UNITED STATES DEPARTMENT OF THE INTERIOR

PROMISSORY NOTE CONTAINING AGREEMENT FOR JUDGMENT

_____, 1971

For value received, we jointly and severally promise to pay to the order of the Department of the Interior, United States Geological Survey the sum of Twenty-Five Hundred and Five Dollars and Thirteen Cents, ($2,505.13), with interest at the rate of 7-1/2% per annum, payable as follows: An initial payment of Four Hundred Dollars ($400.00) tendered this date and the balance in monthly payments of not less than One Hundred Dollars ($100.00) each to the office of the Field Solicitor - Reno, U.S. Department of the Interior, 4127 Federal Building - U. S. Courthouse, 300 Booth Street, Reno, Nevada on or before the first day of each calendar month until such obligation is fully paid. If any such installment shall remain unpaid for a period of ten days, the entire amount of this obligation, with interest, less payments actually made, shall thereupon become immediately due and payable at the option of said Field Solicitor without demand or notice, said demand and notice being hereby expressly waived.

We do hereby authorize and empower the said Field Solicitor, any of his assistants, or any attorney of any court of record, State or Federal, to appear for us and to enter and confess judgment against us for the entire amount of this obligation, with interest, less any payments actually made, at any time after the same becomes due and payable, as herein provided, in any court of record, Federal or State; to waive the issuance and service of process upon us in any suit on this obligation;

to waive any venue requirement in such suit; to release all errors which may intervene in entering up such judgment or in issuing any execution thereon; and to consent to immediate execution on said judgment.

We hereby ratify and confirm all that said Field Solicitor may do by virtue hereof.

Alfred F. Formaneck

Thomas H. Klume

MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. 2251 Docket No. 664

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [x] Closing Letter - 10/31
- [x] Cost Audits 9/69
- [x] Termination Notice [redacted] - 10/31
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [ ] Application and Attachments

~~Notice of Default~~ Mailed 9/8/69

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 2/11/70
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 9/18/67
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

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

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

Government's copy

Kirkemo
Long
Kirkgard

NOTICE OF TERMINATION
OF
EXPLORATION CONTRACT

To: Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Operator under Exploration
Contract No. 2251 Dated November 17, 1967
Docket No. OME-6641
Silver

1. The United States of America, acting through the Department of the Interior, U. S. Geological Survey, Office of Minerals Exploration, hereby terminates the subject contract under the termination provisions of Article 7 on the following grounds:

(a) The Government has determined that the Operator is in default and up to the time of this notice has failed to cure such default within the 30 day period provided for in the NOTICE OF DEFAULT dated September 8, 1969.

2. Upon delivery of this notice:

(a) The Government shall be relieved of all obligation to pay on account of units of work not then performed;

(b) The Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting;

(c) The Operator, as provided in said contract, shall furnish the Government five copies of a final report (in addition to the final monthly report) which shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from said work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof; and

(d) The Operator, as provided in said contract, shall reimburse the Government for monies contributed under the contract plus accrued interest.

3. All rights of the Government provided for in the contract with respect to percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

Dated this 31st day of October, 1969.

THE UNITED STATES OF AMERICA

By Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/23/69	Emerick	120
10/23/69	Kubiano	120
		220
		120M

October 23, 1969

Memorandum

To: The File

From: William L. Emerick
Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Justification for Notice of Termination

The purpose of the contract is to explore by core drilling from prepared surface sites for silver-bearing ore bodies in quartz veins along one or more bedding planes in a limestone formation. The work involves rehabilitating approximately 4 miles of existing access roads, bulldozing new access roads to not less than 10 drill sites, leveling the drill sites, and drilling 10 or more vertical holes totalling not more than 5000 feet. Estimated total cost of the work amounts to $81,000. Government participation at 75 percent amounts to $61,200. To date a total of $6,155.00 has been expended on contract work to which the Government contributed $4,616.25. Accrued interest through October 31, 1969 amounts to $520.48.

Work on the project started December 15, 1967 but was recessed in January 1968 because of severe winter weather. A drill hole started in May 1968, at resumption of work, was abandoned because of bad location and a relocation of the hole was abandoned also after the drill became inextricably stuck at 150 feet. At this point the Operator determined a change from diamond drilling to rotary drilling would be more successful in obtaining results. However, bids from contractors for this type of drilling were never submitted by the Operator nor was any further contract work completed.

No progress has been reported on the contract since July 1968; the contract completion date expired on November 17, 1968; and no effort has been made by the Operator to cure the default situation. Because the opportunity for curing the default has passed without any action by the Operator, a Notice of Termination of Exploration Contract, therefore, is justified.

