MAY 24 1956

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Gentlemen:

Your application for aid for an exploration project and other data available to us in Washington concerning the above-reference property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of our information, although noting mercury mineralization at the McCoy Mercury Mine, indicates to us that the probability of disclosing significant mercury ore reserves is not sufficiently promising to justify Government participation. Under these circumstances, we regret to advise you that your application is denied.

We wish to thank you for your interest in the Defense Minerals Exploration Administration program and for bringing this property to our attention.

Sincerely yours,

G. O. Mittendorf

Administrator

ADMcMahon/foc
5/24/56
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.
FT. REG. II
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

Dr. Rost

RECEIVED
JUL 18 1956

July 17, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Letter from A. N. Sweet, United Mercury Corp., dated July 5, 1956, requesting review of application, Docket No. DMEA 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada

In requesting Mr. Mittendorf to review the application, A. N. Sweet presents no new evidence to warrant such action. His only justification seems to be that this small company, a public corporation, has expended $300,000.00 on the project and is entitled to some small assistance from DMEA. It is my belief that Mr. Sweet should have spent some of the $300,000.00 for exploratory and preliminary studies.

There is little to be gained by reviewing the present application unless additional information on the property is presented. However, I would not object to reviewing a revised application, one of drilling, for example, if there are sufficient available data to warrant it.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
H. W. Gaskan
Files

RECEIVED
JUL 18 1956

July 17, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Letter from A. N. Sweet, United Mercury Corp., dated July 5, 1956, requesting review of application, Docket No. DMEA #207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada

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J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Seaman
Files

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
JUL 23 1956

July 20, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mine
Lander Co., Nev.
$179,575.00
Revised to $46,000.00
Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of request for a reconsideration of the application which was denied.

The pertinent material contained in the 4207 docket has again been reviewed.

The production record of the mine and the lack of geologic evidence indicating the presence of ore bodies of higher grade or larger size in the proposed project area sustain the opinion of the examiner "that some similar additional tonnage of ore could be developed but that the tonnage and grade would not constitute a significant discovery and would be insufficient to maintain a continuous and profitable furnace operation."

I consider the recommendation that the application for Government assistance be denied was justified and again concur with the recommendation of the examiners and the Field Team.

NENelson:btr
G 7/20/56

N. E. Nelson

cc: J. W. Pennington, 3623
Director's reading file (4212)
Branch reading file (4212)
DMEA (3)
Chron. file
Docket file

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
JUL 23 1956

July 20, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mine
Lander Co., Nev.
$179,675.00
Revised to $46,000.00
Mercury

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From: N. E. Nelson, U. S. Geological Survey

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NENelson:btr
G 7/20/56

cc: J. W. Pennington, 3623
Director's reading file (4212)
Branch reading file (4212)
DMEA (3)
Chron.file
Docket file

N. E. Nelson

400

RECEIVED

JUL 18 1956

July 17, 1956

4207

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Letter from A. N. Sweet, United Mercury Corp., dated July 5, 1956, requesting review of application, Docket No. DMEA 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada

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There is little to be gained by reviewing the present application unless additional information on the property is presented. However, I would not object to reviewing a revised application, one of drilling, for example, if there are sufficient available data to warrant it.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geeman
Files

402

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

July 20, 1956

RECEIVED
JUL 23 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mine
Lander Co., Nev.
$179,675.00
Revised to $46,000.00
Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of request for a reconsideration of the application which was denied.

The pertinent material contained in the 4207 docket has again been reviewed.

The production record of the mine and the lack of geologic evidence indicating the presence of ore bodies of higher grade or larger size in the proposed project area sustain the opinion of the examiner "that some similar additional tonnage of ore could be developed but that the tonnage and grade would not constitute a significant discovery and would be insufficient to maintain a continuous and profitable furnace operation."

I consider the recommendation that the application for Government assistance be denied was justified and again concur with the recommendation of the examiners and the Field Team.

N.E.Nelson:btr
G 7/20/56

N. E. Nelson

cc: J. W. Pennington, 3623
Director's reading file (4212)
Branch reading file (4212)
DMEA (3)
Chron.file
Docket file

400

May 17, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Review of Field Team examination report, Project No. DMEA 4KTT (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada. $179,585.00

The Field Team examination report on the McCoy mercury mine by Eugene C. Gantz, Bureau of Mines, and Harold E. Stager, Geological Survey, has been reviewed and found adequate.

It was originally proposed to explore this property by 1,330 feet of crosscuts and drifts, a 135 foot shaft, 908 feet of raises, and 690 hours of bulldozer operations at an estimated total cost of $179,585.00.

According to the examiners, geologic evidence does not indicate the presence of high grade or large ore bodies, and in all probability the cost of exploration would exceed the value of any ore discovered.

For these reasons they recommend that the application for assistance to explore the McCoy mine be denied.

I concur with the recommendation.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Killgoord, U.S.G.S.
R. W. Bunker
F i l e s

400

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
MAY 18 1956

May 18, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mercury Mine
Lander County, Nevada
$179,675.00
Revised to $ 46,000.00 - Mercury

Memorandum

To: W. E. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report.

The applicant requested assistance in exploring by bulldozing and underground work breccia zones, fractures and faults in limestones and sandstones. Small mercury ore bodies are found in the faults and brecciated rocks. The largest ore body mined in the district contained about 2,000 tons of 10-pound rock. Most ore bodies are in the order of a few hundred tons.

The examiners conclude that the ore bodies that might be found in the several fracture zones would not warrant the large amount of underground work necessary to find and mine the ore.

I consider the conclusion justified and concur with the recommendation of denial of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-5/18/56

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. W. Pennington, 3623

May 22, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of request for exploration assistance in the amount of $179,675.00
Docket No. DMEA 4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Denial of the subject application is recommended by this Division based on the following information:

(1) The applicant, United Mercury Corporation, 41 East Second Street, Winnemucca, Nevada, requested exploration assistance in the amount of $179,675.00 for bulldozer and shovel work, cross-cutting, drifting, raising and shaft sinking.

(2) The applicant controls, by lease and location, 32 mining claims (18 leased, 14 located) situated in Sec. 15, T. 23N., R. 40E., M.D.B.& M., Wild Horse Mining District, Lander County, Nevada.

(3) The proposed program is to explore along the east-trending faults and fracture zones north of the old McCoy workings by trenching, test-pitting, shaft sinking, crosscutting and drifting.

(4) The deposit at the McCoy mine consists of numerous irregular, pod-shaped ore bodies each containing from a few tons to several hundred tons. All of the ore bodies are localized along north or east-trending faults or fractures, either in the closely spaced fractures in sandstone or in brecciated limestone. Cinnabar occurs in silicified limestone and sandstone as scattered coarsely crystalline aggregates and as crusts and cavity fillings in fractures and between breccia fragments.

Most of the ore bodies mined at the McCoy property have contained only a few hundred tons of ore each and have averaged less than 10 pounds of mercury per ton. Except for a few tons of ore grade material remaining in the walls of the open pits and shallow shafts there are no measured or indicated ore reserves. Inferred

reserves are about 1,000 tons of ore with an average grade of about 5 pounds of quicksilver per ton.

(5) The Field Team concludes that although the ore bodies that have been mined in this area are of good grade, they are small and widely scattered. When close to the surface these small bodies can be mined economically by shallow prospect shafts or trenches in the favorable host rocks along the east-trending faults. However to explore the same favorable structures and host rocks at depth involves the risk of expenditures that exceed the value of the ore that can be inferred. There is no geologic evidence to indicate the presence of ore bodies of higher grade or larger size in the proposed project area and therefore, it is recommended that the application for Government assistance be denied. The Commodity Divisions of the Bureau of Mines and Geological Survey concur in this recommendation.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

ADMcMahon/fec
5/22/56
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.

MAR 22 1956

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Gentlemen:

The above docketed application for exploration assistance for mercury ores has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada, for a field examination of the property.

Any assistance that you can give the members of the Field Team will be appreciated.

Sincerely yours,

Jos. D. Mitscendorf

Administrator

ADMcMahon/foc 3/19/56

cc to: Docket
Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. Pennington, USBM
Nelson, USGS

MAR 22 1956

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Dear Mr. Ricker:

The above-dockated application for exploration assistance is being referred to your office for a field examination of the property.

Copies of memoranda dated March 12 and March 13, 1956, by J. W. Pennington, Bureau of Mines, and N. E. Nelson, Geological Survey, respectively, relating to the project, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Inclosure

ADMcMahon/fce 3/19/56
cc to: Docket
Code 400
Adm. R. File
Oper. Comm.
FT. RRO. II
Messrs. Pennington, USBM
Nelson, USGS

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

W. P. Williams
Member, Geological Survey

400

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Copy retained

RECEIVED
MAR 14 1956

March 13, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mercury Mine
Lander Co., Nevada
$179,675.00 - Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in doing work, the estimated cost of which is:--

Crosscuts and drifts -	3,330 ft.	$133,200.00
Shafts	195 "	16,725.00
Raises	500 "	20,000.00
Bulldozer, etc. -	650 hrs.	9,750.00
	Total	$179,675.00

The work program covers seven projects, for some of which there are specific targets, while other projects seem to be general in nature. Work has been done in a large number of places and mercury has been found at most, if not all, of them, but no sampling appears to have been done, except perhaps by mill runs, details of which are not given. Apparently the over-all results were less satisfactory than expected and it now becomes necessary to search for ore.

In the absence of the results of sampling it is not possible to judge the worth of the items of the projects and without assays the theory concerning the fracture zones is not well supported.

Referral to the Field Team for appropriate action is recommended.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/13/56
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 3623

400

RECEIVED
MAR 13 1956

March 12, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA - 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada. $179,675.00

It is proposed to explore this property by 3,330 feet of crosscuts and drifts, 195 feet of shafts, 500 feet of raises, and 650 hours of bulldozer work at an estimated cost of $179,675.00.

Difficulties encountered in the original open pit mining method have caused the operators to change their mining plans. They have proposed this extensive exploration program which I believe borders on development.

However, mercury mineralization in the area is known, and an exploration program is believed warranted.

Referral of the application to the Field Team for an examination of the property and an evaluation of the program is recommended.

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

Copy retained 400

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

402

RECEIVED
MAR 12 1956

1695 Evans Avenue
Reno, Nevada

March 7, 1956

4207

Copy [illegible]

Mr. Arthur N. Sweet
General Manager
United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Loan Application
United Mercury Corporation

Dear Mr. Sweet:

We note in the above referenced application that all the claims are reported to be recorded in Lander County. The lease agreement with Melvin McCoy, et al, would indicate that the McCoy group are recorded in Churchill County. Will you please explain the apparent discrepancy.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh

cc: Opr. Com., DMEA, Wash., D.C.
R. M. Smith
File

400 file

C O P Y

UNITED MERCURY CORPORATION
41 East Second Street
Winnemucca, Nevada
Phone 637-J

July 5, 1956

Mr. C. O. Mittendorf, Administrator
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Dear Mr. Mittendorf:

With reference to your of May 24th, 1956. We feel that this application is subject to review.

We are cognizant of the fact that a commercial body of ore in the hard limestone or the conglomerate is not disclosed by the very shallow workings. We were not and are not requesting a development program.

We put in an expensive plant, built roads, drilled well, built camps and attempted to furnace the sandy, dusty surface ores. The dust situation coupled with the loss of hard ore against unknown vents, places this operation in a difficult position.

After our application was made at the Reno office, we proceeded to sink some 40 feet on one of the faults with the idea of continuing same on down another 100 feet and then drift to explore the possibility of opening up a body of ore at the intersection of this fault with one of the larger major breaks.

The accompanying section as prepared by Mr. C. L. Tibbals and his summary will attempt to show justification for our request that this decision be reconsidered.

This area could be a good source of Mercury. Only work can prove or disprove same. Cordero could well have been abandoned had someone had the intestinal fortitude to explore at some depth.

To: Mr. C. O. Mittendorf, Administrator July 5, 1956

I am, therefore, requesting you to review this decision. It is of major importance to our little company, which has expended over $300,000.00 on this project and is a public corporation that we get some small assistance from DMEA.

Yours very truly,

UNITED MERCURY CORP.

By /s/ A. N. Sweet

ANS/pd

CC: S. Ricker
Executive Officer DMEA
Field Team, Region II
1605 Evans Avenue
Reno, Nevada

C O P Y

UNITED MERCURY CORPORATION
41 East Second Street
Winnemucca, Nevada
Phone 637-J

July 6, 1956

United Mercury Corporation
41 East Second Street
c/o A. N. Sweet
Winnemucca, Nevada

Dear Sir:

The last work that we completed pending action on your DMEA loan application was as follows:

We sank a forty foot inclined shaft in the bottom of McCoy Gulch as shown on the accompanying sketch. Our idea was to sink the shaft to a depth of 100 feet and then drift 200 feet East and 200 feet West.

The East drift would give us a chance to explore the favorable sandstone underneath the old workings from which the old timers took a good deal of the ore for their retort. It would also enable us to explore one of the main North-South Fractures which cuts across this area.

The West drift would give us a chance to explore the sandstone and limestone area underneath a point where we took out a considerable amount of ore for the present furnace. This West drift would also allow us to check on the intersection of the East-West Fracture, along which we would be drifting, with one of the main North-South Faults which shows on the surface just to the North.

I hope this exploration work will meet with your approval, when you are ready to start operations again.

Yours truly,

/s/ C. L. Tibbals

C. L. Tibbals

CLT/pd

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

400

RECEIVED
MAY 11 1956

1605 Evans Avenue
Reno, Nevada

May 9, 1956

WSM

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Reference is made to your letter of March 22, 1956 relative to subject docket.

Attached are four copies of a report by Glenn G. Gentry, Bureau of Mines and H. K. Stager, Geological Survey, recommending that application for DMEA exploration aid be denied.

Roscoe Smith and I concur in the recommendation.

S. Ricker

Attach.

SRicker:gh
cc: R. M. Smith
File

Reviewed by
DMEA OPERATING COMMITTEE

(date)

RECEIVED
MAY 11 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

APPLICATION REPORT

DMEA 4207 (REVISED)
United Mercury Corporation
Mercury Quicksilver mine
Lander County, Nevada

by

Glenn G. Gentry
mining engineer
U. S. Bureau of Mines

Harold K. Stager
geologist
U. S. Geological Survey

May 7, 1956

Reviewed by
DMEA OPERATING COMMITTEE

(date).

CONTENTS

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ORE RESERVES	11
PROPOSED EXPLORATION	12

ILLUSTRATIONS

Figure 1 . . . . . Location map

2 . . . . . Plan map of principal workings and showing the mining claims

Appendix A . . . . . Applicant's certification of recording of mining claims

RECEIVED
MAY 1 1 1956

INTRODUCTION

On March 5, 1956 the United Mercury Corporation, 41 East Second Street, Winnemucca, Nevada, acting through their general manager, Mr. A. N. Sweet, applied for Government assistance in a $179,675.00 program under the Defense Minerals Exploration Administration, docket DMEA-4207, to explore for mercury at the McCoy mine in Lander County, Nevada.

The applicant believes there is a limited tonnage of ore available that can be economically stripped and mined but no ore reserves have been definitely developed to date. For this reason the applicant proposes to explore other exposures along and near east-striking fissures to determine if a sufficient tonnage of ore can be discovered to assure continuous and profitable operation of the furnace.

A field examination was requested by the Operating Committee and was made by Glenn G. Gentry, U. S. Bureau of Mines, and H. K. Stager, U. S. Geological Survey, March 27 through March 29, 1956, accompanied by Messrs. A. N. Sweet, C. L. Tibbals, and Leyton Tibbals, representing the applicant. The operator's maps were studied and compared with geologic exposures in and near the mine workings.

CONCLUSIONS AND RECOMMENDATIONS

The McCoy mine has produced a small tonnage of quicksilver ore from several rather widely spaced exposures.

The examination indicates that some similar additional tonnage of ore could be developed but that the tonnage and grade would not constitute a significant discovery and would be insufficient to maintain a continuous and profitable furnace operation.

Geologic evidence was not observed to support the applicant's theory that larger ore bodies will be found along the contact between the limestone and sandstone.

It is therefore recommended that the application for Government assistance be denied.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The McCoy mine is in sec. 15, T. 23 N., R. 40 E., M.D.B.&M., in the Wild Horse mining district, Lander County, Nevada. It is 71 miles southwest of Battle Mountain, Nevada, and reached from that town by traveling southerly 46 miles on Nevada State Highway 8A, an all-weather road; thence right (west) 25 miles on an unimproved desert road. Highway 8A is maintained by the State Highway Department and the mine access road is

maintained jointly by the county road department and the mine operator. The trip to the mine requires three hours.

General supplies for the mine, mill, and camp are obtained from Battle Mountain, which is served by the Southern Pacific and Western Pacific railroads and also by trans-continental truck lines.

Battle Mountain is also the nearest point for telephone, telegraph, and mail services, and for recruitment of labor.

The climate is semi-arid; however, occasional snow storms during the winter months delay travel and increase the operational difficulties.

Power for the mine and mill machinery is obtained by the use of gasoline and/or diesel driven engines. Water for both domestic and mine use is available at a well 4 miles east of the mine. The water is transported via truck and tank and transferred into a 5,000 gallon storage tank adjacent to the mill building.

HISTORY AND PRODUCTION

The McCoy mine, formerly known as the Ruby group, Quicksilver Mines Co. and Liquid Metal, was discovered about 1916, and total production is reported to be about 170 flasks.

The mine is in the northern end of the Wild Horse district and about a mile north of the Wild Horse quicksilver mine which produced 883 flasks to the end of 1943.

The United Mercury Corporation acquired the property in 1954 and constructed a milling plant and furnace which has a capacity of 100 tons of crude ore per day. Housing and facilities for about 20 workmen were constructed and necessary machinery provided for mining operations. The operator reports that approximately 1,500 tons of ore mined and furnaced by them has yielded 60 flasks of mercury, or about 3 pounds per ton. Expenditures to date by the company are reported to be approximately $390,000.00.

The reserves of minable ore are nearly exhausted therefore only intermittent operation of the furnace is possible. A minimum amount of 250 tons of ore is accumulated before furnacing. If additional ore is not discovered in the meantime, furnace operations are temporarily suspended.

PROPERTY AND OWNERSHIP

The United Mercury Corporation was incorporated under the laws of the State of Delaware on July 7, 1954, with a stock authorization of 5,000,000 shares at $0.01 per share. Issued

and outstanding shares amount to 3,800,000. The corporation completed its financing about March 1, 1955 and the first public offering was for 1,500,000 shares at $0.20 per share.

The mining claims, held by right of location, and included in the applicant's proposal are listed in a copy of the Certification of Location signed by the County Recorder of Lander County, Nevada, which is attached (Appendix A).

