole at that depth, which was granted by letter from the Acting Executive Officer, DMEA Field Team, Region III, dated March 21, 1957. Work on Stage I was started on November 22, 1956 and the last diamond drill hole was completed, according to drill hole logs, on February 17, 1957. Total diamond drill footage drilled under Stage I amounted to 5,468 feet.

By letter dated February 20, 1957, from the Executive Officer, DMEA Field Team, Region III, the operator's request for Stage II work was approved. The approved work was started on February 26, 1957, and consisted of:

(a) Raises aggregating not more than 50 feet to prepare drill stations, and

(b) Six diamond drill holes (5 underground, 1 at surface) for a total footage of 1,445 feet.

Stage II work as outlined above had all been completed by March 30, 1957.

Map locations of the drill holes are shown on Figure 3, and the following Table II gives the coordinate location, bearing, inclination, depth, objective, results of drilling, and collar elevation of the completed diamond drill holes under Stages I and II.

TABLE II

Diamond Drill Holes

STAGE I

Hole No.	Coordinates N	Coordinates E	Bearing	Inclination	Depth in feet	Objective	Results of drilling	Collar Elevation
1	1905	1302	0°	-90°	50	To explore favorable beds below old open cut.	No appreciable mineralization	7,765.40
2	1920	1309	0°	-90°	50	To explore northward extension of stopes in Spanish Series.	No appreciable mineralization	7,765.90
3	1800	1400	0°	-90°	50	To explore southward extension of stopes in Spanish Series.	No appreciable mineralization	7,804.50
4	1020	1820	0°	-90°	226	To explore Spanish Series and other beds above quartzite marker.	Chalcopyrite in 5 horizons.	7,743.20
5	944.19	1881.91	0°	-90°	225	Same as No. 4.	No appreciable mineralization.	7,712.40
6	933	1985	0°	-90°	225	Same as No. 4.	Same as No. 5.	7,669.00
7	1110	1795	0°	-90°	225	Same as No. 4.	Same as No. 5.	7,777.70
8	1195	1800	0°	-90°	225	Same as No. 4.	Same as No. 5.	7,809.00
9	1135	2125	N12E	+75°	80	To explore all known favorable beds in Spanish Series.	1.02% Cu from 8.6 ft. to 14.0 ft.	7,550.00
10	1120	2125	N81W	-65°	125	To test limestones at base of favorable beds. Drill to quartzite marker.	2.65% Cu from 78.5-83.5 ft. 11.36% Cu from 116 to 122 ft.	7,539.30
11	1070	2755	0°	-90°	900	To test Pennsylvanian limestone beneath monzonite sill.	0.06% Cu from 688-698 ft.	7,506.00
12	1580	2220	West	-70°	173	Same as No. 11.	Some pyrite & chalcopyrite.	7,541.10

TABLE II - Continued

Diamond Drill Holes

STAGE I

Hole No.	Coordinates N	Coordinates E	Bearing	Inclination	Depth in feet	Objective	Results of drilling	Collar Elevation
13	1350	2240	West	-70°	900	Same as No. 11.	0.02% Cu. from 790-799 ft.	7,539.20
14	1103	2190	S70E	-70°	150	To explore limestone below Spanish Series east of the Shaft fault.	Chalcopyrite from 28 to 40 ft.	7,538.30
15	1265	2230	S80E	+70°	125	To explore for possible faulted extension of ore mined in old stopes. Drill to rhyolite.	No appreciable mineralization	7,551.10
16	1445	2280	S80E	+70°	125	To explore favorable beds east of Shaft fault. Drill to rhyolite.	Chalcopyrite from 19.5-36 ft.	7,554.90
17	1520	2300	S77E	-70°	150	To explore for favorable limestones below adit level on east side of Shaft fault.	No appreciable mineralization	7,540.50
18	1680	2270	N84W	+35°	60	To explore the "50" beds for possible northward continuation of the No. 1 stope.	No appreciable mineralization.	7,643.30
19	1792	2190	West	+35°	60	Same as No. 18	20.09% Cu from 2.0-4.2 ft.	7,644.60
20	1007	2490	West	-70°	150	To explore mineralized beds below 253 stope.	No appreciable mineralization.	7,581.00
21	1050	2520	N80E	+80°	50	To explore the "50" beds and other favorable beds above the 41 stope. Drill to rhyolite.	Chalcopyrite at 26 ft.	7,588.10

TABLE II - Continued

Diamond Drill Holes

STAGE I

Hole No.	Coordinates N.	Coordinates E	Bearing	Inclination	Depth in feet	Objective	Results of Drilling	Collar Elevation
22	1072	2616	N80E	+80°	55	Same as No. 21	Slight mineralization.	7,565.80
23	1065	2720	N80E	+80°	55	To explore upper strata of Spanish Series above old stopes.	3.26% Cu from 0-12.8 ft.	7,539.10
24	1130	2795	N80E	+80°	60	Same as No. 23.	0.54% Cu from 0.8 to 6.8 ft. 0.48% Cu from 18.6 to 22.0 ft. 0.42% Cu from 51.7 - 55.7 ft.	7,527.30
25	1135	2895	N80E	+75°	70	Same as No. 23	1.97% Cu from 0-13.5 ft. 0.54% Cu from 13.5 - 19.0 ft.	7,499.30
26	1051	3045	N80E	+75°	100	Same as No. 23.	Chalcopyrite from 0-1.5 ft.	7,450.40
27	1195	3260	N80E	+65°	60	Same as No. 23	Slight mineralization	7,419.70
28	1205	3305	S80W	-57°	200	To explore lower beds of Spanish Series and other beds immediately below the Spanish Series.	3.35% Cu from 98.5-103.0 ft.	7,402.30
29	1220	3335	N80E	+35°	44	To test the marble line on east side of 31-11 stope.	0.41% Cu from 6-8 ft.	7,405.90
30	1277	3320	N78E	-60°	250	To test for extension of marble line.	Chalcopyrite from 5-11 ft., 2.22% Cu	7,396.00
31	1277	3320	S78W	-60°	250	To cut favorable beds below 31-11 stope.	2.32% Cu from 0-9 ft.	7,396.00

TABLE II - Continued

Diamond Drill Holes

STAGE II

Hole No.	Coordinates N	Coordinates E	Bearing	Inclination	Depth in feet	Objective	Results of Drilling	Collar Elevation
32	1455	2199	West	-70°	155	To confirm ore bed cut in Holes 10 and 12.	Some pyrite and chalcopyrite.	7,540.40
33	1247	2198	West	-70°	135	To confirm ore bed cut in Holes 10 and 12.	Same as No. 32.	7,538.50
34	1134	3070	East	+80°	30	To confirm extension of ore bed found in Holes 23, 24 and 25, in upper strata of Spanish Series.	Same as No. 32.	7,447.50
35	1098	3226	S80W	-70°	125	To confirm persistence of ore bed cut in Hole 28.	8.45% Cu from 13.5-17.7 ft.	7,495.30
36	1345	2254	S80E	-70°	100	To confirm persistence of ore cut in Hole 14 east of Shaft fault.	0.91% Cu from 93-97 ft.	7,539.00
37	1597	3061	0°	-90°	900	To explore for possible ore extensions north of lower deep workings.	Slight mineralization	8,084.00

The proposed 100-foot drift north from the No. 1 Stope, item 3, Stage I of contract (Fig. 3), to test for an extension of the No. 1 orebody was driven for a total contract footage of 57½ feet before it was abandoned because of diminishing favorable conditions. Concurrence by the Government in stopping the drift was granted the operator under letter dated March 21, 1957.

The operator requested approval on a 150-foot winze east of Diamond Drill Hole No. 12 and 100 feet of drifting north from the bottom of the winze. Also requested was approval on 100 feet of drifting from the lower incline to intersect ore beds penetrated by Diamond Drill Hole No. 28. The Government disapproved the winzing and drifting in both locations.

On May 21, 1957 the operator requested that the contract be terminated in its present status without requiring the performance of the balance of exploration work outlined in the contract. A recommendation that the operator be allowed to discontinue the exploration work was made by the field examiners on May 27, 1957, inasmuch as he had adequately explored the accessible workings by diamond drill holes. A termination agreement was forwarded to the operator on June 28, 1957.

COST OF WORK PERFORMED

Total cost of the proposed work under Stages I and II, exclusive of sample assays, was:

Stage I

31 diamond drill holes - 5,468 feet at $7.50 per foot	$41,010.00	
57.6 feet of drifting at $39.50 per foot	2,275.20	
21 feet of drifting for drill stations at $39.50 per foot	829.50	
95.48 feet of raising for drill stations at $39.50 per foot	3,771.46	
Cost of Stage I work		$47,886.16

Stage II

6 diamond drill holes - 1,445 feet at $7.50 per foot	$10,837.50	
4 feet of raising for drill stations at $39.50 per foot	158.00	
Cost of Stage II work		$10,995.50
Total Cost of Project		$58,881.66
Government share at 50%		$29,440.83

At the time this report was written the operator had not submitted his final report; therefore cost figures as given above and other data would be subject to audit.

RESULTS OF THE PROJECT

The project resulted in the discovery of a significant amount of copper ore in various parts of the mine, as a result of which a certification of discovery was recommended. Some of the ore was discovered in beds that appear to be below the Spanish series of favorable

beds, either in the lower part of the San Pedro formation or in the upper part of the underlying Carnahan limestone, for example in Diamond Drill Hole No. 10. Further exploration of the ore possibilities in these underlying beds must be undertaken by the operator to prove their extent. Mineralization encountered in the deep Drill Hole No. 37 to the north of the lower workings should encourage further exploration for new ore bodies in that direction by the operator. Probabilities of finding additional sizeable ore bodies to the east down the dip of the formation appear unfavorable.

EFFICIENCY OF THE OPERATION

The contract was supervised in an efficient manner by capable representatives of the operator, and operations of the drilling contractor, as well, were prosecuted efficiently with trained crews and a minimum of delays.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

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DMEA
RECEIVED AUG 12 1957

DATE	INITIALS	CODE
8/12	P	220
8/12	EEF	800
8/13	Jwa	500

August 8, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA-4214 (Copper), Contract No. Iam-E961
Mercury Uranium and Oil Company (San Pedro Mine)
Santa Fe County, New Mexico - FINAL REPORT

Enclosed are the following final reports pertaining to work completed under the subject contract: -

1. Original and one copy of the Operator's report with covering letter dated July 31, 1957

2. Original and two copies of a final engineering and geologic report dated August, 1957, by W. L. Emerick, Geologist, Geological Survey, and W. D. McMillan, Mining Engineer, Bureau of Mines, and covering letter in transmittal thereof dated August 1, 1957, from W. L. Emerick.

The contract was terminated before completion of all the work originally provided for, by Termination Agreement dated June 21, 1957, which was made effective April 1, 1957.

Final payment to the Operator was processed by this office August 7, 1957, in conformance with Report of Review of reported project expenditures by the Contract Administration and Audit Division, dated August 7, 1957.

The exploration work completed under the contract consisted of diamond drilling 37 holes aggregating 6,913 feet; 57.6 feet of exploration drifting; 21 feet of drifting for preparation of drill stations; and 99.48 feet of raising for drill stations; all at a total accepted cost of $58,881.66, toward which the Government contributed 50%, or an amount of $29,440.83.

The exploration work completed resulted in a discovery or development of a significant quantity of copper ore, certification of which under the provision of the contract was recommended by memorandum of May 29, 1957.

By E. N. Harshman
E. N. Harshman
Acting Executive Officer

Operations Final Rpt.

Mercury Uranium and Oil Co.

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-2523

July 31, 1957

REFER TO:

DMEA Docket 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Co.
San Pedro Mine
Santa Fe County, N. M.

DMEA
DEPARTMENT OF THE INTERIOR
AUG 5 - 1957
REGION III
DENVER, COLORADO

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Mr. W. H. King
Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Dear Mr. King:

In reference to your two letters dated June 28, 1957, the following pertaining to the above subject are enclosed:

1. Five (5) copies of DMEA Docket 4214 Final Report dated July 31, 1957, signed by F. B. Baca Geologist.

2. Five (5) copies of DMEA Docket 4214 transcript of all assay certificates signed by F. B. Baca, Geologist.

3. Five (5) copies of map titled San Pedro Mine Plan of Diamond Drill Holes DMEA Program 4214.

4. Five (5) executed copies of Termination Agreement titled Government's Copy, Division Copy, Audit Copy, Finance Office's Copy and Field Team's Copy.

We appreciate the cooperation of you and your office and your field representatives including Mr. W. D. McMillan and Mr. W. L. Emerick.

Yours very truly,

MERCURY URANIUM AND OIL COMPANY

Ray C. Wood

Ray C. Wood, Vice President and
General Manger of Field Operations

Copy to:
Mr. W. L. Emerick
P. O. Box 4126, University Station
Tucson, Arizona

DMEA
DEPARTMENT OF THE INTERIOR
AUG 5 - 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S.W. Albuquerque, N. M.
San Pedro Mine Santa Fe County, New Mexico

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DMEA DOCKET 4214

FINAL REPORT

This project was started on August 2, 1956, and the first work consisted of preparing sites for the diamond drilling underground. Surface drilling sites had been prepared previously.

A total of 37 holes were drilled under the DMEA contract and, of these, holes 1, 2, 3, 4, 5, 6, 7, 8 and 37 were drilled from the surface. All the rest were drilled from underground stations.

Of the nine surface holes drilled, only two contributed any pertinent geological information. Hole No. 4 showed seven horizons of pyritic mineralization which would indicate that the ore penetration in the limestone beds extended beyond the 50 and 51 stopes to the southwest. None of these horizons carried values of commercial grade.

Hole No. 37 was drilled from the surface at a point on the north slope of the mountain. This hole showed mineralization at nine horizons that would indicate the possibility of extension of commercial grade ore at the lower part of the mine.

Of the holes drilled from underground locations the following showed commercial mineralization: Holes Nos. 10, 23, 25, 18, 28, 30, 31 and 35.

Hole No. 10 showed ore at two horizons, 78.5 to 83.5 and 116.5 to 122.5. This ore will be developed by cleaning out the Richmond shaft and driving in to the ore from the shaft. Assuming that it has the same lateral extent as the overlying stope, that has been worked, it should produce about 15,000 tons.

Hole No. 23, drilled above 31 stope should produce about 10,000 tons of quick ore.

Hole No. 25 confirms Hole No. 23.

Nole No. 28 showed ore at 98.5 to 102.0 feet. This should develop about 15,000 tons. Access to this ore will be from the bottom of the winze at the lower part of the mine.

Holes Nos. 30 and 31 should develop about 15,000 tons of ore at shallow depth below the floor of 31-11 stope.

Hole No. 18 showed 2.2 feet of high grade ore and was previously discounted as a pocket. Recent work has shown it to have considerable lateral extent so we estimate that it may produce as much as 1000 tons.

Hole No. 35 showed 4.2 feet of ore beginning at 13.5 feet below the floor of the stope in which it was drilled. It is expected that this bed will develop about 10,000 tons of quick ore.

The ore reserves as now estimated, are as follows:

Old ore in existing stopes	150,000 tons
New ore found in recent drilling	66,000 tons
Recoverable ore on Dumps	34,000 tons
TOTAL	250,000 tons

It is believed from a rough application of weighted averages that the above tonnage will have an average tenor of slightly above 3% copper. Complete assay results of all core samples taken accompanies this report.

Following is a brief summary of work performed under DMEA Docket 4214 with unit costs.

Drifting	78.60 Lineal Ft.	@$39.50 per ft.
Raising	99.48 Lineal Ft.	@$39.50 per ft.
Diamond drilling	6913.00 Lineal Ft.	@$7.50 per ft.
Assays	63	@$5.00 per ft.

July 31, 1957

F. B. Baca, Geologist

DMEA
DEPARTMENT OF THE INTERIOR
AUG 5 - 1957
REGION III
DENVER, COLORADO

MERCURY URANIUM & OIL COMPANY
600 Coal Avenue, S. W., Albuquerque, N. M.
San Pedro Mine, Santa Fe County, New Mexico

DMEA DOCKET 4214

Following is a transcript of all assay certificates reporting assays made on core samples taken from diamond drill holes on this project. The copper and tungsten assays were made by Chapman and Wood of Albuquerque, New Mexico, and the assays for gold and silver were made by Martin and Carlisle of Albuquerque, N. M.

D. D. Hole No.	Lab. No.	Our No.	Footages	CU%	AU Oz.	AG Oz.	WO_3%
4	7836	1	126.0 - 127.25	0.07	Nil	Trace	Nil
4	7837	2	89.25 - 90.5	0.18	Nil	Trace	Nil
4	7838	3	157.3 -160.8	0.26	Nil	Trace	0.001
4	7839	4	170.5 - 172.0	0.60	Nil	0.2	Nil
9	7840	5	8.6 - 14.0	1.02	Nil	0.1	Nil
10	7841	6	75.5 - 77.0	0.54	Nil	Trace	0.042
10	7842	7	78.5 - 83.5	2.65	Trace	0.5	0.326
10	7843	8	116.5 - 122.5	11.36	Trace	0.6	0.002
11	7844	9	656.5 - 658.5	0.05	Nil	Nil	0.004
11	7845	10	378.0 - 384.0	0.05	Nil	Nil	0.002
11	7846	11	688.0 - 698.0	0.06	Nil	Trace	0.003
23	7887	12	0.0 - 12.8	3.26	Nil	0.2	0.004
24	7888	13	0.8 - 6.8	0.54	Nil	0.2	0.006
24	7889	14	18.6 - 21.95	0.48	Nil	Trace	0.003
24	7890	15	51.75 - 55.75	0.42	Nil	Trace	0.014
25	7891	16	0.85 - 13.45	1.97	Trace	0.2	0.003
25	7892	17	13.45 - 19.00	0.54	Nil	0.1	0.004
19	7905	18	2.0 - 4.2	20.09	Trace	1.4	Trace
12	7906	19	40.0 - 44.6	0.60	Nil	0.1	0.002
12	7907	20	83.5 - 85.75	0.60	Nil	Trace	0.002
12	7908	21	87.9 - 92.00	0.84	Nil	0.2	0.007
12	7909	22	110.0 -113.20	0.30	Nil	Trace	0.002
28	7910	23	98.5 -103.00	3.35	Nil	0.2	0.002
13	7911	24	95.8 - 102.00	0.48	Nil	Trace	Nil
5	8110	25	120.7 - 124.9	0.08	Nil	Trace	0.003
5	8111	26	135.0 - 138.4	0.10	Nil	Trace	0.004
8	8112	27	154.5 - 156.8	0.11	Nil	Trace	0.004
13	8113	28	790.2 - 799.2	0.02	Nil	Trace	0.003
29	8114	29	6.0 - 8.0	0.41	Nil	0.1	0.004
30	8115	30	5.35 - 11.05	2.22	Nil	0.3	0.001
31	8116	31	0.0 - 9.0	2.32	Trace	0.2	0.004
35	8273	38	13.5 - 17.7	8.45	Nil	0.7	0.002
37	8274	32	715.0 - 716.5	0.06	Nil	Trace	0.003
37	8275	33	716.5 - 710.0	0.12	Nil	Trace	0.006
37	8276	34	719.0 - 721.5	0.18	Nil	Trace	0.004
37	8277	35	721.5 - 723.5	0.18	Nil	Trace	0.004
37	8278	36	723.5 - 725.5	0.35	Nil	Trace	0.005

D. D. Hole No.	Lab. No.	Our No.	FOOTAGES	CU%	AU Oz.	AG Oz.	WO_3%
37	8279	37	725.5 - 726.0	0.44	Nil	Nil	0.013
36	8319	39	93.0 - 97.0	0.91	Nil	Trace	0.018
37	8320	40	349.5 - 351.0	0.09	Nil	Trace	0.013
Sub. -Lev. Dr.	8797	41	Sta. 00, Flr. up to 0.9 Ft.	2.56	Nil	Nil	0.012
"	8798	42	Sta. 00, 0.9 up to 4.2 Ft.	0.56	Nil	Trace	0.015
"	8799	43	Sta. 00, 4.2 up to 5.4 Ft.	7.15	Nil	0.6	0.005
"	8800	44	Sta. 5, Flr. up to 1.0 Ft.	0.32	Nil	Trace	0.001
"	8801	45	Sta. 5, 1.0 up to 4.5 Ft.	0.29	Nil	Trace	0.016
"	8802	46	Sta. 5, 4.5 up to 5.3 Ft.	9.72	Trace	0.4	0.001
"	8803	47	Sta. 10, Flr. up to 3.2 Ft.	0.22	Nil	Trace	0.009
"	8804	48	Sta. 10, 3.2 up to 5.0 Ft.	5.18	Nil	Nil	Nil
"	8805	49	Sta. 15, Flr. up to 4.7 Ft.	0.24	Nil	Trace	0.003
"	8806	50	Sta. 15, 4.7 up to 5.6 Ft.	18.61	Nil	Nil	Trace
"	8807	51	Sta. 20, Flr. up to 3.0 Ft.	0.16	Nil	Nil	Trace
"	8808	52	Sta. 20, 3.0 up to 5.8 Ft.	8.63	Nil	Trace	Trace
"	8809	53	Sta. 25, Flr. up to 4.1 Ft.	0.09	Nil	Trace	0.001
"	8810	54	Sta. 25, 4.1 up to 4.8 Ft.	6.41	Nil	Trace	0.001
"	8811	55	Sta. 30, Flr. up to Back	0.29	Nil	Trace	Nil
"	8812	56	Sta. 35, Flr. up to Back	0.09	Trace	0.3	Nil
"	8813	57	Sta. 40, Flr. up to 5.8 Ft.	0.18	Trace	0.4	0.001
"	8814	58	Sta. 40, 5.8 up to 7.6 Ft.	16.02	Trace	0.5	Nil
"	8815	59	Sta. 45, Flr. up to 3.9 Ft.	0.09	Trace	0.3	0.001
"	8816	60	Sta. 45, 3.9 up to 5.1 Ft.	3.62	Nil	0.3	Trace
"	8817	61	Sta. 50, Flr. up to 3.3 Ft.	0.29	Nil	Trace	0.001
"	8818	62	Sta. 50, 3.3 up to 5.7 Ft.	0.08	Nil	0.4	0.001
"	8819	63	Sta. 55, Flr. up to 5.6 Ft.	0.59	Nil	Trace	Nil

Note: On Samples Nos. 8797 to 8819 the stationing begins at the start of the drift (00) and progresses inward at 5 foot intervals, on the West side of the drift.

F. B. Baca, Geologist

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

August 9, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 13 1957

DATE	INITIALS	CODE
8/13	C	220
8/13	JWW	500

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper), Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro mine) Santa Fe County, New Mexico - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated August 7, 1957, relative to final payment under the terms of the subject contract.

E. N. Harshman

E. N. Harshman

Enclosures

EXTRA COPY DMEA RECEIVED		
DATE	[illegible]	CODE

224 New Customhouse
Denver 2, Colorado

August 7, 1957

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper), Contract Idm-E901
Mercury Uranium and Oil Company (San Pedro mine)
Santa Fe County, New Mexico - FINAL PAYMENT

Reference is made to our memorandum of May 17, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher, for the month of March, 1957, and requested that you withhold an amount of $500.00, from reimbursement to the Operator pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project expenditures by the Contract Administration and Audit Division, dated August 7, 1957:

Basis for Final Payment

Total accepted cost	$58,881.66
Government participation at 50%	29,440.83
Total prior payments	28,940.83
Balance due the Operator	$ 500.00

Original signed by
E. N. HARSHMAN

E. N. Harshman

JDC:hmh
cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC
Townsend
MF-104 file, Reg. III
Corres. file, Reg. III
Chron.

500.00
8/8/57 DMA 58-13

OFFICIAL FILE COPY DMEA RECEIVED AUG 8 1957		
DATE	INITIALS	CODE
8/8	P.K	220
8/9	[illegible]	800
		~~700~~
8/9	JWA	500 copper?
~~8/9~~		

224 New Customhouse
Denver 2, Colorado

August 6, 1957

Memorandum

To: T. H. Breding, DMEA Auditor

From: Acting Executive Officer, DMEA ~~Field Team, Region III~~

Subject: Docket No. DMEA 4214 (Uranium), Contract No. I6m-E981, Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico

The subject contract was terminated by mutual agreement, effective April 1, 1957. A copy of the TERMINATION AGREEMENT is enclosed for your records.

The Operator has rendered a final engineering and geologic report and final accounting, as required by the contract. Therefore, final payment of the Operator's account is in order, contingent upon release to this office of a Report of Review of reported project costs.

Acceptable units of work or service completed on a Fixed Unit Cost basis are as follows:

Diamond drilling	6,913	feet
Exploration drifting	57.6	feet
Drifting for drill stations	21	feet
Raising for drill stations	99.48	feet.

The sum of $500.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the month of March, 1957.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl

cc: Chmn. Op. Comm. - 2
Harshman
Townsend
Corres. file
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

August 6, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (~~Uranium~~ Copper), Contract No. Idm-E981, Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico

Enclosed are the Government's, Division, and Audit copies of the TERMINATION AGREEMENT, which was forwarded by your letter of June 24, 1957 for signature by the Operator.

Copies of the Termination Agreement have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

E. N. Harshman

E. N. Harshman

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 8 1957

DATE	INITIALS	CODE
8/8	P.K	220
		~~700~~
8/8	Juca	500

8/13

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 5 1957

DATE		CODE
8/5	P.K.	220
8/5	[illegible]	800
8/6	[illegible]	500

224 New Customhouse
Denver 2, Colorado

August 1, 1957

Mr. Ray C. Wood, General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-2981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

By a letter of June 28, 1957, we forwarded to you for signature by an authorized official of Mercury Uranium and Oil Company the Government's, Division, Audit, Finance Office, and Field Team copies of a proposed TERMINATION AGREEMENT, which had been prepared in reference to your request of May 21, 1957 to terminate Contract No. Idm-2981, effective April 1, 1957.