William L. Emerick

William L. Emerick

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
WLEmerick/bsl 10/23/69

Government's Copy

NOTICE OF DEFAULT
UNDER
OME EXPLORATION CONTRACT

To: Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Operator under Exploration
Contract No. 2251
Dated November 17, 1967
Docket No. OME -6641
Silver

1. Pursuant to the provisions of Article 7 in the subject contract entitled "Termination of the Government's Obligations," the Government has determined that you are in default under the contract, having failed to prosecute operations pursuant to its terms in the following respects:

(a) Of the 10 holes required to be core drilled since December 31, 1967 only one has been started.

(b) Contract completion date (November 17, 1968) has expired.

2. The Government hereby specifies that a period of 30 days from the time this notice is delivered is a reasonable time within which said default must be cured.

3. If the said default is not cured within the time specified herein, thereupon:

(a) The Government shall be relieved of all obligation to pay on account of units of work not then performed;

(b) The Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting;

Notice of Default

(c) The Operator shall furnish the Government, as provided in said contract, five copies of a final report (in addition to the final monthly report) which shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

4. All rights of the Government provided for in the contract with respect to percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

Dated this 8th day of September, 1969.

THE UNITED STATES OF AMERICA

By Harold Skibemo
Chief, Office of Minerals Exploration
U. S. Geological Survey

Long
App'd. Sol. Off.
Emerick
Skibemo
Peterson
Murphy

I-C-DC-OME-21-69

Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

OFFICIAL
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Report of Review-Contract 2251
Docket No. OME-6641 (Silver)
Inca Mining Company (Operator)
Pershing County, Nevada

Report of Review

Washington, D.C.
August 1969

On August 4, 1969, we reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to their minerals exploration contract No. 2251 with Inca Mining Company and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey.

The contract was awarded on November 17, 1967, for $81,600, the total estimated cost of the project, with OME participation on a 75-percent basis or not to exceed $61,200. The contract provided for exploring by core-drilling from prepared surface sites for silver-bearing ore bodies in the general area between the Wheeler and Governor Bradley Mines in quartz veins along one or more bedding planes near the gently dipping base of lowest limestone stratum of the Star Peak Group of Middle and Upper Treassic Age.

Repayment of the disbursed Federal funds plus simple interest at 7½ percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operations and for a period of 10 years from the date of the contract should a certification of possible production be issued by OME. Work under the contract was to begin on December 31, 1967, and was to be completed within 12 months from the date of the contract.

At the time of our review, a termination agreement was in preparation due to failure of the contractor to complete the work under the contract.

The units of work authorized and paid under the contract are summarized on Exhibit I.

Field inspections were made and three vouchers submitted by the operator were approved by the Field Officer, Region II, OME. We believe the claimed and accepted costs of $6,155 and the OME participation on the 75-percent basis for $4,616 were proper under the terms of contract.

C. D. Bar

Regional Director

Summary of Contract Terms, Accepted Costs and Unexpended Balance

Fixed Unit Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
Mobilization and demobilization of bulldozer[1]	$ 500	$ 500	
Bulldozing, 100 hrs. at $25/hr.	2,500	2,500	
Mobilization and demobilization of drilling equipment[1]	1,500	750	$ 750
Drilling, 5000 feet in 10 or more holes, including all costs not itemized below, such as water hauling, core handling, sampling, drill muds and additives, installing and removing casing	70,000	1,595[a]	68,015[b]
Overburden drilling at $10/ft.		90[b]	
Bedrock drilling $13.25/ft. - AX or AX wire-line $13.75/ft. - BX or BX wire-line $14.25/ft. - NX or NX wire-line			
Lost casing, $4/ft. 500 feet maximum			
Cementing and redrilling cement, $5/ft. 500 feet maximum		300[b]	
Moving between drill holes, 15 moves maximum at $200/move	3,000		3,000
Cardboard core boxes, 400 at $1/box	400	20	380
Assaying samples Gold and silver at $3/sample if assayed commercially Silver at $2/sample if assayed by operator	600		600
Outside consultant, 2 days/month, 20 days at $75/day	1,500		1,500
Subtotals	80,000	5,755	74,245

Summary of Contract Terms, Accepted Costs and Unexpended Balance

Fixed Unit Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
Travel expenses, outside consultant			
Per diem, 20 days at $16/day	$ 320	$	$ 320
Reno to mine and return, 2,800 miles at 10¢/mile	280		280
Office expenses, 10 months at $100/mo.	1,000	400	600
Total Costs	$81,600	$6,155	$75,445
Government Participation at 75%	$61,200	$4,616	$56,584

1/ The unit of work is the completed job.

a/ Reported costs reduced by $35.50 to cover disallowance for core drilling which was charged at the NX rate but was drilled at the BX rate.

b/ Unexpended balance reflects reduction for overburden and cementing and drilling.