The following documents are attached to, and made a part of, the application:

(1) Agreement dated December 6, 1954 between Melvin McCoy and Mabel McCoy and C. I. Casteel, Ethel V. Casteel and Frank A. Fedler and Eva Fedler.

(2) Agreement dated January 21, 1955 between the Grene Management Corporation and United Uranium and Oil Corporation.

(3) Certificate of agreement of merger between the United Mercury Corporation and Standard Mercury Corporation under the name of United Mercury Corporation, dated January 18, 1956 in the office of the Secretary of State of the State of Delaware.

The applicant's representative reports that the necessary owner's consent to lien can be obtained.

DEVELOPMENT

The McCoy mine was prospected and developed by numerous shallow open cuts, shafts, adits, and crosscuts which were completed and abandoned prior to 1940. Approximately 1,200 linear feet of this type of work has been done.

Since acquisition of the property the present operators have confined their exploration to enlarging three of the open cuts into pits of sufficient size for power shovel operation and in sinking one vertical shaft to a depth of 24 feet.

The mine personnel consists of five employees under the general supervision of Mr. A. N. Sweet, general manager, and Mr. C. L. Tibbals, chief engineer.

GENERAL GEOLOGY

The rocks in the mine area are limestones, sandstones, conglomerates, and shales of Lower and Middle Triassic age that are overlain by fanglomerate, tuff, and rhyolite of Tertiary age. All of these rocks strike north to northwest and dip west from 5 to 60 degrees. They are cut by two sets of normal faults. The small quicksilver ore bodies are localized along fractures in silicified limestones and sandstones scattered along a strike length of about one mile.

The geology and ore deposits of the area have been studied and mapped in detail by C. H. Dunn and C. F. Ross[1] and also by E. H. Bailey and D. A. Phoenix[2]. Much of the following description has been taken from these reports.

The oldest rocks in the district, Lower Triassic in age, are red and tan sandstone and sandy shale with numerous thin beds of siliceous pebble conglomerate. Only the upper 150 feet of this unit is exposed and the total thickness is not known. Overlying this unit is about 325 feet of fine-grained, tan sandstone and tan to yellow-gray, hard, thin-bedded shales. Locally the top of the unit is conglomeratic. The conglomerate consists of pebbles up to 1 inch in diameter in beds up to 30 feet thick.

The Middle Triassic rocks total about 1,600 feet thick and consist of a basal unit of light-gray to black limestone about 50 feet thick overlain by about 1,250 feet of

---

1/Dunn, C. H., and Ross, C. F., 1942, The Wild Horse quicksilver district, Lander County, Nevada: U. S. Geol. Survey Bull. 931-H, pp. 259-278.

2/Bailey, Edgar H., and Phoenix, David A., 1944, Quicksilver deposits in Nevada: Univ. of Nevada Bull. Vol. 38, No. 5, pp. 111-113.

---

gray, limy shales and thin gray limestones with some sandstone beds, overlain in turn by a thick massive dolomite that is 250 feet thick in the mine area.

An unconsolidated fanglomerate of Tertiary age overlies the Triassic rocks. The fanglomerate is about 50 feet thick and is composed of large blocks of Triassic limestones and dolomite.

The youngest rocks are soft, white, tuffs and pinkish-gray rhyolites. These rocks rest on an irregular erosion surface of Triassic rocks and Tertiary fanglomerate.

Much of the limestone and some of the sandstone in the mine area is silicified. The limestone beds at the base of the Middle Triassic and the sandstone beds near the top of the Lower Triassic are locally so thoroughly silicified that they are difficult to distinguish. It is within this silicified zone that most of the ore bodies occur.

The structure in the pre-Tertiary rocks, that dip from 5 to 60 degrees southwest, is an anticlinal nose plunging southwestward. The rocks are cut by a set of north-trending, steeply-dipping faults with the west side downthrown. The displacement on these faults is from a few inches to about

100 feet. A second set of east-trending, steeply-dipping faults, with the south side downthrown as much as 350 feet, cuts the rocks in the mine area. Both sets of faults served as passageways for the silicifying and quicksilver-bearing solutions.

ORE DEPOSITS

The deposit at the McCoy mine consists of numerous irregular, pod-shaped ore bodies containing from a few tons to several hundred tons of ore each. These ore bodies were formed in breccia zones along faults and in fractures cutting limestones and sandstones close to the base of the Middle Triassic rocks.

Cinnabar occurs in silicified limestone and sandstone as scattered coarsely crystalline aggregates and as crusts and cavity fillings in fractures and between breccia fragments. Trace amounts of metacinnabar and calomel occur in the ore but are not important ore minerals. Gangue minerals are quartz, calcite, gypsum, barite, pyrite, and stibnite.

The silicified limestone at the base of the Middle Triassic is the most favorable ore host rock in the district and most of the ore mined has come from this unit. The sandstone at the top of the Lower Triassic is also a favorable ore host rock and has yielded most of the ore mined at the McCoy property.

All of the ore bodies are localized along north or east-trending faults or fractures, either in the closely spaced fractures in sandstone or in brecciated limestone along the faults.

The largest ore body mined in the district was at the Wild Horse mine, about one mile south of the McCoy workings. This body was about 60 feet in diameter, 20 feet thick, and contained about 2,000 tons of ore that averaged about 10 pounds of quicksilver per ton. In detail the body consisted of many small, closely grouped ore pods with thin lenses of waste rock separating the pods. Most of the ore bodies mined at the McCoy property have contained only a few hundred tons of ore each and have averaged less than 10 pounds of quicksilver per ton.

SAMPLING

Due to the small and scattered occurrences of cinnabar, only eight exposures were sampled.

These samples represent only spotty mineralized material remaining along the edges of open cuts which had yielded the major portion of the ore mined and milled by the applicant, and are not representative of minable reserves of ore.

BM Sample No.	Width	Lbs. Ag/ton	Location
1927	3.0 ft.	*0.01	West wall of north drift off crosscut through hill, 30 ft. back of face.
1928	1.5 ft.	88.0	West face of open pit, near collar of filled 60-ft. shaft.
1929	0.5 ft.	46.6	1/4" seam of high-grade ore in north face of Wild Horse pit. (Area not included in application.)
1930	grab	0.7	From about 1 ton of sandstone at collar of 10-ft. test pit, 200 ft. from road. No ore noted in the pit.
1931	3.0 ft.	77.2	Specimen sample of high-grade ore. Small limestone exposure above No. 1928. Very little ore remains in this area.
1932	grab	24.0	From about 1 ton of broken limestone in east face of open cut, 150 ft. east of No. 1931. Does not represent an ore body.
1933	grab	2.3	Broken limestone from bottom of 24-ft. shaft.
1934	3.0 ft.	19.2	West side of shaft and 14 ft. below collar of 24-ft. shaft. No ore noted below 20 feet.

*Less than

ORE RESERVES

Except for a few tons of ore grade material remaining in the walls of the open pits and shallow shafts there are no measured or indicated ore reserves. Inferred reserves are about

1,000 tons of ore with an average grade of about 5 pounds of quicksilver per ton. These reserves are contained in small widely scattered bodies similar in size and grade to those that have been mined. They can be found by exploration in the limestone and sandstone along the east-trending fractures north and south of the main McCoy workings.

The ore bodies that have yielded the production to date have been found at or near the surface and with a minimum of exploration. The discovery of new reserves will require more extensive exploration and be increasingly costly, with the probability that the cost of the exploration will greatly exceed the value of the ore.

PROPOSED EXPLORATION

The applicant originally proposed the following exploration:

Crosscuts and drifts--	
3,330 ft. @ $40.00/ft.	$133,200.00
Shafts--195 ft. @ $85.00/ft.	16,575.00
Raises--500 ft. @ $40.00/ft.	20,000.00
Bulldozer--650 hrs. @ $15.00/hr.	9,750.00
Total cost:	$179,525.00
Government participation:	$134,643.75

On April 10, 1956 Mr. A. H. Sweet and Mr. C. L. Tibbals visited the regional office and verbally submitted a revised program to consist of:

Shaft--220 ft. @ $85.00/ft.	$18,700.00
Drifting--430 ft. @ $40.00/ft.	17,200.00
Crosscutting--140 ft. @ $40.00/ft.	5,600.00
Raising--100 ft. @ $40.00/ft.	4,000.00
Sampling--100 samples @ $5.00/sa.	500.00
Total cost:	$46,000.00
Government participation:	$34,500.00

In the above revised program the applicant proposes to explore areas Nos. 7 and 16 by deepening the shaft in each location and drifting and crosscutting from favorable horizons in the shafts (refer to attached company map, fig. 2).

The targets of the proposed exploration are ore bodies along the east-trending faults and fracture zones north of the old McCoy workings. Although of good grade, the ore bodies that have been mined in this area are small and widely scattered. When close to the surface these small bodies can be found and mined economically by shallow prospect shafts or trenches in the favorable host rocks along the east-trending faults. However, to explore the same favorable structures and host rocks at depth involves the risk of expenditures that exceed the value of the ore that can be inferred. There is no geologic evidence to indicate the presence of ore bodies of higher grade or larger size in the proposed project area.

DM 0-4207 (MERCURY)

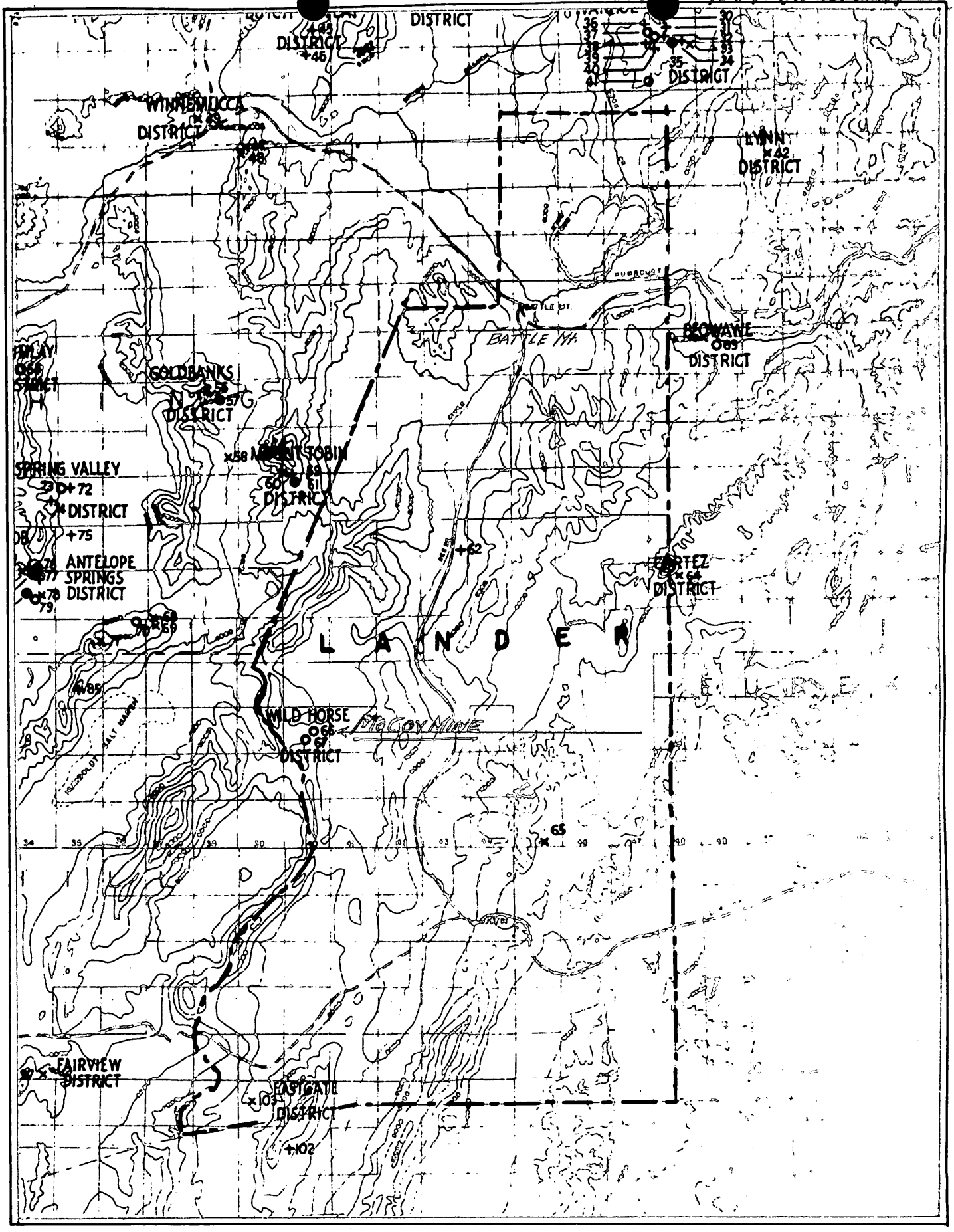

Figure I LOCATION MAP NEVADA

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

Soller
Brown
Appr. Sub. Off.

MAY 2 1962

Your reference: WRO:WIC

5/2 Johnson
Selfridge

Mr. W. J. Crow
Regional Administrator
Washington Regional Office
U. S. Securities and Exchange Commission
310 - 6th Street, N.W.
Washington 25, D. C.

Dear Mr. Crow

Subject: DMEA-4207 (Mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada

In accorance with the discussion on April 27, 1962, between Mr. Richard D. Capporella of your office and Frank E. Johnson, Deputy Director, Office of Minerals Exploration, we are enclosing a copy of the application of United Mining Corporation for aid in an Exploration Project under the program of the former Defense Minerals Exploration Administration and a copy of the denial for such aid made under date of May 24, 1956.

Your attention is called to the fact that this application was submitted in confidence to the DMEA and that denials of applications were not made public by that agency. Consequently, we suggest that the information contained in the enclosed documents be treated as confidential for Government use only.

Sincerely yours,

George Fumich, Jr.

Director

Enclosures

FEJohnson/bih/jfg:5/1/62

CC: OME Files
Secy's Files
Mr. Frank Johnson - OME
Mr. Soller
OME files, Division of Mineral Resources

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/22	Selfridge	120
12-22	Fumich	100
		220

DEC 2 2 1961

Mr. W. J. Crow
Regional Administrator
Washington Regional Office
U. S. Securities and Exchange
Commission
310 - 6th Street, N. W.
Washington 25, D. C.

Your reference: WRO:WJC
Re: DMEA-4207 (Mercury)
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Dear Mr. Crow:

In reply to your letter of December 19, 1961, requesting copies of all correspondence and pertinent information relating to the denial of the subject application, it has been our practice to permit duly authorized representatives of other Government agencies only to review our files and take notes on information contained therein with the understanding that it is for their confidential use only.

As your request could include information in part furnished DMEA by Bureau of Mines and Geological Survey personnel, we suggest that the file be first reviewed as outlined above. Thereafter, we shall gladly discuss the matter with the person authorized and cooperate in every way possible.

Sincerely yours,

George Fumich, Jr.
Director

GCSelfridge/hb
12/22/61
cc: Mail & Records
Director's Reading File
G.C.Selfridge

43683

IN REPLYING PLEASE QUOTE
WRO:WJC

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON REGIONAL OFFICE
310 6TH STREET NW.
WASHINGTON 25, D. C.

December 19, 1961

Mr. George Funich, Jr., Director
Office of Minerals Exploration
Interior Building
C Street Between 18th and 19th Streets
Washington, D. C.

Re: United Mercury Corporation - 4207-ce

Dear Mr. Funich:

The Securities and Exchange Commission, through our Los Angeles Office is involved in a matter with the U. S. Attorney's Office in which the United Mercury Corporation is involved.

I am informed that the above subject made application to your agency for financial assistance in the latter part of 1955 or early in 1956. The application was denied by your agency.

Request that we be furnished photocopies of all correspondence and pertinent information relating to the denial of the subject's application.

Your cooperation will be appreciated.

Very truly yours,

W. J. Crow

W. J. Crow
Regional Administrator

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 20 1961
DATE | INITIALS | CODE
12D

DOCKET
Surname:
McMahon
Martin
Nelson
Young
Selfridge
Johnson

JUL 2 6 1956

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Docket No. DMEA-4207, Mercury
McCoy Mercury Mine
Lander County, Nevada

Gentlemen:

This will acknowledge your letter of July 5, 1956, enclosing a copy of Mr. C. L. Tibbals' letter to you of July 6, and requesting reconsideration of your application which was denied by our letter of May 24, 1956.

Accordingly, your application and all available data pertinent to the subject property have been reviewed. We regret to inform you, however, that the new information submitted was insufficient to alter our former conclusion that: ". . . the probability of disclosing significant mercury ore reserves is not sufficiently promising to justify Government participation."

All denials of requests for exploration assistance by the Defense Minerals Exploration Administration are made without prejudice to the property, and any significant results of further work thereon that might materially alter our conclusions could, of course, be furnished to this Administration at any time. Such information should refer to the present docket and be accompanied by a revised application on Form MF-103.

Sincerely yours,

G. O. Mittendorf

Administrator

cc: Docket
Code 400
Oper. Comm.
Adm. Read. File
T. Kiilsgaard, USGS
J. W. Pennington, USBM
FT, Reg. 2

ADMcMahon/ls 7/25/56

R.C.L.

Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
JUL 23 1956

July 20, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mine
Lander Co., Nev.
$179,675.00
Revised to $46,000.00
Mercury

WSM

Copy retained 400

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administraction

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of request for a reconsideration of the application which was denied.

The pertinent material contained in the 4207 docket has again been reviewed.

The production record of the mine and the lack of geologic evidence indicating the presence of ore bodies of higher grade or larger size in the proposed project area sustain the opinion of the examiner "that some similar additional tonnage of ore could be developed but that the tonnage and grade would not constitute a significant discovery and would be insufficient to maintain a continuous and profitable furnace operation."

I consider the recommendation that the application for Government assistance be denied was justified and again concur with the recommendation of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

CW

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

RECEIVED
JUL 18 1956

July 17, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Letter from A. N. Sweet, United Mercury Corp., dated July 5, 1956, requesting review of application, Docket No. DMEA 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada

In requesting Mr. Mittendorf to review the application, A. N. Sweet presents no new evidence to warrant such action. His only justification seems to be that this small company, a public corporation, has expended $300,000.00 on the project and is entitled to some small assistance from DMEA. It is my belief that Mr. Sweet should have spent some of the $300,000.00 for exploratory and preliminary studies.

There is little to be gained by reviewing the present application unless additional information on the property is presented. However, I would not object to reviewing a revised application, one of drilling, for example, if there are sufficient available data to warrant it.

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

UNITED MERCURY CORPORATION
41 EAST SECOND STREET
WINNEMUCCA, NEVADA
PHONE 637-J

RECEIVED
JUL 12 1956

July 5, 1956

Mr. C. O. Mittendorf, Administrator
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Dear Mr. Mittendorf:

With reference to yours of May 24th, 1956. We feel that this application is subject to review.