As considerable time has elapsed and the Termination Agreement has not been returned, we will appreciate your prompt attention to the matter and return either all copies of the Termination Agreement properly executed or return the Termination Agreement unexecuted, together with your comments on or objections to it.

Very truly yours,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JWT:prl

cc: Chmn. Op. Comm. - 2
Harshman
DMEA/DFC
Emerick
Townsend
Corres. file
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 1 1957

		CODE
7/1	C	220
7/1	[illegible]	800
7/2	[illegible]	500

224 New Customhouse
Denver 2, Colorado

June 28, 1957

Mr. Ray C. Wood
General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, S.W.
Albuquerque, N. M.

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Enclosed are the Government's, Division, Audit, Finance Office, and Field Team copies of a proposed "TERMINATION AGREEMENT," which has been prepared in reference to your request of May 21, 1957, to terminate Contract No. Idm-E981, effective April 1, 1957.

If the Termination Agreement is satisfactory, all copies are to be signed by an official of Mercury Uranium and Oil Company authorized to sign such an instrument, the signer's title inserted, the corporate seal affixed, and all copies promptly returned to this office.

Upon receipt of the properly executed copies of the Termination Agreement, the "Operator's Copy" will be forwarded to you.

Very truly yours,

Original signed by
W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

Enclosures

JWT:prl
cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC
Emerick
Townsend
Corres. file
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 1 1957

DATE	INITIAL	CODE
7/1	C	220
7/1		800
7/2	atty	500

224 New Customhouse
Denver 2, Colorado

June 28, 1957

Mr. Ray C. Wood
General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, N. M.

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to our letter of May 17, 1957, and the first paragraph of your reply of May 21, regarding additional chemical determinations to be made on forty samples.

As soon as the Termination Agreement, forwarded by separate letter of this same date, has been executed and returned, we will then be in a position to initiate other procedures that are prerequisite to closing the account provided that the required assay information has been submitted.

If you do not intend to forward the additional assay data, we will appreciate advice from you to that effect.

Very truly yours,

Original signed by
W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC
Emerick
Townsend
Corres. file
Chron.

OFFICIAL FILE COPY

Date	Surname	Code
6/19	alt	500
	Brimmel	500
6-19	Chamberlin	800
6/21	GCS	130
"	Johnson	110
"	Butterfield	100
6/24	C	225
		500.

500

JUN 24 1957

Mr. W. H. King
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium and Oil Company
San Pedro Mine
Contract No. Idm-E981
Santa Fe County, New Mexico

Dear Mr. King:

We are enclosing the original and five copies of a proposed termination agreement for the cited property, signed by the Administrator, Defense Minerals Exploration Administration. Also, enclosed are two extra copies for the use of the Field Team. This termination agreement has been prepared in conformance with Mr. Harshman's memorandum, dated May 29, 1957.

If the termination agreement meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the agreement is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

Enclosures

JWAlt/er 6/19/57

Copy to: Docket
Admr R File
Op. Committee
Mr. McMahon, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb (2/B)
Member, Bureau of Mines

N. E. Nelson (2/B)
Member, Geological Survey

8623

Form 7
-56)

OFFICIAL FILE COPY

Date	Surname	Code

June 19, 1957

Memorandum for the Files

From: J. W. Alt, Division of Base Metals

Subject: Justification for Mutual Termination Agreement for Docket No. DMEA-4214, Contract No. Idm-E981, Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico, Copper.

The Operator has requested a termination of this contract and the Field Team concurs.

The work completed under the terms of the contract is contained in the Project Summary Report (Incomplete).

The field examiners recommend that a Certification of Discovery or Development be issued as a result of the exploration work performed under the DMEA contract.

We concur with the Field Team that this contract be terminated. This project will be certified when the necessary information is received by this office from the Field Team.

We have as yet no specific information on ore tonnages and grades but W. L. Emerick, in his April 4, 1957, memorandum states:

> "F. B. Baca conservatively estimates at present about 200,000 tons of reserves in the mine, averaging about 3 percent copper, of which 80,000 to 100,000 tons of the total will include ore from scavenger operations."

Since the original application mentioned 75,000 tons of indicated ore it would appear that the DMEA work has given a bit more than 100,000 tons of additional ore of 3 per cent copper.

J. W. Alt

JWA/er
Copy to: Docket
Chron.

8623

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

June 12, 1957

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Base Metals

Subject: Contract Termination and Certification of Discovery or Development, Docket No. DMEA 4214 (copper), Contract No. Idm E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

The operator and the examiners state that ore has been found as a result of the diamond drilling program under the subject contract and that the balance of the work outlined in the contract would be development in nature. Accordingly, the examiners recommend that a Certification of Discovery and Development be issued and that the contract be terminated.

I concur in their recommendations.

A. D. McMahon

A. D. McMahon

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U. S. G. S.
F. D. Lamb
F i l e s

OFFICIAL FILE COPY
D M E A
RECEIVED JUN 1957

DATE	INITIALS	CODE
6/2	[illegible]	220
6/13	[illegible]	500

OFFICIAL FILE COPY

Date	Surname	Code
6/10	Alt	500

500

June 10, 1957

Memorandum

To: Assoicate Solicitor, Division of Mineral Resources

From: Director, Division of Base Metals

Subject: Preparation of Mutual Termination Agreement for Contract No. Idm-E981, Docket No. DMEA-4214, Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico, Copper.

Will you please prepare a mutual termination agreement for the cited contract. The effective date of the agreement is April 1, 1957.

Please refer to the memorandum, dated May 29, 1957, to the Chairman, Operating Committee, from the Acting Executive Officer, DMEA Field Team, Region III.

This project will be certified.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Chron.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
D M E A
RECEIVED MAY 1957
DATE | INIT | CODE
5/31 | JWD | 220
6/3 | JWA | 130
500

May 29, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico

Enclosed is the following material pertaining to termination of the subject Contract:

1. Original and three copies of the Operator's letter of May 21, 1957.

2. Original and three copies of a memorandum, dated May 24, 1957, from W. D. McMillan, Mining Engineer, Bureau of Mines.

3. Original and three copies of a memorandum, dated May 27, 1957, from W. L. Emerick, Geologist, Geological Survey.

The Operator requests and the field examiners recommend that the Contract be terminated in its present status without completing the balance of work originally provided for. Records in this office indicate that the last work was performed on March 30, 1957.

The field examiners recommend that a Certification of Discovery or Development be issued as a result of the exploration work performed under the DMEA Contract.

This office concurs in the recommendations of the field examiners regarding termination of the Contract and issuing of the Certification of Discovery or Development, and it is further recommended that a suitable termination agreement be prepared in your office.

E. N. Harshman

E. N. Harshman

8266

MIN IN REPLY REFER TO:

DMEA
RECEIVED
MAY 29 1957
U.S. GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

May 27, 1957

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick

Subject: Docket No. DMEA-4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Co. (San Pedro Mine), Santa Fe County, New Mexico

Reference is made to your letter dated May 23, 1957, on the above docket, relative to recommendation that the contract be terminated in its present status, without requiring performance of the balance of work outlined in the contract.

It is recommended, subject to concurrence by W. D. McMillan, U. S. Bureau of Mines, that the operator be allowed to discontinue the exploration work under the contract for the reasons stated in his letter to you of May 21, 1957. Operator has adequately explored the accessible workings by diamond drill holes. Several of the holes drilled underground, namely diamond drill holes 9, 10, 12, 18, 23, 24, 25, 28, and 29, appear to indicate minable thicknesses and grades of ore. Future work to exploit the ore found by DMEA drilling would be of a development nature.

Complete logs and assay data are not yet available upon which to base estimated reserves found by DMEA exploration, but it is believed that the amount will be significant. It is recommended that a Certification of Discovery or Development be issued as a result of the exploration work performed.

W. L. Emerick

W. L. Emerick

WLE:ms

cc: Acting Executive Officer (8)
Harshman
Shaw
Emerick

DMEA
DEPARTMENT OF THE INTERIOR
MAY 29 1957
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DMEA
DEPARTMENT OF THE INTERIOR
MAY 27 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
May 24, 1957

REGION III

Memorandum:

To: Acting Executive Officer, DMEA Field Team, Region III
Through: A.S. Konselman

From: W. D. McMillan

Subject: DMEA Docket 4214 (Copper), Contract Idm-E981, Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico--Termination of Contract.

Reference is made to the letter of May 21, 1957, from Mercury Uranium and Oil Co. requesting termination of the contract in its present status, without requiring performance of the balance of work specified in the contract.

All work specified in the contract was completed to the objectives with the exception of the following:

	Contract	Completed
D.D. Hole No. 12	900 feet	173 feet
Drift North from No. 1 stope	100 feet	57.6 feet
Drift north from bottom of incline	350 feet	None
Uncompleted Work		
Winze at D.D. Hole 12	150 feet	None
Drift north from bottom of winze	100 feet	None

The winze and drift were not driven because the same objective can be attained from the bottom of the Richmond shaft after the shaft has been repaired.

The project resulted in the discovery of significant amounts of indicated and inferred copper ore reserves.

It is recommended that in its present status Contract Idm-E981 be terminated and that a Certificate of Discovery be issued.

W. D. McMillan
Mining Engineer

WDMc:jg
cc: 9
Idm-E981
Harshman
Chron.

W.O.

Mercury Uranium and Oil Co.

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-3040
2-1489

May 21, 1957

REFER TO:

Docket DMEA-4214 (Copper)
Contract IDM-E981
San Pedro Mine
Santa Fe County, New Mexico

DMEA
DEPARTMENT OF THE INTERIOR
MAY 23 1957
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver, Colorado

Dear Sir:

I have your letters of May 17, 1957, in regard to the 40 samples reported for March 1957, which were not analyzed for tungsten trioxide, gold and silver. We will have these analyses made and submitted to you.

We believe that it will be desirable to discontinue the exploration work under the DMEA contract in that the exploration drilling to date has given us sufficient information in the accessible area, and any further expenditures should be made on development of the ore found by the DMEA Drilling Program; therefore we request that the contract be terminated in its present status without requiring performance of the balance of the work outlined in the contract.

Our geologist and engineer, Mr. F. B. Baca, will submit, at an early date, a final report in conformance with Article 5C of the contract form.

Very truly yours,

MERCURY URANIUM & OIL COMPANY

Ray C. Wood

Ray C. Wood, General Superintendent

RCW:vmj

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 31 1957

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

May 29, 1957

OFFICIAL FILE COPY DMEA RECEIVED MAY 31 1957		
DATE	INIT.	CODE
5/31	C	220
5/31	Jwa	500

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company, (San Pedro mine) Santa Fe County, New Mexico

Enclosed are two copies of a transcript of Assay Certificate No. 2898, Chapman and Wood, for 23 samples taken in the north drift, which was driven during March, 1957, under Stage I.

The Operator has requested that the contract be terminated in its present status, therefore the assay data should be filed with Form MF-104, Operator's Monthly Report and Voucher for March, 1957.

E. N. Harshman

E. N. Harshman

Enclosures

Assay Data filed with MF-104 for the month of March.

ORIGINAL FILE COPY
DMEA
RECEIVED MAY 27 1957

DATE	INITIAL	CODE
5/27	C	220
5/27	[illegible]	800
5/27	[illegible]	500

224 New Customhouse
Denver 2, Colorado

May 23, 1957

Memorandum

To: A. S. Konselman - w/enclosure
W. L. Emerick - " "

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Co. (San Pedro mine), Santa Fe County, New Mexico

Enclosed is a copy of the Operator's letter of May 21, 1957, requesting that the Contract be terminated in its present status without requiring performance of the balance of work outlined in the Contract.

Please submit a memorandum report of your recommendations in the matter; also include your recommendations relative to the issuing of a Certification of Discovery or Development as a result of the exploration work performed.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl

cc: Chan. Op. Comm. - 2
Harshman
Townsend
Corres. file
Chron.

OFFICIAL FILE COPY DMEA RECEIVED MAY 20 1957		
DATE	INITIALS	CODE
5/20	2038	220
5/21	4.97	800
5/21	JWa	500

224 New Customhouse
Denver 2, Colorado

May 17, 1957

Mr. Ray C. Wood
General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

Re: Docket DMEA-4214 (Copper)
Contract IAm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Form MF-104, Operator's Monthly Report and Voucher for March, 1957, has been received in this office and is being processed for payment, with the following deductions:

The contract requires that all samples be analyzed for copper, gold, silver and tungsten trioxide. The 40 samples reported for March, 1957, were not analyzed for tungsten trioxide, and only 11 were analyzed for gold and silver. The reported cost of analysis for the 40 samples is disallowed, but is subject to reinstatement to the extent that the contract requirements are subsequently fulfilled.

According to information in this office you have indicated that it may be necessary or desirable to discontinue exploration work under the contract. An amount of $500.00 is withheld from reimbursement to you pending resumption of work under the contract. If work is not resumed, this amount will continue to be held pending resolution of matters prerequisite to closing the account which includes:

1. Execution by the parties to the contract of a suitable agreement to terminate the contract in its present status without requiring completion of the balance of the work outlined in the contract.

2. Rendering by your company to the Government, a final report in conformance with Article 5(c) of the contract form.

3. Release to this office of a Report of Review of reported project costs by the Contract Administration and Audit Division, NASA.

Yours very truly,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
NASA Field Team, Region III

JDC:hh
cc: Chmn. Op. Comm. (2)
Harshman
Kenselman
Townsend
Corres. file, Reg. III
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED
DATE | INITIALS | CODE
5/20 | JWD | 220
5/21 | | 800
5/21 | JWD | 500

224 New Customhouse
Denver 2 Colorado

May 17, 1957

Mr. Ray C. Wood
General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, SW
Albuquerque, New Mexico

Re: Docket DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

It has recently been brought to our attention that you may wish to discontinue operations under DMEA Exploration Contract Idm-E981; however, we have received no written notice from your company concerning the matter.

In the event you do not wish to pursue the contract work further it is necessary that you submit to this office for consideration by the Government, the original and five copies of a request that the contract be terminated in its present status without requiring the performance of the balance of the work outlined in the contract.

We will appreciate advice by return mail concerning your plans for the balance of the contract work.

Yours very truly,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hh
cc: Chmn. Op. Comm. (2)
Harshman
Konselman
Townsend
Corres. file, Reg. III
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

April 8, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 11 1957

DATE		CODE
4/11	C	220
12	Com	100
4/15	fwa	500

4/18

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro Mine) Santa Fe County, New Mexico

Enclosed are the original and three copies of a memorandum report dated April 4, 1957 from W. L. Emerick, Geologist, Geological Survey, pertaining to operations under the subject contract.

When data relative to termination of the contract is received, the matter will be forwarded to you for preparation of an appropriate Termination Agreement.

E. N. Harshman

E. N. Harshman

Enclosures

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T

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

MINERAL DEPOSITS
IN REPLY REFER TO:
DMEA
RECEIVED
APR 8 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

April 4, 1957

Memorandum

To: ~~E. N. Harshman,~~ Acting Executive Officer, DMEA Field Team, Region III

DMEA
DEPARTMENT OF THE INTERIOR
APR 8 - 1957
REGION III
DENVER, COLORADO

From: W. L. Emerick

Subject: Docket DMEA-4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

At a conference with the operator's representatives, R. C. Wood, General Superintendent and F. B. Baca, Geologist-Engineer on April 2, 1957, at which W. D. McMillan, U. S. Bureau of Mines was present, it was implied that no additional DMEA assistance under either Stage I or II of the above contract would be requested. Any additional exploratory work, such as shaft rehabilitation, drifting, or diamond drilling, will be done by the operator at no expense to the Government. All work under DMEA contract in both Stages I and II had been completed at time of the visit on the above date. A request for termination of the contract will be submitted by the operator.

The drift driven to the north from the No. 1 stope was examined in the company of F. B. Baca, company geologist. The examination confirmed the conditions advanced by W. D. McMillan, U. S. Bureau of Mines, in his letter of March 21, 1957 to the Executive

Officer, DMEA Field Team, Region III, wherein he states that the chalcopyrite seam in the drift roof had diminished from an initial thickness of about 15 inches to several thin stringers. These stringers appeared to pinch out about 37 feet from the drift face, and operator's letter request of March 12, 1957 to abandon further work in the drift was justified.

No additional ore reserves were indicated by the 6 diamond drill holes drilled under Stage II of the contract. Hole No. 37 drilled from the surface for a total depth of 900 feet, to test for extensions of ore beds north of the lower workings, encountered some mineralization but no ore. More testing of the ground in this northern area is planned by the operator at his own expense.

" F. B. Baca conservatively estimates at present about 200,000 tons of reserves in the mine, averaging about 3 percent copper, of which 80,000 to 100,000 tons of the total will include ore from scavenger operations." Exploratory work in the future by the operator will very likely find additional small bodies of minable ore to increase the reserves.

excluded?

W L Emerick
W. L. Emerick

WLE:ms

cc: Harshman (8)
Shaw
Emerick

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE
3/26	C	220
3/28 ~~1/26~~	JWa	500

March 21, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Co. (San Pedro mine), Santa Fe County, New Mexico

Enclosed are three copies of concurrence by the DMEA Field Team, Region III, to stop Hole No. 12 at 173 feet depth instead of drilling the hole to the 900-foot depth as indicated in the Contract, and concurrence in stopping the drift under Item 3, of Stage I, at a point 76 feet north of the No. 1 Stope instead of performing the full 100 feet as provided for in the Contract.

Also enclosed are four sets of data relative to the matters.

Copies of the Field Team concurrence in work stoppage have been distributed to the Finance Office, Region III, and to others concerned.

E. N. Harshman

E. N. Harshman

Enclosures

20th New Customhouse
Denver 2, Colorado

March 21, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

Mr. Ray C. Wood, General Superintendent
Mercury Uranium and Oil Co.
600 Coal Avenue, Southeast
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. 14s-[illegible]
Mercury Uranium and Oil Co.
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of March 12, 1957, wherein you request authorization to abandon any further drilling of Hole No. 12 because of adverse conditions encountered.

Under the circumstances, the Government concurs in stopping Hole No. 12 at a depth of 175 feet instead of drilling the hole to a 300-foot depth as indicated in Table I (To Accompany Figure 3), which is attached to and made a part of the Contract.

In addition, in reference to your request of March 15, 1957, to stop the drift being driven to the north from Stope No. 1 under Item 3, Stage I, of Exhibit "A", the Government concurs in stopping the drift after driving only 76 feet instead of performing the balance of the total of 100 feet of drifting provided for in the Contract.

Very Truly yours,

DMEA Field Team, Region III

By E. M. Hershman

E. M. Hershman
Acting Executive Officer

JWT:prl
cc: Chairman, Op. Comm. (3)
Finance Office, Reg. III
Amendment file, Reg. III
Hershman
Shaw (2)
Emerick
Townsend
Corres. file
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957
DATE | INITIALS | CODE

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 21, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw, Supervising Mining Engineer
JFShaw

From: W. D. McMillan

Subject: DMEA Docket 4214 (Copper) Contract IAm-E981
Mercury Oil and Development Company (San Pedro mine)
Santa Fe County, New Mexico -- Amendment to Contract

Contract IAm-E981 provides for 100 feet of drifting to the north from the north end of Stope No. 1. An inspection of progress in this drift was made on February 27, 1957, accompanied by F. B. Baca, geologist-engineer, and Callahan, mine superintendent of Mercury Oil and Uranium Co. which had requested abandonment of this drift.

This drift had been advanced to 76 feet on a slight incline, to facilitate operations of a drag-line slusher. For the first 57 feet there was about 15 inches of high grade chalcopyrite ore in the roof, but the next 19 feet contained only stringers.

Further drifting does not appear to be justified, and it is recommended that Contract IAm-E981 be amended so that work required in this drift be reduced to the present advance of 76 feet.

W. D. McMillan
W. D. McMillan
Mining Engineer

WDM/mw
IAm-E981
Chron
cc: 9

DMEA
DEPARTMENT OF THE INTERIOR
MAR 21 1957
REGION III
DENVER, COLORADO

Box 4126 University Station
Tucson, Arizona

March 1, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick Through: E. N. Earnhman

Subject: Docket DMEA-4014 (Copper) Contract Idm-8981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico.

On March 1, 1957, W. D. McMillan, U. S. Bureau of Mines, called by telephone from Albuquerque, in reference to the 100-foot drift being driven from the No. 1 stope in the uppermost part of the mine workings (Figure 3 of docket). Operator desires to discontinue further driving of this drift inasmuch as there appears to be no improvement in the width of the ore layer being followed.

On February 11, 1957, the writer visited the subject drift. At that time it was in about 30 feet and following northward an 8 to 18 inch layer of rich chalcopyrite ore that appeared to be a thinning of the thick orebody mined from the No. 1 stope. Presently the drift has followed the ore layer for about 57 feet. W. D. McMillan stated in the telephone conversation that in his opinion further extension of the drift would probably not disclose an improvement in the width of the ore layer. Based on my own observation of geologic conditions in the drift it is possible that McMillan's conclusions are correct.

Subject to DMEA policies on similar situations, I concur with McMillan.

W L Emerick

W. L. Emerick

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

WLEmc

cc: Traver (8)
Earnhman
Shaw
Emerick

DMEA
DEPARTMENT OF THE INTERIOR
MAR 4 1957
REGION III
DENVER, COLORADO

Anderson Development Corporation

CARL C. ANDERSON, SR.
PRESIDENT

March 15, 1957

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040
2-1489

DMEA
DEPARTMENT OF THE INTERIOR
MAR 18 1957
REGION III
DENVER, COLORADO

REFER TO:

Mr. E. N. Harshman
Acting Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract IDM-K981
Mercury Uranium and Oil Company
San Pedro Mine

Dear Sir:

We herewith request permission to abandon the drifting out of No. 1 stope. The ore lead that we were following did not improve and Mr. W. D. McMillan concures with our decision to discontinue this drift.

Very truly yours,

MERCURY URANIUM AND OIL COMPANY

Ray C. Wood

Ray C. Wood
General Superintendent.

RCW/ol

5-encls.

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DMEA
RECEIVED MAR 25 1957
DATE | CODE

DMEA
DEPARTMENT OF THE INTERIOR

MAR 20 1957

MAR 21 1957
OFFICIAL FILE COPY
DENVER, COLORADO
RECEIVED MAR 25 1957

DATE	INITIALS	CODE
Suspense		
To:	Acting Executive Officer, DMEA Field Team, Region III	
From:	W. L. Kendrick W. B. Mathias	Through: E. H. Kerstman J. F. Shaw
Subject:	Dedrick DMEA hole (Copper), Contract IDm-1981 Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico	

Box 4125 University Station
Tucson, Arizona

GEOLOGICAL SURVEY
DENVER, COLORADO

March 18, 1957

Air Mail

Reference is made to letter from Alternate Acting Executive Officer, dated March 14, 1957, in regard to operator's request to stop drill hole No. 12 at a depth of 173 feet because of inability of drilling contractor to drill deeper. Operator's representatives, E. C. Wood and F. B. Rose, stated by telephone that the drilling contractor apparently encountered a cavity in the limestone that he was unable to seal off.

A lithologic log of Hole No. 13 (about 225 feet south of Hole No. 12), with the same bearing, inclination and objective as Hole No. 12, was obtained from the operator's representatives by telephone. The log shows that no potable ore intervals were encountered in Hole No. 13 below a hole depth of 102 feet. A thick monzonite porphyry sill was encountered from 189.0 to 605.0 feet and below the bottom of the sill (605.0 ft.) to the bottom of the hole at 900 feet mostly non-carbonaceous silicified sediments were encountered. A summary of Hole No. 13 log follows:

Hole No. 13 (Co-ordinates N.1350-[illegible] E., Bearing west, inclination - 70°, depth 900').

0'	- 102.0'	Silicified limestones and shales; chalcopyrite at 37.0-47.0', 74.0'-77.0', 95.8'-102.0'.
102.0'	- 189.0'	Silicified limestones and shales, pyrite at 121'-128'.
189.0'	- 605.0'	Monzonite porphyry sill; alternating horizons of pyrite and barren zones.
605.0'	- 622.0'	Silicified limestone and shale, no sulphides.
622.0'	- 685.0'	Monzonite porphyry, no sulphides.
685.0'	- 684.0'	Silicified limestones and shales; quartzite, some pyrite but mostly no sulphides.
684.0'	- 718.0'	Rhyolite(?), slightly pyritic.

718.0'	- 778.0'	Alternating siliceous limestones and shales.
778.0	- 780.0'	Monzonite porphyry, no visible sulphides.
780.0'	- 786.0'	Silicified limestone and shale, slightly pyritic.
786.0'	- 800.0'	Monzonite porphyry with some chalcopyrite and pyrite in varying amounts at 790' - 791'.
800.0'	- 900.0'	Silicified limestones and shales, ranging from no sulphides to slightly pyritic.

Based on the information obtained in Hole No. 13, it appears likely that somewhat similar geologic conditions may prevail in the area of Hole No. 12. If this is true, drilling Hole No. 12 to its full contract depth of 900 feet would probably only duplicate information already obtained in Hole No. 13, and probably would not, as in Hole No. 13, disclose additional ore intervals below the present bottom of 173 feet.

Therefore, it is recommended that the operator's request to stop drill hole No. 12 at a depth of 173 feet be granted.