We are cognizant of the fact that a commercial body of ore in the hard limestone or the conglomerate is not disclosed by the very shallow workings. We were not and are not requesting a development program.

We put in an expensive plant, built roads, drilled well, built camps and attempted to furnace the sandy, dusty surface ores. The dust situation coupled with the loss of hard ore against unknown vents, places this operation in a difficult position.

After our application was made at the Reno office, we proceeded to sink some 40 feet on one of the faults with the idea of continuing same on down another 100 feet and then drift to explore the possibility of opening up a body of ore at the intersection of this fault with one of the larger major breaks.

The accompanying section as prepared by Mr. C. L. Tibbals and his summary will attempt to show justification for our request that this decision be reconsidered.

This area could be a good source of Mercury. Only work can prove or disprove same. Cordero could well have been abandoned had someone had the intestinal fortitude to explore at some depth.

Also copies rec'd
F.T. for 7/20/56.

copies made & sent to B.M. & G.S. for comment
mw 7/13/56 for

To: Mr. C. O. Mittendorf, Administrator July 5, 1956

I, am therefore, requesting you to review this decision. It is of major importance to our little company, which has expended over $300,000.00 on this project and is a public corporation that we get some small assistance from DMEA.

Yours very truly,
United Mercury Corp
By A. N. Swart

ANS/pd

CC: S. Ricker
Executive Officer DMEA
Field Team, Region II
1605 Evans Avenue
Reno, Nevada

UNITED MERCURY CORPORATION
41 EAST SECOND STREET
WINNEMUCCA, NEVADA
PHONE 637-J

RECEIVED
JUL 12 1956

July 6, 1956

United Mercury Corporation
41 East Second Street
C/O A. N. Sweet
Winnemucca, Nevada

Dear Sir:

The last work that we completed pending action on your DMEA loan application was as follows:

We sank a forty foot inclined shaft in the bottom of McCoy Gulch as shown on the accompanying sketch. Our idea was to sink the shaft to a depth of 100 feet and then drift 200 feet East and 200 feet West.

The East drift would give us a chance to explore the favorable sandstone underneath the old workings from which the old timers took a good deal of the ore for their retort. It would also enable us to explore one of the main North-South Fractures which cuts across this area.

The West drift would give us a chance to explore the sandstone and limestone area underneath a point where we took out a considerable amount of ore for the present furnace. This West drift would also allow us to check on the intersection of the East-West Fracture, along which we would be drifting, with one of the main North-South Faults which shows on the surface just to the North.

I hope this exploration work will meet with your approval, when you are ready to start operations again.

Yours truly,

C. L. Tibbals

CLT/pd

DOCKET
SURNAME
McMahon
Martin
Beehan
Kulsgaard
J Johnson

400

MAY 24 1956

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Gentlemen:

Your application for aid for an exploration program and other data available to us in Washington concerning the above-reference property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of our information, although showing mercury mineralization at the McCoy Mercury Mine, indicates to us that the probability of disclosing significant mercury ore reserves is not sufficiently promising to justify Government participation. Under these circumstances, we regret to advise you that your application is denied.

We wish to thank you for your interest in the Defense Minerals Exploration Administration program and for bringing this property to our attention.

Sincerely yours,

G. O. Mittendorf

Administrator

ADMcMahon/fcc
5/24/56
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.
FT. REG. II
J. W. Pennington, USBM
T. H. Kiilsgaard, USGS

DOCKET
SURNAME
McMahon
Martin

May 22, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of request for exploration assistance in the amount of $179,675.00
Docket No. DMEA 4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Denial of the subject application is recommended by this Division based on the following information:

(1) The applicant, United Mercury Corporation, 41 East Second Street, Winnemucca, Nevada, requested exploration assistance in the amount of $179,675.00 for bulldozer and shovel work, cross-cutting, drifting, raising and shaft sinking.

(2) The applicant controls, by lease and location, 32 mining claims (18 leased, 14 located) situated in Sec. 15, T. 23N., R. 40E., M.D.B.& M., Wild Horse Mining District, Lander County, Nevada.

(3) The proposed program is to explore along the east-trending faults and fractures south of the old McCoy workings by trenching, test-pitting, shaft sinking, crosscutting and drifting.

(4) The deposit at the McCoy mine consists of numerous irregular, pod-shaped ore bodies each containing from a few tons to several hundred tons. All of the ore bodies are localized along north or east-trending faults or fractures, either in the closely spaced fractures in sandstone or in brecciated limestone. Cinnabar occurs in silicified limestone and sandstone as scattered coarsely crystalline aggregates and as crusts and cavity fillings in fractures and between breccia fragments.

Most of the ore bodies mined at the McCoy property have contained only a few hundred tons of ore each and have averaged less than 10 pounds of mercury per ton. Except for a few tons of ore grade material remaining in the walls of the open pits and shallow shafts there are no measured or indicated ore reserves. Inferred

reserves are about 1,000 tons of ore with an average grade of about 5 pounds of quicksilver per ton.

(5) The Field Team concludes that although the ore bodies that have been mined in this area are of good grade, they are small and widely scattered. When close to the surface these small bodies can be mined economically by shallow prospect shafts or trenches in the favorable host rocks along the east-trending faults. However to explore the same favorable structures and host rocks at depth involves the risk of expenditures that exceed the value of the ore that can be inferred. There is no geologic evidence to indicate the presence of ore bodies of higher grade or larger size in the proposed project area and therefore, it is recommended that the application for Government assistance be denied. The Commodity Divisions of the Bureau of Mines and Geological Survey concur in this recommendation.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

ADMcMahon/fcc
5/22/56
cc to: Docket
Code 400
Admr. Read. File
Operating Comm.

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

May 22, 1956

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of request for exploration assistance in the amount of $179,675.00
Docket No. DMEA 4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Denial of the subject application is recommended by this Division based on the following information:

(1) The applicant, United Mercury Corporation, 41 East Second Street, Winnemucca, Nevada, requested exploration assistance in the amount of $179,675.00 for bulldozer and shovel work, cross-cutting, drifting, raising and shaft sinking.

(2) The applicant controls, by lease and location, 32 mining claims (18 leased, 14 located) situated in Sec. 15, T. 23N., R. 40E., M.D.B.& M., Wild Horse Mining District, Lander County, Nevada.

(3) The proposed program is to explore along the east-trending faults and fracture zones north of the old McCoy workings by trenching, test-pitting, shaft sinking, crosscutting and drifting.

(4) The deposit at the McCoy mine consists of numerous irregular, pod-shaped ore bodies each containing from a few tons to several hundred tons. All of the ore bodies are localized along north or east-trending faults or fractures, either in the closely spaced fractures in sandstone or in brecciated limestone. Cinnabar occurs in silicified limestone and sandstone as scattered coarsely crystalline aggregates and as crusts and cavity fillings in fractures and between breccia fragments.

Most of the ore bodies mined at the McCoy property have contained only a few hundred tons of ore each and have averaged less than 10 pounds of mercury per ton. Except for a few tons of ore grade material remaining in the walls of the open pits and shallow shafts there are no measured or indicated ore reserves. Inferred

reserves are about 1,000 tons of ore with an average grade of about 5 pounds of quicksilver per ton.

(5) The Field Team concludes that although the ore bodies that have been mined in this area are of good grade, they are small and widely scattered. When close to the surface these small bodies can be mined economically by shallow prospect shafts or trenches in the favorable host rocks along the east-trending faults. However to explore the same favorable structures and host rocks at depth involves the risk of expenditures that exceed the value of the ore that can be inferred. There is no geologic evidence to indicate the presence of ore bodies of higher grade or larger size in the proposed project area and therefore, it is recommended that the application for Government assistance be denied. The Commodity Divisions of the Bureau of Mines and Geological Survey concur in this recommendation.

W S Martin

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
MAY 18 1956

May 18, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mercury Mine
Lander County, Nevada
$179,675.00
Revised to $ 46,000.00 - Mercury

WBay

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report.

The applicant requested assistance in exploring by bulldozing and underground work breccia zones, fractures and faults in limestones and sandstones. Small mercury ore bodies are found in the faults and brecciated rocks. The largest ore body mined in the district contained about 2,000 tons of 10-pound rock. Most ore bodies are in the order of a few hundred tons.

The examiners conclude that the ore bodies that might be found in the several fracture zones would not warrant the large amount of underground work necessary to find and mine the ore.

I consider the conclusion justified and concur with the recommendation of denial of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

Copy retained 400

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

May 17, 1956

WSM

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: Commodity Industry Analyst, Branch of Base Metals

Subject: Review of Field Team examination report, Docket No. DMEA 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada. $179,525.00

The Field Team examination report on the McCoy mercury mine by Glenn C. Gentry, Bureau of Mines, and Harold K. Stager, Geological Survey, has been reviewed and found adequate.

It was originally proposed to explore this property by 3,330 feet of crosscuts and drifts, a 195 foot shaft, 500 feet of raises, and 650 hours of bulldozer operation at an estimated total cost of $179,525.00.

According to the examiners, geologic evidence does not indicate the presence of high grade or large ore bodies, and in all probability the cost of exploration would exceed the value of any ore discovered.

For those reasons they recommend that the application for assistance to explore the McCoy mine be denied.

I concur with the recommendation.

Copy retained 400

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

RMEA
Docket

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

RECEIVED
MAY 11 1956

1605 Evans Avenue
Reno, Nevada

May 9, 1956

Memorandum

W34

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Reference is made to your letter of March 22, 1956 relative to subject docket.

Attached are four copies of a report by Glenn G. Gentry, Bureau of Mines and H. K. Stager, Geological Survey, recommending that application for DMEA exploration aid be denied.

Roscoe Smith and I concur in the recommendation.

S. Ricker

Attach.

Reviewed by
DMEA OPERATING COMMITTEE
5-16-56
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

RECEIVED
MAY 11 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

APPLICATION REPORT

DMEA 4207 (mercury)
United Mercury Corporation
McCoy Quicksilver mine
Lander County, Nevada

by

Glenn G. Gentry
mining engineer
U. S. Bureau of Mines

Harold K. Stager
geologist
U. S. Geological Survey

May 7, 1956

Reviewed by
DMEA OPERATING COMMITTEE
5-16-56
(date)

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INTRODUCTION

On March 5, 1956 the United Mercury Corporation, 41 East Second Street, Winnemucca, Nevada, acting through their general manager, Mr. A. N. Sweet, applied for Government assistance in a $179,675.00 program under the Defense Minerals Exploration Administration, docket DMEA-4207, to explore for mercury at the McCoy mine in Lander County, Nevada.

The applicant believes there is a limited tonnage of ore available that can be economically stripped and mined but no ore reserves have been definitely developed to date. For this reason the applicant proposes to explore other exposures along and near east-striking fissures to determine if a sufficient tonnage of ore can be discovered to assure continuous and profitable operation of the furnace.

A field examination was requested by the Operating Committee and was made by Glenn G. Gentry, U. S. Bureau of Mines, and H. K. Stager, U. S. Geological Survey, March 27 through March 29, 1956, accompanied by Messrs. A. N. Sweet, C. L. Tibbals, and Layton Tibbals, representing the applicant. The operator's maps were studied and compared with geologic exposures in and near the mine workings.

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CONCLUSIONS AND RECOMMENDATIONS

The McCoy mine has produced a small tonnage of quicksilver ore from several rather widely spaced exposures.

The examination indicates that some similar additional tonnage of ore could be developed but that the tonnage and grade would not constitute a significant discovery and would be insufficient to maintain a continuous and profitable furnace operation.

Geologic evidence was not observed to support the applicant's theory that larger ore bodies will be found along the contact between the limestone and sandstone.

It is therefore recommended that the application for Government assistance be denied.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The McCoy mine is in sec. 15, T. 23 N., R. 40 E., M.D.B.&M., in the Wild Horse mining district, Lander County, Nevada. It is 71 miles southwest of Battle Mountain, Nevada, and reached from that town by traveling southerly 46 miles on Nevada State Highway 8A, an all-weather road; thence right (west) 25 miles on an unimproved desert road. Highway 8A is maintained by the State Highway Department and the mine access road is

maintained jointly by the county road department and the mine operator. The trip to the mine requires three hours.

General supplies for the mine, mill, and camp are obtained from Battle Mountain, which is served by the Southern Pacific and Western Pacific railroads and also by trans-continental truck lines.

Battle Mountain is also the nearest point for telephone, telegraph, and mail services, and for recruitment of labor.

The climate is semi-arid; however, occasional snow storms during the winter months delay travel and increase the operational difficulties.

Power for the mine and mill machinery is obtained by the use of gasoline and/or diesel driven engines. Water for both domestic and mine use is available at a well 4 miles east of the mine. The water is transported via truck and tank and transferred into a 5,000 gallon storage tank adjacent to the mill building.

HISTORY AND PRODUCTION

The McCoy mine, formerly known as the Ruby group, Quicksilver Mines Co. and Liquid Metal, was discovered about 1916, and total production is reported to be about 170 flasks.

The mine is in the northern end of the Wild Horse district and about a mile north of the Wild Horse quicksilver mine which produced 883 flasks to the end of 1943.

The United Mercury Corporation acquired the property in 1954 and constructed a milling plant and furnace which has a capacity of 100 tons of crude ore per day. Housing and facilities for about 20 workmen were constructed and necessary machinery provided for mining operations. The operator reports that approximately 1,500 tons of ore mined and furnaced by them has yielded 60 flasks of mercury, or about 3 pounds per ton. Expenditures to date by the company are reported to be approximately $340,000.00.

The reserves of minable ore are nearly exhausted therefore only intermittent operation of the furnace is possible. A minimum amount of 250 tons of ore is accumulated before furnacing. If additional ore is not discovered in the meantime, furnace operations are temporarily suspended.

PROPERTY AND OWNERSHIP

The United Mercury Corporation was incorporated under the laws of the State of Delaware on July 7, 1954, with a stock authorization of 5,000,000 shares at $0.01 per share. Issued

and outstanding shares amount to 3,800,000. The corporation completed its financing about March 1, 1955 and the first public offering was for 1,500,000 shares at $0.20 per share.

The mining claims, held by right of location, and included in the applicant's proposal are listed in a copy of the Certification of Location signed by the County Recorder of Lander County, Nevada, which is attached (Appendix A).

The following documents are attached to, and made a part of, the application:

(1) Agreement dated December 6, 1954 between Melvin McCoy and Mabel McCoy and C. I. Casteel, Ethel V. Casteel and Frank A. Pedlar and Eva Pedlar.

(2) Agreement dated January 21, 1955 between the Grace Management Corporation and United Uranium and Oil Corporation.

(3) Certificate of agreement of merger between the United Mercury Corporation and Standard Mercury Corporation under the name of United Mercury Corporation, dated January 18, 1956 in the office of the Secretary of State of the State of Delaware.

The applicant's representative reports that the necessary owner's consent to lien can be obtained.

DEVELOPMENT

The McCoy mine was prospected and developed by numerous shallow open cuts, shafts, adits, and crosscuts which were completed and abandoned prior to 1940. Approximately 1,200 linear feet of this type of work has been done.

Since acquisition of the property the present operators have confined their exploration to enlarging three of the open cuts into pits of sufficient size for power shovel operation and in sinking one vertical shaft to a depth of 24 feet.

The mine personnel consists of five employees under the general supervision of Mr. A. N. Sweet, general manager, and Mr. C. L. Tibbals, chief engineer.

GENERAL GEOLOGY

The rocks in the mine area are limestones, sandstones, conglomerates, and shales of Lower and Middle Triassic age that are overlain by fanglomerate, tuff, and rhyolite of Tertiary age. All of these rocks strike north to northwest and dip west from 5 to 60 degrees. They are cut by two sets of normal faults. The small quicksilver ore bodies are locallized along fractures in silicified limestones and sandstones scattered along a strike length of about one mile.

The geology and ore deposits of the area have been studied and mapped in detail by C. H. Dane and C. P. Ross[1/] and also by E. H. Bailey and D. A. Phoenix[2/]. Much of the following description has been taken from these reports.

The oldest rocks in the district, Lower Triassic in age, are red and tan sandstone and sandy shale with numerous thin beds of siliceous pebble conglomerate. Only the upper 150 feet of this unit is exposed and the total thickness is not known. Overlying this unit is about 325 feet of fine-grained, tan sandstone and tan to yellow-gray, hard, thin-bedded shales. Locally the top of the unit is conglomeratic. The conglomerate consists of pebbles up to 1 inch in diameter in beds up to 30 feet thick.

The Middle Triassic rocks total about 1,600 feet thick and consist of a basal unit of light-gray to black limestone about 50 feet thick overlain by about 1,250 feet of

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1/Dane, C. H., and Ross, C. P., 1942, The Wild Horse quicksilver district, Lander County, Nevada: U. S. Geol. Survey Bull. 931-K, pp. 259-278.

2/Bailey, Edgar H., and Phoenix, David A., 1944, Quicksilver deposits in Nevada: Univ. of Nevada Bull. Vol. 38, No. 5, pp. 111-113.

---

gray, limy shales and thin gray limestones with some sandstone beds, overlain in turn by a thick massive dolomite that is 250 feet thick in the mine area.

An unconsolidated fanglomerate of Tertiary age overlies the Triassic rocks. The fanglomerate is about 50 feet thick and is composed of large blocks of Triassic limestones and dolomite.

The youngest rocks are soft, white, tuffs and pinkish-gray rhyolites. These rocks rest on an irregular erosion surface of Triassic rocks and Tertiary fanglomerate.

Much of the limestone and some of the sandstone in the mine area is silicified. The limestone beds at the base of the Middle Triassic and the sandstone beds near the top of the Lower Triassic are locally so thoroughly silicified that they are difficult to distinguish. It is within this silicified zone that most of the ore bodies occur.

The structure in the pre-Tertiary rocks, that dip from 5 to 60 degrees southwest, is an anticlinal nose plunging southwestward. The rocks are cut by a set of north-trending, steeply-dipping faults with the west side downthrown. The displacement on these faults is from a few inches to about

100 feet. A second set of east-trending, steeply-dipping faults, with the south side downthrown as much as 350 feet, cuts the rocks in the mine area. Both sets of faults served as passageways for the silicifying and quicksilver-bearing solutions.

ORE DEPOSITS

The deposit at the McCoy mine consists of numerous irregular, pod-shaped ore bodies containing from a few tons to several hundred tons of ore each. These ore bodies were formed in breccia zones along faults and in fractures cutting limestones and sandstones close to the base of the Middle Triassic rocks.

Cinnabar occurs in silicified limestone and sandstone as scattered coarsely crystalline aggregates and as crusts and cavity fillings in fractures and between breccia fragments. Trace amounts of metacinnabar and calomel occur in the ore but are not important ore minerals. Gangue minerals are quartz, calcite, gypsum, barite, pyrite, and stibnite.

The silicified limestone at the base of the Middle Triassic is the most favorable ore host rock in the district and most of the ore mined has come from this unit. The sandstone at the top of the Lower Triassic is also a favorable ore host rock and has yielded most of the ore mined at the McCoy property.

All of the ore bodies are locallized along north or east-trending faults or fractures, either in the closely spaced fractures in sandstone or in brecciated limestone along the faults.

The largest ore body mined in the district was at the Wild Horse mine, about one mile south of the McCoy workings. This body was about 60 feet in diameter, 20 feet thick, and contained about 2,000 tons of ore that averaged about 10 pounds of quicksilver per ton. In detail the body consisted of many small, closely grouped ore pods with thin lenses of waste rock separating the pods. Most of the ore bodies mined at the McCoy property have contained only a few hundred tons of ore each and have averaged less than 10 pounds of quicksilver per ton.

SAMPLING

Due to the small and scattered occurrences of cinnabar, only eight exposures were sampled.

These samples represent only spotty mineralized material remaining along the edges of open cuts which had yielded the major portion of the ore mined and milled by the applicant, and are not representative of minable reserves of ore.

BM Sample No.	Width	Lbs. Hg/ton	Location
1927	3.0 ft.	*0.01	West wall of north drift off crosscut through hill, 30 ft. back of face.
1928	1.5 ft.	88.0	West face of open pit, near collar of filled 60-ft. shaft.
1929	0.5 ft.	46.6	1/4" seam of high-grade ore in north face of Wild Horse pit. (Area not included in application.)
1930	grab	0.7	From about 1 ton of sandstone at collar of 10-ft. test pit, 200 ft. from road. No ore noted in the pit.
1931	3.0 ft.	77.2	Specimen sample of high-grade ore. Small limestone exposure above No. 1928. Very little ore remains in this area.
1932	grab	24.0	From about 1 ton of broken limestone in east face of open cut, 150 ft. east of No. 1931. Does not represent an ore body.
1933	grab	2.3	Broken limestone from bottom of 24-ft. shaft.
1934	3.0 ft.	19.2	West side of shaft and 14 ft. below collar of 24-ft. shaft. No ore noted below 20 feet.

*less than

ORE RESERVES

Except for a few tons of ore grade material remaining in the walls of the open pits and shallow shafts there are no measured or indicated ore reserves. Inferred reserves are about

1,000 tons of ore with an average grade of about 5 pounds of quicksilver per ton. These reserves are contained in small widely scattered bodies similar in size and grade to those that have been mined. They can be found by exploration in the limestone and sandstone along the east-trending fractures north and south of the main McCoy workings.

The ore bodies that have yielded the production to date have been found at or near the surface and with a minimum of exploration. The discovery of new reserves will require more extensive exploration and be increasingly costly, with the probability that the cost of the exploration will greatly exceed the value of the ore.

PROPOSED EXPLORATION

The applicant originally proposed the following exploration:

Crosscuts and drifts--	
3,330 ft. @ $40.00/ft.	$133,200.00
Shafts--195 ft. @ $85.00/ft.	16,575.00
Raises--500 ft. @ $40.00/ft.	20,000.00
Bulldozer--650 hrs. @ $15.00/hr.	9,750.00
Total cost:	$179,525.00
Government participation:	$134,643.75

On April 10, 1956 Mr. A. N. Sweet and Mr. C. L. Tibbals visited the regional office and verbally submitted a revised program to consist of:

Shaft--220 ft. @ $85.00/ft.	$18,700.00
Drifting--430 ft. @ $40.00/ft.	17,200.00
Crosscutting--140 ft. @ $40.00/ft.	5,600.00
Raising--100 ft. @ $40.00/ft.	4,000.00
Sampling--100 samples @ $5.00/ea.	500.00
Total cost:	$46,000.00
Government participation:	$34,500.00

In the above revised program the applicant proposes to explore areas Nos. 7 and 16 by deepening the shaft in each location and drifting and crosscutting from favorable horizons in the shafts (refer to attached company map, fig. 2).

The targets of the proposed exploration are ore bodies along the east-trending faults and fracture zones north of the old McCoy workings. Although of good grade, the ore bodies that have been mined in this area are small and widely scattered. When close to the surface these small bodies can be found and mined economically by shallow prospect shafts or trenches in the favorable host rocks along the east-trending faults. However, to explore the same favorable structures and host rocks at depth involves the risk of expenditures that exceed the value of the ore that can be inferred. There is no geologic evidence to indicate the presence of ore bodies of higher grade or larger size in the proposed project area.

DMEA-4207 (MERCURY)

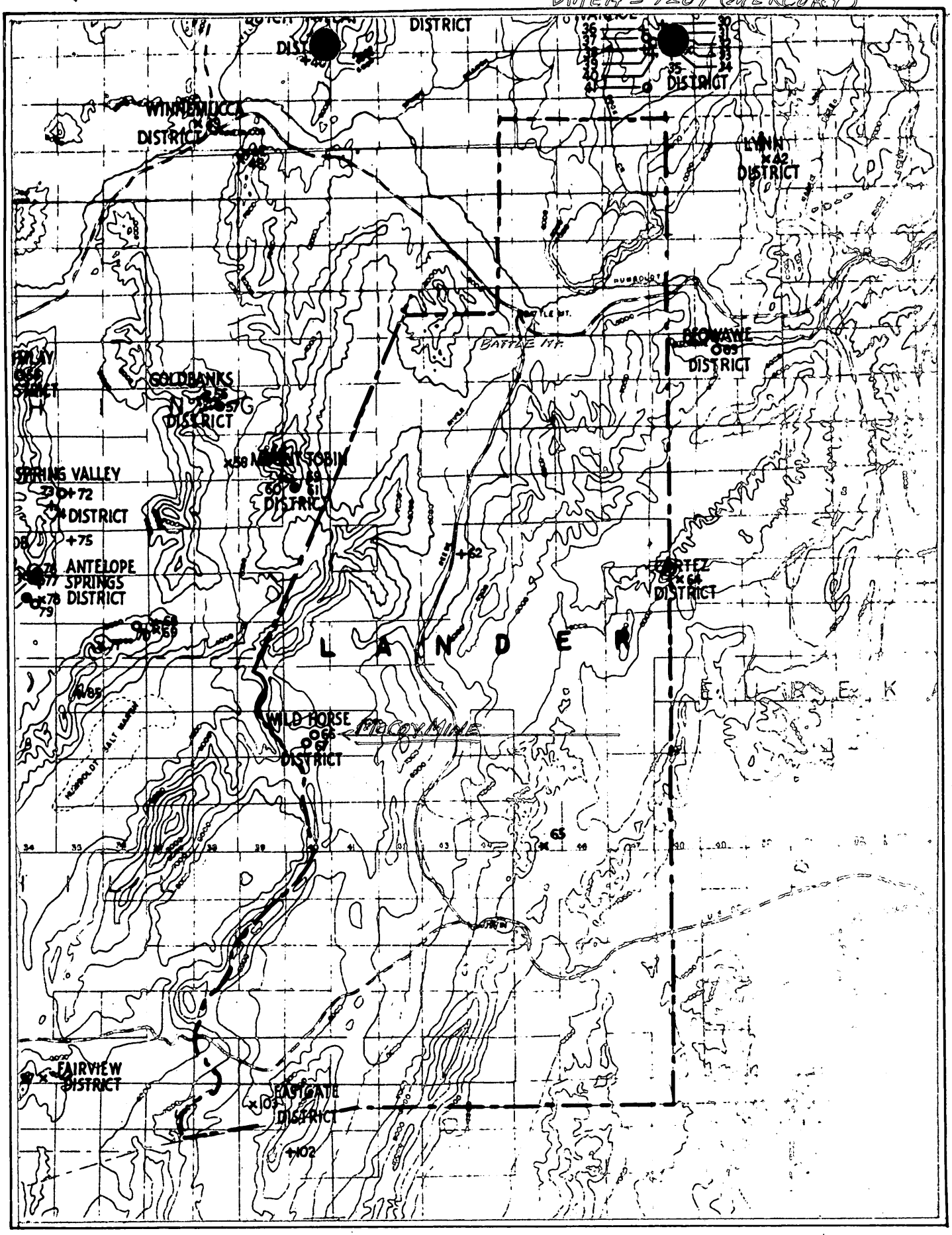

Figure 1 LOCATION MAP NEVADA

DOCKET
SURNAME
400 McMahon
Martin
Geehan
Williams
Selfridge
Fahnoe

MAR 22 1956

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Re: Docket No. DMEA 4207 - Mercury
McCoy Mercury Mine
Lander County, Nevada

Gentlemen:

The above docketed application for exploration assistance for mercury ores has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, Region II, 1605 Evans Avenue, Reno, Nevada, for a field examination of the property.

Any assistance that you can give the members of the Field Team will be appreciated.

Sincerely yours,

G. W. Mittendorf

Administrator

ADMcMahon/foc 3/19/56

cc to: Docket
Code 400
Admr. R. File
Oper. Comm.
FT. REG. II
Messrs. Pennington, USBM
Nelson, USGS

R.C.S.

DOCKET
SURNAME
400 McMahon
Selfridge

MAR 22 1956

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA 4207 - Mercury
United Mercury Corporation
McCoy Mercury Mine
Lander County, Nevada

Dear Mr. Ricker:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Copies of memoranda dated March 12 and March 13, 1956, by J. W. Pennington, Bureau of Mines, and M. E. Nelson, Geological Survey, respectively, relating to the project, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosure

ADMcMahon/foc 3/19/56
cc to: Docket
Code 400
Adm. R. File
Oper. Comm.
FT. REG. II
Messrs. Pennington, USBM
Nelson, USGS

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

W. P. Williams (GCS)
Member, Geological Survey

R.C.S.

Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
MAR 14 1956

March 13, 1956

Re: DMEA 4207
United Mercury Corp.
McCoy Mercury Mine
Lander Co., Nevada
$179,675.00 - Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in doing work, the estimated cost of which is:--

Crosscuts and drifts -	3,330 ft.	$133,200.00
Shafts	195 "	16,725.00
Raises	500 "	20,000.00
Bulldozer, etc. -	650 hrs.	9,750.00
	Total	$179,675.00

The work program covers seven projects, for some of which there are specific targets, while other projects seem to be general in nature. Work has been done in a large number of places and mercury has been found at most, if not all, of them, but no sampling appears to have been done, except perhaps by mill runs, details of which are not given. Apparently the over-all results were less satisfactory than expected and it now becomes necessary to search for ore.

In the absence of the results of sampling it is not possible to judge the worth of the items of the projects and without assays the theory concerning the fracture zones is not well supported.

Referral to the Field Team for appropriate action is recommended.

N. E. Nelson

N. E. Nelson

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

March 12, 1956

Copy retained 400

RECEIVED
MAR 13 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

WSM

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA - 4207 (mercury), United Mercury Corporation, McCoy Mercury Mine, Lander County, Nevada. $179,675.00

It is proposed to explore this property by 3,330 feet of crosscuts and drifts, 195 feet of shafts, 500 feet of raises, and 650 hours of bulldozer work at an estimated cost of $179,675.00.

Difficulties encountered in the original open pit mining method have caused the operators to change their mining plans. They have proposed this extensive exploration program which I believe borders on development.

However, mercury mineralization in the area is known, and an exploration program is believed warranted.

Referral of the application to the Field Team for an examination of the property and an evaluation of the program is recommended.

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

Docket

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

RECEIVED
MAR 12 1956

1605 Evans Avenue
Reno, Nevada

March 7, 1956

Mr. Arthur N. Sweet
General Manager
United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Copy retained 400

WSM

4207

Re: Loan Application
United Mercury Corporation

Dear Mr. Sweet:

We note in the above referenced application that all the claims are reported to be recorded in Lander County. The lease agreement with Melvin McCoy, et al, would indicate that the McCoy group are recorded in Churchill County. Will you please explain the apparent discrepancy.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh

cc: Opr. Com., DMEA, Wash., D. C.
R. M. Smith
File

BUREAU OF MINES
WASHINGTON, D. C.
MAR 9 1 25 PM '56

March 9, 1956
Subject: DMEA-4207
Re: Exploration Assistance
McCoy Mercury Mine

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada

Gentlemen:

The receipt of your application dated March 5, 1956, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4207 and referred to the Iron & Ferro-Alloys 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 9, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region II

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 II

DMEA - 4207 United Mercury Corporation

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

RECEIVED
MAR - 8 1956

1605 Evans Avenue
Reno, Nevada

March 5, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Loan Application - Mercury
United Mercury Corporation
McCoy Mercury Mine
Churchill and Lander Counties, Nevada

dmea 4207

Attached are three sets of MF-103, Application for Aid forms relative to above subject. The fourth set has been retained in our files.

There is a question as to whether some of the claims are in Lander or Churchill Counties. One lease claims they are in Churchill while application states the claims are in Lander County. This will be taken up with Mr. Sweet in the meantime.

S. Ricker

S. Ricker

Attach.

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

RECEIVED
MAR - 8 1956

1605 Evans Avenue
Reno, Nevada

March 5, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Loan Application - Mercury
United Mercury Corporation
McCoy Mercury Mine
Churchill and Lander Counties, Nevada

Attached are three sets of MF-103, Application for Aid forms relative to above subject. The fourth set has been retained in our files.

There is a question as to whether some of the claims are in Lander or Churchill Counties. One lease claims they are in Churchill while application states the claims are in Lander County. This will be taken up with Mr. Sweet in the meantime.

S. Ricker

Attach.

SRicker:gh
cc: R. M. Smith
File

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAR - 8 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-4207
Metal or Mineral mercury
Date Received 3-8-56
Estimated Cost $179,675.00
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:

United Mercury Corporation
41 East Second Street
Winnemucca, Nevada.

(*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. See Accompanying Report

(*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 Accompanying Report

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

Lessee and Owner - See Report

(*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. See Accompanying Report

(*e*) If you own the land, describe any liens or encumbrances on it None

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

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. See Report

(*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. See Report

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

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

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

(*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. See Report

(*c*) The work will start within 10 days and be completed within ..... 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. See Report

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: See Report

(*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.). See Report

(*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. See Report

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

(*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. See Report

(*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. See Report

(*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. See Report

(*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. See Report

(*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 March 5, 1956

United Mercury Corp
(Applicant)

By A. N. Swash, Mgr.

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

RECEIVED
MAR - 8 1956

UNITED MERCURY CORPORATION
41 EAST SECOND STREET
WINNEMUCCA, NEVADA
PHONE 637-J

Recd. March 5-1956

Mr. S. Ricker
Executive Officer
D.M.E.A. Field Team, Region 2
U.S. Bureau of Mines
Reno, Nevada.

Dear Mr. Ricker:

Re Attached Application By United Mercury Corp:

The United Mercury Corporation, based on the Geologic Examination and report by a leading Mercury Expert, entered into a project as described, for the purpose of mining and furnacing upwards of 100 tons of ore per day, to be produced by an open cut power shovel operation.

A first class, up to date plant, consisting of necessary coarse and fine ore bins, crusher, conveyor, a five foot by sixty four foot rotary kiln, with condensing unit, consisting of 102 pipes, in which system, steel, stainless steel and ceramic pipes are used. This plant has the necessary blowers and exhausters, dust collecting equipment, and all necessary adjuncts as used in Mercury extraction plants. The plant was designed by C. N. Schuette and embodies the ideas gained by him in his many years of successful Mercury operations.

A camp was established near this processing plant, consisting of Cook House, bunkhouses, shop, power plant housing. The Camp is adequate for the operating crew for the plant. An auxiliary camp has been established for quarters for the mining crew, some five miles distant, where a well was dug by our company to a depth of 400 feet, and said well equipped with casing, pump, and a five thousand gallon storage tank. We have a five thousand gallon water tank at the Furnace and upper camp also. It is anticipated that our main housing will be at the well site.

A new road was graded and surfaced from the existing county road, to our plant, some eight miles in length and some five miles of roads constructed around the property, to the various claims, most of which has been gravelled. The main county road, from our intersection to the Hiway 8, a paved road, is some eighteen miles in distance, part of which has been gravelled, jointly by the county and our company. We have expended in excess of $18000.00 on roads alone.

Mining Equipment

Owing to the fact that an open cut operation was anticipated, a one half yard Link Belt shovel was purchased, and also a wagon drill, two smaller drills, several thousand feet of pipe, three Ford Dump trucks (Five ton Capacity) two pick ups and a Jeep Station Wagon, a five hundred cubic foot Diesel Compressor, two diesel driven power units, of 50 and 25 K.W. capacity, a Diesel Engine to drive the crusher, electric welding outfit, hoses, steel and many other articles too numerous to mention.

We have spent close to $300,000.00 in the past year, building the plant, stripping and mining, and the various expenses incidental to the opening up of this venture.

The problems we are therefore confronted with and are setting forth to you, are as follows:

We have a plant capable of handling 150 tons per day, and as stated in the first paragraph, we planned on an open cut operation, in which some five feet of sandstone and the adjoining five feet of limestone were to be stripped and furnaced. That would have posed no problem, were it the case. The report by C. L. Tøbbals, attached hereto and part of this application, will show the necessity of a change of our plans. We feel that there might be a limited amount of material easily stripped and mined, but for a sustaining operation we believe we can substantiate the fact that we should open this large area up with shafts, drifts and cross cuts, as well as some stripping and possibly some drilling. Further the material taken direct from the surface contains a considerable quantity of alkali dust, which might be a factor in some metallurgical difficulties we have encountered, which is not carried thru when ore from our underground development was run.

We have a very large area, in which many excellent disclosures of Cinnabar are evident. The geology of the various fault systems is being worked and altho not complete we can demonstrate that in the area for exploration there is an excellent chance of disclosing a well worthwhile series of Mercury operations. As stated, it will be necessary to do considerable work exploring this large area, with the various means we can employ, to put this property in shape for real development.

We believe we can show more than sufficient proof to justify our best efforts so as to make a major contribution to the Mercury resources, reserve and production of our Country.

The fact that we have a plant to beneficiate any ores, extracted in this exploration, is also something to give consideration, as no Mercury Mine is worth much without a plant and a plant is a costly outlay. If, as, and when we encounter ores in our exploration work, said ores can be beneficiated and royalty accrue and paid to the D.M.E.A.

Thanking you for your consideration of this application, I remain,

Very truly yours,
UNITED MERCURY CORPORATION,
by

Arthur N. Sweet

Arthur N. Sweet, E.M.
General Manager.

REPORT FOR D.M.E.A.

RECEIVED
MAR - 8 1955

1 (a) United Mercury Corporation
41 East 2nd Street
Winnemucca, Nevada.