W L Emerick

W. L. Emerick
U. S. Geological Survey

W D McMillan

W. D. McMillan
U. S. Bureau of Mines

WLE:ms

cc: Acting Executive Officer (8)
Shaw
Kershman
Emerick

Anderson Development Corporation

CARL C. ANDERSON, SR.
PRESIDENT

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040
2-1489

March 12, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR
MAR 13 1957
REGION III
DENVER, COLORADO

REFER TO:

Mr. W. M. Traver
~~Executive Officer, DMEA~~
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract IDM-K981
Mercury Uranium and Oil Company
San Pedro Mine

Dear Sir:

Our drilling contractors, Mineral Engineers, were unable to drill deeper than 173 feet on hole No. 12. We believe that we have cut the ore horizons with this hole in this area, and, would like to have authorization to abandon any further drilling of hole No. 12.

Very truly yours,

Mercury Uranium and Oil Company

Ray C. Wood

Ray C. Wood,
General Superintendent

RCW/ol

5-encls.

224 New Customhouse
Denver 2, Colorado

March 13, 1957

RECEIVED		
DATE		
3/15	C	220
3/15		800
3/18	gwa	500

Mr. F. E. Baca, Geologist and Mining Engineer
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Baca:

Form MF-104, Operator's Monthly Report and Voucher for December, 1956 is being processed for payment. The drill logs for the reported holes indicate a total of 856 feet of drilling, but only 855 feet was reported on Forms MF-104 and MF-104A. Please check your records and make the necessary adjustment in connection with your next monthly report and voucher.

The December, 1956 Operator's Narrative Report has been accepted, although it is not in the required form. We request that in the future you submit a single narrative report each month, covering all work performed during the period. The following information is required:

1. Summary of the work performed

2. Results of the work

3. Conditions encountered.

It is not necessary or desirable that you repeat in detail the information which is contained elsewhere in the monthly report.

Yours very truly,

E. N. Harshman
Acting Executive Officer, DMEA
Field Team, Region III

JDC:hh
cc: Chmn. Op. Comm. (2)
Harshman
Shaw (2)
Townsend
Corres. File E981
Chron.

(1)

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 4 1957

DATE	INITIALS	CODE
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3/4	[illegible]	800
3/4	Jw/a	500

224 New Customhouse
Denver 2, Colorado

February 28, 1957

Mr. F. B. Baca, Geologist and Mining Engineer
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket DMEA-4214 (Copper)
Contract Idm-E981
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Baca:

Form MF-104, Operator's Monthly Report and Voucher for December, 1956 has been received in this office. The following omissions and errors must be resolved before the voucher can be processed for payment.

1. No narrative report was submitted. The narrative report must be signed and must contain a summary of all work performed, conditions encountered, and the results of the work. Five copies are required.

2. Only one copy of the necessary map was submitted. Four additional copies are required.

3. A total of 855 feet of core drilling was reported on Form MF-104A, Operator's Unit Cost and Progress Report. Logs were submitted for holes 1, 2, 3, 4, 9, 10, and 14, with a total of only 731 feet. The difference of 124 feet must be reconciled. (Payment is made for holes which have been completed to the contract objective.)

Please submit to this office by return mail the necessary narrative report, map, and data relative to the excess drilling reported.

We request that you thoroughly review our letter of July 31, 1956 whereby we transmitted your copy of DMEA Exploration Contract No. I&m-E981. The letter contains instructions which must be followed if the contract is to function properly.

Yours very truly,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer, DMEA
Field Team, Region III

JDC:hh

cc: Chmn. Op. Comm. (2)
Harshman
Shaw (2)
Townsend
Cooper
Corres. E981
Chron.

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

224 New Customhouse
Denver 2, Colorado

February 21, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 25 1957

DATE	INITIALS	CODE
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		~~225~~
		500

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro mine) Santa Fe County, New Mexico

Enclosed are four copies of project work approval issued by the DMEA Field Team, Region III. Also enclosed are two copies of the Operator's request of February 13, 1957 for approval of the work and four sets of material prepared by the DMEA Field examiners relative to the matter.

Copies of the work approval have been distributed to the Operator, Finance Office, Region III and to others concerned.

E. N. Harshman

E. N. Harshman

Enclosures

224 New Customhouse
Denver 2, Colorado

February 20, 1957

EXTRA COPY
D M E A
RECEIVED
DATE | CODE

Mr. Ray C. Wood, General Superintendent
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, N. M.

Re: Docket No. DMEA 4214 (Copper)
Contract No. 18n-4968
Mercury Uranium and Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

In reference to your request of February 15, 1957, and consistent with provisions in the Contract, this constitutes the Government's approval for the following diamond drilling and incident work to be performed under Stage II:

(a) Drive raises aggregating not more than 50 feet to prepare drill stations for diamond drilling as follows under approval (b);

(b) Perform diamond drilling as follows:

Diamond Drill Hole No.	Approximate Coordinate Location of Collar of Hole	Hole to be Directed Bearing	Hole to be Directed Angle	Estimated Length of Hole
32	N 1495 - E 2199	West	-70°	155 ft.
33	N 1847 - E 2198	West	-70°	155 ft.
34	N 1134 - E 3070	East	+80°	50 ft.
35	N 1098 - E 3026	S 80° W	-70°	125 ft.
36	N 1345 - E 2254	S 80° E	-70°	100 ft.
37	N 1397 - E 3061	North	-90°	900 ft.

In reference to your request for approval of 150 feet of winze and 100 feet of drifting in each of two locations, the Government's approval is withheld pending receipt of more adequate justification to support winzing and drifting in lieu of diamond drilling at a much less cost, if further exploration of previous expenditure is desirable.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

RFC Field Team, Region III

W. E. Trover

E. E. Hershman

JWT:prl

cc: Chairman, Op. Comm. (4)
Finance Office, Region III
Amendment File, Region III
Hershman
Shaw
Emerick
Townsend
Carron. File
Chron.

DN TS 6 I-BOM

TUCSON ARIZ 2-20-57 1000A

W N TRAVER

F.B.A. TELETYPE CENTER

FEB 20 10 [illegible]

Delivered

EXEC OFCR DMEA FIELD TEAM REGN 3 224 NCM OPN

RE DMEA DOCKET 4214, CONTRACT NUMBER IDM-E981, MERCURY URANIUM & OIL COMPANY SAN PEDRO MINE SANTA FE COUNTY NEW MEXICO, NO CHANGE RECOMMENDATIONS FOR PROPOSED STAGE TWO DIAMOND DRILL HOLES PER JOINT MEMORANDUM DATED FEBRUARY 13, 1957. OPERATOR'S WRITTEN REQUEST DATED FEBRUARY 13, 1957 SAME AS TELEPHONE INFORMATION TO ME. RECOMMEND ITEM A, 100-FT DRIFT, OPERATOR'S WRITTEN REQUEST DATED FEBRUARY 13, 1957. RECONSIDER OBJECTION ITEM B, OPERATOR'S WRITTEN REQUEST 150-FT WINZE AND 100-FT DRIFT, OUR JOINT MEMORANDUM PARAGRAPH SIX AND RECOMMEND TO EXPLORE EXTENSION OF ORE BEDS FOUND IN HOLE TWELVE PROVIDED TOTAL FOOTAGE NOT EXCEED CONTRACT SPECIFICATIONS UNDER STAGES ONE AND TWO.

W L EMERICK

DMEA 4214 IDM-E981 13 1957 13 1957 100-FT 13 1957 B 150-FT 100-FT

BEA 1005A

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 25 1957

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Box 4126 University Station
Tucson, Arizona

MINERAL DEPOSITS
FEB 1957
GEOLOGICAL SURVEY
DENVER, COLORADO

February 14, 1957
AIR MAIL

Memorandum

To: E. N. Harshman

From: W. L. Emerick

Subject: Docket DMEA 4214 (Copper) Contract Idm-R981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico.

I received a telephone call late Wednesday afternoon, February 13, 1957, from Ray C. Wood, Mining Superintendent of subject company, after my memorandum was in the mail. This call was in addition to one in the morning of the same day from F. B. Baca, Geologist of the company.

Baca discussed the 150-foot winze east of Hole 12 and 100 feet of drifting north from the bottom of the winze, which was included in my memorandum with comments. Wood reiterated Baca's proposal and also stated that they were including in their request about 100 feet of drifting, on a 270°W bearing, from the bottom of the lower incline to intersect ore beds penetrated by Hole 28. This proposal, of course, was not included in my memorandum. From Wood's description, this drift would crosscut the northeasterly dip of the beds and probably encounter the ore interval found in Hole 28. I see no objection to an exploration drift in this area.

All this could have been avoided had more previous thought been given to a Stage II program, for we had ample time to discuss it in the office and in the field.

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 25 1957

DATE	INITIALS	CODE

W. L. Emerick

W.L.E:ms

DMEA
DEPARTMENT OF THE INTERIOR
FEB 19 1957
REGION III
DENVER, COLORADO

MINERAL RESOURCES
RECEIVED
FEB 15 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

Box 4125 University Station
Tucson, Arizona

February 13, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick
W. D. McMillan

Through: E. M. Barnhart
S. F. Shaw

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 25 1957
DATE | INITIALS | CODE

Subject: Contract DMEA 4214 (Copper) Contract Ide-3281, Mercury Creation & Oil Company (San Pedro Mine), Santa Fe County, New Mexico

On February 11, 1957, a DMEA field examining team composed of W. D. McMillan, U. S. Bureau of Mines, and W. L. Emerick, U. S. Geological Survey, conferred with R. C. Wonds, Mining Superintendent, and F. R. Bass, Geologist of the Mercury Creation and Oil Company, on proposed diamond drilling under Stage II of the above Contract. Contract drilling under Stage I at the time of the field examiner's visit lacked about 700 feet of completion. Examination was made of diamond drill core from holes under Stage I of the contract; a review was made of the underground locations of Stage I holes, particularly those showing significant thickness of ore; and the proposed starting points for Stage II holes were visited. The operator is requesting permission to drill 6 diamond drill holes, 150 feet of winze, and 150 feet of drift, under Stage II of the contract.

Ore thicknesses ranging from about 3-1/2 feet to about 31 feet were encountered in Hole Nos. 10, 12, 13, 14, 22, 23, 24, 25, 28, 29, 30, and 31 (Fig. 3). Hole Nos. 4, 21, and 27 encountered pyrite mineralization but no ore. Hole No. 26 was barren of ore and carried only slight mineralization.

The following table shows ore thicknesses encountered in the holes under Stage I. Thicknesses were obtained by scanning drill core and are approximate only.

Hole No.	Coordinates N	Coordinates E	Bearing	Inclination	Depth of Hole	Ore Interval	Objective of hole
10	1180	8185	N81W	-65°	125	0-31.5 (31.5) 39.5-43.0 (3.5)	To test limestone at base of favorable bed.
12	1580	8880	West	-70°	900	83.5-113.0 (29.5) 168.0-173 - Hole incomplete	To test Pennsylvanian limestone beneath monzonite sill.
13	1390	8880	West	-70°	900	98.0-108.0 (10.0)	Same as 12.
14	1103	8190	S70E	-70°	150	29.0-33.0 (4.0)	To explore limestone below Spanish series east of Shaft fault.
22	1078	8616	N80E	+80°	55	4.0-8.0 (4.0)	To explore 30 beds and other favorable beds above 41 stope.
23	1065	8780	N80E	+80°	55	0-12.0 (12')	To explore upper strata of Spanish series above old stopes.
24	1130	8795	N80E	+80°	60	1.0-12.0 (11')	Same as 23.
25	1135	8895	N80E	-	70	0.20.0 (20')	Same as 23.
28	1805	3305	S80W	-57°	200	96.5-104.0 (5.5)	To explore lower beds of Spanish series and other beds immediately below the Spanish series
29	1820	3335	N80E	+35°	50	7.0-10.0 (3.0)	To test the marble line on east side of 31-11 stope.
30	1877	3380	N78E	-60°	250	0.-11.0 (11')	To test for extension of the marble line.
31	1877	3380	S78E	-60°	250	0.-10.0 (10')	To cut favorable beds below 31-11 Stope.

Hole No. 32 apparently encountered the "marble line" or marbleized limestone at about 93 feet and went out of it at about 145 feet, for a total thickness of about 50 adjusted feet. Pyrite mineralization but no ore was encountered beyond the so-called marble line.

In order to supplement Stage I drilling and to further test for extensions of favorable beds found under Stage I drilling, the following Stage II holes (Fig. 3) are proposed by the operator:

Hole No.	Approx. Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
32	1581	3819	West	-70°	To ore bed or a max. of 155'	Same as 12 and 13 between holes 12 & 13.
33	1247	3198	West	-70°	To ore bed or a max. of 135'	Same as 10 between holes 9, 10 and 13.
34	1134	3870	East	+30°	To ore bed or a max. of 30'	To explore upper stumps of Spanish series above old stope, between Holes 25 and 27.
35	1498	3286	SSOW	-70°	To ore bed or a max. of 125'	To explore lower beds southwest of Hole 20.
36	1345	3834	SSOE	-70°	To ore bed or a max. of 160'	To explore faulted extension of ore beds east of Shaft fault between Holes 13 and 16.
37	1397	3861	-	90°	900	To explore from the surface for extensions of ore beds north of lower workings.

In a telephone conversation February 13, 1957 between the operator's representative, F. B. Bass, and W. L. Emerick, a proposal, in addition to drilling, was made for sinking a 150 foot winze about 15 feet east of the collar of Hole #12 (Fig. 3) and drifting north from its bottom for about 100 feet. Purpose of the winze and drift would be to go below the ore beds and intersect them to the north by means of the drift. This proposal will be submitted in the operator's Stage II request. Footage for drifting, raising, and winzing is provided under Stage II, but W. L. Emerick questions whether or not the information to be gained by the proposed winze and drift was not already obtained in Hole 18, or could be obtained as well by additional drilling, and that this work might not therefore be charged as development.

Stage II proposed work tentatively consists of 6 diamond drill holes, 150 feet of drifting (of which 50 feet approximately would be used for underground drill stations), and 150' of winzing. Estimated cost of Stage II work would amount approximately to the following amounts under existing contractual allowances:

1450 feet of diamond drilling @ $7.50/ft.	=	$10,875.00
150 feet of drifting or raising @ $39.50/ft.	=	5,925.00
150 feet of winzing @ $39.50/ft.	=	5,925.00
Total		$22,725.00

Significant bodies of ore appear to be indicated by Stage I drilling, but several more holes favorably placed in doubtful areas, or in areas of no information, are needed to complete data on ore extensions. Based upon the evidence indicated by Stage I diamond drill holes and favorable geologic probabilities, the field examiners, with the exception noted in Paragraph 6 above in regard to winzing and drifting in the vicinity of Hole 18, feel the Stage II request is justified and recommend approval.

W. L. Emerick
W. L. Emerick
U. S. Geological Survey

W. D. McMillan
W. D. McMillan
U. S. Bureau of Mines

WLE:mm

cc: Executive Officer (8)
Merriman
Shaw
Emerick

February 13, 1957

DMEA
DEPARTMENT OF THE INTERIOR
FEB 18 1957
SECTION XI
MINERAL CLEARANCE

Mr. W. M. Traver
Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

COPY

Re: Docket DMEA 4214 (Copper)
Contract 1DM-K981
Mercury Uranium & Oil Company
San Pedro Mine

Dear Sir:

We have practically completed the first phase of drilling under DMEA Docket No. 4214 at San Pedro Mine in Santa Fe County, New Mexico.

To avoid unnecessary delay to the drilling contractors on this project, we would like to submit the following proposals for continuation of the project in Phase No. 2.

Listed hereunder are additional drill holes which we propose in the second phase:-

Diamond Drill Hole No. 32 coordinates North 1455' East 2199' minus 70° bearing 270° through ore bed or maximum 155' to confirm ore beds cut in Diamond Drill Holes Nos. 10 & 12.

Diamond Drill Hole No. 33 coordinates North 1247' East 2198' minus 70° bearing 270° through ore bed or maximum 135' to confirm ore bed cut in Diamond Drill Holes Nos. 10 & 12.

Diamond Drill Hole No. 34 coordinates North 1134' East 3070' plus 80° bearing 90° depth 30' to confirm extension of ore bed found in Diamond Drill Holes Nos. 23, 24 & 25.

Diamond Drill Hole No. 35 coordinates North 1098' East 3226' minus 70° bearing 260° depth through ore bed or maximum 125' to confirm persistence of ore bed cut in Diamond Drill Hole No. 28.

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DMEA
RECEIVED FEB 25 1957

DATE	INITIALS	CODE

Diamond Drill Hole No. 36 coordinates North 1345' East 2254' minus 70° bearing 100° depth through ore bed or 100' maximum to confirm persistence of ore cut in Diamond Drill Hole No. 14 east of main fault.

Diamond Drill Hole No. 37 coordinates North 1597' East 3061' minus 90° bearing 0° depth 900' to explore possibilities of ore extensions north of present workings in deep part of mine and particularly in ore bed cut by Diamond Drill Holes Nos. 28 & 31.

The second phase of DMEA project 4214 calls for 150' of winze, and we propose to sink this entire footage in a three compartment winze at coordinates North 1581' East 2233' to cut the thick mineralized zone encountered in Diamond Drill Hole No. 12.

A total of 200' of drifting is proposed in the second phase of this project. We propose to distribute this drifting as follows:

(A) 100' to be driven on a bearing of 270° from the bottom of the existing 100' winze at coordinate North 1207' East 3334' to intercept the ore bed cut by Diamond Drill Hole No. 28.

(B) 100' to be driven on 0° bearing on mineral horizon cut by Diamond Drill Hole No. 12 to explore extension of this mineralized zone. This drift will start out of winze proposed at coordinates North 1581' East 2233'.

We also request sufficient raise footage of the 150 feet proposed for this phase, to effect preparatory sites for the Diamond Drill Holes requested for Phase No. 2. It is not anticipated that more than 50 feet of this footage will be required.

Enclosed herewith are six copies of the plan map of the San Pedro Mine showing locations of all the above proposed work.

Very truly yours,

MERCURY URANIUM & OIL COMPANY

Ray C. Wood

Ray C. Wood, General Superintendent

RCW:vmj

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
224 New Customhouse
Denver 2, Colorado

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DATE	INITIALS	CODE

February 18, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981, Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico

Enclosed are the Government's, Division, and Docket copies of Amendment No. 1 to Contract No. Idm-E981, which was forwarded by your letter of February 7, 1957, for signature by the Operator.

Also enclosed are two copies of the Operator's letter of February 14, 1957.

Copies of the Amendment have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

W. M. Traver

W. M. Traver

Enclosures

Mercury Uranium and Oil Co.
600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-3040
2-1489

February 14, 1957

REFER TO:

DMEA
DEPARTMENT OF THE INTERIOR
FEB 18 1957

Mr. W. M. Traver
Executive Officer, DMEA
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

We are returning the Government's Division, Docket, Finance Office and Field Team copies of the proposed amendment No. 1 to Contract No. Idm-E981, completed as you requested in your letter of February 12.

We will make a study of the change of location of the drifting provided for under Stage 1, Item 2, and if we find it advisable, we will apply for an amendment, as per your suggestion.

Very truly yours,

MERCURY URANIUM & OIL COMPANY

Ray C. Wood

Ray C. Wood, General Superintendent

RCW:vmj

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DMEA
RECEIVED FEB 21 1957

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224 New Customhouse
Denver 2, Colorado

February 12, 1957

Mr. Ray C. Wood, General Superintendent
Mercury Uranium & Oil Company
600 Coal Avenue, S. W.
Albuquerque, N. M.

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Enclosed are the Government's, Division, Docket, Finance Office, and Field Team copies of proposed Amendment No. 1 to Contract No. Idm-E981, which has been prepared pursuant to your request, to substitute the drilling of two additional holes in lieu of performing part of the drifting provided for under Stage I, Item 2.

If the Amendment is satisfactory, all copies are to be signed by an official of Mercury Uranium & Oil Company authorized to sign such an instrument, the signer's title inserted, the corporate seal affixed, and all copies promptly returned to this office; upon receipt of which the "Operator's Copy" will be forwarded to you.

Information coming to us indicates that it might be desirable to change the location of the drifting provided for under Stage I, Item 2, and if that is the case execution of an appropriate amendment to effect the change in the location of the drifting will be necessary before the work is commenced.

Very truly yours,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:prl
cc: Chairman, Op. Comm. (2)
Harshman
Shaw (2)
Townsend
Corres. file
Chron.

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code
2/5/57	[illegible]	500
	Griswold	500
2-5	Chamberlin	800
2/6	Selfridge	120
2-8	[illegible]	220

2/6 Johnson 110
" Butterworth 100
225

FEB 7 1957

Mr. W. E. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed Amendment No. 1 (2 pages and 2 maps) for the cited contract, signed by the Administrator for the Government. There are also enclosed two extra copies of the proposed amendment with maps for Field Team use. This amendment has been prepared in conformance with your memorandum dated December 27, 1956.

If the proposed amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the amendment is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee
JWAlt/er 2/5/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. McMahon, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

P. S. The location of the 255 feet of drifting has been left unchanged. However, as soon as more information is obtained, this location must be corrected by amendment.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

January 25, 1957

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Justification for Amendment No. 1 for Docket No. DMEA-4214, Contract No. Idm-E981, Mercury Uranium & Oil Company, San Pedro Mine (Copper), Santa Fe County, New Mexico.

We concur with the recommendation of the Field Team and the commodity members that the Operator be allowed to diamond drill two additional holes, Numbers 30 and 31, which would increase the total amount of drilling by 500 feet. Each hole would be approximately 250 feet in depth. The cost of this additional drilling would be deducted from the amount allowed for drifting north (Item 2, Stage I). The total amount of drilling (Item 1, Stage I) would be increased from 5,700 feet to 6,200 and the amount of drifting would be decreased from 350 feet to 255 feet. The purpose of these two additional diamond drill holes is to determine where the proposed drift could be more effectively driven.

This amendment does not increase the estimated total cost of the project.

J. W. Alt

J. W. Alt

JWA/er

Copy to: Docket
Base Metals
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/25/57	WB.	500

January 25, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 1 for Contract No. Idm-E981, Docket No. DMEA-4214, Mercury Uranium & Oil Company, San Pedro Mine, Santa Fe County, New Mexico, Copper.

Will you please prepare Amendment No. 1 for the cited contract. A draft of this amendment and the necessary copies of the two maps are attached to this memorandum.

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

8623

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

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5 | 225

January 9, 1957

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Base Metals

Subject: Amendment, Contract No. Idm-E981, Docket No. DMEA 4214 (copper), Mercury Uranium & Oil Company, San Pedro Mine, Santa Fe County, New Mexico

To guide exploration from the lower level the operator requested permission to drill 2 holes as a substitute for part of the originally proposed drift.

Inasmuch as examination of the lower workings indicate that the location and direction of the drift as originally proposed would not test favorable ground and that information gained from drilling the 2 holes would aid in determining a more effective location of the drift, it is recommended that the amendment, as proposed by the field examiners be approved.

A. D. McMahon
A. D. McMahon

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
F. D. Lamb
F i l e s

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D.C.

IN REPLY REFER TO:

RECEIVED JAN 10 1957		
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January 9, 1957

Re: DMEA 4214
Mercury Uranium & Oil Co.
San Pedro Mine
Santa Fe County, New Mexico
Copper

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Report recommending amendment

The examiners and Field Team recommend an amendment allowing for changes in the location of 5 diamond drill holes and the substitution of diamond drilling for a commensurate footage of drifting.

Inasmuch as the maximum distance involved in the changes in the locations of the drill holes is 25 feet the changes should be approved.

Substitution of drilling for drifting is requested because of changed concepts as to the position of the so-called favorable "Spanish" beds. The reason is entirely adequate.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

224 New Customhouse
Denver 2, Colorado

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DMEA
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DATE	INITIALS	CODE
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December 27, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-4214 (Copper), Contract No. Idm-E981, Mercury Uranium & Oil Company (San Pedro Mine), Santa Fe County, New Mexico

Enclosed are four copies of approval from the DMEA Field Team, Region III, to change the locations of five drill holes provided for under Stage I of the Contract.

Also enclosed is the following material pertaining to the change of location of the five drill holes mentioned above and a proposed amendment to the Contract to provide for the drilling of two additional holes in lieu of a part of the drifting provided for under Item 2, Stage I, of the Contract:

1. Original and one copy of the Operator's letter of December 10, 1956, with attached map, which constitutes a request for approval of the change in location of five holes and the drilling of two additional holes.

2. Original and three copies of a joint memorandum report, dated December 14, 1956, from D. E. Redmon, Mining Engineer, Bureau of Mines, and J. N. Faick, and W. L. Emerick, Geologists, Geologists, Geological Survey.

3. Original and three copies of a supplemental joint memorandum, dated December 17, 1956, from W. L. Emerick and J. N. Faick, Geologists, Geological Survey.

4. Nine extra copies, each, of two maps, "Figure 1-A" and "Figure 2-A".

Preparation of an amendment of the nature involved to provide two additional drill holes in lieu of part of the drifting, is deemed not within the authority delegated to this office. Therefore, the matter is forwarded for your consideration and appropriate action.

It is recommended that a suitable amendment be prepared to add drill holes Nos. 30 and 31 to "Table I (To accompany Figure 3)" which is a part of the contract, and that appropriate changes be made in the recitation describing the work and the estimated costs of the work in Exhibit "A" to substitute the drilling of two additional holes in lieu of a part of the drifting authorized under Stage I, Item 2. The footages of the drilling and drifting involved are outlined on page 5 of the enclosed joint memorandum dated December 14, 1956, from Redmon, Faick, and Emerick.

W. M. Traver

Enclosures

W. M. Traver

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

224 New Customhouse
Denver 2, Colorado

December 21, 1956

Mr. Ray C. Wood, General Superintendent
Mercury Uranium & Oil Company
600 Coal Avenue, Southwest
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-1981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of December 10, 1956, with attachments, wherein you request approval for a change in the locations of drill holes Nos. 22, 26, 27, 28, and 29, in lieu of drilling the holes at the approximate coordinate locations indicated in "Table I (To accompany Figure 3)", attached to the Contract.