1 (b) Corporation of Delaware

1 (c) Name & Address

Robert Mayer	15 Kelwynne Rd., Scarsdale, N.Y.	Pres. & Director
Burton Walder	Lake Allendale, Peekskille, N.Y.	Vice-Pres & Director
Joseph R. Clair	721 Midland Savings Bldg., Denver, Colo.	Sec. & Director
John Link	Winnemucca, Nevada.	Treasurer
James Callahan	Winnemucca, Nevada.	Director
Charles Berman	73-37 - 180th St., Flushing, N.Y.	Director

2 D.M.E.A. Order has been read and understood.

3 (a) The property to be explored lies in the Wild Horse Mining District, Lander County, Nevada, and as nearly as we can determine is in T 23 N, R 40 E M.D.B. & M. All of the claims leased by, or owned by United Mercury Corporation are included in this project.

(b) McCoy Mercury Mine.

(c) Leasee from McCoy et al on 18 claims.
Owner of 14 claims.

(d) Four copies of Lease from McCoy et al to Grace Management Corporation.
Four copies of Deed from Tibbals & Sons to Standard Mercury Corporation.
Four copies of Assignment from Grace Management Corporation to United Uranium and Oil Corporation.
Four copies of Assignment from Grace Management Corporation to United Mercury Corporation.
Four Copies of Certification re Merger of United Mercury Corporation and

REPORT FOR D.M.E.A.

3 (d) Cont'd.

Standard Mercury Corporation.

(e) No liens or encumbrances.

THE FOLLOWING CLAIMS ARE UNDER LEASE FROM McCOY ET AL

3 (f)

	Book	PAGE
Antelope #1	19	196
Antelope #2	19	197
Antelope #3	19	197
Liquid Metal	27	257
Liquid Metal 1	27	258
Liquid Metal 2	27	258
Liquid Metal 3	27	259
Liquid Metal 4	27	259
Liquid Metal 5	27	259
Liquid Metal 6	19	198
Tom Boy	19	193
Tom Boy 1	19	194
Tom Boy 2	19	194
Tom Boy 3	19	195
Tom Boy 4	19	195
Tom Boy 5	19	116
Winona	19	199
Winona 1	19	199

OFFICE OF LANDER COUNTY RECORDER,

LANDER COUNTY, NEVADA.

Churchill P

REPORT FOR D.M.E.A.

3 (f) Cont'd.

THE FOLLOWING CLAIMS ARE OWNED OUTRIGHT BY UNITED MERCURY CORP.

	BOOK	PAGE	
Quick No. 1	19 Duplicate Notices	236	
Quick No. 2	19 " "	236	
Quick No. 3	19 " "	237	
Quick No. 4	19 " "	237	
Quick No. 5	19 " "	238	
Quick No. 6	19 " "	238	
West Dip	19 " "		File #31153
West Dip 1	19 " "	308	
West Dip 2	19 " "	309	
West Dip 3	19 " "	309	
West Dip 4	19 " "	310	
West Dip 5	19 " "	310	
West Dip 6	19 " "	311	
West Dip 7	19 " "	311	

Office of Lander County Recorder,

Lander County, Nevada.

4 (a) to (e) and 5 (a) to (c) - See Report of C. L. Tibbals.

5 (d) ARTHUR N. SWEET, E.M.

Graduate Colorado School of Mines, Class 1911.

I have operated mines since my graduation, with the exception of two years spent in U. S. Air Force, World War I.

The Companies for whom I have operated are as follows:

American Smelting & Refining Company

Manager, Leadville Deep Mines, Leadville, Colorado.

Rawley Mine, Bonanza, Colorado

REPORT FOR D.M.E.A.

5 (d) Cont'd.

ARTHUR N. SWEET, E.M.

National Lead Company, Bonanza, Colorado.

E. L. Cord Operations, Black Mammoth, Silver Peak, Nevada.

Various smaller operations for Tungsten, Lead and Mercury.

Self-employed for many periods.

These above were major operations in which tonnage of from 100 to 500 tons per day were produced.

I have always aimed to have an efficient operating staff, and in present operations I consider C. L. Tibbals & Sons, whose record is included herein, to be an excellent operating group.

CARL L. TIBBALS, B.S.

Graduate of the University of Nevada in Civil Engineering, Class of 1912.

Actively engaged in construction work, mine and mill construction, mine operation, examinations mapping and surveying, and geology to present time, including two years in Combat Engineers, World War I.

Self-employed for many periods but the different mining companies I have worked with along with my position are as follows:

Canadian Collieries Dunsmuir Ltd. Canada - Engineer

Hurleton Mine Inc., Hurleton, California - Manager

Black Mammoth Mines, Silver Peak, Nevada - Chief Engineer

Roberts Mining & Milling Co., Mill Canyon, Nev. - Manager

Homestake Mine, Beatty, Nevada - Manager

Consolidated Tungsten Mines, Dinuba, California - Gen. Superintendent

White Star Tungsten Mines, Elko, Nevada - Partner and Gen. Mgr.

REPORT FOR D.M.E.A .

5 (d) Cont'd.

CARL L. TIBBALS, B.S.

United Mercury Corporation, Winnemucca, Nevada - Chief Engineer

---

CARLTON L. TIBBALS, E.M.

Graduate of San Mateo and Kings Point Naval Schools during World War II.

Served with the U. S. Merchant Marine during remainder of war, retiring as 1st Engineer.

With exception of this period, has been actively engaged in mining and mill work since 1939.

Self-employed with Tibbals and Sons a portion of this time but also worked for the following mining companies:

Homestake Mine, Beatty, Nevada	- Mine Superintendent
Consolidated Tungsten Mines, Dinuba, Cal.	- Shift Boss & Construction Foreman
A.V.G. Mine Railroad Flat, California	- Mine Superintendent
White Star Tungsten Mine, Elko, Nevada	- Constructed Tungsten Mill and Gen. Superintendent
United Mercury Corp., Winnemucca, Nevada	- Superintendent of Mill Construction for Tibbals and Sons, and laterMill Superintendent for United Mercury Corp.

REPORT FOR D.M.E.A.

5 (d) Cont'd.)

DONALD C. TIBBALS, E.M.

Graduate of Mackay School of Mines, Class of 1953. Prior to graduation spent all of spare time with Tibbals & Sons mining at various places, including:

Consolidated Tungsten Mines, Dinuba, California

Homestake Mine, Beatty, Nevada

A.V.G. Mine, Railroad Flat, California

White Star Tungsten Mine, Elko, Nevada

Just prior to entering Mackay School of Mines was pilot for three years with Naval Air Corpse.

Since graduation was Mill Superintendent, White Star Tungsten Mines, Elko, Nevada, 1953-1954

At present General Superintendent with United Mercury Corporation, Winnemucca, Nevada.

REPORT FOR D.M.E.A.

6. ESTIMATE OF COSTS

Project No. 1

120 Lin. ft. of Shaft	@ $80.00 per ft.	$ 9,600.00
580 Lin. ft. of Drifts & Cross Cuts	@ $40.00 " "	23,200.00
		$32,800.00

Project No. 2

500 Lin. ft. of Drifts and Cross Cuts	@	20,000.00
100 " " " Raises		4,000.00
		24,000.00

Project No. 3

Bulldozer, shovel & compressor work stripping 150 hrs @$15.00		2,250.00
400 Lin. ft. of Drifts and Cross Cuts	@ $40.00 per ft.	16,000.00
		18,250.00

Project No. 4

Bulldozer, shovel & compressor work stripping 150 hrs @$15.00		2,250.00
800 Lin. ft. Drifts and Cross Cuts	@ $40.00 per ft.	32,000.00
		34,250.00

Project No. 5

Bulldozer, shovel & compressor work stripping 50 hrs @$15.00		750.00
Sink 25 Lin. ft. Shaft including collaring & timbering present Shaft	@ $85.00 per ft.	2,125.00
200 Lin. ft. Drifts & Cross Cuts	@ $40.00 per ft.	8,000.00
		10,875.00

Project No. 6

Bulldozer, shovel & compressor work stripping 250 hrs @$15.00		3,750.00
500 Lin. ft. Drifts & Cross Cuts	@ $40.00 per ft.	20,000.00
200 Lin. ft. Raises	@ $40.00 per ft.	8,000.00
		31,750.00

Project No. 7

Bulldozer, shovel, & compressor work stripping 50 hrs @$15.00		750.00
Sink 50 Lin. ft. Shaft	@ $100.00 per ft.	5,000.00
350 Lin. ft. Drifts & Cross Cuts	@ $40.00	14,000.00
		$19,750.00

Project Number	Drifts and Cross Cuts		Shafts		Raises		Bulldozer & Shovel Work		TOTAL
	Lin. Ft.	Amount	Lin. Ft.	Amount	Lin. Ft.	Amount	Hrs.	Amount	
No. 1	580	$ 23,200.00	120	$ 9,600.00					$ 32,800.00
2	500	20,000.00			100	4,000.00			24,000.00
3	400	16,000.00					150	$2,250.00	18,250.00
4	800	32,000.00			200	8,000.00	150	2,250.00	42,250.00
5	200	8,000.00	25	2,125.00			50	750.00	10,875.00
6	500	20,000.00			200	8,000.00	250	3,750.00	31,750.00
7	350	14,000.00	50	5,000.00			50	750.00	19,750.00
TOTAL	3330	$133,200.00	195	$16,725.00	500	$20,000.00	650	$9,750.00	$179,675.00

SUMMARY

X Cuts and Drifts	3330 Ft.	-	$133,200.00
Shafts	195 Ft.	-	16,725.00
Raises	500 Ft.	-	20,000.00
Bulldozer, etc.	650 hrs.	-	9,750.00
	TOTAL		$179,675.00

Note: It is proposed to prosecute 2 or 3 Projects at one time.

REPORT FOR D.M.E.A.

6 (a) It is proposed to contract as much as possible all of the drifts, shafts, raises and cross cuts, as well as any Bulldozer operation. Contractors for small work rarely have their own equipment, so we shall have to furnish same. Good contractors, to drive straight on grade drifts, put in pipe, rail, ventilating pipe, furnish their own powder.

Drifts	@	$20.00	per ft.
Raises	@	15.00	" "
Shafts	@	55.00	" "
Bulldozer	@	15.00	" "

Company to furnish air, ventilation, steel, equipment, engineering, sampling.

6 (b)

Superintendent	$750.00 Per month
Mechanic to operate equipment	2.50 Per hour
Miners	2.00 Per "
Cook	300.00 Per Month
Bull Cook	200.00 Per "
Accounting	300.00 Per "

(c) We have nothing costing less than $50.00 except a few shovels, picks, and miscellaneous tools and wrenches.

Fuel Oil #4 special for furnace delivered on job	13.5¢ Gal.
Diesel Oil	19.5¢ "
Gasoline	31 ¢ "
Aviation Gasoline	35 ¢ "

We have our own well for water.

REPORT FOR D.M.E.A.

6 (d) On Hand we have:

1/2 Cu. Yd. Shovel

500 Cu. Ft. Diesel Compressor

3 - 5 Cu. Yd. Dump Trucks for hauling ore

1 Wagon Drill and Steel

2 Mining Drills and Steel

1 Jeep Station Wagon for transporting labor to and from work

1 3/4 Ton Ford Pick-up)
) For Supervision and Transportation
1 1/2 Ton Chevrolet Pick-up)

1 - L 5 Airplane for emergency trips to Winnemucca

1 - 25 KW Diesel Electric Plant

1 Complete 100 ton Mercury Extraction Plant, to be used in extracting Mercury from company operation or from ore to be extracted from exploration program.

Also, see Accompanying Letter to Mr. S. Rieker.

6 (e) As this Plant has only operated a short while, same is in good operating condition. However, Diesel Electric Plants, Air Compressors and Machinery need repair and maintenance. It is impossible to exactly estimate same but if prices asked for Project are allowed, we will keep Plant in operation. We have not, however, given ourselves any credit for cost of hauling to Furnace, nor for furnacing the ores to extract the metal. It will probably cost some $60.00 to $70.00 per flask to extract the metal, which should be deducted from the receipts before royalty is figured. At the present time all operating equipment is in good shape.

Nix!

REPORT FOR D.M.E.A.

6 (f) No New buildings planned for exploration project.

6 (g) We cannot even approximate future costs of maintenance. Assays cost $5.00 per determination. Accounting costs $300.00 per month, Workman's Compensation cost $6.83 per hundred.

F.I.C.A. Insurance 2%

Unemployment Insurance 2.7%

F.V.T.A. Insurance 0.3%

NOTE

Referring to Article 3 (d).

1. The 4 copies of the Assignment from Grace Management Corporation to United Mercury Corporation on the Tom Boy - Tom Boy No. 1 to 5 inclusive and the Winona and Winona No. 1 had not arrived as of the date of this report and will be forwarded shortly.

2. The four copies showing the authorization changing the name of United Uranium & Oil Corporation to United Mercury Corporation have likewise not been received to date, and will be forwarded shortly.

3. The subordination agreements will also be forwarded shortly.

REPORT FOR D.M.E.A.

RECEIVED
MAR - 8 1956

a. Past and Present Operations

The mining and exploration operations prior to the acquisition of the property by the United Mercury Corporation began with the discovery of the mine by Bert McCoy in 1915. Since that time it was worked by various owners in 1918-1919-1928-1936 and again in 1954. Most of the work was done in the softer sandstone underlying the more productive limestone and on the eastern portion of the East-West fractures furthest away from the North-South fracture zones. No effort will be made to segregate the work completed by the various owners, but a description of the total work done is as follows. The various places described are shown on the map by circled numbers.

1. A thirty foot shaft was sunk in the conglomerate layer on an East-West fracture. The calcite fillings in the fracture zone are impregnated with good sized crystals of cinnebar from top to bottom (The shaft is open).

2. A shaft was sunk twelve feet on a North-South fracture between the conglomerate and overlying sandstone. The shaft is partially caved, but the dump pans considerable cinnebar.

3. A shaft was sunk to a depth of twenty-five feet in the sandstone near the intersection of an East-West and North-South fracture zone. The shaft was about twenty feet West of an almost vertical face of solid limestone.

4. A pit was sunk eight feet on a North-South fracture in the limestone.

5-8-9-10-11 are small open cuts in the sandstone all panning some cinnebar.

6. Two inclined shafts at elevation 5129 were sunk to thirty feet in depth in the sandstone near the intersection of an East-West and North-South fracture zone, which shows in the limestone above. Also a fifteen foot open cut was made in the sandstone to intersect a fracture in the limestone. The sandstone shows crystals of cinnabar both on the fracture faces and in the rock itself. Most of the values occurring in the layer close to the limestone. (This work since obliterated by open pit).

7. An open cut and a ten foot shaft and cross cut were made in the limestone at elevation 5078, near the intersection of an East-West and North-South fracture zone on the West side of the ridge. There was a good showing of cinnabar in the shaft and cross cut. (This work since obliterated by open pit).

12. A long tunnel was driven from the bottom of the canyon, into the East side of the ridge at elevation 4978. This tunnel was 335 feet in length and cross cut 260 feet of sandstone beds before entering the limestone. From this point the tunnel passed thru sixty feet of extremely leached and altered limestone and fifteen feet of highly silicified and brecciated limestone. This last fifteen feet crossed an East-West fracture zone showing cinnabar on the fracture faces and in the rock itself, but no drifting was done on the same. A cross cut was driven from Station 1 plus 68 for a distance of 90 feet to the Northeast and shows some cinnabar in calcite fillings in the small cross fracture (Accessible).

13. A cut and fifteen foot tunnel was run on a fracture cutting the limestone and overlying sandstone at elevation 4955 on the East side of the ridge. Same cinnabar showing in vertical fracture in sandstone. (Accessible).

14. These workings consist of an upper and lower tunnel with portals at an elevation of 4938 and 4956 respectively. These tunnels were connected with a raise and several small stopes and were run along an East-West fracture. From the upper tunnel one raise was run to the surface near the end and another raise was run to surface at the end of a 90 foot cross cut to the North-West. A Winze was also sunk some sixty feet below the lower tunnel. Altogether there are about 800 lineal feet of underground workings. Most of the work was directly along the East-West fracture in the sandstone well below the limestone.

Some cinnabar is still showing in the fractures in the lower level and down the winze. (Mostly accessible).

15. An incline shaft was sunk some sixty feet on the same East-West fracture as described in 14, just across the canyon to the West, elevation 4927. This incline was sunk partly in the overlying sandstone and partly in the underlying limestone beds at about 35°, This is on the steepest part of beds on the West dip but ended short of the possible fracture zone where the beds flatten out to the West. Two short cross cuts were run to the South in the underlying limestone and a smallstope was taken out on the South side of the incline near the top. The South side of this stope and the pillar between the stope and the inclined shaft lie partly in the underlying limestone and partly in the overlying sandstone and show good values in cinnabar. (Partially filled from material from the open pit.)

16. A vertical two compartment shaft was sunk in the overlying shales and sandstones for fifty two feet, to a depth just about level with the canyon floor. The shaft is well timbered part-way down and is accessible.

17. A tunnel was run in the South side of the canyon at elevation 4995, for a distance of seventy feet. This tunnel was run in the sandstone just below the limestone and showed only a few traces of cinnabar in the cross fractures. (Accessible).

18. A tunnel was run from near the bottom of the canyon at elevation 4961 into the South side of the canyon for 97 feet. This tunnel was in a hard, partly silicified sandstone and showed only a few traces of cinnabar in the cross fractures. (Accessible).

19. A number of open cuts were run in a southerly direction into the South side of the canyon at elevation 5035. These cuts were along and across a series of East-West fractures dipping steeply into the hill and all in limestone. Both the fracture faces and the limestone itself showed good values. A tunnel was run in the same direction at elevation 5016. This tunnel was run in the sandstone and a raise was run to the limestone workings above. There were no values in the sandstone but values showed in the end and in the raise in the limestone. (All these workings are obliterated by the open pit now taking their place).

20. Three cuts were made in the limestone at elevation 5090 showing some values in cinnabar.

Since the acquisition of the property by the United Mercury Corporation, the mining and exploration work has been, with a few exceptions, confined to open pit mining and stripping. The work done to date will be described using the same number designation as before.

At-6 An open pit 20 x 40 was cut in the sandstone and part of the limestone down to elevation 5120. This pit was discontinued on account of the bad dust conditions and poor recovery of mercury.

At-7 An open pit was cut in the limestone over an area about 30 feet wide and 25 feet deep. It was found that most of the value was confined to the area along the East-West and North-South fractures. Work is continuing along the East-West fracture toward - 6 -. All the material removed from this operation was milled.

At 8-9-10 A large open pit was cut in the lower sandstone on the East side of the ridge, but was discontinued on account of the dust conditions and the poor recovery of mercury.