This constitutes the Government's approval for the relocation and drilling of the five holes as follows:

Hole No.	New Coordinate Location N.	New Coordinate Location E.	Bearing and Inclination	Estimated Depth
22	1072	2616	N80°W+80°	55
26	1051	3045	N80°W+75°	100
27	1195	3060	N80°W+65°	60
28	1205	3305	N80°W+57°	200
29	1220	3535	N80°W+35°	50.

Nothing in this approval for relocation of drill holes shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Relative to your request for approval of two additional holes Nos. 30 and 31, to be substituted for a portion of the drifting

authorized under Item 2 of Stage I, preparation of an amendment to authorize the change is not within the authority delegated to this office. Therefore, the matter will be forwarded to the Washington Office, DMEA, for their consideration and appropriate action, on which you will be further advised as soon as their decision is made known to us.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

D. H. Rubin for EWH

E. N. Harshman

JWT:prl

cc: Chairman, Op. Comm. (4)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
Shaw (2)
Townsend
Corres. file
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 21 1956
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

MINERAL DEPOSITS
IN REPLY REFER TO:
DMEA
RECEIVED
DEC 19 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

MEMORANDUM

December 17, 1956

To: Executive Officer, DMEA Field Team, Region III

From: W. L. Emerick
J. N. Faick

Through: E. N. Harshman
J. F. Shaw

Subject: Docket DMEA 4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

Reference is made to the joint Redmon, Faick, and Emerick memorandum to W. M. Traver on the above docket, dated December 14, 1956, and letter to W. M. Traver from Anderson Development Corporation, Ray C. Wood, Supt., dated December 10, 1956. Certain minor discrepancies in coordinates of drill holes are noted between the examining team's and the operator's submittals.

It is probable that not all of the drill hole coordinates on relocations, as given to the examining team by the operator, had been recalculated on December 6, 1956, the date of visit to the mine. It is our recommendation that the operator's calculated coordinates for all hole relocations, namely, drill holes Nos. 22, 26, 27, 28, and 29, be accepted. These calculated coordinates are as follows:

Hole No.	Approx. original coordinates		Recommended Coordinates		Bearing Inclination	Est. depth in feet
	N	E	N	E		
#22	1095	2600	1072	2616	N80°E +80°	55
#26	1070	3025	1051	3045	N80°E +75°	100
#27	1190	3245	1195	3260	N80°E +65°	60
#28	1200	3280	1205	3305	S80°W +57°	200
#29	1210	3335	1220	3335	N80E +35°	50

It is also recommended that the coordinates and bearings for the two holes requested as a partial substitution for some of the 350-foot exploration drift be accepted in consideration for an amendment to the contract, namely:

Hole No.	Recommended Coordinates		Bearing Inclination	Est. Depth in feet
	N	E		
30	1277	3320	N 78E -60°	250
31	1277	3320	S 78W -60°	250

No additional changes in the narrative or figures of the joint Redmon, Faick, and Emerick memorandum are anticipated.

W. L. Emerick
U. S. Geological Survey

J. N. Faick
U. S. Geological Survey

WLE:ms

cc. Travèr (8)
Harshman
Shaw
Emerick

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

DMEA
DEPARTMENT OF THE INTERIOR
DEC 21 1956
REGION III
DENVER, COLORADO

RECEIVED
DEC 20 1956
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

MEMORANDUM

December 14, 1956

To: Executive Officer, DMEA Field Team, Region III

From: D. E. Redmon, J. N. Faick and W. L. Emerick

Through: E. N. Harshman EMH
J. F. Shaw

Subject: Docket DMEA 4214 (Copper) Contract Idm-E981, Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

At the request of the subject operator in a letter dated November 23, 1956, a DMEA examining team consisting of D. E. Redmon, U. S. Bureau of Mines, and J. N. Faick and W. L. Emerick, U. S. Geological Survey, visited subject property in company of R. C. Wood, Superintendent. Purpose of the visit was to establish starting points for underground diamond drill holes and stations, and to study possible changes in the proposed 350 foot drift to the north of stope 31-11. The operators are requesting permission to substitute 2 diamond drill holes for part of the proposed 350 foot drift.

Slight changes in the proposed locations of 5 holes are required to take advantage of local conditions. In lieu of the approximate coordinate locations indicated in "Table No. 1" of the Memorandum report of May 21, 1956, by T. M. Romslo, U. S. Bureau of Mines, and J. N. Faick, U. S. Geological Survey, the accurately established take-off points are recommended by the examining team for these 5 proposed drill holes.

No change in original objectives, depths or inclinations of the holes would incur from the minor re-locations recommended. The original coordinates and the new proposed coordinates, and the bearing, inclination and estimated depths are given below.

Hole No.	Approx. original Coordinates		Recommended Coordinates		Bearing Inclination	Est. depth in feet
	N	E	N	E		
#26	1070	3025	1051	3045	N 80 E +75°	100
#27	1190	3245	1190	3260	N 80 E +65°	60
#28	1200	3280	1205	3305	S 80 W -57°	200
#29	1210	3335	1220	3335	N 80 E +35°	50
#22	1095	2600	1075	2630	N 80 E +80°	55
#11	1070	2752	1060 N	2760	0° -90°	900

Reasons for changing the locations of the above holes are as follows:

#26 moved to avoid loose rock at original location.

#27 moved to avoid loose rock at original location.

#28 moved to avoid drilling into old mine workings.

#29 moved to avoid winze.

#22 moved to obtain better place to collar the hole.

#11 moved about 12 feet to obtain good location to collar hole.

The above requested changes in location of holes are of a minor nature and do not modify the intent of the contract; therefore it is recommended that the new proposed locations be approved. The modified drilling program is shown on the attached Figs. 1-A and 2-A.

Additional changes in the contract are being requested by the operator to allow for modification of some of the proposed exploration on the bottom level of the mine. The operators request permission to substitute 2 diamond drill holes for part of the proposed 350-foot exploration drift. This proposal represents a significant change in the contract; therefore an explanation is necessary.

When the mine was examined on previous occasions by DMEA the lower workings were inaccessible due to flooding, and the original exploration program was based on interpretation of old maps of the flooded workings. These are now accessible and inspection of the workings is possible because of lowering of the water levels.

Examination of the lower workings indicates that the proposed drift as provided by the contract is stratigraphically too high to be most effective for exploration purposes. Conditions in the lower workings suggest that the beds strike northwesterly and dip northeast; consequently the drift as originally proposed would tend to extend into unfavorable or barren beds above the "Spanish Series" that usually contain the ore. The drift might be more effective

if driven at some other place and along some other bearing; however, there is at present no evidence to indicate how the drift can be improved.

To guide exploration from the lower level the operators request permission to drill 2 holes as a substitute for part of the originally proposed drift. The holes would be drilled down at -60°, from near the face of the most northeasterly drift on the lower level. These proposed holes are shown on the attached plan and section. The bearing of the holes would be N80°E and S80°W respectively, and each would be about 250 feet deep. As shown on the sections, the S80°W hole would cut across nearly all of the favorable beds as it would be started in the upper 24 bed near the top of the favorable series. The N80°E hole would be drilled at a small angle to the dip of the beds and probably would not penetrate the entire sequence of favorable beds. This hole would test the favorable beds near the assumed position of the marble line along which most of the known ore is localized, and would help establish the trend of ore at this depth. The knowledge gained from drilling these two holes would aid in determining where the proposed drift could be more effectively driven.

The cost of the two proposed holes is to be $7.50 per foot, or the same as allowed by contract for the other drill holes. The cost is to be deducted from the amount allowed for the 350 feet of drifting, as provided by stage I of the contract. The allowable drilling

would then be increased by 500 feet, with an increased cost amounting to $3750. This amount is to be deducted from the amount allowed for the drift. Thus, the revised costs of stage I of the program would be as follows:

1. 6200 ft. of diamond drilling (item 1) - @ $7.50/ft. = $46,500

2. 255 ft. drifting (approx.) @ $39.50 = 10,075

As indicated above, the 2 drill holes proposed by the applicant have considerable merit in exploration of the San Pedro mine; therefore we recommend that the request be granted and that the contract be amended to allow for the proposed changes.

J. N. Faick

J. N. Faick, U. S. Geological Survey

W. L. Emerick

W. L. Emerick, U. S. Geological Survey

D. E. Redmon

D. E. Redmon, U. S. Bureau of Mines

JNF-WLE:ms

cc. Traver (8)
Harshman
Shaw
Emerick

Anderson Development Corporation

CARL C. ANDERSON, SR.
PRESIDENT

December 10, 1956

600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040 OR 2-1489

DMEA
DEPARTMENT OF THE INTERIOR
DEC 12 1956
REGION III
DENVER, COLORADO

REFER TO:

Mr. W.M. Traver
Executive Officer, D.M.E.A.
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract idm-E981
Mercury Uranium and Oil Company
San Pedro Mine

Dear Mr. Traver:

On December 6, 1956, Mr. D. E. Redmore of the Bureau of Mines, Denver, Colorado, Mr. John N. Faick and Mr. W. L. Emerick, USGS, Tucson, Arizona, visited the San Pedro mine to inspect underground Diamond Drill hole sites and study the proposed 350 foot drift to the north from Stope 31-11.

The following changes are requested:

Hole No. 22 from coordinates N1095 E2600 to N1072 E2616.
Hole No. 26 from coordinates N1070 E3025 to N1051 E3045.
Hole No. 27 from coordinates N1190 E3245 to N1195 E3260.
Hole No. 28 from coordinates N1200 E3280 to N1205 E3305.
Hole No. 29 from coordinates N1210 E3335 to N1220 E3335.

We also request that two more diamond drill holes be drilled before driving the drift to the north from Stope 31-11. These holes would be located at coordinates N1277 E3320, Hole No. 30 to test for the extension of the marble line and hole No. 31 to cut the favorable beds below 31-11 Stope.

Hole No. 30 bearing N78° E slope - 60°, depth 250'.
Hole No. 31 bearing S78° W slope -60°, depth 250'.

We request that part of the money to be spent in the drift to the north out of stope 31-11 be converted to pay for this additional drilling. It is our opinion that more information should be obtained concerning the location of the marble line in this area and the lower beds before driving the drift to the north.

Enclosed are six (6) copies of the map showing the location of the Diamond Drill holes on corrected locations and proposed holes Nos. 30 and 31.

Very truly yours,

ANDERSON DEVELOPMENT CORPORATION

Ray C. Wood

Ray C. Wood,
Mining Superintendent

RCW/ol

encls.

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

224 New Customhouse
Denver 2, Colorado

November 26, 1956

RECEIVED
NOV 29 1956
D.M.E.A.

Memorandum

To: E. N. Harshman (2)
J. F. Shaw (2)

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4214 (Copper) Contract Idm-E981,
Mercury Uranium and Oil Company (San Pedro Mine)
Santa Fe County, New Mexico

Enclosed are two copies of a letter from the subject Operator, dated November 23, 1956, requesting that DMEA personnel visit the subject property in the immediate future to establish locations for diamond drill stations and to study the proposed 350 foot drift to the north of stope 31-11.

Please make the necessary arrangements and have a geologist and engineer visit the property as soon as possible.

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: Chm. Op. Comm. (2) }
Townsend } w/copy of Oper's.
Corresp. E981 } letter
Chron.

Mecomy Uranium and Oil Co.
[illegible]
ALBUQUERQUE, NEW MEXICO
PHONE [illegible]

CARL C. [illegible], [illegible]
PRESIDENT

November 23, 1956

DM
DEPARTMENT
N

RECEIVED
NOV 29 1956
D.M.E.A.

Mr. W. M. Traver
Executive [illegible]or, D.M.E.A.
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: [illegible]

Dear Mr. Traver:

We would [illegible] San Pedro proj[illegible] tablish take [illegible] underground.

A [illegible] a study [illegible] 31-[illegible] away [illegible] to the [illegible]

Very truly yours,

MECOMY URANIUM AND OIL CO.

Ray C. Wood,
Superintendent

[illegible]

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

RECEIVED
OCT - 8 1956

224 New Customhouse
Denver 2, Colorado

October 5, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4214 (Copper), Contract No. Idm-E981, Mercury Uranium & Oil Company (San Pedro mine), Santa Fe County, New Mexico

Enclosed are four copies of approval issued by the DMEA Field Team, Region III, for the change in the locations of three drill holes under the subject contract.

Also enclosed are two copies of the Operator's request pertaining to the matter and four copies of a memorandum, dated August 15, 1956, from W. D. McMillan, Mining Engineer, Bureau of Mines.

Copies of the approval for change in the location of the drill holes have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
OCT - 6 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

October 5, 1956

Mr. Ray C. Wood, General Superintendent
Mercury Uranium & Oil Company
600 Coal Avenue, Southwest
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of September 25, 1956 concerning the proposed change in the locations of drill holes Nos. 1 and 2. In lieu of drilling holes Nos. 1 and 2 at the approximate coordinate locations indicated in "Table No.1" which accompanies the map, "Figure 3," attached to the contract, the holes may be located and drilled as follows:

Hole No.	Approx. Coordinates N.	E.	Recommended Coordinates N.	E.	Bearing	Inclination	Est. Depth feet
1	1905	1542	1905	1502	0	- 90°	50
	Objective - To explore favorable beds below old open cut. Original location would not reach the bottom of the old open cut.						
2	1940	1565	1920	1309	0	- 90°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Original location would probably not reach the bottom of the open cut and might run into old workings.						

It is acceptable to the Government that hole No. 5 be drilled at coordinates 944.19 N. and 1881.91 E. instead of at coordinates 975 N. and 1900 E. as originally proposed.

If the revised locations of holes Nos. 1 and 2 are not satisfactory to you, please defer drilling the two holes until the matter is discussed with DMEA Field Examiner, W. D. McMillan, on his next visit to the property.

Nothing in this approval for change in locations of drill holes shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

JWT:prl

cc: Chairman, Op. Comm. (4)
Finance Office, Region III
Amendment file, Region III
Harshman
Shaw
Townsend
Corres. file
Chron.

DMEA
Date Rec'd.

AUG 16 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 15, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 4214, (Copper) Contract I4m-8981, Mercury Oil and Uranium Company, San Pedro mine, Santa Fe County, New Mexico - Modifications in location of stage I surface drill holes

An inspection of the 8 surface diamond core drill holes was made on August 13, 1956 accompanied by Ray Wood, project engineer and Dick Murphy, surveyor, of the applicant.

During the week of August 6 to 10, 1956 a transit-tape survey was made by the applicant to locate the approximate coordinates of the eight surface holes in Table No. 1 to accompany figure 3 of contract I4m-8981.

This survey showed that with a few exceptions, the coordinates given in Table No. 1 require slight modifications to reach their objectives without doing excessive rock excavation to prepare drill sites.

The applicant is submitting a request for these modifications, with a map which I will approve.

In order to expedite the start of drilling, I recommend present approval of surface holes Nos. 1 and 2 for the following reasons.

Hole No.	Approx. Coordinates N.	Approx. Coordinates E.	Recommended Coordinates N.	Recommended Coordinates E.	Bearing	Inclination	Est. depth feet
1	1905	1342	1905	1302	0	- 90°	50
	Objective - To explore favorable beds below old open cut. Surveyed location would not reach the bottom of the old open cut.						
2	1940	1365	1920	1309	0	- 90°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Surveyed location would probably not reach the bottom of the open cut and might run into old workings.						

W. D. McMillan
Mining Engineer

WDM/mw
cc: 9
Idm-8981
Chron

AUG 17 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 13, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 424, (Copper) Contract Idm-8981, Mercury Oil and Uranium Company, San Pedro mine, Santa Fe County, New Mexico - Modifications in location of stage I surface drill holes

An inspection of the 8 surface diamond core drill holes was made on August 13, 1956 accompanied by Ray Wood, project engineer and Dick Murphy, surveyor, of the applicant.

During the week of August 6 to 10, 1956 a transit-tape survey was made by the applicant to locate the approximate coordinates of the eight surface holes in Table No. 1 to accompany figure 3 of contract Idm-8981.

This survey showed that with a few exceptions, the coordinates given in Table No. 1 require slight modifications to reach their objectives without doing excessive rock excavation to prepare drill sites.

The applicant is submitting a request for these modifications, with a map which I will approve.

In order to expedite the start of drilling, I recommend present approval of surface holes Nos. 1 and 2 for the following reasons.

Hole No.	Approx. Coordinates N.	Approx. Coordinates E.	Recommended Coordinates N.	Recommended Coordinates E.	Bearing	Inclination	Est. depth feet
1	1[illegible]05	13[illegible]2	1[illegible]05	1302	0	- [illegible]0°	[illegible]0
	Objective - To explore favorable beds below old open cut. Surveyed location would not reach the bottom of the old open cut.						
2	1[illegible]40	13[illegible]	1[illegible]80	1309	0	- [illegible]0°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Surveyed location would probably not reach the bottom of the open cut and might run into old workings.						

W. D. McMillen
Mining Engineer

WDM/mr
cc: 9
Idm-8981
Chron

Mercury Uranium and Oil Co.
600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO
PHONE 8-3040
8-1489

CARL C. ANDERSON, SR.
PRESIDENT

REFER TO:

September 10, 1956

DMEA
DEPARTMENT OF THE INTERIOR
SEP 11 1956
REGION II
DENVER, COLORADO

Mr. W. M. Traver
Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4212 (Copper)
Contract Idm-E931
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Sir:

Refering to Mr. Andersons letter of August 2nd, 1956. We have been delayed, due to the fact, that the Circulating Pump which we had ordered has not arrived. However, we are informed by the Joy Manufacturing Company the pump will be shipped by September 11. We now expect to have it here around the 15th of September. In the meantime, we are proceeding with a new survey and will send you a copy when it is completed.

Very truly yours,

MERCURY URANIUM AND OIL COMPANY,

Ray C. Wood

Ray C. Wood,
General Superintendent.

RCW/bw

cc: Mr. John F. Shaw
Mr. W.D. McMillan
U.S. Bureau of Mines
Room 137
Building 20, Denver Federal Center
Denver 2, Colorado

Mercury Uranium and Oil Co.
600 COAL AVE., SW
ALBUQUERQUE, NEW MEXICO

CARL C. ANDERSON, SR.
PRESIDENT

PHONE 2-3040
2-1489

September 25, 1956

REFER TO:

RECEIVED
OCT - 3 1956

Mr. W. M. Traver
Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 421b (Copper)
Contract idm-E981
Mercury Uranium and Oil Company
San Pedro Mine

Dear Mr. Traver:

Referring to my letter to you of September 10, 1956, our new survey of the surface holes Nos. 1 through 8 is now completed and I am enclosing a set of five (5) copies.

We find that our original location of hole No. 5 and which we had drilled to a depth of approximately eighty (80) feet is located at coordinates 944.19 N and 1881.91 E instead of coordinates 975 N and 1900 E as originally proposed.

We believe that the information we will obtain from the present hole location will be of the same value as the original; therefore, we request that a change in the location of hole No. 5 from the original location of coordinates 975 N and 1900 E to the new locztion coordinates 944.19 N and 1881.91 E be approved.

After study of the terrain at holes Nos. 1 and 2 we believe that no information of value can be obtained at these sites and request that Mr. W. D. McMillan, Mining Engineer in charge of this project for your department, confirm our observation and relocate or cancel these two holes.

Very truly yours,

MERCURY URANIUM AND OIL COMPANY,

Ray C. Wood,
General Superintendent.

RCW/ol
cc: Mr. John F. Shaw
U.S. Bureau of Mines
Room 138
Building 20 Denver Federal Center
Denver 2, Colorado

One copy of map (Plan of Diamond Drill hole locations) mailed to Mr. John F. Shaw.

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

RECEIVED
OCT 1 - 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

October 5, 1956

Mr. Ray C. Wood, General Superintendent
Mercury Uranium & Oil Company
600 Coal Avenue, Southwest
Albuquerque, New Mexico

Re: Docket No. DMEA 4214 (Copper)
Contract No. Idm-E981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Wood:

Reference is made to your letter of September 25, 1956 concerning the proposed change in the locations of drill holes Nos. 1 and 2. In lieu of drilling holes Nos. 1 and 2 at the approximate coordinate locations indicated in Table No.1" which accompanies the map, "Figure 3," attached to the contract, the holes may be located and drilled as follows:

Hole No.	Approx. Coordinates N.	E.	Recommended Coordinates N.	E.	Bearing	Inclination	Est. Depth feet
1	1905	1342	1905	1302	C	- 90°	50
	Objective - To explore favorable beds below old open cut. Original location would not reach the bottom of the old open cut.						
2	1940	1365	1920	1309	C	- 90°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Original location would probably not reach the bottom of the open cut and might run into old workings.						

It is acceptable to the Government that hole No. 5 be drilled at coordinates 944.19 N. and 1881.91 E. instead of at coordinates 975 N. and 1900 E. as originally proposed.

If the revised locations of holes Nos. 1 and 2 are not satisfactory to you, please defer drilling the two holes until the matter is discussed with DMEA Field Examiner, W. D. McMillan, on his next visit to the property.

Nothing in this approval for change in locations of drill holes shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

E. N. Harshman

JWT:prl

cc: Chairman, Op. Comm. (4)
Finance Office, Region III
Amendment file, Region III
Harshman
Shaw
Townsend
Corres. file
Chron.

DMEA
Date Rec'd.

AUG 16 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 15, 1956

RECEIVED
OCT - 6 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: W. D. McMillan

Subject: DMEA 4234, (Copper) Contract Idm-2981, Mercury Oil and Uranium Company, San Pedro mine, Santa Fe County, New Mexico - Modifications in location of stage I surface drill holes

An inspection of the 8 surface diamond core drill holes was made on August 13, 1956 accompanied by Ray Wood, project engineer and Dick Murphy, surveyor, of the applicant.

During the week of August 6 to 10, 1956 a transit-tape survey was made by the applicant to locate the approximate coordinates of the eight surface holes in Table No. 1 to accompany figure 3 of contract Idm-2981.

This survey showed that with a few exceptions, the coordinates given in Table No. 1 require slight modifications to reach their objectives without doing excessive rock excavation to prepare drill sites.

The applicant is submitting a request for these modifications, with a map which I will approve.

In order to expedite the start of drilling, I recommend present approval of surface holes Nos. 1 and 2 for the following reasons.

Hole No.	Approx. Coordinates N.	E.	Recommended Coordinates N.	E.	Bearing	Inclination	Est. depth feet
1	1905	1342	1905	1302	0	- 90°	50
	Objective - To explore favorable beds below old open cut. Surveyed location would not reach the bottom of the old open cut.						
2	1940	1365	1920	1305	0	- 90°	50
	Objective - To explore northward extension of stopes in the Spanish Series. Surveyed location would probably not reach the bottom of the open cut and might run into old workings.						

W. B. McMillan
Mining Engineer

WBM/mw
cc: 9
Idm-8981
Chron

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

224 New Customhouse
Denver 2, Colorado

August 16, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 42~~12~~14 (Copper) Contract Idm-E981,
Mercury Uranium and Oil Company (San Pedro mine)
Santa Fe County, New Mexico

Enclosed is a copy of a letter from the subject Operator, dated August 9, 1956, requesting a change of address.

Payments under the contract are to be mailed to the new address as follows

Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: Corresp. E981)
Sec. Op. Comm. (2))
Harshman)w/copy of Operator's
Shaw (2)) letter
Townsend)
Chron.

RECEIVED
AUG 20 1956

XXXXXXXXXXXXX

600 Coal S.W.

August 9, 1956

Mr. W. M. Traver
Executive Officer, DMEA
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4211 (Copper)
Contract Idm-E981
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Traver:

In compliance with your letter of August 6, 1956 it is hereby requested that the address of the referenced company as listed in the contract be changed to 600 Coal Avenue, S.W., Albuquerque, New Mexico.

Thank you for calling our attention to this matter.

Very truly yours,

MERCURY URANIUM & OIL COMPANY,

Carl C. Anderson

Carl C. Anderson,
President.

FEH/bl

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

RECEIVED
AUG - 9 1956

224 New Customhouse
Denver 2, Colorado

August 6, 1956

Mr. Carl C. Anderson, Sr.
Mercury Uranium and Oil Company
600 Coal Avenue, S. W.
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper)
Contract Idm-E981
Mercury Uranium and Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Anderson:

Reference is made to your letter of August 2, 1956. We note that the return address on the letterhead is different from the address of the referenced company as listed in the contract. Please advise this office regarding the correct address.

If the address of the company is other than shown in the contract, it will be necessary that you submit in writing a request for change of address. The original and six copies of such requests are required by this office.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JDC:jy
cc: Corresp. E981
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron.

File Copy
Surname

500

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

AUG - 6 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico
Contract No. Idm-E981

Dear Mr. Traver:

With refernce to the cited project, we have just received the copy to your letter to Mr. Carl C. Anderson, dated July 31, 1956. We wish to take this occasion to congratulate you on this letter, it certainly contains much valuable information to the Operator who is about to start work on a new contract. The instructions contained in this letter should avoid any misunderstanding between the Government and the Operator as the work of the project progresses.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

JWAlt/er 8/6/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

R.C.L.

Martin
for Adams
H. Johnson
McCleary

AUG - 6 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Contract Idm-X981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Traver:

There is enclosed, herewith, a copy of Contract No. Idm-X981, Mercury Uranium & Oil Company, which was inadvertently forwarded to this office.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (WSB)

Enclosure

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines (WSB)

N. E. Nelson
Member, Geological Survey (WSB)

RFAdams:rm - 8/3/56
Copy to: Adm. R. File
Operating Committee
Mr. Griswold
Mr. Kiilsgaard
Mr. Geehan
Mr. Adams
Mail & Files
Chron.

RCS.

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

RECEIVED
AUG - 3 1956

[illegible] New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

July 31, 1956

Mr. Carl G. Anderson
Mercury Uranium & Oil Company
112 Eighth Street, N. W.
Albuquerque, N. M.

Re: Docket DMEA 4214 (Copper)
Contract Idm-2981
Mercury Uranium & Oil Company
(San Pedro mine)
Santa Fe County, New Mexico

Dear Mr. Anderson:

Reference is made to Exploration Project Contract Idm-2981, which was forwarded to you by the Administrator, DMEA, by letter of July 27, 1956.

Enclosed are six copies of form MF-104, "Operator's Monthly Report and Voucher," and six copies of form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to Mr. John F. Shaw, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form, each set of the combined forms is to be accompanied by a map or sketch showing the location and extent of work performed; and a signed narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement to you unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of forms MF-104 and MF-104A will be forwarded to you each month on receipt of your report for the prior month.

For your information and in reply to many questions that are asked, after forms MF-104 and MF-104A are received, an engineer will

check progress and approve your accounts, after which they will be sent to the Regional Office, Region III, U. S. Bureau of Mines, [illegible] New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the costs. If you have any difficulty in completing these forms and the reports, please call on either Mr. Shaw or this office for assistance.

In the matter of your claim for reimbursement of drilling costs, reimbursement to you under the terms of the contract will be on the basis of a hole or holes completed to the objective. Therefore, your monthly report should include only such holes that are completed to that extent.

The contract is prepared on form MF-200A, and under its provisions the work is to be performed at "Fixed Unit Costs," as outlined in Exhibit "A" of the contract, which will be the basis of reimbursement to you as units of work are completed and reported on forms MF-104 and MF-104A.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data.

The location of the work to be performed under Stage I is indicated on the map, "Figure 3" and attached Table I, both attached to the contract. Should conditions encountered necessitate any appreciable change in the location of any of the work, approval of this office for the change must be obtained prior to performance of the work. Otherwise, the work may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that Stage II work is contingent on the results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When work under Stage I has been completed, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in duplicate, each copy complete with a map showing the location and extent of the work completed and the location of the additional work proposed; also, your request must include an analysis of the work completed, including assay returns and any other pertinent data which will be of value to the Government in appraising the results of the work.

You should anticipate a suspension of operation between stages of work to enable the Government geologist and engineer to evaluate the results of the work performed and to make their recommendations to this office relative to the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMMA, or by the DMMA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Tracey

W. M. Tracey
Executive Officer, DMMA
Field Team, Region III

Enclosures

JWTjrl

cc: Chairman, Oper. Comm. (2)
Finance Office, Region III
Amendment file
Barshman
Shaw (2)
Townsend
Corres. file
Chron.

TELETYPE

Dept. of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of the Secy.)

Mr. W. M. Trever, Executive Officer
IMEA Field Team, Region III
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

July 30, 1956

Message:

RE MERCURY URANIUM AND OIL COMPANY CONTRACT, DOCKET NO. 4214. ON FIELD TEAM AND FINANCE OFFICE COPIES MAILED JULY 27, THE CONTRACT NUMBER AND DATE WERE INADVERTENTLY OMITTED. PLEASE ENTER CONTRACT NO. 981 AND DATE OF JULY 27 ON YOUR COPIES OF CONTRACT.

W. S. Martin

W. ~~WILLIAM~~ S. MARTIN
~~XXXXXXXXXXXXXXXXXXXX~~
~~ACTING~~ CHAIRMAN, OPERATING COMMITTEE

REAdams:mm - 7/30/56

Copy to: Adm. R. File
Operating Committee
Docket
Confirmation
Chron.
Bur. of Mines, Audit Div., Rm. 2509
Mail & Files.

R.C.L

Dept. of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of the Secy.)

July 30, 1956

Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
112 - 8th Street, N.W.
Albuquerque, New Mexico

Message:

REOURLET JULY 27, 1956, TRANSMITTING OPERATOR'S COPY OF EXPLORATION CONTRACT, DOCKET NO. DMEA 4214. CONTRACT NUMBER AND DATE INADVERTENTLY OMITTED. CONTRACT NO. 981 ASSIGNED AND DATED JULY 27, 1956.

C. O. Mittendorf

C. O. MITTENDORF
ADMINISTRATOR

REAdams:mm - 7/30/56

Copy to: Administrator
Adm. R. File
Docket
Confirmatio
Chron.
Bureau of Mines, Audit Div., Rm. 2509
Mail & Files

Chairman, Operating Comm.
D.M.E.A

RECEIVED
JUL 3 1 1956

DN 235 BUR MINES 7-30-56 1-06

CHAIRMAN, OPERATING COMMITTEE, DMEA

RE DOCKET DMEA 4214, MERCURY URANIUM AND OIL COMPANY. COPIES OF CONTRACT FORWARDED BY YOUR LETTER OF 7" 7-27-56 DO NOT CONTAIN CONTRACT NUMBER OR DATE OF CONTRACT. PLEASE ADVISE BY RETURN TT.

W M TRAVER

Teletype sent 7-30-56 to regional giving Contract no & date of Contract #. no Ans necessary - C.C.

Denver, Col.

JUL 31 7 52 AM '56
BUREAU OF MIN.
MAIL ROOM
WASHINGTON, D. C.

File Copy
Surname

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

JUL 27 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Traver:

Enclosed are the Field Team and the Finance Office copies of the contract signed by the Operator and the Government.

We are also enclosing two extra copies of Annex I, Exhibit "A", two maps, and Table I for the use of the Field Team.

Sincerely yours,

George H. Selfridge (Ry ed)

Chairman, Operating Committee

JWAlt/er 7/25/56

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

R. H. Moore (Ry ed)
Member, Bureau of Mines

N. E. Nelson (Ry ed)
Member, Geological Survey

File Copy
Surname
J. Alt
Simmond
Selfridge
H. Johnson

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

JUL 27 1956

Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
112 - 8th Street, N. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium and Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Anderson:

Referring to your letter to Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, dated July 18, 1956, we are enclosing the "Operator's Copy" of the cited contract, which has been signed by the Government.

Sincerely yours,

SIGNED

Administrator

Enclosure

JWAlt/er 7/25/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Chron.

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

RECEIVED
JUL 23 1956

224 New Customhouse
Denver 2, Colorado

July 20, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4214 (Copper), Mercury Uranium and Oil Company (San Pedro mine), Santa Fe County, New Mexico - Proposed Exploration Project Contract (Short Form)

Enclosed are the Government's, Division, Docket, Operator's, Finance Office, and Field Team copies of a proposed Exploration Project Contract which was forwarded by your letter of June 29, 1956, with instructions that after signature by the Operator all copies were to be returned to you for signature by the Administrator.

Also enclosed are the original and one copy of a letter, dated July 18, 1956, from Carl C. Anderson, Sr., President, Mercury Uranium and Oil Company, with attached revised page 2 of the lease.

The starting date of August 15, 1956, indicated in Mr. Anderson's letter, has not been inserted under Article 1 because we are uncertain as to whether the Contract will be distributed to the Operator by that date. Neither has the number of unpatented claims, advised by the Operator to be fourteen, been inserted in Annex I.

for W. M. Traver

Enclosures

10.0.

Mercury Uranium and Oil Co.

112 EIGHTH STREET, NW
ALBUQUERQUE, NEW MEXICO
600 Coal S. W.
PHONE 2-3040

CARL C. ANDERSON, SR.
PRESIDENT

RECEIVED
JUL 23 1956

July 18, 1956

DMEA
Date Rec'd.
JUL 20 1956
BUREAU OF MINES
Denver, Colorado

REFER TO:

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4214 (Copper)
Proposed unnumbered contract,
Mercury Uranium And Oil Company
(San Pedro Mine) Santa Fe County,
New Mexico

Dear Mr. Traver:

Enclosed are the five copies of the above contract which you had returned to us. This contract has been signed and the corporate seal affixed.

In regard to the discrepancy between the claims listed on the consent to lien forms, and on the lease, these discrepancies resulted from typographical errors. The Swan Extension Claim was omitted from the list of unpatented mining claims in Article I of the lease. In addition, four page numbers and their recording information was incorrect. We are enclosing a true, correct copy of page two of the lease. You may insert this page in your copy of the lease in place of the present page. If necessary, we can readily obtain a certificate or affidavit that this is a true and correct copy of this page.

The number of unpatented claims to be inserted in the blank space in Annex I of the contract is fourteen. A starting date of August 15, 1956 is satisfactory to us and may be inserted in Article I of the contract.

We hope that all this meets with your approval and that the entire matter can be expedited.

Very truly yours,

MERCURY URANIUM AND OIL COMPANY

Carl C. Anderson

Carl C. Anderson Sr.
President

Encls: Copies of contract

CCAs/mmb

Unpatented Mining Claims

Name	Book	Page
San Timothy	"O" Mining Locations	134
San Jose	"O" Mining Locations	133
Santa Rosa	"O" Mining Locations	135
San Joaquin	"O" Mining Locations	132
Asarco	"O" Mining Locations	565
Giblin Extension	"O" Mining Locations	567
Montezume Extension	"O" Mining Locations	566
Swan Extension	"O" Mining Locations	566
Swan	"O" Mining Locations	565
San Pedro	"O" Mining Locations	568
San Pedro No. 2	"O" Mining Locations	568
San Pedro No. 3	"O" Mining Locations	569
San Pedro No. 4	"O" Mining Locations	569
San Pedro No. 5	"O" Mining Locations	570

Together with all buildings and improvements thereon and all water and water rights appurtenant to said mining claims, or held, owned or used in connection therewith, and the right to use the same either on or off of said mining claims.

ARTICLE 2. Preliminary Period for Examination.

The lessee is hereby given and granted a period of six months from the date hereof within which to make an examination of said property and determine whether it would proceed with this lease and option as hereinafter provided. During said period of examination the lessee shall have and is hereby given and granted the right and privilege to enter into and upon said property and the whole and every part thereof for the purpose of investigating, measuring, mapping, sampling, examining and testing the same, the mineral contents thereof, and the water and sources of water available for use in connection therewith. During said six months period, lessee may undertake any development, exploration, mining or construction but may not remove ore from the leased premises except for test purposes.

ARTICLE 3. Notice of Election to Proceed and Effective Date of Lease and Option

In the event lessee shall elect to take possession of said property and proceed under this lease and option, it shall, on or before the last day of said examination period, notify the lessors in writing of such election, in which event the effective date of this lease and option shall be the next day after the expiration of said examination period. In the event of the failure of the lessee to so notify the lessors of its intention to proceed with this lease and option, then this lease and option shall become wholly null and void at midnight on the last day of said examination period.

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

CERTIFIED MAIL

July 6, 1956

224 New Customhouse
Denver 2, Colorado

Mr. K. V. George, Vice-President
Mercury Uranium and Oil Company
San Pedro Mine Division
Albuquerque, New Mexico

Re: Docket DMEA 4214 (Copper) Proposed unnumbered contract, Mercury Uranium and Oil Company (San Pedro Mine) Santa Fe County, New Mexico

Dear Mr. George:

We have received from the Washington Office, DMEA, all copies of a contract prepared by them in conformance with your request for Government aid in an exploration project pursuant to the referenced application.

Enclosed are the Government's Division, Docket, Finance Office, and Field Team copies of the contract for signature. Inasmuch as your company is a New Mexico corporation, each copy should be signed by an official authorized to sign such documents, his signature attested by the Secretary, and the corporate seal affixed. We are retaining the Operator's copy of the contract in our files until we receive the executed five copies from you.

Please return the contracts promptly as they must be forwarded to Washington for validation by signature of the Administrator. You will note they are undated and the date of commencing work under Article I has been left blank, but the work is required by the cited article to be completed within 18 months from the date of the contract. As it will require some time to forward the contracts to Washington and have them returned signed and transmit them back to you, we suggest that we insert a starting date of August 15, 1956 in Article I. If it develops that you are able to start work before that date but subsequent to the date which will be inserted in line 1 of the contract, you can do so. Please advise if this is satisfactory.

Your attention is called also to the fact that the unpatented mining claims shown in your lease submitted with the application does not correspond with those shown on the Consent to Lien forms. In the Lease the Sunn MET.

claim is not listed in the Description of Property under Article I, but in Article II it is listed in the form of a notice to be posted on the property by lessees. We assume the number of unpatented claims in Annex I of the contract which has been left blank should be 14. Please clarify this point in order that we may make the correct entry in the Annex. When all matters are cleared satisfactorily and we receive the signed copies back from Washington, the Operator's copy will be forwarded to you with instructions for project operations and monthly report procedures covering progress.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region XIII

Enclosures

WMT:mb

cc: Sec. Op. Comm. (2)
Contract File
Harshman
Storms
Emerick
Townsend
Ohren.

TELETYPE

XXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXX

Dept. of the Interior

Defense Minerals Exploration Admin.

14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of the Secy.)

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

July 5, 1956

Message:

REGRTT 7/3/56. PREFER YOU RETAIN CONTRACTS ON DOCKETS DMEA 4041 AND 4214 AND FORWARD TO WASHINGTON AFTER OPERATORS' SIGNATURES HAVE BEEN PROCURED.

G. O. Mittendorf

C. O. MITTENDORF
ADMINISTRATOR

REAdams:mm - 7/5/56

Copy to: Administrator
Adm. R. File
Docket ✓ - DMEA-4194
Confirmation
Chron.
Bureau of Mines, Audit Div., Rm. 2509
Mail & Files

File Copy
Surname
J. ALB
Chandler
Selfridge
Johnson
Matthews

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

Mr. W. H. Traver, Executive Officer JUN 29 1956
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Traver:

We are enclosing the original and five copies of a contract for the cited property, together with Annex I, Consent to Lien, Power of Attorney, Exhibit "A" (3 pages), and two maps with Table I (To accompany Figure 3). These are being sent to you unsigned.

Please insert in the contract, in the space provided under Article 1, the date when the Operator shall commence work on the contract.

We note that in the copy of the lease submitted with the application that the Swan Extension is not listed in the description of unpatented mining claims included in Article 1, Description of Property. In Article 11, the Swan Extension is listed in the form of a notice to be posted on the property by the lessees. Apparently, the omission from the description of the demised premises is typographical but the matter should be checked.

By reason of the foregoing we have left blank the number of unpatented claims in Annex I since the number contained in the lease and in the Consent to Lien do not coincide. We believe that the number should be 14, but in any event the two should be the same.

If the contract meets with your approval, kindly present it to the Applicant for approval and signature. When this has been completed, please return all copies to us for the Administrator's signature and for distribution. In the event that the contract is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

P.S. Please do not date the contract.

George C. Selfridge

Enclosures

Chairman, Operating Committee (GCS)

JWAlt/er 6/25/56 & rewritten 6/28/56

APPROVED:

P. F. Yopes (PFY)

Member, Bureau of Mines

Thor H. Kiilsgaard (THK)

Member, Geological Survey

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Chron

R.G.

File Copy
Surname
J. Alt

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

500

June 19, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Contract for the Mercury Uranium & Oil Company, San Pedro Mine (Copper), Docket No. DMEA-4214, Santa Fe County, New Mexico.

Will you please prepare a contract for the cited application. A draft of the contract, Exhibit "A", and Annex I are attached to this memorandum. Also attached are the necessary copies of two maps and Consent to Lien.

W. R. Griswold
W. R. Griswold

WRGx
J.Alt/er

Copy to: Docket
Admr R File
Base Metals
Chron.

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

RECEIVED
JUN 15 1956

June 13, 1956

224 New Customhouse
Denver 2, Colorado

Docket

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: DMEA Docket 4214 (Copper) Mercury Uranium and Oil Company (San Pedro Mine) Santa Fe County, New Mexico

Enclosed are the original and five executed copies of Owner's Consent to Lien together with two copies of a letter from the subject Applicant. One copy of the Owner's Consent to Lien is being retained in our file.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

Mercury Uranium and Oil Co.
112 EIGHTH STREET, NW
ALBUQUERQUE, NEW MEXICO
PHONE 2-3040

CARL C. ANDERSON, SR.
PRESIDENT

RECEIVED
JUN 15 1956

June 12, 1956.

DMEA
Date Rec'd
JUN 13 1956

REFER TO:

RECEIVED
JUN 15 1956
BUREAU OF MINES
Denver, Colorado

Mr. J. W. Townsend,
Acting Executive Officer, DMEA,
Field Team, Region III,
224 New Customhouse,
Denver, 2, Colorado.

Re: DMEA Docket 4214 (Copper) San Pedro Mine, Santa Fe County, New Mexico.

Dear Mr. Townsend:

Enclosed please find the original and six copies of Owner's Consent to Lien on the above described property.

Due to the fact that the owners are out of town on an extended trip, these documents are signed by their attorney in fact and a copy of his appointment as their attorney in fact is enclosed herewith.

Also, due to the fact that the fourth owner, Mr. Charles L. Bradbury is now deceased, these documents are signed by the administrator of his estate and a copy of the appointment of the administrator by the court is enclosed with each of these copies.

We trust that you will find these papers all in order, and remain,

Very truly yours,

Mercury Uranium & Oil Company
SAN PEDRO MINE DIVISION

H. V. George

Vice President

HVG--s

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

RECEIVED

June 8, 1956 alt

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Review of Field Team Examination Report, Docket No. DMEA 4214 (copper), Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico, $105,325.00

The applicant proposes to explore the San Pedro mine in 2 stages. Stage 1 will consist of 5,700 feet of diamond drilling, 500 feet of drifting and crosscutting, and 100 feet of raising. Exploration in Stage 2, if warranted, will consist of 2,000 feet of diamond drilling, 200 feet of drifting, and 150 feet of raising and winzing. Estimated costs are $67,675.00 for Stage 1, $37,650.00 for Stage 2, and $105,325.00 for both stages. The unit and total estimated costs seem fair and reasonable.

Reserves are estimated to be 4,000 tons of measured ore, 40,000 tons indicated, and 150,000 tons inferred with an average copper content of 3 percent. In addition, about 20,000 tons of the indicated reserves contain 1.31 percent copper and 0.14 percent WO_3.

The Field Team states that the property is now controlled by competent, financially able people and consider the property worthy of additional exploration.

I concur with the recommendation of the Field Team that the application for assistance to explore the San Pedro mine be approved.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geehan
F i l e s

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

June 6, 1956

Re: DMEA 4214 - Copper
Mercury Uranium and
Oil Company
San Pedro Mine
Santa Fe Co., N. Mex.
App. Est. $167,401.00
Rec'd Est. 105,325.00

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report

The applicant requested assistance in equiping, rehabilitating and exploring by diamond drilling, drifting, crosscutting, raising and sinking, an old time mine.

The property was the subject of two previous applications both of which were recommended. The present application is essentially a duplicate of the first application, DMA-15, 1951. The examiners now recommend approval of that part of the application concerned with diamond drilling and other underground work, but not the part involving equipment.

Inasmuch as further exploration in the old mine has been recommended repeatedly, I concur with the recommendation of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

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

RECEIVED
MAY 28 1956

ON-SITE REPORT.

May 25, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, DMEA Docket 4214 (Copper), Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

Enclosed are the original and three copies of a joint engineering and geologic report on the subject property.

The field examiners found that essentially no exploration had been done on this property since our last examination was made. They again recommend a two-stage exploration project at a total estimated cost of $105,325.00, Government participation $52,662.50. We concur in this recommendation.

The engineer's copy of the brochure was not returned to this office with the Report of Examination. We have requested the prompt return of the brochure so that we may prepare the Owner's Consent to Lien in accordance with the request in your letter dated April 2, 1956.

Nine extra copies of Figure 3 are attached for possible use in the contract.

DMEA Field Team, Region III

Enclosures

By J. W. Townsend
Acting Executive Officer

Reviewed by
DMEA OPERATING COMMITTEE
6-4-56
(date)

Box 4126 University Station
Tucson, Arizona

May 21, 1956

RECEIVED
MAY 28 1956

MEMORANDUM

TRANSMITTED MAY 25 1956

To: Executive Officer, DMEA Field Team, Region III

From: Walter R. Storms, U.S. Bureau of Mines Through: E. N. Harshman Dilbe for ENH
J. H. Faick, U.S. Geological Survey

Subject: Memorandum Report - Docket DMEA 4214 (Copper)
Mercury Uranium and Oil Company (San Pedro Mine)
Santa Fe County, New Mexico

Enclosed are the original and 8 copies of a memorandum report recommending Government participation in exploration of the San Pedro Mine, Santa Fe County, N. Mex.

Extra copies of a map, fig. 3, which is suitable for attaching to the contract, are enclosed. It may be desirable to photocopy Table I and attach it to the contract also.

Signed by Walter R. Storms

Walter R. Storms

J. H. Faick

John H. Faick

JHF:ma

cc: Harshman (8)
Storms
Faick

Reviewed by
DMEA OPERATING COMMITTEE
6-4-56
(date)

MINERAL DEPOSITS
DMEA
RECEIVED
MAY 23 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO
RECEIVED
MAY 28 1956

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Box 4126 University Station
Tucson, Arizona

TRANSMITTED
MAY 25 1956

May 21, 1956

MEMORANDUM

To: Executive Officer, DMEA Field Team, Region III

From: T. M. Romslo, U. S. Bureau of Mines
J. N. Faick, U. S. Geological Survey

Through: W. R. Storms
E. N. Harshman

Subject: Docket DMEA 4214 (Copper), Mercury Uranium and Oil Company (San Pedro Mine), Santa Fe County, New Mexico

SUMMARY AND CONCLUSIONS

This is the third time an application for Government assistance in exploration of the San Pedro mine was submitted to DMEA. The application, dated March 30, 1956, was received April 13, and the property was examined by T. M. Romslo, U. S. Bureau of Mines, and J. N. Faick, U. S. Geological Survey, on April 25, 1956, to ascertain if additional work has been done on the property since the last examination. As in the case of the first 2 applications, the examiners agree that the property is worthy of exploration for copper.

The San Pedro mine was operated intermittently from 1889 to 1941 and the estimated production is in excess of 20,000,000 pounds of copper plus a small amount of gold and silver. The ore was mined by open stoping. In July 1951 these reserves were estimated at 4,000 tons of measured ore, 40,000 tons indicated, and 150,000 tons inferred, estimated to contain 3 percent copper. Approximately 20,000 of the indicated ore contains 1.31 percent copper and 0.14 percent WO_3. The ore classified as inferred is based on assumed continuity of the deposit. At present there is no reason to change these estimates, although estimates given by the applicant are considerably greater.

Reviewed by
DMEA OPERATING COMMITTEE
6-4-56
(date)

TMR-JNF:ms
cc: Harshman (8): Storms: Faick

The copper ores of the mine are of the contact metamorphic type. They occur principally as elongate mantos in an 80 to 90 foot thick series of gently dipping, alternating thin beds of shales and limestones. Ore has been found in as many as 7 different beds. The principal ore mineral is chalcopyrite which occurs as grains, small masses, and nodules disseminated in garnet, or the ore may replace limestone along bedding planes and faults. The ore zone is about 2,400 feet long, about 150 feet wide, and generally is confined to the contact zone between massive garnet and unreplaced limestone. Scheelite has been found in some of the ore, but it is low grade and limited in distribution.

We consider the property worthy of additional exploration; therefore are recommending a project which is almost identical, except in costs, to the revised project recommended in the June 1955 report in connection with the second application. The recommended 2-stage project consists of core drilling 29 holes and driving drifts, crosscuts, raises and winzes at a total cost of $105,325.00.

A location map, property map and a plan map, illustrating the proposed drifts and drill holes, are included. Drill hole data is given in Table I, which may be reproduced for inclusion with the contract if necessary. The maps are suitable for inclusion with the contract. A large-scale section illustrating the drill holes was included with the June 1955 report, and as the operator has a copy of the section it is not included with the present report.

RECEIVED
MAY 28 1956

INTRODUCTION

On March 30, 1956 an application was submitted to Defense Minerals Exploration Administration by the Mercury Uranium and Oil Company for Government aid in exploration of the San Pedro Mine, Santa Fe County, New Mexico. This is the third application requesting assistance in exploration of the San Pedro mine. The first application (DMA 15) was submitted early in 1951 by Charles F. Williams, one of the owners of the property, and an exploration project estimated to cost $167,401.00 was recommended. The second application (DMEA 3651) was submitted early in 1955 by Verne Byrne and Donald B. Beers, lessees of the property, and a slightly revised project, estimated to cost $101,357.00, was recommended. No work was done under either of these contracts granted as a result of the first 2 applications. The third, or present application (DMEA 4214), is almost identical to the first application; however, the operators agreed with the examiners that the requested exploration proposals should be modified to conform to the revised exploration proposals set up for the second exploration contract. The property was examined April 25, 1956 by T. M. Romslo U.S.B.M., and J. N. Faick, U.S.G.S., to (a) determine what work has been done since the first examination; (b) determine present status of property and (c) learn more about the applicants' competence and ability to handle the project. The examiners learned that (a) essentially no exploration had been done on the property since the original examination; (b) there is no pipe, track and equipment installed at the mine, except a small amount being used by a lessee working at the outcrop; (c) that the property is now controlled by competent, financially able people.

As two reports have previously been prepared on this property only a brief outline report is submitted here, for the purpose of giving data necessary for drawing up another contract.

GEOLOGY

For a description of the geology the reader is referred to an examination report of DMA 15, submitted July 1951, and to the summary report DMEA 3651 dated June 1955.

HISTORY AND PRODUCTION

The history and production of the San Pedro mine to July 1951 is given in the report of examination Docket DMEA 15. Since then operations have been largely confined to the period July 1954 to July 1955, when D. B. Beers and V. Byrne, both of Santa Fe, New Mexico, produced and shipped about 200 tons of ore. Of this production approximately 15 tons of 6.3 percent copper ore came from the oxidized zone of the Old Spanish workings and about 135 tons of 11 percent sulfide copper ore was mined from No. 1 stope. The remaining estimated 50 tons was produced from an open pit at about 200 feet south of the Richman shaft. The grade of this ore, all oxidized material, probably was 3 to 5 percent copper.