At 21 - An open pit was cut in the West side of the ridge at elevation 4980 to open up the West end of tunnel - 12 -. This work exposed an East-West fracture zone showing some cinnabar near the end of the tunnel. No further work was done at this place.

At 22 - We are stripping the surface West of the raise from tunnel at - 14 -, to expose the one which shows in the raise some six or eight feet below the surface.

At 15 - We stripped the overburden above the limestone just East of the winze and sank two ten foot test pits in ore along the East-West fracture. The material from these pits showed good values in cinnabar but on account of the irregular shape of the ore zone decided it was best to work this fracture by sinking the shaft at - 16 - and raising from a cross cut below this point.

At 17 - We stripped the overburden from the surface above the tunnel and removed the ore toward the top of the ridge. Showed good values in cinnabar.

At - 18 We extended the tunnel sixty feet toward the East-West fracture zone showing at 19 -. This tunnel is new on the North edge of the fracture zone. No cinnabar showing to date.

At - 19 We started an open pit and are milling ore from same.

Note: At present the shovel and bulldozer have been moved to a new location at - 25 - on property, now belonging to Grace Management Corporation. At this place we are opening up a new open pit and milling a good grade of ore from same. This will give us some idea of where to do our stripping and mining just to the South on United Mercury property.

4
b. The past production of the property according to all available information amounted to between 400 and 600 flasks of mercury.

Due to the fact that the conditions existing on the surface did not make open pit mining feasible along with the trouble encountered in furnacing the dusty surface ores, the current production has only amounted to about flasks.

No ore reserves have been blocked out to date.

4
c. General Geology.

The principal rocks of the region have been classified by C. H. Dane as of the Lower and Middle Triassic, with localized covering of tertiary flows and fanglomerate.

The middle Triassic rocks consist of dolomites, shales, sandstone and limestone, while the Lower Triassic rocks consist of buff sandstone, red dolomites, shales and pebble conglomerates.

See stratigraphic section on map marked Section A-A and accompanying aerial photographs.

The sediments have been folded in pre-tertiary time and form an anticline trending a little East of North and plunging a little West of South. The beds are dipping almost to the West at the McCoy Mine but swing and dip almost to the South on the plunging nose of the anticline, at the Wild Horse Mine. The beds are lying almost flat in the Eastern portion of the district but gradually steepen until in the central portion of the district they reach a maximum of from 30° to 35°. This central portion is mostly composed of the basal limestones of the upper Triassic. From this point on there is a distinct flattening of the beds to an average of about 15°.

The anticline is considerably faulted and fractured both along the trend of the axis North and South and perpendicular to the axis East and West with occasional faulting in a Northwesterly direction. None of the faulting noticed shows any large displacements, nor can the faults be traced for any great distance on account of the overburden. In most cases the downthrow side is to the West and South. There appears to be a large fracture zone or fault running from a point near the Tom Boy No. 1 Shaft southerly along the foot of the ridge, as shown by the out-crop of silicified brown limestone jutting up thru the overburden. At the shaft the brecciated zone is easily discernable.

Ore Bodies

The ore bodies uncovered to date lie mostly in the limestones at the base of the Middle Triassic and in the sandstones and conglomerates of the Lower Triassic, underlying the limestones. The limestones consist of beds of brown limestone, black limestone, buff cherty limestone and gray fossiliferous limestone and appear to have a maximum thickness of 200 feet along Section A-A.

The rocks in this area seem to be to a great extent silicified, the silicification being the most intense near the fracture zone.

The mineralization, so far uncovered, is mostly confined to the East-West fracture zones or their close proximity and is most intense near the intersection of these zones with small North-South fracture zones. The best ore bodies have been in the limestones where the mineral bearing solutions or gases have apparently ascended along the fractures and spread into the beds. In the sandstones most of the mineralization has been along the fractures which in every case are almost vertical. The deepest workings in the sandstone are not over fifty feet below the surface at which point the mineralization still is showing. The lowest exposed member of the Lower Triassic showing mineralization is the congomerate bed at - 1 -.

Another factor which may have considerable bearing on the mineralization, is the proximity of most of the ore bodies to hydrothermal vents. These vents appear very irregular in extent and so far as noted occur only in the limestone members close to the fracture zones. They appear to cut thru the beds and dip rather steeply to the West and entirely replace the limestone with sinter, calcite, chalcedomy and silica. It is possible they have ascended thru the lower beds in some large fracture zone just to the West of the ore bodies and then made their way out thru the limestone or between limestone and sandstone. There is a long vent showing in tunnel - 12 - one near the winze at - 15 - and one near the open pit at - 25 -.

The chief mercury mineral of the district is cinnabar although small amounts of metacinnabarite and calomel were noted. Cinnabar occurs in the limestone as replacement crystals, veinlets and cavity fillings. These occurrences are often coarsely crystaline and massive chunks are not uncommon. Cinnabar occurrences in the sandstone are as vein fillings matter in well defined fissures or as disseminated crystals surrounding these areas.

The Reason For Exploration Of This Property At Depth Are:

1. The widespread mineralization and showings on the surface throughout this large area.

2. The fact that the work done to date has merely scratched the surface and the

mineralization is showing in the bottom of all the present workings.

3. The fact that the mineralization is showing in the conglomerate bed at - 1 - which bed underlies all the present workings.

4. The fact that the East-West fracture and vents are scattered over such a large area North and South and the mineralization appears to be more intense in the Eastern portion of these fractures, might lead to the conclusion that they are all mineralized from some large North-South fracture to the West of the present workings. This fracture may be the one passing close to the shaft on Tom Boy No. 1 and running Southerly along the outcroppings mentioned before. This also appears to be the position where the beds make an abrupt change of dip from 35° to 15°.

4 d. The project is accessible any time of the year from Battle Mountain some seventy six miles Northerly, over 48 miles of paved highway, 14 miles of graveled road 12 miles of dirt road. The dirt road will be graveled as soon as the weather permits the county to do the work.

One camp has been constructed at the mine and mill and another at the well some four miles distant. These are sufficient to house the men needed for some time to come but can be enlarged any time the necessity arises.

4 e. The manpower needed can be supplied at Battle Mountain or Winnemucca.

The materials and supplies needed are trucked from Battle Mountain or Winnemucca which are served by both rail and truck lines from the East and West.

The necessary equipment for surface mining is all at hand, but for underground mining we will have to purchase, track, cars, hoists, etc.

The Well four miles from camp will supply all the necessary water for mining and milling.

The camp and mill are powered by one 50 K.W. diesel plant and two 25 K.W. diesel plants.

5
a. We wish to explore for Mercury Minerals.

5
b. The proposed exploration work is divided into several projects, as shown on the accompanying map, and further described as follows, in order of importance.

Project - 1.

a. Continue sinking the shaft at - 16 - from the present 52 foot depth for another 70 feet, which should reach the top of the lower limestone Member.

b. Cut station at 1 - 20 and cross cut 40 feet more or less to East-West fracture zone.

c. Drift Easterly from this point along the East-West fracture, a distance of 100 feet, to get below the ore showing in the bottom of the test pit and winze.

d. Drift Westerly on the East-West fracture 100 feet thru the upper beds of limestone.

e. Sink shaft another fifty feet to bottom of lower limestone.

f. Cross cut to East-West fracture, 40 feet

g. Cross cut 300 feet to East-West fracture projected from - 19 -.

Project - 2.

a. Continue tunnel at - 18 -, 100 feet across the East-West fracture zone showing at - 19 -.

b. Cross cut along fracture zone 250 feet East to get under present ore showing in pit at - 19 -.

c. Raise into this ore zone 100 feet.

d. Cross cut 150 lineal feet West to intersect North-South fault.

Project - 3.

a. Bulldozer, Shovel and Compressor Work at - 23 - to uncover East-West fracture showing at - 21 -.

b. Drive 200 feet of tunnel along East-West fracture from - 23 - to get under showing at - 21 - and explore for intersections with North-South fractures. Elevation 4930.

Project - 3 - (Cont'd.)

c. Drive cross cut 200 feet Southerly to get under ore showing at - 22 -.

Project - 4.

a. Bulldozer, Shovel and Compressor Work at - 24 -, to look for East-West fracture zone showing at - 6 - and - 7 - and explore for North-South fractures.

b. Drive tunnel 600 feet thru beds at - 24 - at Elevation 4930.

c. Drive 200 feet of cross cuts.

d. Raise on any ore horizon 200 feet.

Project - 5.

a. Bulldozer, Shovel and Compressor Work stripping at - 3 -.

b. Sink shaft from present depth of 25 feet, another 25 feet.

c. Cross cut and drift from the bottom of this shaft 200 feet to explore fracture zone and limestone to East.

Project - 6.

a. Bulldozer, Shovel and Compressor Work at - 26 - including road from - 25 - to uncover the East-West and North-South faults that have caused a sudden rise in the anticline in this section. The beds of limestone just to the North of the prominent outcrop at 5200 are here covered with a shallow mantle of Rhyolite and Fanglomerate.

b. If successful in uncovering fracture zones which show cinnabar, drive 500 feet tunnel and cross cuts from - 27 - thru the fractures and limestone beds at this point.

c. Drive 200 feet of raises from this tunnel.

Project - 7.

a. Bulldozer work at - 2 - to uncover North-South and East-West fracture zones.

b. Sink shaft at most favorable point in this area 50 feet.

c. Cross cut 250 feet easterly from bottom of shaft to explore East-West fracture passing thru - 1 -.

d. Drift 100 feet on North-South fracture.

REPORT FOR D.M.E.A.

5 (b) Cont'd.

Projects 1 to 7 will not all be started at once but will be worked on in order decided by the D.M.E.A. Engineers. However, the bulldozer, shovel and compressor work on stripping Projects 3-4-5-6- and 7 should be completed as soon as possible to determine the feasability of these projects.

C. L. Tibbals.

C. L. Tibbals.

THIS INDENTURE, made this 30th day of April, A. D. 1955, by and between C. L. TIBBALS and FRIEDA TIBBALS, husband and wife, CARLTON L. TIBBALS, a single man, and DONALD TIBBALS and BETTY TIBBALS, husband and wife, all of the County of Humboldt, State of Nevada, the parties of the first part, and STANDARD MERCURY CORPORATION, a corporation organized and existing under and by virtue of the State of Delaware, and qualified to do business in the State of Nevada, the party of the second part,

W I T N E S S E T H: That the said parties of the first part, for and in consideration of the sum of Ten Dollars ($10.00), lawful money of the United States of America, and other valuable consideration to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell, convey, confirm and forever quitclaim unto the said party of the second part, its successors and assigns forever, all those certain mining claims situated in the Wild Horse Mining District, in the County of Lander, State of Nevada, and particularly described as follows, to-wit:

QUICK NO. 1, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 236, under File No. 30916, records of Lander County, Nevada;

QUICK NO. 2, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 236, under File No. 30917, records of Lander County, Nevada;

QUICK NO. 3, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 237, under File No. 30918, records of Lander County, Nevada;

QUICK NO. 4, certificate of Location thereof recorded in Book 19 of Duplicate Mining Notices, at page 237, under File No. 30919, records of Lander County, Nevada;

QUICK NO. 5, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 238, under File No. 30920, records of Lander County, Nevada;

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ATTORNEY AT LAW
WINNEMUCCA, NEVADA

QUICK NO. 6, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 238, records of Lander County, Nevada, under File No. 30921;

WEST DIP, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, under File No. 31153, records of Lander County, Nevada;

WEST DIP NO. 1, certificate of location thereof being recorded in Book 19 of Duplicate Mining Notices, at page 308, under File No. 31154, records of Lander County, Nevada;

WEST DIP NO. 2, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 309, records of Lander County Nevada, under File No. 31155;

WEST DIP NO. 3, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 309, records of Lander County, Nevada, under File No. 31156;

WEST DIP NO. 4, certificate of location thereof being recorded in Book 19 of Duplicate Mining Notices, at page 310, records of Lander County, Nevada, under File No. 31157;

WEST DIP NO. 5, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 310, records of Lander County, Nevada, under File No. 31158;

WEST DIP NO. 6, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 311, records of Lander County, Nevada, under File No. 31159;

WEST DIP NO. 7, certificate of location thereof recorded in Book 19 of Duplicate Mining Notices, at page 311, records of Lander County, Nevada, under File No. 31160;

The mining claims hereinabove described, were located in the name of Tibbals & Sons, by the parties of the first part.

TOGETHER with all the dips, spurs and angles and also all the metals, ores, gold and silver bearing quarts, rock and earth therein; and all the rights, privileges and franchises thereto appendant, incident and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the rents, issues and profits thereof.

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TO HAVE AND TO HOLD all and singular the said premises together with the appurtenances and privileges thereto incident unto the said party of the second part, its successors and assigns forever.

IN WITNESS WHEREOF, the parties of the first part have hereunto set their hands the day and year first above written.

C. L. Tibbals

Frieda G. Tibbals

Carlton L. Tibbals

Donald C. Tibbals

Betty R. Tibbals

STATE OF NEVADA,)
) SS.
COUNTY OF HUMBOLDT.)

On this 30th day of April, A. D. 1955, personally appeared before me, a Notary Public in and for said County and State, C. L. TIBBALS, CARLTON L. TIBBALS, a single man, DONALD TIBBALS and BETTY TIBBALS, husband and wife, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State, the day and year in this certificate first above written.

(Notarial Seal)

James A. Callahan

Notary Public in and for said County and State.

My Commission Expires:

February 28, 1959

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

STATE OF NEVADA,)
) SS.
COUNTY OF HUMBOLDT.)

On this 14th day of May, A. D. 1955, personally appeared before me, a Notary Public in and for said County and State, FRIEDA TIBBALS, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official seal at my office in said County and State, the day and year in this certificate first above written.

James A. Callahan
Notary Public in and for said County and State.

My Commission Expires:

February 28, 1959

(Notarial Seal)

Filed for Record at the Request of James A. Callahan, Esq., May 16th, A. D. 1955, at 2:15 P.M., and recorded on page 414 of Book 65 of Deeds, Records of Lander County, Nevada.

Bert Acree
County Recorder

File No. 31306.

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

DMEA-4207 (illegible)

APPENDIX "A"

RECEIVED
MAY 11 1956

STATE OF NEVADA, }
COUNTY OF LANDER. } ss.

I, Bert Acree, County Recorder in and for the aforesaid County of Lander, State of Nevada, do hereby certify that the Certificates of Location of the following named Lode Mining Claims, situated in Unknown Mining District, Lander County, State of Nevada, and about 11 miles south of Kain spring and about 12 miles eastern of Hole in Wall spring, some of said claims are described as also in Section 15, Township 23 North, Range 40 East, M. D. B. & M., the names of said claims and place where Certificate of Location is recorded is as follows, to-wit:

Name of Claim	Recorder Page	Recorder Book
Antelope No. 1	196	19
Antelope No. 2	197	19
Antelope No. 3	197	19
Liquid Metal	190	19
Liquid Metal No. 1	191	19
Liquid Metal No. 2	191	19
Liquid Metal No. 3	192	19
Liquid Metal No. 4	192	19
Liquid Metal No. 5	193	19
Liquid Metal No. 6	198	19
Tom Boy	193	19
Tom Boy No. 1	194	19
Tom Boy No. 2	194	19
Tom Boy No. 3	195	19
Tom Boy No. 4	195	19
Tom Boy No. 5	196	19
Winona	198	19
Winona No. 1	199	19

said Book 19 is of Duplicate Mining Notices, records of the County of Lander, State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my office in said County of Lander, this the 13th., day of March, A. D. 1956.

County Recorder [illegible]

DMEA-4207 (MERCURY)

APPENDIX "A"

RECEIVED
1 1 1956

STATE OF NEVADA, }
COUNTY OF LANDER. } ss.

I, Bert Acree, County Recorder in and for the aforesaid County of Lander, State of Nevada, do hereby certify that the Certificates of Location of the following named Lode Mining Claims, situated in Unknown Mining District, Lander County, State of Nevada, and about 11 miles south of Main spring and about 12 miles east of of Hole in Wall spring, some of said claims are described as also in Section 15, Township 23 North, Range 40 East, M. D. B. & M., the names of said claims and place where Certificate of Location is recorded is as follows, to-wit:

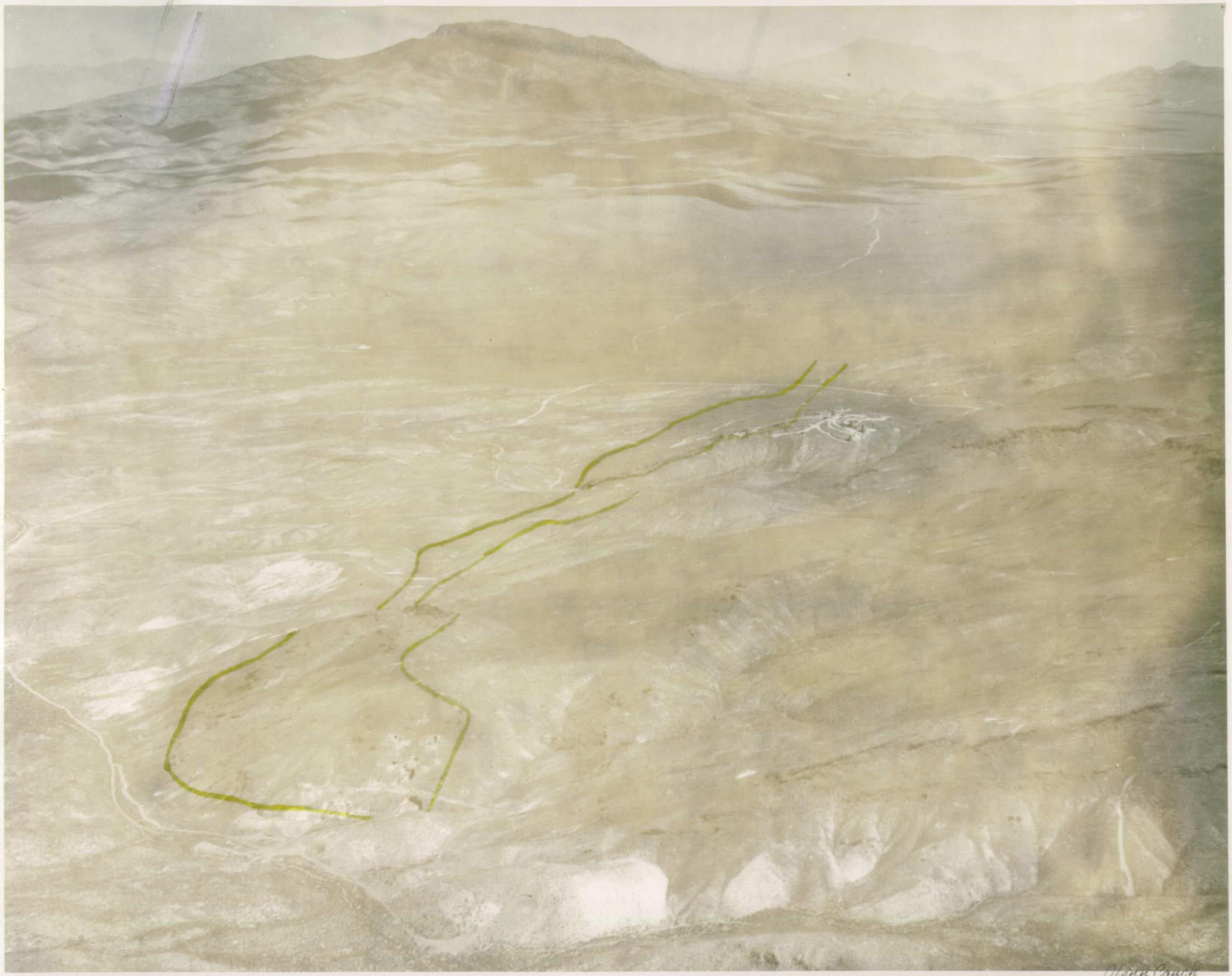
Name of Claim		Recorder Page	Recorder Book
Antelope No. 1		196	19
Antelope No. 2		197	19
Antelope No. 3		197	19
Liquid Metal		190	19
Liquid Metal No. 1		191	19
Liquid Metal No. 2		191	19
Liquid Metal No. 3		192	19
Liquid Metal No. 4		192	19
Liquid Metal No. 5		193	19
Liquid Metal No. 6		193	19
Tom Boy		193	19
Tom Boy	No. 1	194	19
Tom Boy	No. 2	194	19
Tom Boy	No. 3	195	19
Tom Boy	No. 4	195	19
Tom Boy	No. 5	196	19
Winona		198	19
Winona	No. 1	199	19

said Book 19 is of Duplicate Mining Notices, records of the County of Lander, State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my office in said County of Lander, this the 19th., day of March, A. D. 1956.

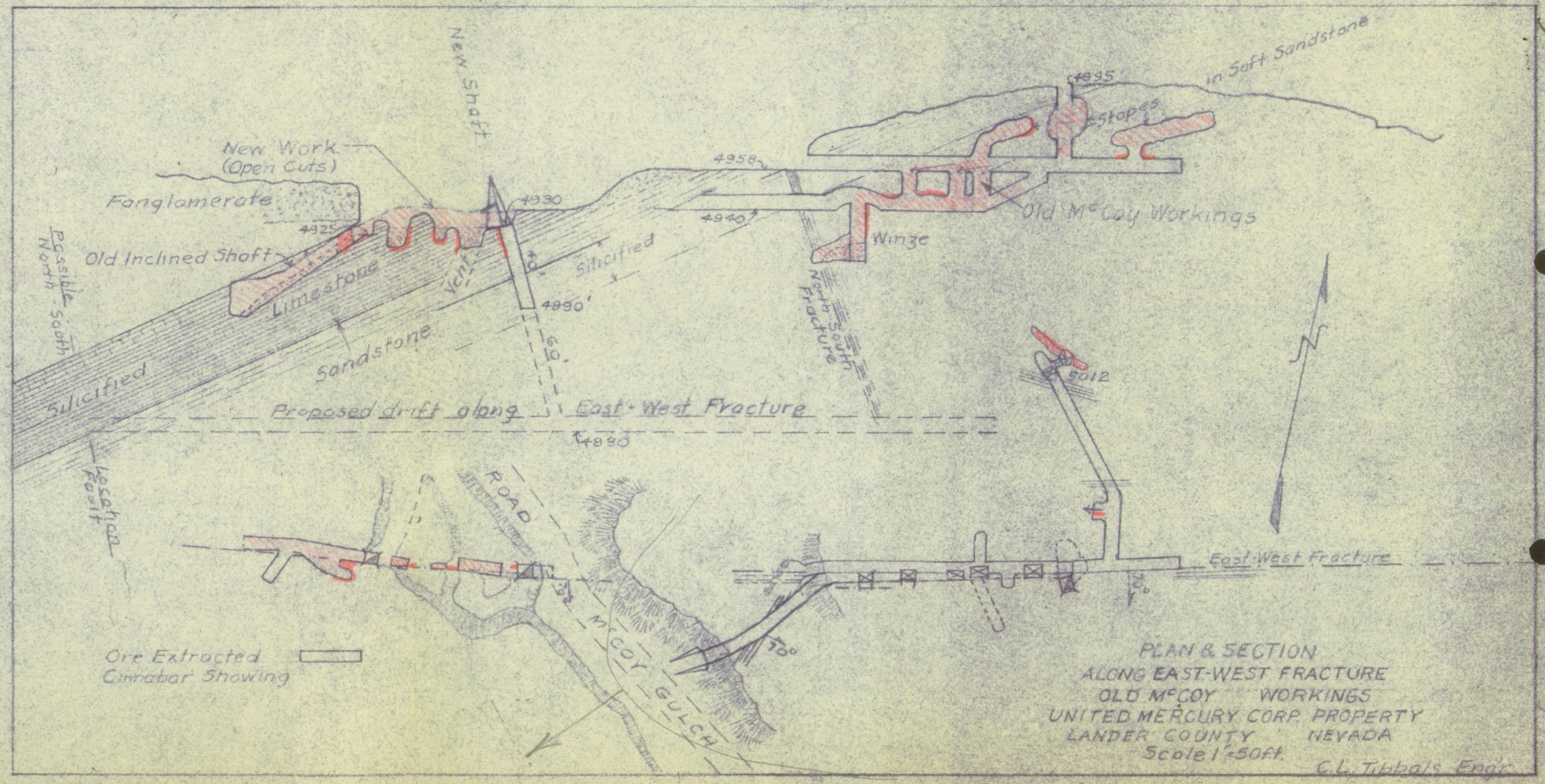
_____

County Recorder and Ex-Officio
Clerk of the Board.


Glenn Couch
PHOTOGRAPHER

Glenn Couch
PHOTOGRAPHER

Glenn Couch
PHOTOGRAPHER


New Shaft
New Work
(Open Cuts)
Fanglomerate
4925
Old Inclined Shaft
Possible North-South Fault
Limestone
Vent
Silicified
Sandstone
Silicified
4930
4990'
60
4958
4940
Winze
North South Fracture
4995
in Soft Sandstone
Stopes
Old McCoy Workings
5012
Proposed drift along East-West Fracture
4990
Location Fault
ROAD
McCOY GULCH
70°
East-West Fracture
Ore Extracted
Cinnabar Showing
PLAN & SECTION
ALONG EAST-WEST FRACTURE
OLD McCOY WORKINGS
UNITED MERCURY CORP. PROPERTY
LANDER COUNTY NEVADA
Scale 1"=50ft.
C.L. Tibbals Engr.
#4207

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JUL 12 1956

THIS AGREEMENT, made and entered into this 6th day of ~~November~~ December, A. D. 1954, by and between MELVIN McCOY and MABEL McCOY, his wife, C. I. CASTEEL and ETHEL V. CASTEEL, his wife, and FRANK A. PEDLAR, also known as F. A. Pedlar, and EVA PEDLAR, his wife, all of the County of Humboldt, State of Nevada, the parties of the first part, hereinafter called Lessors, and GRACE MANAGEMENT CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of New York, the party of the second part, hereinafter called Lessee,

W I T N E S S E T H: That the said lessors, for and in consideration of the rents, royalties, covenants and agreements hereinafter expressed, to be paid, kept and performed by the said lessee, have leased, let and demised, and by these presents do lease, let and demise unto the said lessee, the following described mining premises and property situated in an unknown mining district in the County of Churchill, State of Nevada, sometimes known as the Old McCoy Quicksilver Mine, and known and called:

Liquid Metal, Certificate of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada in Book 27 of Mines at Page 257.

Liquid Metal No. 1, Certificate of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada in Book 27 of Mines at Page 258.

Liquid Metal No. 2, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 258.

Liquid Metal No. 3, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

Liquid Metal No. 4, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

Liquid Metal No. 5, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

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Tom Boy, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 260.

Tom Boy No. 1, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 260.

Together with the following named claims upon which Notice of Location have been posted, and notice have not been filed or Certificates of Location thereon recorded, said claims being known and called:

Tom Boy No. 2;

Tom Boy No. 3;

Tom Boy No. 4;

Tom Boy No. 5;

Winona;

Antelope No. 1;

Antelope No. 2;

Antelope No. 3;

TO HAVE AND TO HOLD the above described premises for the purpose of mining, from the first day of December, 1954, for and during the full term of twenty (20) years thence next ensuing.

The said lessee in consideration of the premises has covenanted, contracted and agreed, and by these presents does covenant, contract and agree to and with said lessors, their heirs, executors and administrators and assigns:

1. To enter upon said leased premises and to work the same in mine fashion, in manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the development and preservation of said mine or mining premises, as a workable mining property, and to the special covenants herein contained.

2. To repair all old timbering wherever it may become necessary, and to well and sufficiently timber said mine and mining premises at all points where proper and necessary in

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accordance with good and safe mining.

3. To allow the lessors or their agents from time to time to enter upon and/or descend into all parts of said leased premises for the purpose of inspection, surveys or taking samples therefrom, and to render to said parties proper assistance in making such inspection, surveys or examination; provided that such inspections, surveys or taking of samples shall be conducted so as not to interfere with the operations of the lessee.

4. It is understood and agreed that in the event of a survey or otherwise it is ascertained that there are any fractions within the outside boundaries of the Liquid Metal group, Antelope group, Tom Boy group and Winona mining claim as hereinabove described, said fractions will be immediately located by either the lessors or the lessee, and said fractions so located shall immediately become subject to all of the terms and provisions of this lease, and said lessors shall be paid royalties on any minerals produced therefrom as provided herein.

5. It is expressly understood and agreed that the lessors reserve the property and right of property in and to all ores extracted from said premises during the period of this lease, and the said lessee covenants and agrees to pay and allow the lessors as royalty upon all ores mined, shipped, treated or sold from said leased premises in any manner during the life of this lease as follows, to-wit:

> Ten per cent (10%) of the ores of all quicksilver produced from said property during each and every calendar month by said lessee; said percentage to be determined from the gross sale of the quicksilver sold from said property monthly.

It being distinctly understood by and between the parties hereto, that the lessee shall and will pay and deliver to the lessors their ten per cent of the gross value of all quicksilver

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MAR - 8 1955

produced from said property during each and every calendar month by said lessee, on or before the 15th day of the following month.

It is further understood and agreed by and between the parties hereto that the lessee shall and will pay to the lessor the sum of $1,000.00 per month, commencing on the first day of January, A. D. 1955, and continuing thereafter on the first day of each and every month thereafter, which payment shall be considered minimum advance royalty. In addition to the minimum advance royalties hereinabove set forth, lessee shall pay to the lessors the sum of $1,000.00 upon the execution of this lease which shall be the minimum advance royalty for the month of December, 1954. That further, said lessee shall pay to the lessors the sum of $5,000.00 on the first day of May, A. D. 1955, which said sum shall also be considered minimum advance royalty.

Such advance royalty is to be an accumulative royalty which shall be returned to the lessee at the rate of 2½% of the quicksilver sold from the premises according to the return thereof, and deducted from the 10% royalty paid to the lessors as hereinabove described. This applies to the first $10,000.00 advance royalty only.

6. That the lessors reserve the right to continue in possession jointly with the lessee the mining premises hereinabove described until the first day of May, 1955, the time which lessee has agreed to pay the sum of $5,000.00 in a lump sum as advance royalty. Any quicksilver produced by the lessors during that period of time by their own efforts will be the property of the lessors. Neither the lessors or the lessee shall interfere with the operation of the other party from the inception of this lease until May 1, 1955.

7. It is further understood and agreed that the lessee shall and will deliver copies of all shipment settlement invoices

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to the First National Bank of Nevada, agent for the lessors in reciving the royalties as hereinafter set forth.

8. The lessee shall and hereby does assume all responsibility in case of accident to its agents or employees in or about said property; and agrees to keep all employees of the said lessee on the said premises hereby leased or employed in connection therewith, fully insured with the Nevada Industrial Commission, at the sole cost and expense of the lessee.

9. All taxes assessed against said demised premises and for ores mined and/or treated, shall be paid by the lessee, except that the bullion taxes assessed by the State of Nevada shall be paid pro rata by the lessee and lessors as follows:

Ninety per cent (90%) by the lessee and

Ten per cent (10%) by the lessors.

10. All assessment work on the above named mining claims required by the laws of the United States of America, shall be done and performed at the whole cost and expense of the said lessee, and shall be completed at least thirty (30) days prior to the date required by the said laws, and proof of labor shall be filed and recorded in the Office of the County Recorder of Churchill County, Nevada, by the said lessee for and on behalf of the said lessors. In this connection it is covenanted and agreed by and between the lessee and lessors, that said lessee will on or before the 14th day of December, 1954, complete the location work required on all of the claims with the exception of Liquid Metal and Liquid Metal No. 1, and record Certificates of Location on said claims before that date, in the name and on behalf of the lessors.

11. The said lessors shall in no way be responsible for the debts contracted by the lessee and shall not be responsible

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for money due for work, materials or supplies done or used on said premises by the said lessee; and the said lessee shall hold harmless and protect the said lessors against any and all claims or liens for labor or material furnished to the said lessee during the life of this lease; all bills and expenses incurred by the said lessee or those in privity with it shall be promptly paid by the lessee, and by such prompt payment said lessee shall prevent the filing of any and all liens of miners, mechanics or material men against said demised premises.

12. That the said lessors have the right of posting upon said premises and property, notices permitted by law, stating and giving notice that the said lessors shall not be liable for any labor or materials furnished to the said lessee.

13. That the lessee shall and will do and perform all work in and upon said property in accordance with the laws of the State of Nevada, and the rules and regulations of the State Mine Inspector of the State of Nevada.

14. That the lessee may assign this lease or any interest thereunder without the written consent of the lessors first had and obtained.

15. Further, the lessee will deliver to the lessors quiet and peaceable possession of said demised premises without demand or further notice on the first day of December, 1974, or at any time previous thereto upon valid demand for forfeiture; and it is mutually understood that all machinery and equipment including mill, mill machinery, tools and buildings, with the exception of a bunk house and cook shack which may have been placed upon said premises by the lessee, must be removed within sixty days after the termination of this lease; provided, however, that all pipe, track and timbering placed underground by the lessee shall

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remain and become the property of the lessors.

Provided further, that no machinery, equipment, mill or mill equipment, tools or buildings to be removed by the lessee shall be removed by said lessee while it may be in any manner indebted to the lessors under any obligation incurred under this lease.

16. In the event of the violation of any covenant or condition herein contained, the lessors, at their option, may serve written notice of forfeiture upon said lessee specifying therein in what respect the lessee has violated a covenant and condition. Thereafter said lessee shall have thirty days in which to rectify said default, and in the event the lessee does not so cure the default specified, the lessors may at their option terminate this lease, and the premises and appurtenances and all buildings and other improvements shall become forfeited to the lessors, and lessors or their agent may thereupon, after demand in writing for possession, enter upon said premises and dispossess all persons occupying the same with or without force, and with or without process of law, or at the option of the lessors, the lessee and all persons found occupying said premises or any part thereof may be proceeded against as guilty of unlawful detainer.

17. It is further understood, however, that all payments hereinagreed to be made by lessee shall be made upon the dates hereinabove specified or within a ten day grace period thereafter. At the expiration of the ten day grace period, this lease is subject to immediate termination.

18. It is further understood and agreed that all money required to be paid and/or delivered as royalties or otherwise by the said lessee shall be paid over and delivered to the Winnemucca Branch of the First National Bank of Nevada, Winnemucca,

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ATTORNEY AT LAW
WINNEMUCCA, NEVADA

Nevada, and said bank is authorized and directed to deposit said payments as follows:

Thirty-three and one-third per cent (33-1/3%) to Melvin McCoy and Mabel McCoy;

Thirty-three and one-third per cent (33-1/3%) to C. I. Casteel and Ethel V. Casteel;

Thirty-three and one-third per cent (33-1/3%) to Frank A. Pedlar and Eva Pedlar;

19. It is further understood and agreed by and between the parties hereto that in the event the lessee is able to obtain a development loan from the U.S. Government for the property and premises herein leased, the lessors do hereby promise and agree to execute the necessary subordination agreements to the U.S. Government.

20. It is further understood and agreed by and between the parties hereto that the said lessee may upon thirty (30) days written notice to the lessors, terminate this lease; that after the expiration of said thirty days, said lease is to be null and void and of no further force and effect. However, all moneys paid to the lessors while said lease is in existence is to be retained by the lessors as liquidated damages.

21. In the event notice is to be served by either the lessors or the lessee under any terms or conditions of this lease, said notice shall be sent by registered mail to the following address:

Melvin McCoy, 1130 Bridge Street, Winnemucca, Nevada.

Grace Management Corporation, 901 Sherman Street, Denver, Colorado.

22. It is further understood and agreed that in the event the lessee shall faithfully perform each and every covenant and condition contained in this lease upon its part to be performed, lessors do hereby grant an option to renew this lease for an

MES A. CALLAHAN
ATTORNEY AT LAW
INNEMUCCA, NEVADA

additional term of twenty years, to begin at the expiration of this lease, at and under like terms and conditions contained herein; provided that the lessee shall have notified the lessors in writing of its intention to renew at least six months prior to the expiration of this term.

23. Time is of the essence of this agreement and each and every clause of this indenture and all covenants and conditions contained herein, expressed orimplied, shall extend to the heirs, executors, administrators and assigns of the lessors, and the successors and assigns of the lessee.

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

Melvin McCoy
Melvin McCoy

Mabel McCoy
Mabel McCoy

C. I. Casteel
C. I. Casteel

Ethel V. Casteel
Ethel V. Casteel

Frank A. Pedlar
Frank A. Pedlar

(also known as) F. A. Pedlar
F. A. Pedlar

Eva Pedlar
Eva Pedlar

Lessors

GRACE MANAGEMENT CORPORATION

By George E. Roberts
President

Lessee

Attest: Cohen
Secretary

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

STATE OF NEVADA,)
) SS.
COUNTY OF HUMBOLDT.)

On this 6th day of ~~November~~ December, A. D. 1954, personally appeared before me, a Notary Public in and for said County and State, MELVIN McCOY and MABEL McCOY, his wife, C. I. CASTEEL and ETHEL V. CASTEEL, his wife, and FRANK A. PEDLAR, also known as F. A. Pedlar and EVA PEDLAR, his wife, known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my Office in said County and State, the day and year in this Certificate first above written.

James A. Callahan
Notary Public in and for said County and State.