All equipment, pipe and track was removed from the property during July 1955. Since then, the property has been inactive except for a present small scale operation at the open pit of the Old Spanish Workings. Here Thomas Scartacini started mining of pockets of oxide ore late in January 1956. To April 27, 1956 he had produced less than a railroad car of ore containing an estimated 4 percent copper. Equipment of this operation comprises a 5-ton truck, a 115 CFM compressor, and a jack hammer.

EXTENT AND OWNERSHIP OF THE PROPERTY

The property, general location shown on Fig. 1, comprises 34 lode mining claims and 1 millsite claim in 2 groups. The major group, consisting of 17 patented claims and 14 unpatented claims, includes the San Pedro mine workings (fig. 2). The other group, comprising 3 patented mining claims and the patented millsite claim, is situated about one mile west of the mine.

Mercury Uranium and Oil Company, the applicant, holds the property under a lease and option agreement of February 9, 1956 with the owners C. L. Bradbury, C. F. Williams and their wives.

Thomas Scartacini, presently pocket-mining at the Old Spanish workings, is operating under a 60-day lease with the owners.

PROPOSED EXPLORATORY PROJECT

The exploratory project outlined in our memorandum of June 15, 1955 was discussed with F. B. Baca, consultant for the applicant, who accompanied us during our recent inspection of the property. Mr. Baca and principal officers of the Company reviewed and approved the proposed project. He said approval of the project by the DMEA could be expected to result in (1) immediate cancellation of the Scartacini lease, (2) starting of the work within a month after receipt of the contract and (3) Ray Wood, a mining engineer, probably would be project supervisor. H. V. George, Vice President of the Company, in a letter of April 26, 1956 to Walter R. Storms said that no mining or development work would be attempted during the life of the proposed project.

The proposed project involves 5700 feet of diamond drilling, 500 feet of drifting and crosscutting and 100 feet of raising, all under stage 1. The approximate locations of the proposed drilling and drifting are shown on figure 3 and the design and objective of the drill holes is given in table I. The 500 feet of drifting and crosscutting provides for: (1) 350 feet of drifting to the north from Stope 31-11 to test for an extension of the reportedly incompletely mined ore zone; (2) 100 feet of drifting to the north from Stope 1 to test for an extension of No. 1 ore body; and (3) 50 feet of an estimated ten 5-foot long drifts for diamond drill stations. The 100 feet of raising provides for an estimated 10 10-foot high raises for diamond drill stations. Additional exploration under Stage 2, if found warranted, is provided for by 2000 feet of diamond drilling, 200 feet of drifting and 150 feet of each raising and winzing. All work under stage 2 would be subject to prior Governmental approval.

Drifts and crosscuts should be driven to a minimum cross section of 5 by 7 feet after necessary timbering. Raises and winzes, when authorized and driven as exploratory headings, should have minimum cross sections of 5 by 8 feet in the clear of any necessary timber supports. In diamond drilling every effort should be made to obtain core of not less than AX size.

M Romolo
J. R. Faith

TABLE I
(To accompany Figure 3)

PROPOSED DIAMOND DRILL HOLES*

DMEA 4214 - SAN PEDRO MINE, SANTA FE COUNTY, NEW MEXICO

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
1	1905	1342	0°	-90°	50	To explore favorable beds below old open-cut.
2	1940	1365	0°	-90°	50	To explore Northward Extension of stopes in Spanish Series.
3	1800	1400	0°	-90°	50	To explore Southward Extension of stopes in Spanish Series.
4	1020	1820	0°	-90°	225	To explore Spanish Series and other beds above quartzite marker.
5	975	1900	0°	-90°	225	Same as #4.
6	933	1985	0°	-90°	225	Same as #4.
7	1110	1795	0°	-90°	225	Same as #4.
8	1195	1800	0°	-90°	225	Same as #4.
9	1135	2125	N12E	+75°	80	To explore all known favorable beds in Spanish Series.
10	1120	2125	N81W	-65°	125	To test limestones at base of favorable bed. Drill to quartzite marker.
11	1070	2755	0°	-90°	900	To test Pennsylvanian limestone beneath monzonite sill.
12	1580	2220	West	-70°	900	Same as 11.
13	1350	2240	West	-70°	900	Same as 11.
14	1103	2190	S70E	-70°	150	To explore limestones below Spanish Series east of Shaft fault.
15	1265	2230	S80E	+70°	125	To explore for possible faulted extension of ore mined in old stopes. Drill to rhyolite.
16	1445	2280	S80E	+70°	125	To explore favorable beds east of Shaft fault. Drill to rhyolite.

Hole No.	Approximate Coordinates N	E	Bearing	Inclination	Estimated Depth in feet	Objective
17	1520	2300	S77E	-70°	150	To explore for favorable limestones below adit level on east side of Shaft fault.
18	1680	2270	N84W	+35°	60	To explore the 50 beds for a possible northward continuation of the No. 1 stope.
19	1792	2190	West	+35°	60	Same as 18.
20	1007	2490	West	-70°	150	To explore mineralized beds below 253 stope.
21	1050	2520	N80E	+80°	50	To explore the 50 beds and other favorable beds above the 41 stope. Drill to rhyolite.
22	1095	2600	N80E	+80°	55	Same as 21.
23	1065	2720	N80E	+80°	55	To explore upper strata of Spanish Series above old stopes.
24	1130	2795	N80E	+80°	60	Same as 23.
25	1135	2895	N80E		70	Same as 23.
26	1070	3025	N80E	+75°	100	Same as 23.
27	1190	3245	N80E	+65°	60	Same as 23.
28	1200	3280	S80W	-57°	200	To explore lower beds of Spanish Series and other beds immediately below the Spanish Series.
29	1210	3335	N80E	+35°	50	To test the marble line on east side of 31-11 stope.

* The location and depth of these holes is approximate.

*It is to be understood that the data given above for 29 diamond drill holes is approximate only. The coordinates, bearing, inclination and estimated depth will vary slightly according to the accessibility of the available drill sites underground, and will vary according to the altitude of the drill sites of the surface holes. It is impossible to predict accurately the depth of most of the holes; therefore, the depth given is approximate only.

The previously and presently estimated costs of the project are given below:

TABLE II - ESTIMATED COST OF THE PROJECT

PREVIOUS ESTIMATE (Final Costs of Table VII, DMEA-3651)

Item	Stage I		Stage II		Total
New Construction		$ 960.00			$ 960.00
Core drill	5,700 ft. @ $ 6.86 -	39,102.00	2,000 ft. @ $ 6.86 -	$13,720.00	52,822.00
Drifts & X-cuts	500 ft. @ 39.50 -	19,750.00	200 ft. @ 39.50 -	7,900.00	27,650.00
Raises	100 ft. @ 39.50 -	3,950.00	150 ft. @ 39.50 -	5,925.00	9,875.00
Winzes			150 ft. @ 55.00 -	8,250.00	8,250.00
Sample assays*					
Core drill	185 @ 5.00 -	925.00	65 @ 5.00 -	325.00	1,250.00
Other	60 @ 5.00 -	300.00	50 @ 5.00 -	250.00	550.00
Totals		$64,987.00		$36,370.00	$101,357.00

PRESENT ESTIMATE

Item	Stage I		Stage II		Total
Core drilling	5,700 ft. @ $ 7.50 -	$42,750.00	2,000 ft. @ $ 7.50 -	$15,000.00	$ 57,750.00
Drifts & X-cuts	500 ft. @ 39.50 -	19,750.00	200 ft. @ 39.50 -	7,900.00	27,650.00
Raises	100 ft. @ 39.50 -	3,950.00	150 ft. @ 39.50 -	5,925.00	9,875.00
Winzes			150 ft. @ 55.00 -	8,250.00	8,250.00
Sample assays*					
Core drill	185 @ 5.00 -	925.00	65 @ 5.00 -	325.00	1,250.00
Other	60 @ 5.00 -	300.00	50 @ 5.00 -	250.00	550.00
Totals		$67,675.00		$37,650.00	$105,325.00

*Certified assay certificates necessary for approval of charges.

The present estimate does not include the Cost of New Construction, $960.00 for a 16- by 20-foot compressor-shop building, as a separate contract item. However, the cost of the building, after deducting $100.00 as salvage value, has been provided for in the estimated service costs. The increase in drilling costs, $6.86 to $7.50 a foot, is due to an expectable increase in contract drilling costs from $4.00 to $4.40 and an additional 25 cents in service costs.

Tables 'estimates refer to Docket No. 3651

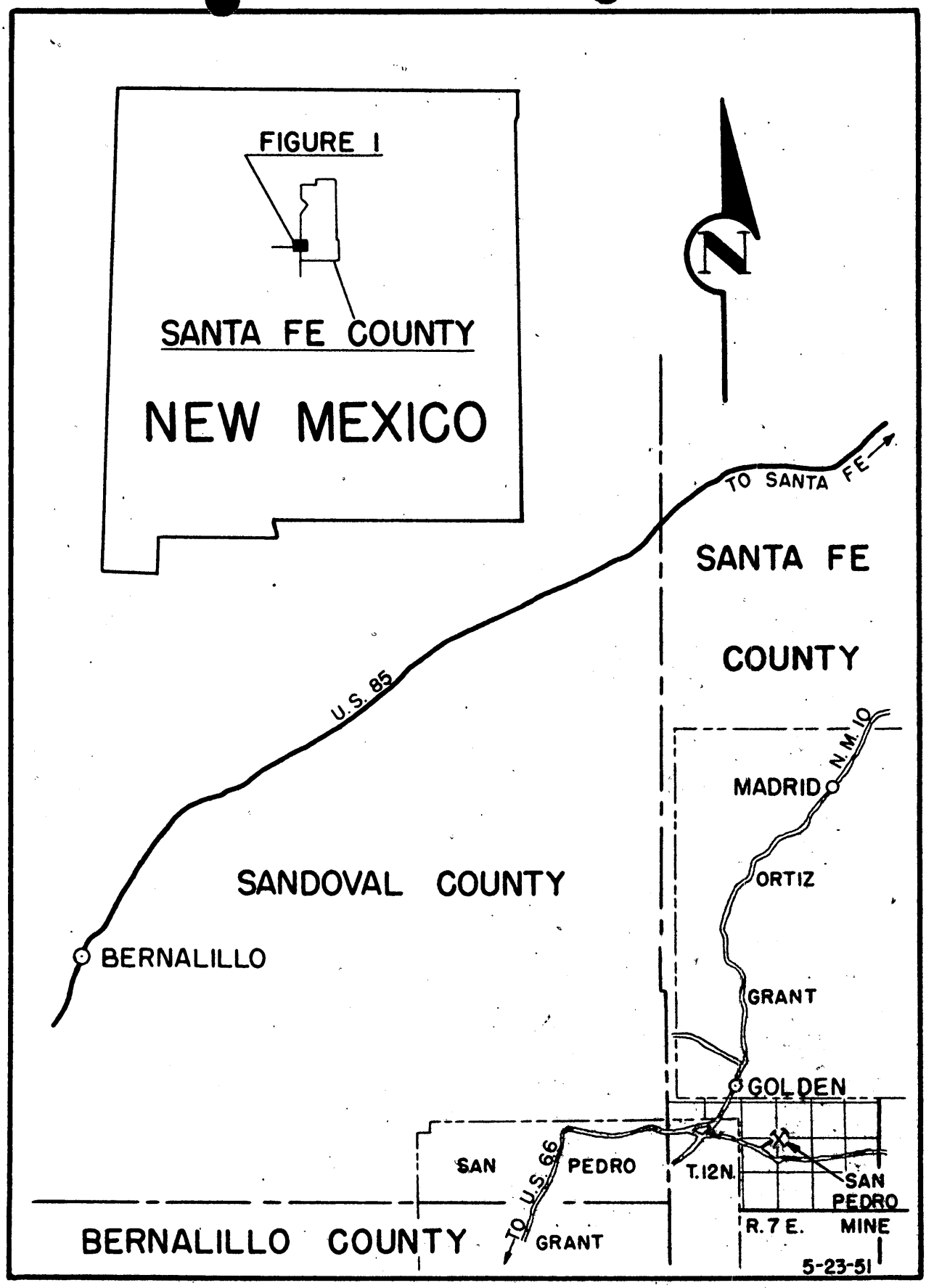


FIGURE I.—INDEX MAP, SAN PEDRO COPPER MINE, SANTA FE CO., N. MEX.

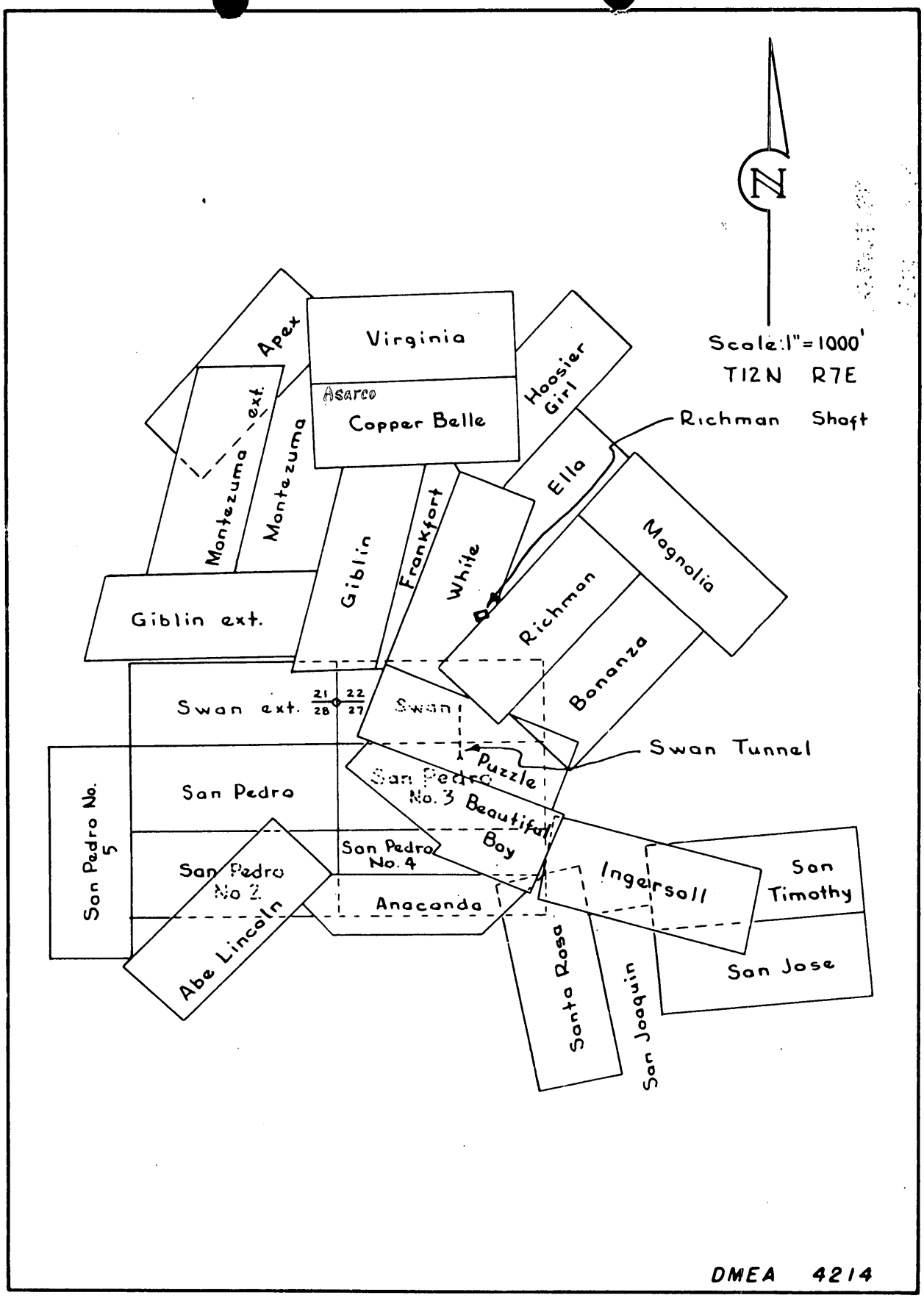


FIGURE-2-CLAIM MAP, MERCURY URANIUM AND OIL CO.

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

RECEIVED
MAY 28 1956

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

RECEIVED
MAY 28 1956

Betty

May 25, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
San Pedro Mine Division
112 8th Street, N. W.
Albuquerque, New Mexico

Re: DMEA Docket 4214 (Copper) San Pedro
Mine, Santa Fe County, New Mexico

Dear Mr. Anderson:

Enclosed are the original and six copies of Owner's Consent to Lien on the captioned property. Will you please have the owners sign and return all copies to this office so that we may continue to process your application.

Very truly yours,

J. W. Townsend

J. W. Townsend
Acting Executive Officer, DMEA
Field Team, Region III

Enclosures

HMC:ab

cc: Chair. Op. Comm. (2)
Docket 4214
Harshman
Storms
Chron.

APR 1 3 1956

April 11, 1956

Docket

Betty

Memorandum

To: W. R. Storms

From: Superintendent, Denver Experiment Station, Reg. III

Subject: Docket DMEA 4214 (Copper), Mercury Uranium and Oil Company, (San Pedro Mine), Santa Fe County, New Mexico

Enclosed is the subject application in the amount of $167,401.00.

A field examination and suitable report are required. The completed report should be forwarded directly to the Executive Officer, with a copy of the memorandum of transmittal to this office.

JOHN F. SHAW

John F. Shaw

Enclosures

cc: W. M. Traver (3)
E. N. Harshman
J. H. Faick
Sec. Op. Com. 2

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

RECEIVED
APR 9 - 1956

April 6, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. F. Shaw (2) (With brochure)
J. N. Faick

From: Field Team, Region III

Subject: Docket DMEA 4214 (Copper) Mercury Uranium and Oil Company, (San Pedro Mine), Santa Fe County, New Mexico

Enclosed is the subject application in the amount of $167,401.00. You will note that this is the third application for DMEA aid in exploring the San Pedro Mine. Please refer to DMA-15 and DMEA 3651.

A field examination may not be required, but an investigation should be made to ascertain if additional work has been done on the property since the last examination was made.

Please note in the attached letter from the Chairman of the Operating Committee dated April 2, 1956 that if you recommend the project, he would prefer to prepare a contract on the unit cost basis or on actual costs with a maximum allowance for units of work, and to eliminate the large item of the purchase of equipment and supplies. If supplies such as pipe, track, and small tools are included in the costs of any work to be done, they should be considered as having a salvage value, and the costs should be reduced accordingly.

Your report should include a property map and a map showing the proposed work. These maps should be made in a size that can be conveniently attached to the contract. Nine extra copies of these maps should be forwarded with the report.

Also enclosed are copies of a review of the application be N. E. Nelson and J. W. Pennington.
HMC:ab

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

cc: Sec. Op. Comm. (2)
Harshman
Docket 4214
Chron.

Enclosures

File Copy
Surname
J. All.
Greenwell
Geehan
Kelley
Selfridge
Fitzgerald

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

APR 2 1956

Mr. Carl C. Anderson, President
Mercury Uranium and Oil Company
San Pedro Mine Division
112 8th Street, N. W.
Albuquerque, New Mexico

Re: Docket No. DMEA-421 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Anderson:

Your application for Government assistance to explore the cited property has been reviewed by the Base Metals Division of the Defense Minerals Exploration Administration and has been referred to:

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

If the Field Team requires additional information concerning your application, they will contact you at an early date.

Sincerely Yours,

(Sgd.)

Administrator

JWAlt/er 3/30/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Chron.

R.C.A.

File Copy
Surname
J. All
Surnamed.
Selfridge
F. Johnson

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

APR 2 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-4214 (Copper)
Mercury Uranium & Oil Company
San Pedro Mine
Santa Fe County, New Mexico

Dear Mr. Traver:

The cited application for exploration assistance is being referred to your office for consideration, a field examination of the property if warranted, and recommendation.

In the event that you should consider this application favorably, the applicant should be requested to obtain a Consent to Lien from the owners of this property.

The same problem, namely the purchase of a large amount of equipment, presents itself as in two previous applications pertaining to this property (DMA-15 and DMEA-3651). If you recommend the project, we would prefer to prepare a contract on the unit cost basis or on actual costs, with a maximum allowance for units of work, and to eliminate the large item of the purchase of equipment and supplies. If supplies such as pipe, track and small tools are included in the costs of any work to be done, they should be considered as having a salvage value and the costs should be reduced accordingly.

Should you consider this application favorably, we would appreciate receiving a property map showing where the work is to be done and a map showing the proposed work. These maps should be made in a size that can be conveniently attached to the contract.

Copies of memoranda dated March 29, 1956, by N. E. Nelson, Geological Survey and J. W. Pennington, Bureau of Mines, respectively, relating to the project, are enclosed for your information.

Sincerely yours,
George C. Selfridge
Chairman, Operating Committee

JWAlt/er 3/30/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington
Mr. Kiilsgaard
Chron.

Enclosures

APPROVED:

/s/ Robert W. Geehan (2/B)
Member, Bureau of Mines

N. E. Nelson (2/B)
Member, Geological Survey

R. G. G.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
MAR 30 1956

March 20, 1956

Re: DMEA 4214
Mercury Uranium & Oil Co.
San Pedro Mine
Sante Fe County, New Mexico
$167,401.00 - Copper

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application

This is the third application for assistance in exploring the San Pedro mine. The applications received are:

Year	Application No.	Amount Applied for	Amount Recommended	Contract
1951	DMA-15, Idm-E277	$167,401.00	$148,090.00	Recinded
1955	DMEA-3651	198,834.00	99,979.15	No contract
1956 (current)	DMEA-4214	167,401.00		Pending

The current application is for the same gross amount as was applied for under DMA-15, Idm-E277, the Williams and Bradbury contract, was approved for $148,090.00, but was later recinded. The present application takes no account of the recommended changes in certain unit costs recommended in the Field Team reports.

Inasmuch as qualified approvals were recommended by the Field Team in the cases of two applications, such an approval of the current application is to be expected.

Referral to the Field Team for a suitable adjustment is recommended.

N. E. Nelson

N. E. Nelson

BUREAU OF MINES
WASHINGTON, D. C.

MAR 20 1 25 PM '56

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

RECEIVED
MAR 21 1956

March 20, 1956

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 4214 (copper), Mercury Uranium and Oil Company, San Pedro Mine, Santa Fe County, New Mexico, $167,401.00

Two previous applications for assistance to explore the San Pedro mine were reviewed in 1951 and in 1955. In each instance the project was considered sound and recommended for approval.

As descriptions of the other proposed exploration programs are not in our files, it is not possible to compare those proposals with the present one. However, if exploration of the property was acceptable in 1951 and 1955, it should be now.

Apparently, the present proposal differs from the preceding one as its estimated costs are larger than before. I recommend that the application be referred to the Field Team for examination and comment.

Especially informative will be comments on the huge proposed costs for purchase of equipment. This figure represents nearly 30 percent of the total estimated costs and requires careful consideration.

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geehan
F i l e s

March 15, 1956

Mercury Uranium and Oil Company
c/o San Pedro Mine Division
112 8th Street, N. W.
Albuquerque, New Mexico

Subject: DMEA-4214
Re: Exploration Assistance
San Pedro Mine

Gentlemen:

The receipt of your application dated February 22, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4214 and referred to the Base Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

March 15, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III.

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA
- 4214 Mercury Uranium & Oil Company

Robert E. Adams
Chief, Operation's Control
and Statistics Division

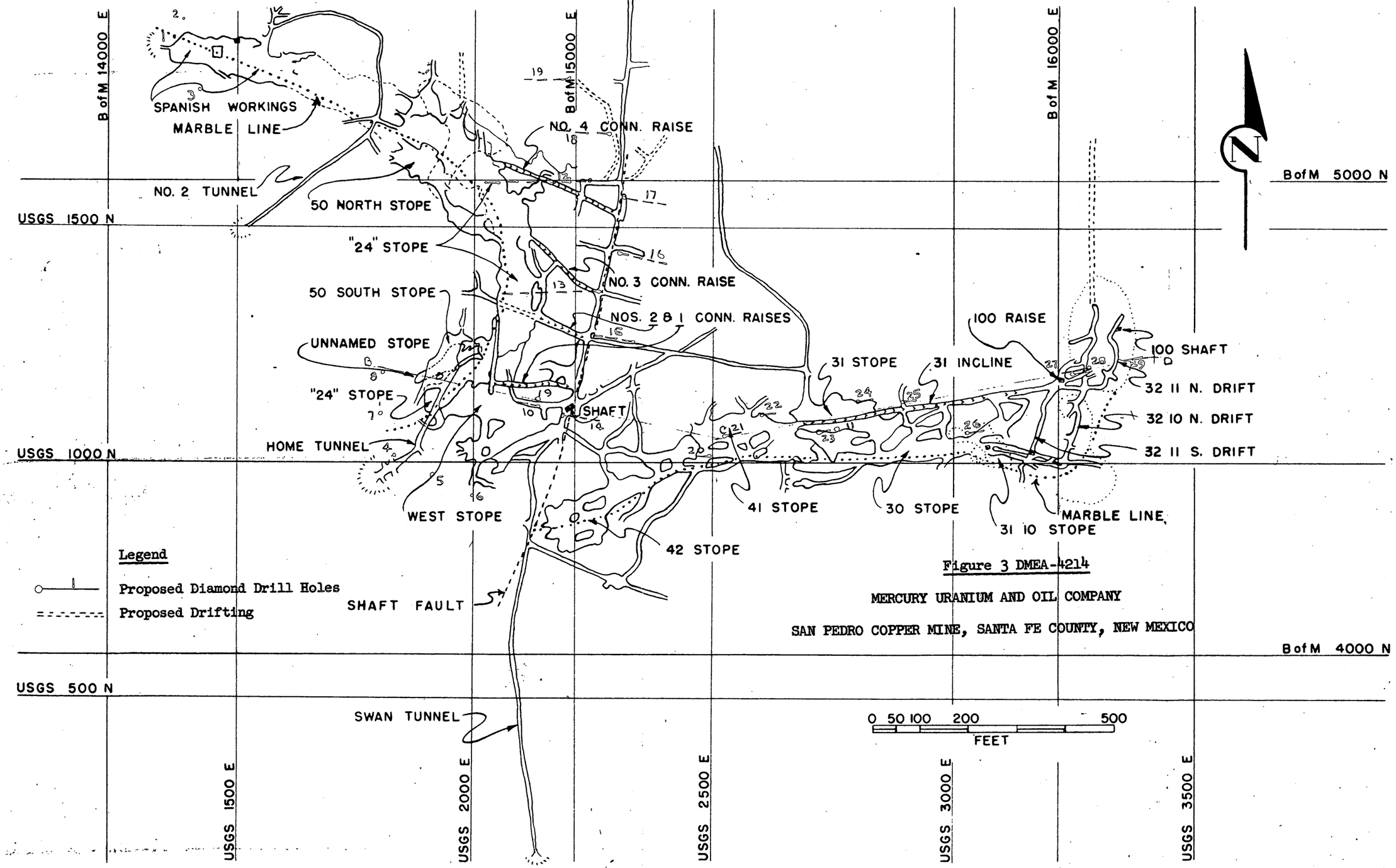


Figure 3 DMEA-4214

MERCURY URANIUM AND OIL COMPANY

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

RECEIVED
MAY 28 1956

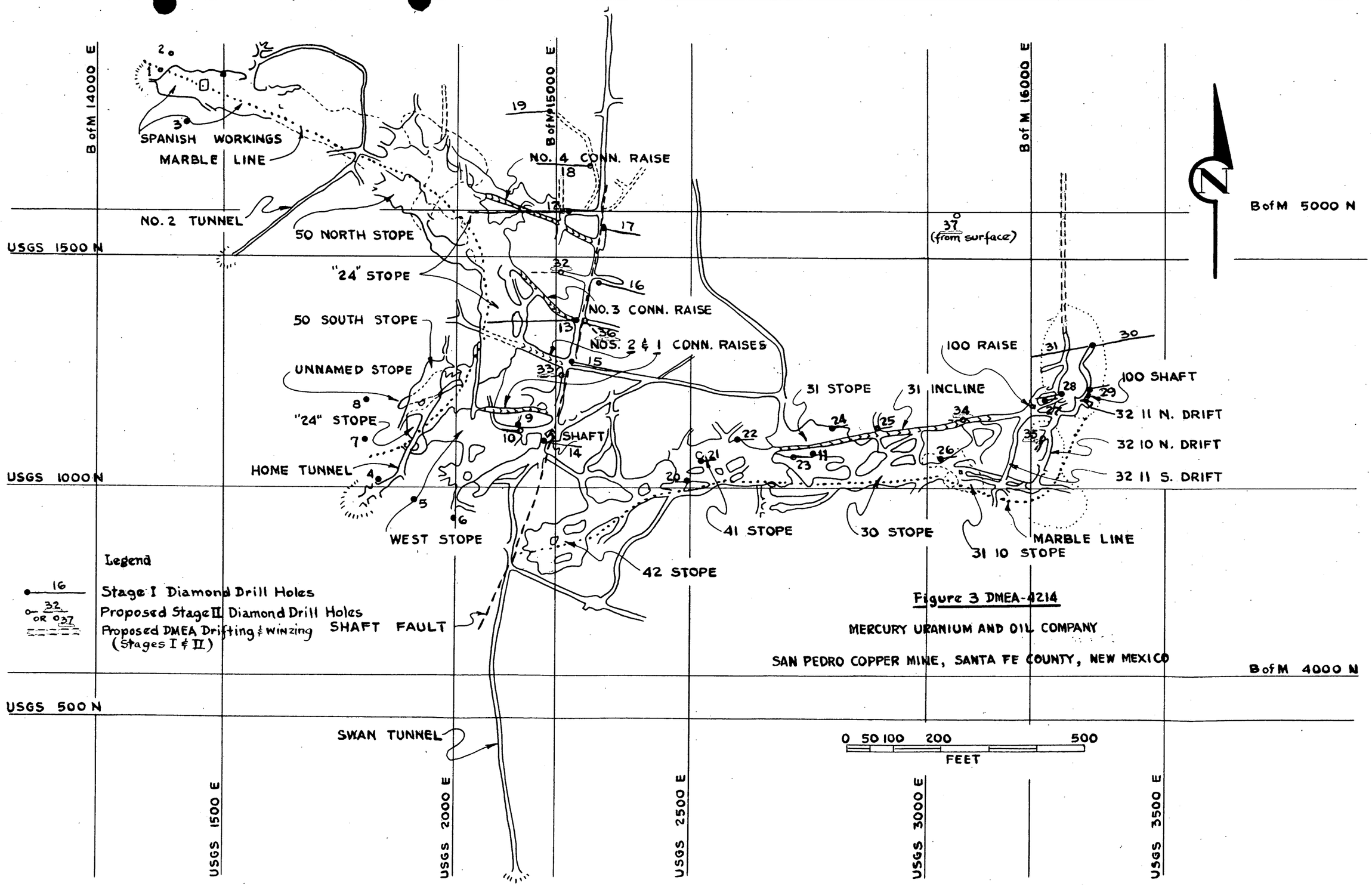


Figure 3 DMEA-4214

MERCURY URANIUM AND OIL COMPANY

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

RECEIVED
FEB 25 1957
D.M.E.A.

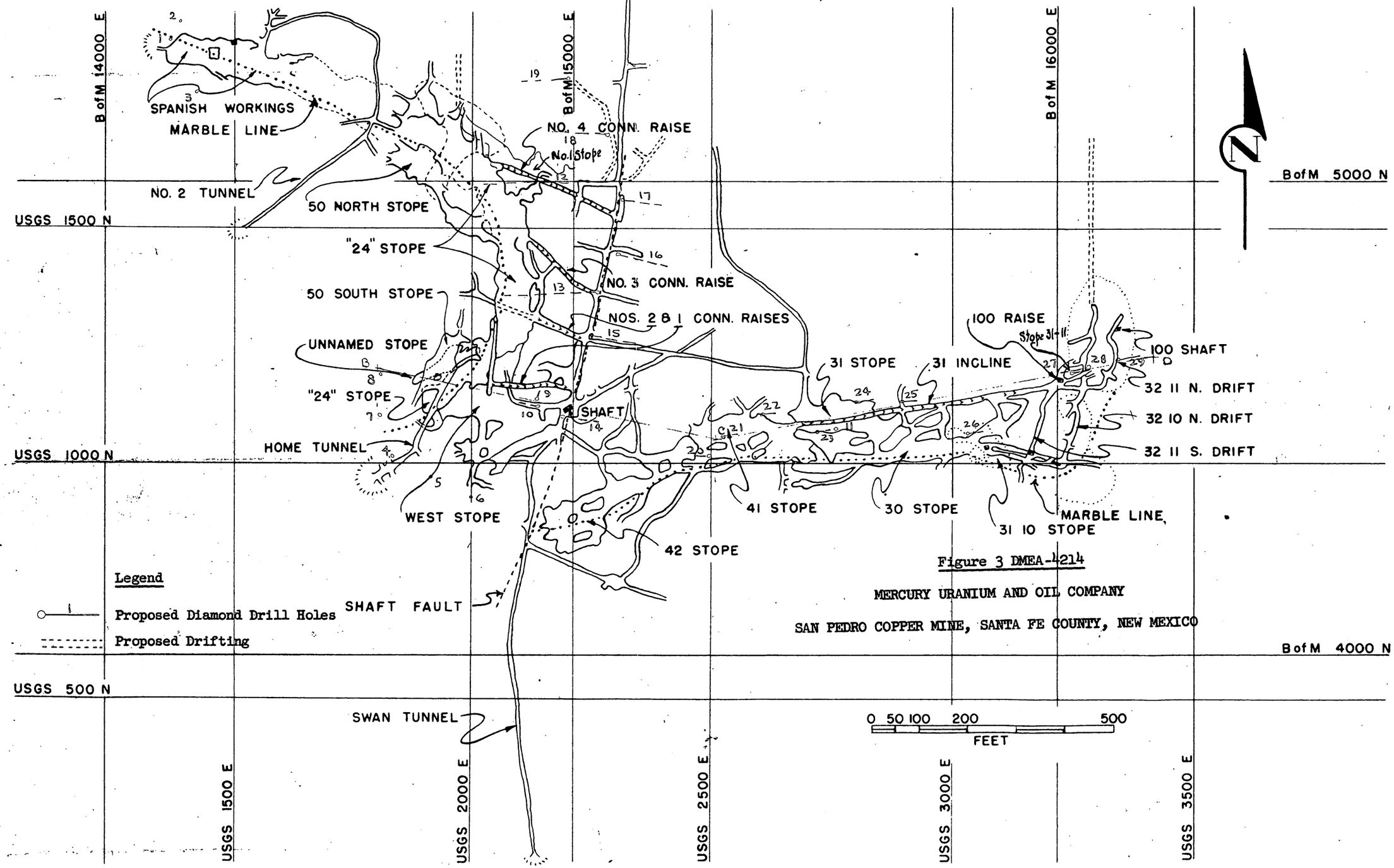


Figure 3 DMEA-4214

MERCURY URANIUM AND OIL COMPANY

SAN PEDRO COPPER MINE, SANTA FE COUNTY, NEW MEXICO

RECEIVED
MAY 28 1956

JUL 23 1965

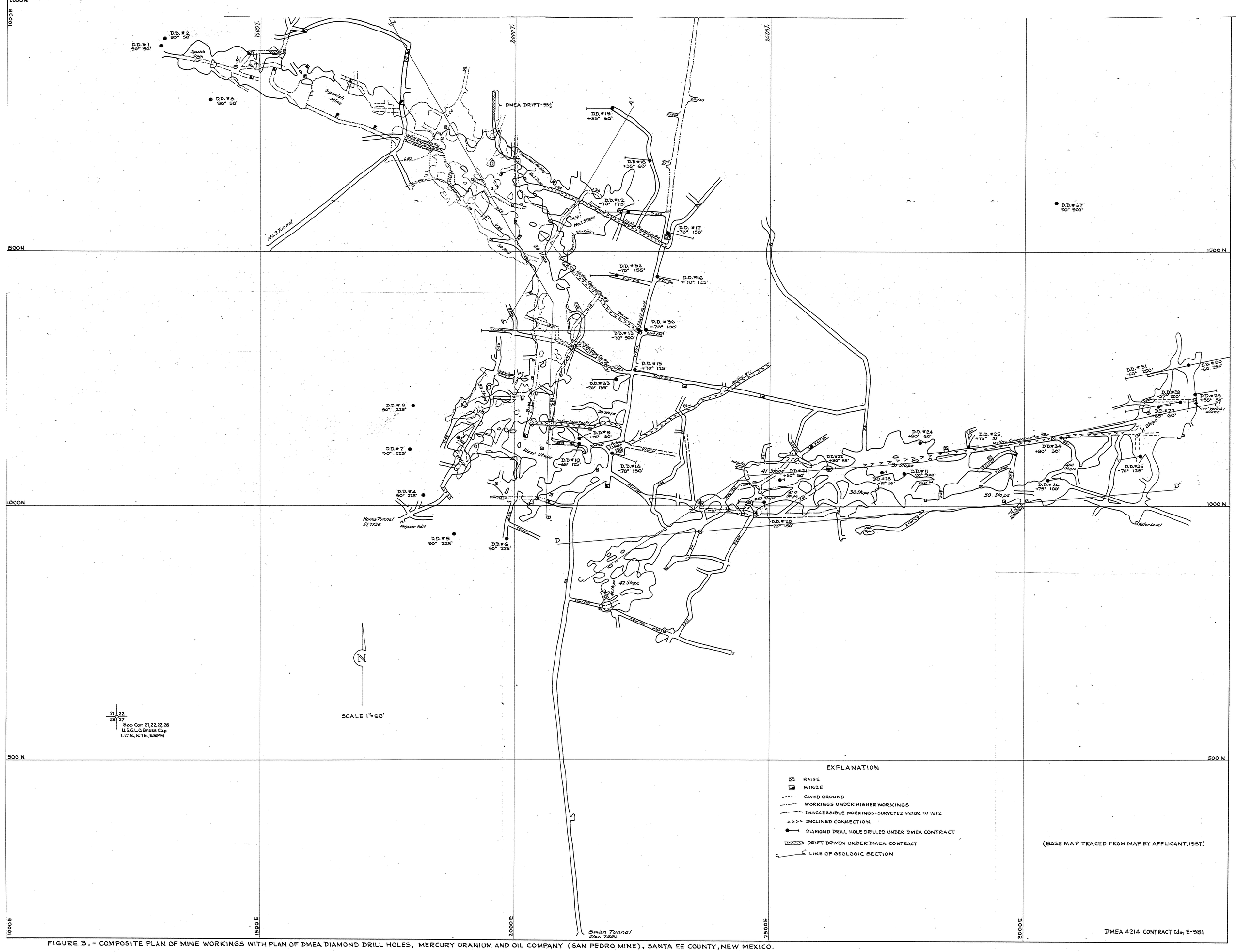
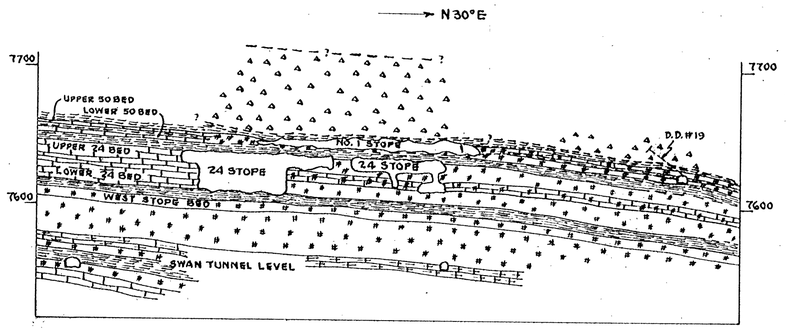
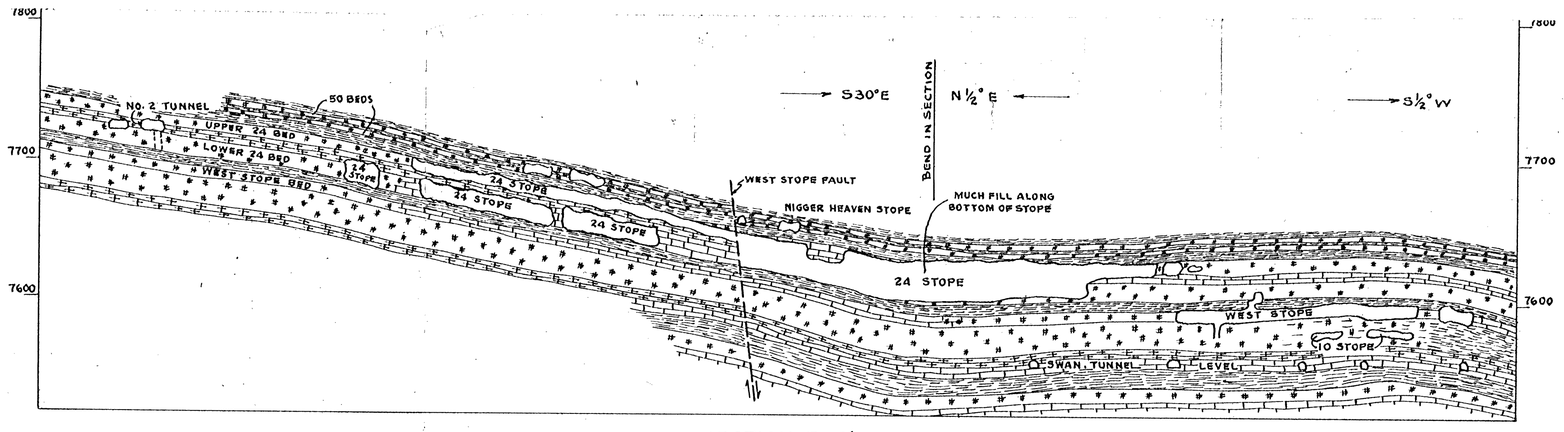


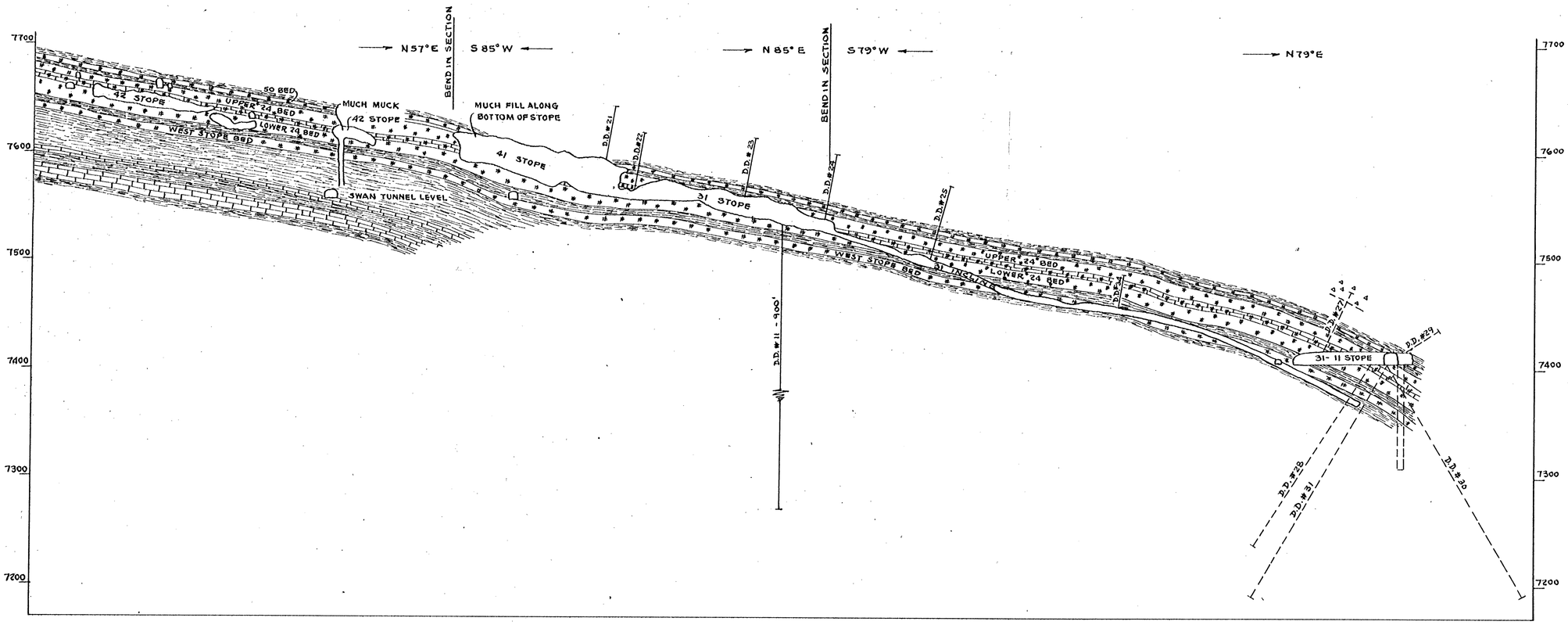
FIGURE 3. - COMPOSITE PLAN OF MINE WORKINGS WITH PLAN OF DMEA DIAMOND DRILL HOLES, MERCURY URANIUM AND OIL COMPANY (SAN PEDRO MINE), SANTA FE COUNTY, NEW MEXICO.



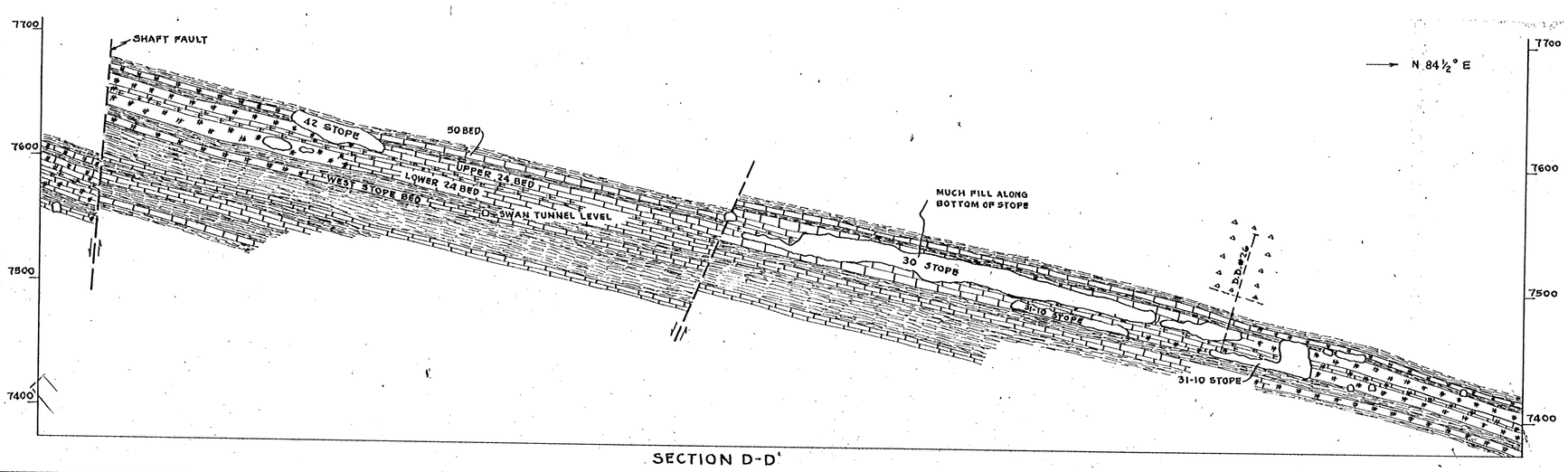
SECTION A-A'



SECTION B-B'



SECTION C-C'



SECTION D-D'

HORIZONTAL AND VERTICAL SCALE OF SECTIONS
1" = 60'