My commission expires:
February 28, 1955

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

STATE OF New York)
COUNTY OF New York) SS.
)

On this 10th day of ~~November,~~ December A. D. 1954, personally appeared before me, a Notary Public in and for said County and State, George E. Roberts, known to me to be the President of the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my Office in said County and State, the day and year in this Certificate first above written.

Notary Public in and for said
County and State.

My commission expires:

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

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State of Delaware

Office of Secretary of State.

I, **John N. McDowell,** *Secretary of State of the State of Delaware,* **do hereby certify** *that the above and foregoing is a true and correct copy of*

Certificate of Agreement of Merger between the "UNITED MERCURY CORPORATION" and "STANDARD MERCURY CORPORATION", under the name of "UNITED MERCURY CORPORATION", as received and filed in this office the eighteenth day of January, A.D. 1956, at 9 o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* eighteenth *day of* January *in the year of our Lord one thousand nine hundred and* fifty-six.

John N. McDowell
Secretary of State

M D Tomlinson
Ass't. Secretary of State

FORM 120

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THIS AGREEMENT, made and entered this 21 day of January, 1955, by and between GRACE MANAGEMENT CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of New York, hereinafter called the Lessor, and UNITED URANIUM AND OIL CORPORATION, a corporation organized and existing under and by virtue of the laws of the State of Delaware, hereinafter called Sub-Lessee,

W I T N E S S E T H:

WHEREAS, the Lessor heretofore entered into a lease, as Lessee with MELVIN McCOY and MABEL McCOY, his wife, C.I. CASTEEL and ETHEL V. CASTEEL, his wife, and FRANK A. PEDLAR, also known as F.A. PEDLAR, and EVA PEDLAR, his wife, all of the County of Humboldt, State of Nevada, as Lessors, dated December 6th, 1954, and

WHEREAS, the said Sub-Lessee desires to lease the following described mining premises and property situated in an unknown mining district in the County of Churchill, State of Nevada, sometimes known as the Old McCoy Quicksilver Mine, and known and called:

Liquid Metal, Certificate of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada in Book 27 of Mines at Page 257.

Liquid Metal No. 1, Certificate of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada in Book 27 of Mines at Page 258.

Liquid Metal No. 2, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 258.

Liquid Metal No. 3, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

Liquid Metal No. 4, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

Liquid Metal No. 5, Notice of Location thereof on file and of record in the office of the County Recorder of Churchill County, Nevada, in Book 27 of Mines at Page 259.

Together with the following named claims upon which Notice of Location have been posted, and notice have not been filed or Certificates of Location thereon recorded, said claims being known and called:

Antelope No. 1;

Antelope No. 2;

Antelope No. 3;

Liquid Metal No. 6;

TO HAVE AND TO HOLD the above described premises for the purpose of mining, from the day of January, 1955 to the 30th day of November, 1974;

NOW, therefore in consideration of the mutual covenants and conditions hereinafter contained;

The said sub-lessee in consideration of the premises has covenanted, contracted and agreed, and by these presents does covenant, contract and agree to and with said lessor and its assigns:

1. To enter upon said leased premises and to work the same in mine fashion, in manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the development and preservation of said mine or mining premises, as a workable mining property, and to the special covenants herein contrained.

2. To repair all old timbering wherever it may become necessary, and to well and sufficiently timber said mine and mining premises at all points where proper and necessary in accordance with good and safe mining.

3. To allow the lessor or its agents from time to time to enter upon and/or descend into all parts of said lessed premises for the purpose of inspection, surveys or taking samples therefrom, and to render to said parties proper assistance in making such inspection, surveys or

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examination; provided that such inspections, surveys or taking of samples shall be conducted so as not to interfere with the operations of the lessee.

4. It is expressly understood and agreed that the lessor reserve the property and right of property in and to all ores extracted from said premises during the period of this lease, and the said lessee covenants and agrees to pay and allow the lessors as royalty upon all ores mined, shipped, treated or sold from said leased premises in any manner during the life of this lease as follows, to-wit:

> Ten per cent (10%) of the ores of all quicksilver produced from said property during each and every calendar month by said lessee; said percentage to be determined from the gross sale of the quicksilver sold from said property monthly.

It being distinctly understood by and between the parties hereto, that the lessee shall and will pay and deliver to the lessor its ten per cent of the gross value of all quicksilver produced from said property during each and every calendar month by said lessee, on or before the 15th day of the following month.

It is further understood and agreed by and between the parties hereto that the lessee shall and will pay to the lessor the sum of $1,000.00 per month, commencing on the first day of January, A.D. 1955, and continuing thereafter on the first day of each and every month thereafter, which payment shall be considered minimum advance royalty. That further, said lessee shall pay to the lessors the sum of $5,000.00 on the first day of May, A.D. 1955, which said sum shall also be considered minimum advance royalty.

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Such advance royalty is to be an accumulative royalty which shall be returned to the lessee at the rate of 2½% of the quicksilver sold from the premises according to the return thereof, and deducted from the 10% royalty paid to the lessors as hereinabove described. This applies to the first $10,000.00 advance royalty only.

5. That the lessor reserve the right to continue in possession jointly with the lessee the mining premises hereinabove described until the first day of May, 1955, the time which lessee has agreed to pay the sum of $5,000.00 in a lump sum as advance royalty. Any quicksilver produced by the lessors during that period of time by their own efforts will be the property of the lessors. Neither the lessor or the lessee shall interfere with the operation of the other party from the inception of this lease until May 1, 1955.

6. It is further understood and agreed that the lessee shall and will deliver copies of all shipment settlement invoices to the First National Bank of Nevada, agent for the lessor in receiving the royalties as hereinafter set forth.

7. The lessee shall and hereby does assume all responsibility in case of accident to its agents or employees in or about said property; and agrees to keep all employees of the said lessee on the said premises hereby leased or employed in connection therewith, fully insured with the Nevada Industrial Commission, at the sole cost and expense of the lessee.

8. All taxes assessed against said demised premises and for ores mined and/or treated, shall be paid by the lessee, except that the bullion taxes assessed by the State of Nevada shall be paid pro rata by the lessee and lessors as follows:

Ninety per cent (90%) by the lessee and

Ten per cent (10%) by the lessor.

9. All assessment work on the above named mining claims required by the laws of the United States of America, shall be done and performed at the whole cost and expense of the said lessee, and shall be completed at least thirty (30) days prior to the date required by the said laws, and proof of labor shall be filed and recorded in the office of the County Recorder of Churchill County, Nevada, by the said lessee for and on behalf of the said lessor.

10. The said lessor shall in no way be responsible for the debts contracted by the lessee and shall not be responsible for money due for work, materials or supplies done or used on said premises by the said lessee; and the said lessee shall hold harmless and protect the said lessor against any and all claims or liens for labor or material furnished to the said lessee during the life of this lease; all bills and expenses incurred by the said lessee or those in privity with it shall be promptly paid by the lessee, and by such prompt payment said lessee shall prevent the filing of any and all liens of miners, mechanics or material men against said demised premises.

11. That the said lessor have the right of posting upon said premises and property, notices permitted by law, stating and giving notice that the said lessor shall not be liable for any labor or materials furnished to the said lessee.

12. That the lessee shall and will do and perform all work in and upon said property in accordance with the laws of the State of Nevada, and the rules and regulations of the State Mine Inspector of the State of Nevada.

13. Further, the lessee will deliver to the lessors quiet and peaceable possession of said demised premises without demand or further notice on the 30th day of November, 1974, or at any time previous thereto upon valid demand for forfeiture; and it is mutually understood that all machinery and equipment including, mill, mill machinery, tools and buildings, with the exception of a bunk house and cook shack which may have been placed upon said premises by the lessee, must be removed within sixty days after the termination of this lease; provided, however, that all pipe, track and timbering placed underground by the lessee shall remain and become the property of the lessor.

Provided further, that no machinery, equipment, mill or mill equipment, tools or buildings to be removed by the lessee shall be removed by said lessee while it may be in any manner indebted to the lessors under any obligation incurred under this lease.

14. In the event of the violation of any covenant or condition herein contained, the lessor, at its option, may serve written notice of forfeiture upon said lessee specifying therein in what respect the lessee has violated a covenant and condition. Thereafter said lessee shall have thirty days in which to rectify said default, and in the event the lessee does not so cure the default specified, the lessor may at its option terminate this lease, and the premises and appurtenances and all buildings and other improvements shall become forfeited to the lessor, and lessor or its agent may thereupon, after demand in writing for possession, enter upon said premises and dispossess all persons occupying the same with or without force, and with or without process of law, or at the option of the lessor, the lessee and all persons found occupying said premises or any part thereof may be proceeded

against as guilty of unlawful detainer.

15. It is further understood, however, that all payments herein agreed to be made by lessee shall be made upon the dates hereinabove specified or within a ten day grace period thereafter. At the expiration of the ten day grace period, this lease is subject to immediate termination.

16. It is further understood and agreed by and between the parties hereto that in the event the lessee is able to obtain a development loan from the U.S. Government for the property and premises herein leased, the lessor does hereby promise and agree to execute the necessary subordination agreements to the U. S. Government.

17. It is further understood and agreed by and between the parties hereto that the said lessee may upon thirty (30) days written notice to the lessor, terminate this lease; that after the expiration of said thirty days, said lease is to be null and void and of no further force and effect. However, all moneys paid to the lessor while said lease is in existence is to be retained by the lessor as liquidated damages.

18. As additional consideration the sub-lessee shall pay to the lessor herein the sum of Twenty Five Thousand ($25,000.00) Dollars in cash and in addition thereto, does by these presents, hereby grant to the lessor a warrant and option to purchase Thirty thousand (30,000) shares of the capital stock of said lessee at the rate of one (1¢) cent per share, provided said shares of stock are purchased at said rate within one (1) year from date hereof.

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1/31/55 IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

Attest:

By: E Cohen
Secretary

GRACE MANAGEMENT CORPORATION

By George E Schreiber
President

Attest:

By: Joseph R Clark
Secretary

UNITED URANIUM & OIL CORPORATION

By George E Schreiber
President

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(MERCURY)

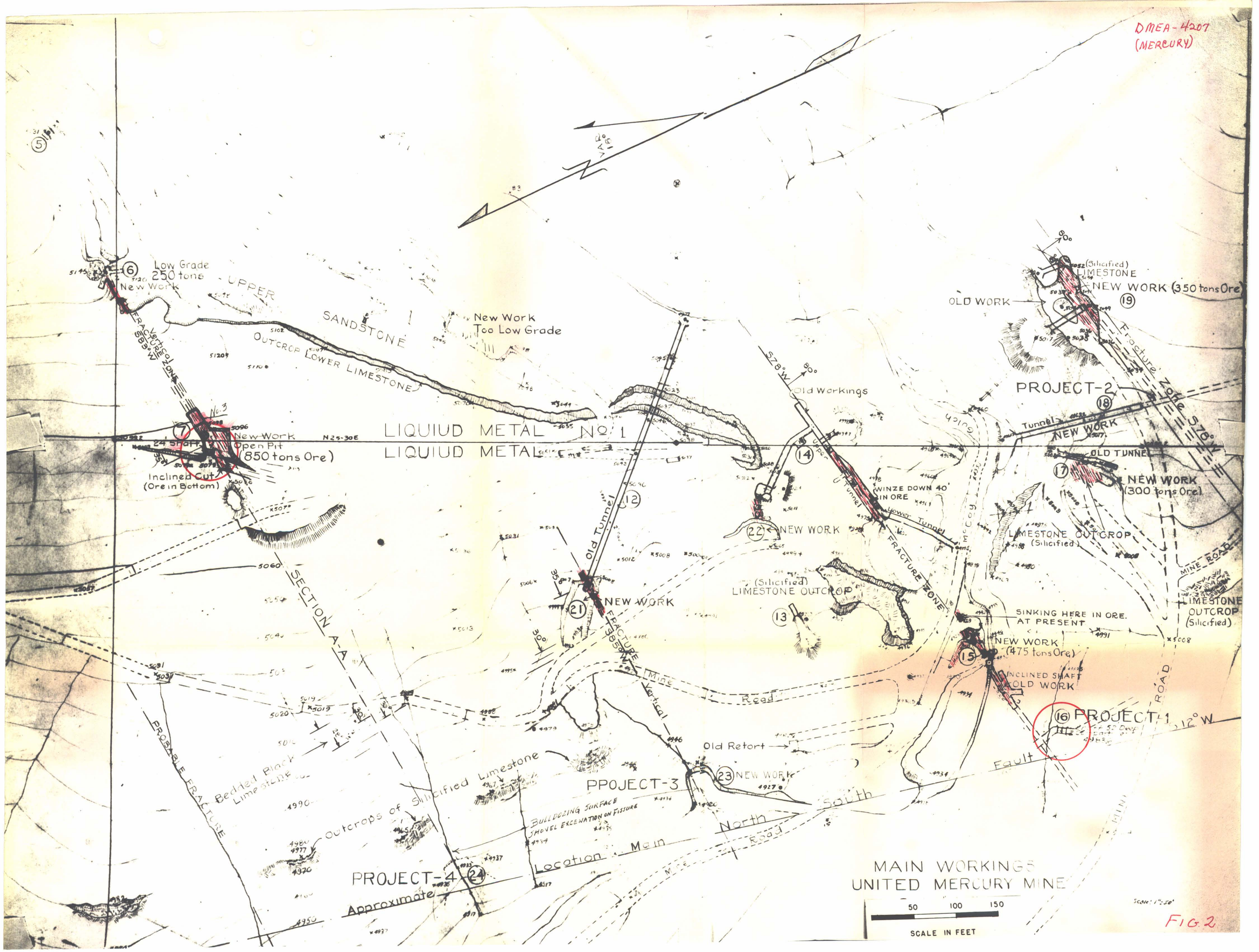
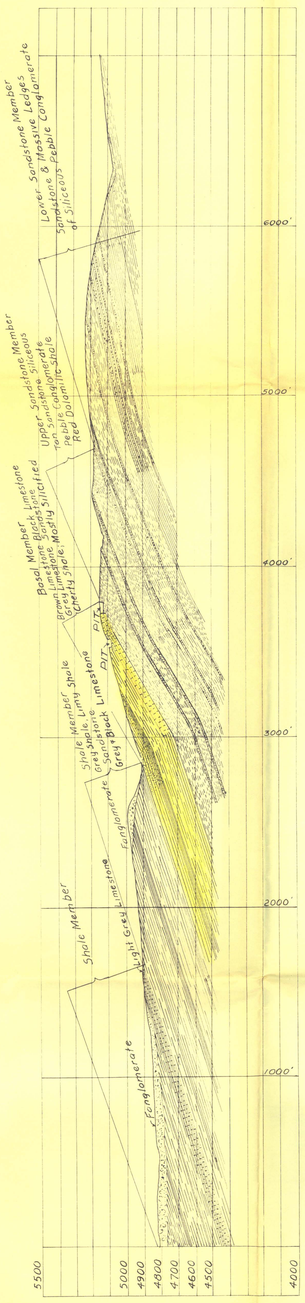
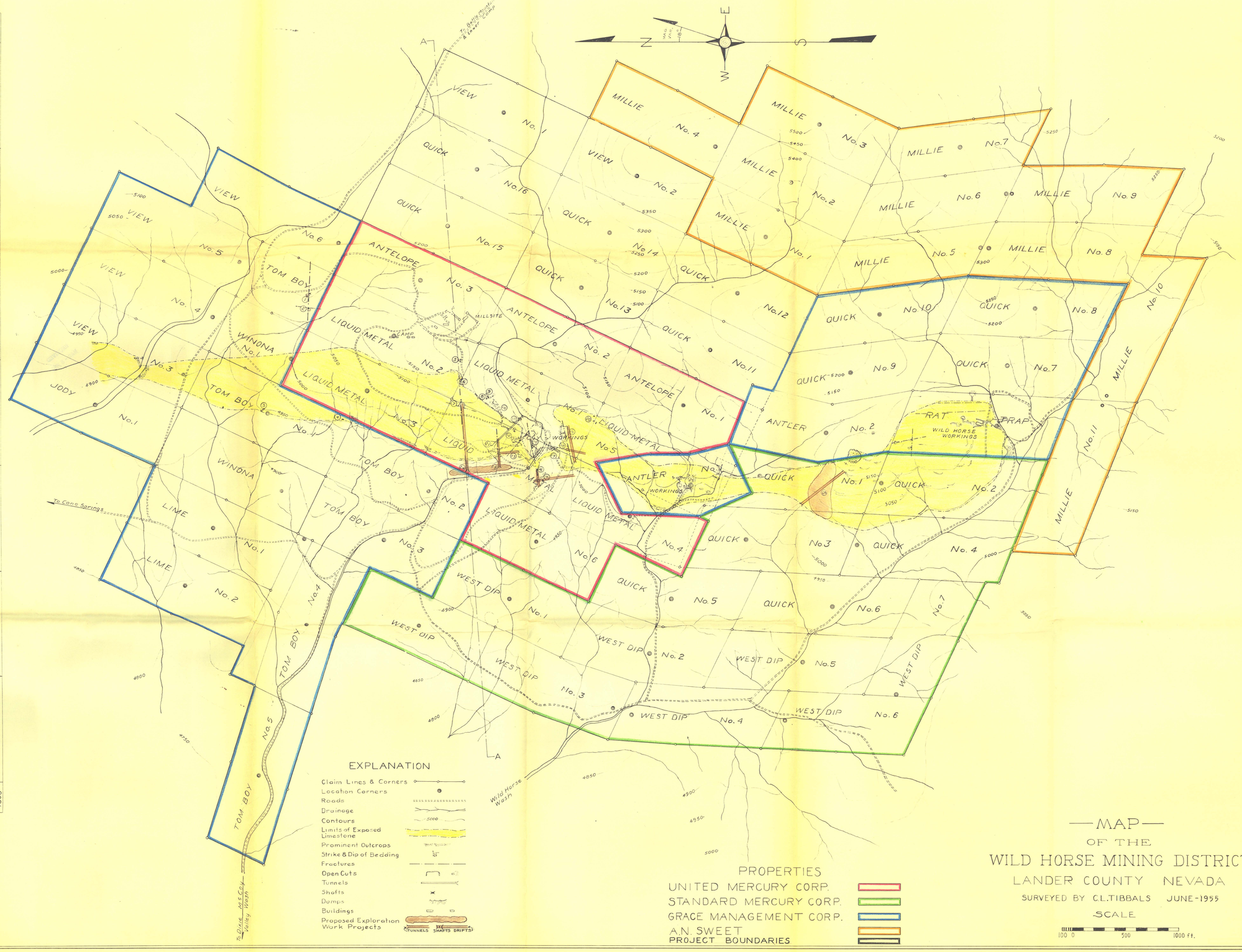


FIG. 2





MAP OF THE WILD HORSE MINING DISTRICT

LANDER COUNTY NEVADA

SURVEYED BY C.L. TIBBALS JUNE-1955