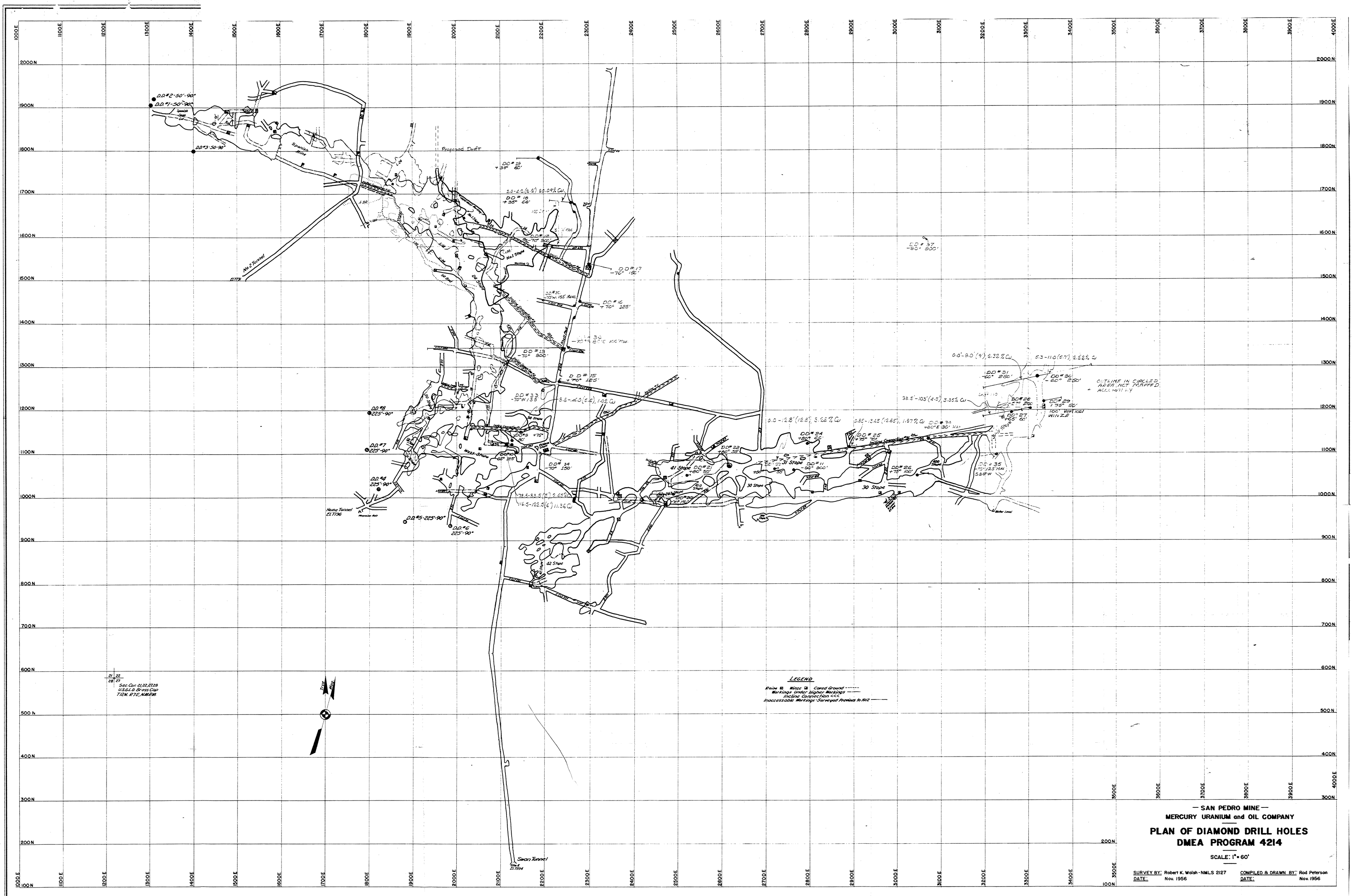
EXPLANATION

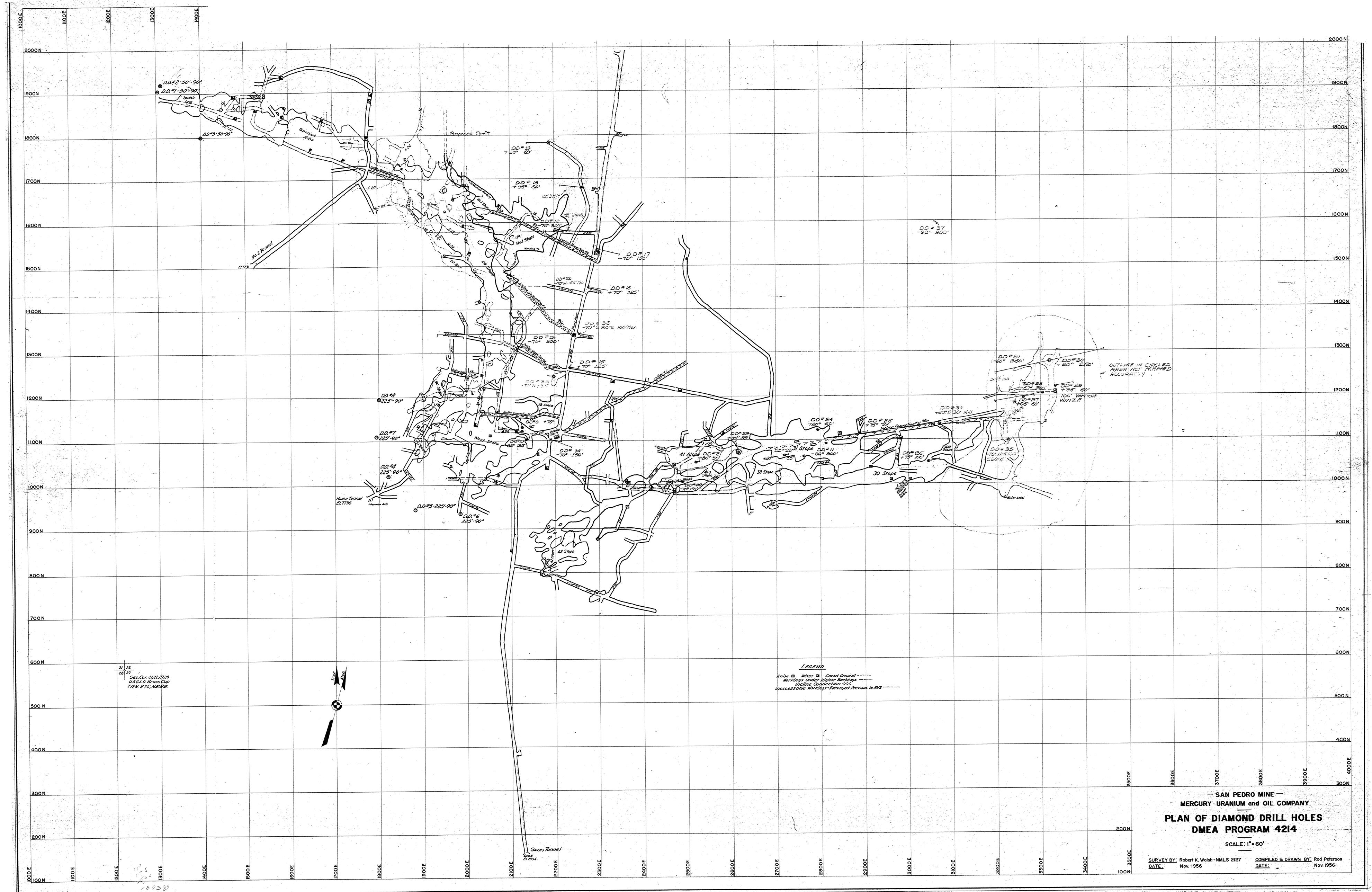
- SILICEOUS ROCK
- MARBLE
- MARBLE AND SILICEOUS ROCK
- MARBLE AND GARNET
- GARNET
- RHYOLITE PORPHYRY

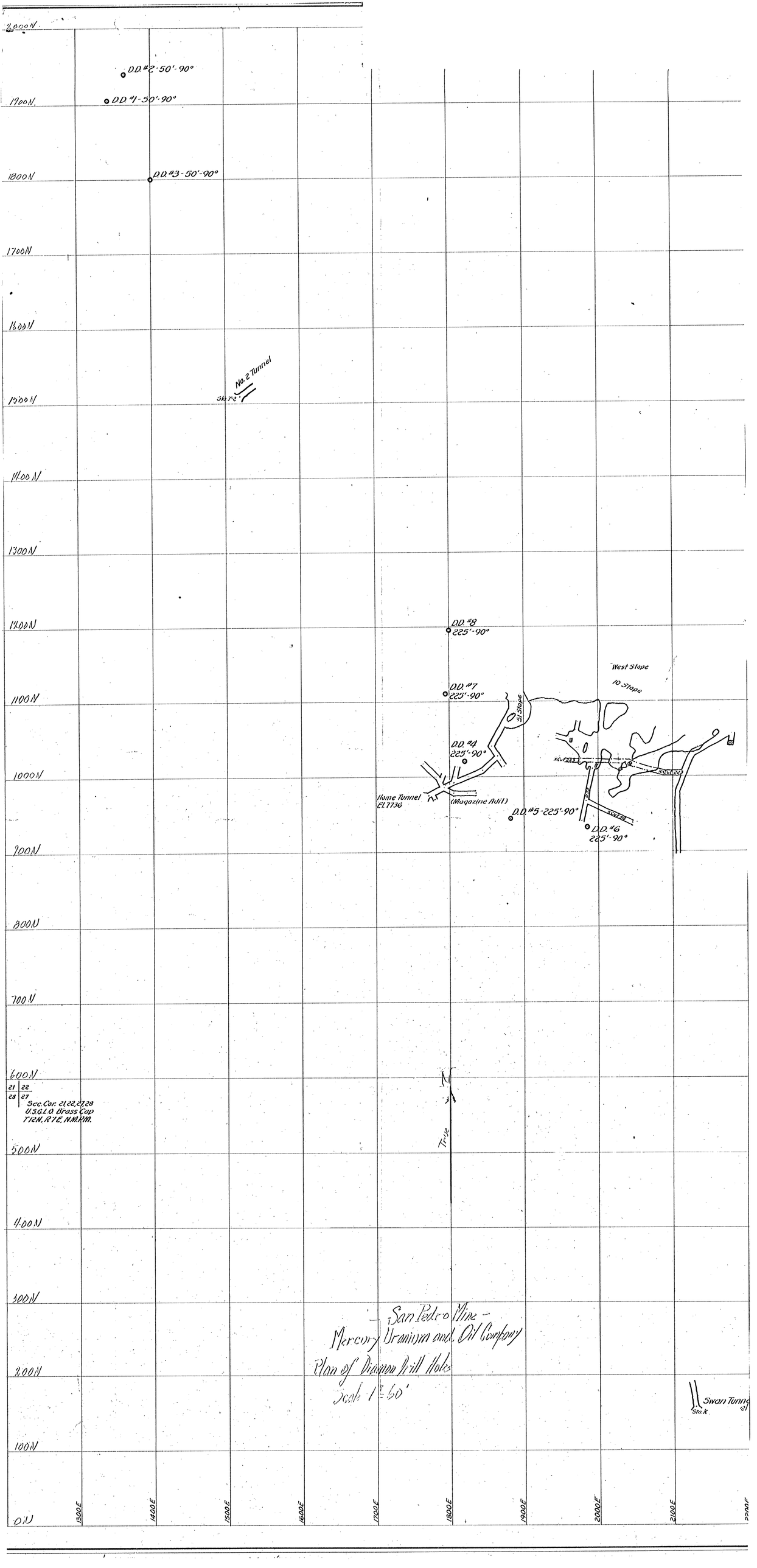
SECTIONS TRACED FROM MAPS BY J.F. SMITH, JR. AND A.H. WADSWORTH, JR., U.S. GEOLOGICAL SURVEY, 1943, WHOSE BASE MAPS WERE TAKEN FROM MAPS MADE IN 1916 BY A. LOCKE AND E. PERRY, WITH LATER WORK ADDED.

DMEA 4214 CONTRACT IDM E-981

FIGURE 5.- GEOLOGIC SECTIONS, MERCURY URANIUM AND OIL COMPANY (SAN PEDRO MINE), SANTA FE COUNTY, NEW MEXICO.


Proposed Drift
No 2 Tunnel
Spanish Mine
Hesse Tunnel
Swan Tunnel
West Stope
No 1 Stope
41 Stope
31 Stope
30 Stope
42 Stope
Water Level
Incline Connection
100' Vertical WINZE
OUTLINE IN CIRCLED AREA NOT MAPPED ACCURATELY
LEGEND
Raise Winze Cored Ground
Workings Under Higher Workings
Incline Connection
Inaccessable Workings Surveyed Previous to 1912
Sec Cor. Cl 22, 27, 28
U.S.G.L.O. Brass Cap
T12N. R7E. NMPM
— SAN PEDRO MINE —
MERCURY URANIUM and OIL COMPANY
PLAN OF DIAMOND DRILL HOLES
DMEA PROGRAM 4214
SCALE: 1" = 60'
SURVEY BY: Robert K. Walsh - NMLS 2127
DATE: Nov. 1956
COMPILED & DRAWN BY: Rod Peterson
DATE: Nov. 1956


SAN PEDRO MINE
MERCURY URANIUM and OIL COMPANY
PLAN OF DIAMOND DRILL HOLES
DMEA PROGRAM 4214
SCALE: 1" = 60'
SURVEY BY: Robert K. Walsh - NMLS 2127
DATE: Nov. 1956
COMPILED & DRAWN BY: Rod Peterson
DATE: Nov. 1956
LEGEND
Raise Winze Cored Ground
Workings Under Higher Workings
Incline Connection
Inaccessible Workings Surveyed Previous to 1912
Proposed Drift
No. 2 Tunnel
Spanish Ditch
Spanish Gulch
Hume Tunnel
Swan Tunnel
No. 1 Stope
West Stope
38 Stope
41 Stope
42 Stope
30 Stope
31 Stope
Old Stope
Water Level
OUTLINE IN CIRCLED AREA NOT MAPPED ACCURATELY
100' Vertical WINZE
True North
Sec. Cor. 21,22,27,28
U.S.G.L.O. Brass Cap
T12N. R7E. N.M.P.M.


2000N
1900N
1800N
1700N
1600N
1500N
1400N
1300N
1200N
1100N
1000N
900N
800N
700N
600N
500N
400N
300N
200N
100N
0N
1300E
1400E
1500E
1600E
1700E
1800E
1900E
2000E
2100E
2200E
D.D. #2-50'-90°
D.D. #1-50'-90°
D.D. #3-50'-90°
No. 2 Tunnel
Sta. 72'
D.D. #8
225'-90°
D.D. #7
225'-90°
D.D. #4
225'-90°
D.D. #5-225'-90°
D.D. #6
225'-90°
West Slope
10 Slope
51 Slope
Home Tunnel
El. 7136
(Magazine Adit)
Sec. Cor. 21, 22, 27, 28
U.S.G.L.O. Brass Cap
T1N, R7E, N.M.P.M.
N
True
Swan Tunnel
Sta. K
San Pedro Mine
Mercury Uranium and Oil Company
Plan of Diamond Drill Holes
Scale 1" = 50'

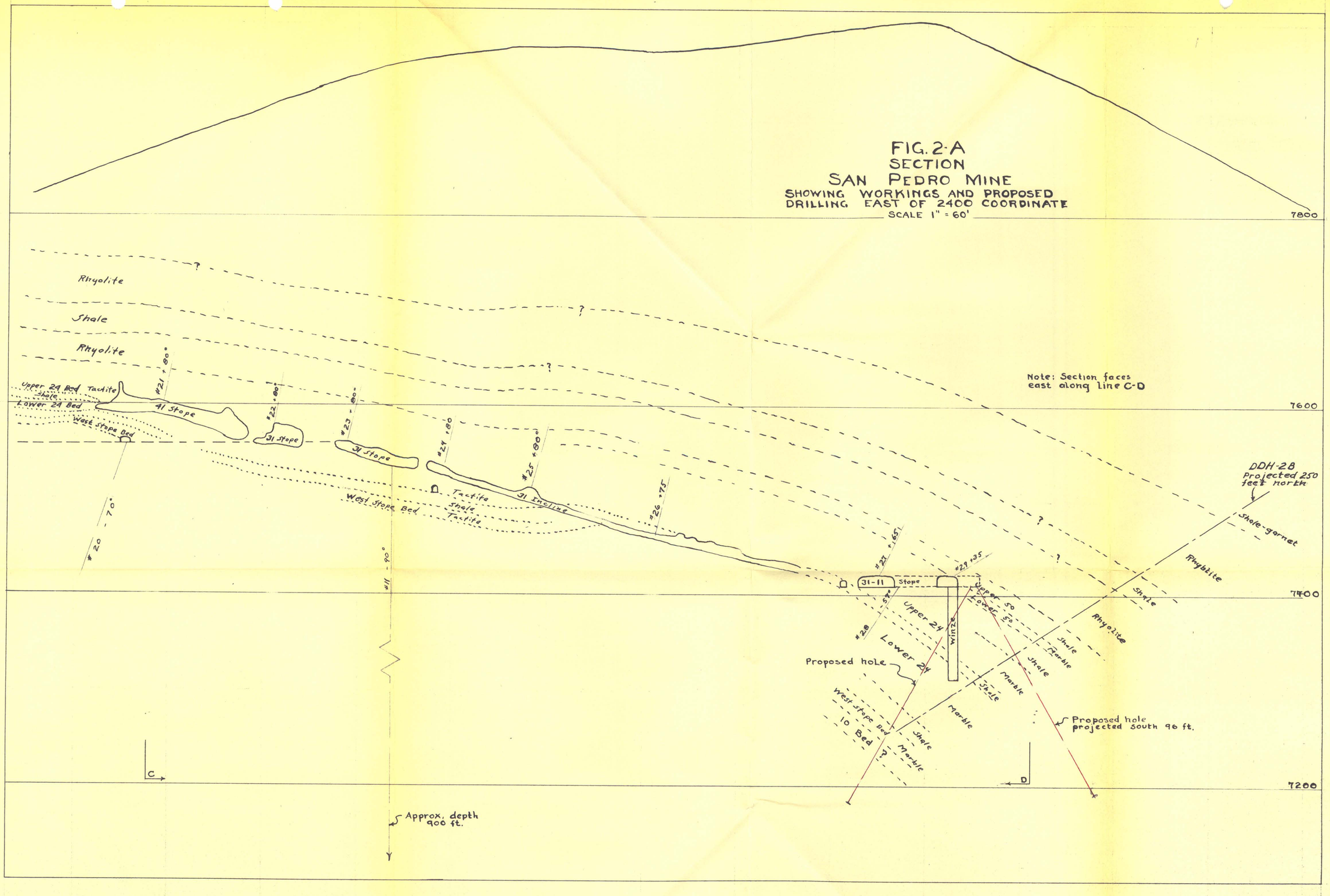
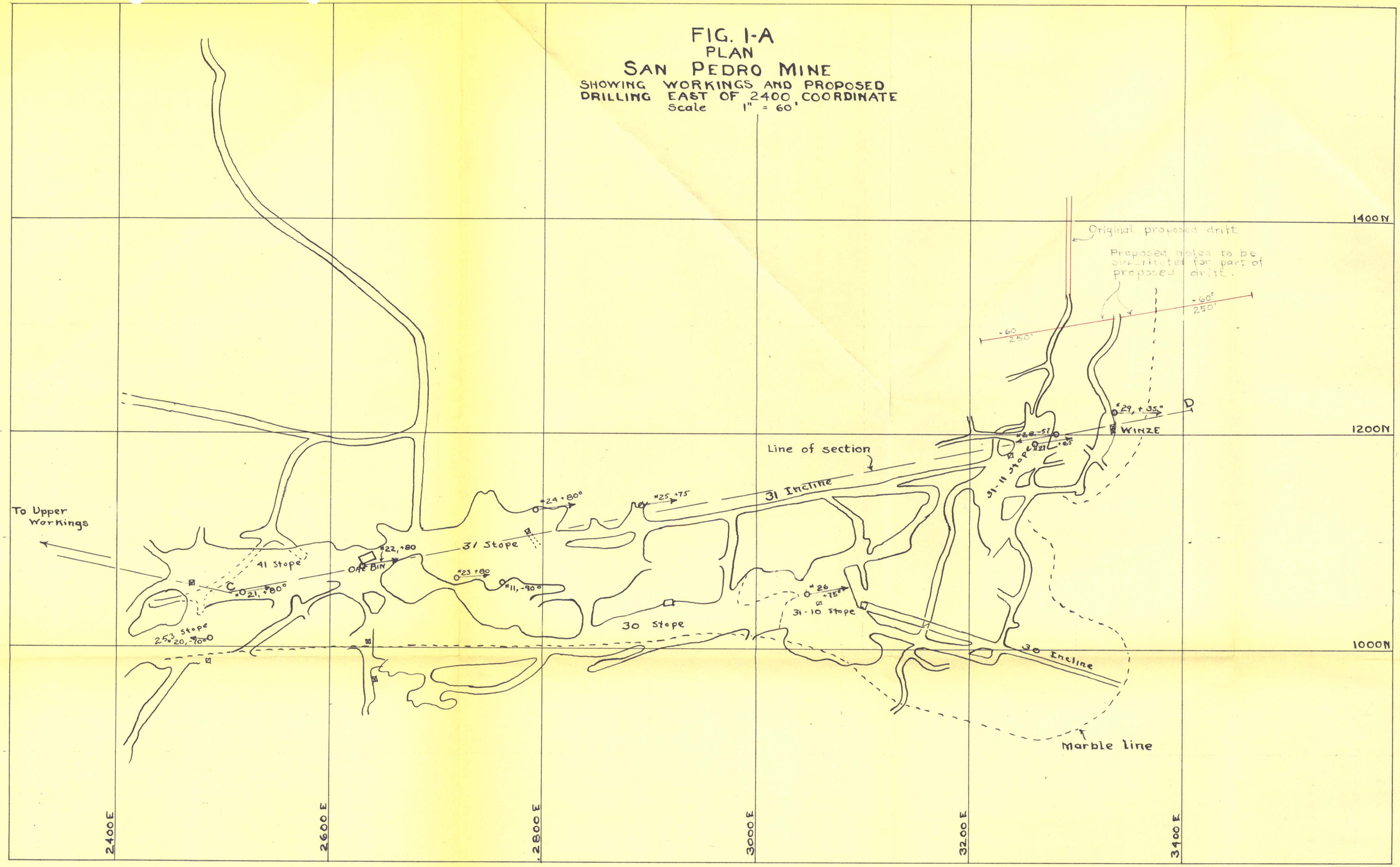
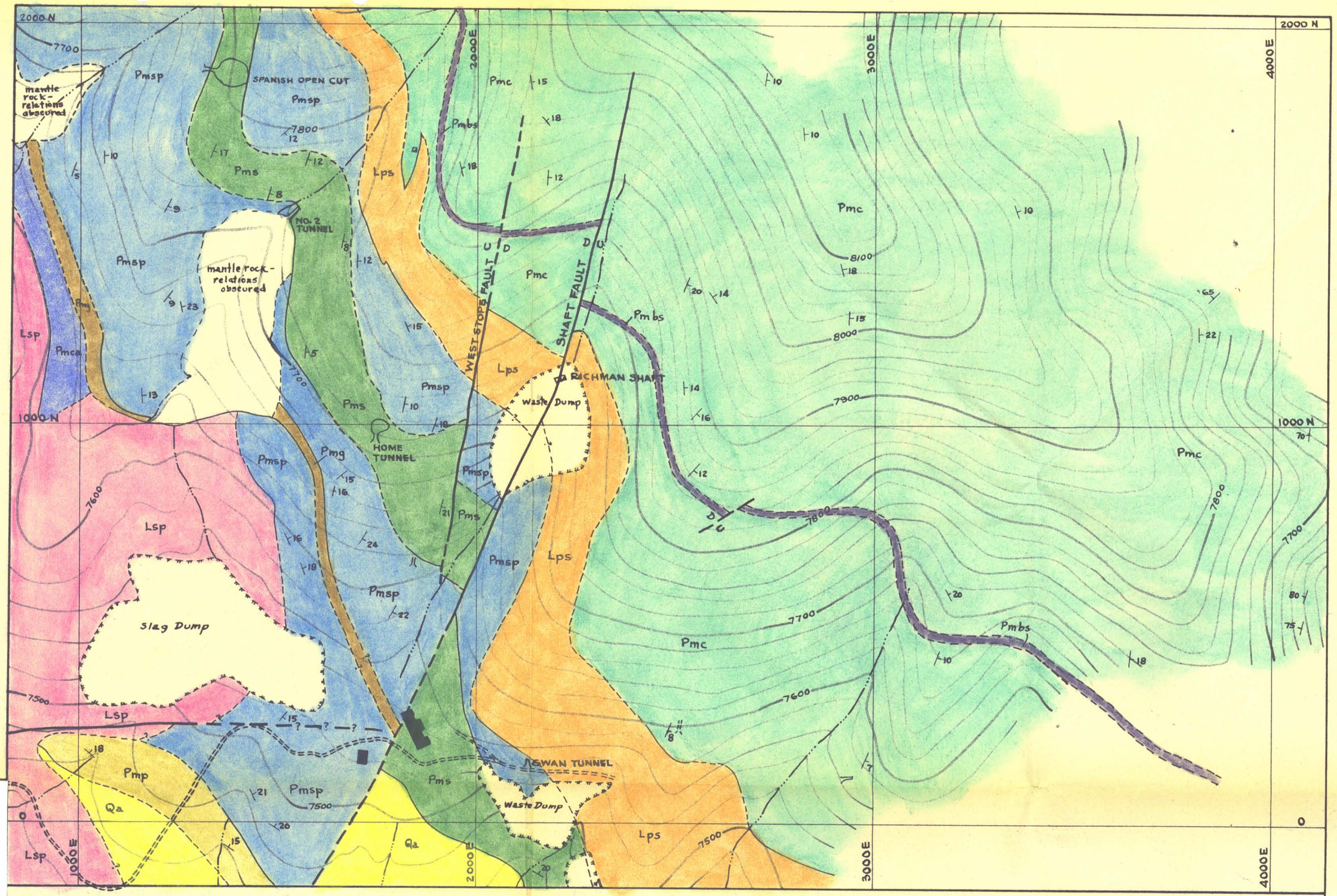


FIG. 2-A
SECTION
SAN PEDRO MINE
SHOWING WORKINGS AND PROPOSED
DRILLING EAST OF 2400 COORDINATE
SCALE 1" = 60'
7800
7600
7400
7200
Rhyolite
Shale
Rhyolite
Upper 24 Bed
Tactite
Shale
Lower 24 Bed
West Stope Bed
41 Stope
31 Stope
31 Stope
31 Incline
Tactite
Shale
Tactite
West Stope Bed
#20 - 70°
#21 + 80°
#22 + 80°
#23 + 80°
#24 + 80
#25 + 80°
#26 + 75
#11 - 90°
31-11 Stope
#27 + 35
#28
Upper 24
Lower 24
Winze
Upper 50
Lower 50
Proposed hole
West Stope Bed
10 Bed
Shale
Marble
Shale
Marble
Shale
Marble
Shale
Marble
Shale
Rhyolite
Shale
Rhyolite
Shale-garnet
DDH-28
Projected 250
feet north
Proposed hole
projected South 90 ft.
Note: Section faces
east along Line C-D
C
D
Approx. depth
900 ft.

FIG. 1-A
PLAN
SAN PEDRO MINE
SHOWING WORKINGS AND PROPOSED DRILLING EAST OF 2400 COORDINATE
Scale 1" = 60'





(From a geology map by L. P. Entwistle)

EXPLANATION

QUATERNARY — Qa — Alluvium, talus

PENNSYLVANIAN — MADERA FORMATION

- Pmc — Canyoncito formation
- Pmbs — Black baked shale bed
- Pmsp — San Pedro formation
- Pms — Spanish Series, includes:
  - "50" beds
  - "24" beds
  - "West stope" beds
  - "10" beds
- Pmg — Gilbin quartzite
- Pmp — Parnell arkose
- Pmca — Carnahan limestone, sandstone and arkosic beds.

LARAMIDE (?)

- Lps — Puzzle sill and related sills - rhyolite porphyry
- Lsp — San Pedro laccolith and related sills - monzonite porphyry (?).

D/U — Fault - dashed where inferred; direction of displacement shown.

Contact - dashed where inferred.

12 — Strike and dip of formation

Shaft

Tunnel or adit

Open cut

Outline of slag or waste dump

Road

N

SCALE 1" = 200'

CONTOUR INTERVAL 20 FEET

DMEA 4214, CONTRACT IDM E-981

FIGURE 4.—GEOLOGY AND TOPOGRAPHY, MERCURY URANIUM & OIL CO., (SAN PEDRO MINE), SANTA FE CO., NEW MEXICO.