MME Form 51
July 1965

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

Government's Copy

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6641	Silver	2251	Pershing	Nevada

It is agreed NOV 17 1967 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Inca Mining Company, a Partnership organized in the State of Nevada

,

whose mailing address is 700 H. Street, Sparks, Nevada 89431, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before DEC 31 1967 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $81,600.00. The Government will contribute 75 percent of the total fixed unit costs of the work performed, not in excess of $61,200.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 7½ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

ARTICLE 2. Operator's rights in land.--(a)The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

None

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

None

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

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

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

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

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

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

(d) The determinations of the Government are subject to appeal under Article 11.

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

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

ARTICLE 10. Nondiscrimination in Employment.--The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961, as amended and supplemented, are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 12. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

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

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

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

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Executed in quadruplicate the day and year first above written.

INCA MINING COMPANY
(Operator)

By Alfred F. Formaneck
Alfred F. Formaneck, Partner

Thomas H. Klune
Thomas H. Klune, Partner

THE UNITED STATES OF AMERICA

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

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

CORPORATE SEAL

EXPLORATION CONTRACT
INCA MINING COMPANY
OME-6641

ANNEX I

The land, including all rights thereto, referred to in Article 2 of the contract consists of six (6) unpatented lode mining claims in sec. 3, T. 29 N., and sec. 34, T. 30 N., R. 34 E., MDB&M, Unionville Mining District, Pershing County, Nevada. It is shown on Figure 1 entitled, "Property map, Inca Mining Company, Pershing County, Nevada," attached and made part hereof.

The unpatented lode mining claims are recorded in the Office of the County Recorder, Lovelock, Nevada as follows:

Name	Book	Page
Inca No. 1	35	64
Inca No. 2	35	64
Inca No. 4	35	197
Inca No. 5	35	197
Inca No. 6	Roll 6	Frame 391
Inca No. 7	Roll 6	Frame 392

The Operator is the owner of the claims.

EXPLORATION CONTRACT
INCA MINING COMPANY
OME-6641

EXHIBIT A

The purpose of the project is to explore by core-drilling from prepared surface sites for silver-bearing ore bodies in the general area between the Wheeler and Governor Bradley Mines in quartz veins along one or more bedding planes near the gently dipping base of lowest limestone stratum of the Star Peak Group of Middle and Upper Triassic age.

General Provisions

A bulldozer no smaller than the equivalent of a Caterpillar D-8 shall be used for preparation of access roads and drill sites.

The Government will not contribute to the cost of any drill hole closer than 100 feet to the outer boundary of the project area or closer than 50 feet to the ore intercept in any previously drilled hole.

All drill holes shall be completed not less than AX wireline size.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

All drill core shall be stored in boxes identified by hole number with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

All samples shall be assayed for silver, and for gold as warranted.

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

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

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

Description of the Work

Rehabilitate approximately four miles of existing access road, bulldoze new access roads to not less than 10 drill sites, and level the sites.

Drill 10 or more approximately vertical holes totalling not more than 5,000 feet. Each hole shall be drilled through the Star Peak limestone and not more than 10 feet into the underlying Rochester rhyolite.

It is estimated that the drill holes will range in depth from 200 to 500 feet.

With prior approval of the Government the locations and inclinations of the holes may be changed to benefit from geological data obtained from preceding holes.

The tentative locations of the holes are shown in red on Figure 2 entitled "Map showing location of proposed exploration, Inca Claims," attached and made part hereof.

Estimated Costs of the Work

Fixed unit costs

Mobilization and demobilization of bulldozer 1/	$ 500.00
Bulldozing, 100 hours at $25.00/hour	2,500.00
Mobilization and demobilization of drilling equipment 1/	1,500.00
Drilling, 5,000 feet in 10 or more holes, including all costs not itemized below such as water hauling, core handling, sampling, drill muds and additives, installing and removing casing.	70,000.00
Overburden drilling at $10.00/ft.	
Bedrock drilling	
$13.25/ft. - AX or AX wire-line	
$13.75/ft. - BX or BX wire-line	
$14.25/ft. - NX or NX wire-line	
Lost casing, $4.00/ft., 500 feet maximum	
Cementing and redrilling cement, $5.00/ft., 500 feet maximum	
Moving between drill holes, 15 moves max. @ $200.00/move	3,000.00
Cardboard core boxes, 400 at $1.00/box	400.00
Assaying samples	600.00
Gold and silver @ $3.00 sample if assayed commercially	
Silver @ $2.00/sample if assayed by Operator	
Outside consultant, 2 days/month, 20 days at $75.00/day	1,500.00
Travel expenses, outside consultant -	
Per diem, 20 days at $16.00/day	320.00
Reno to mine and return, 2,800 miles at 10¢/mile	280.00
Office expenses, 10 months at $100.00/month	1,000.00

Sample cards for core boxes

Total estimated cost of the work	$81,600.00
Government participation at 75 percent	$61,200.00

1/ The unit of work is the completed job.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

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

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

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

'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

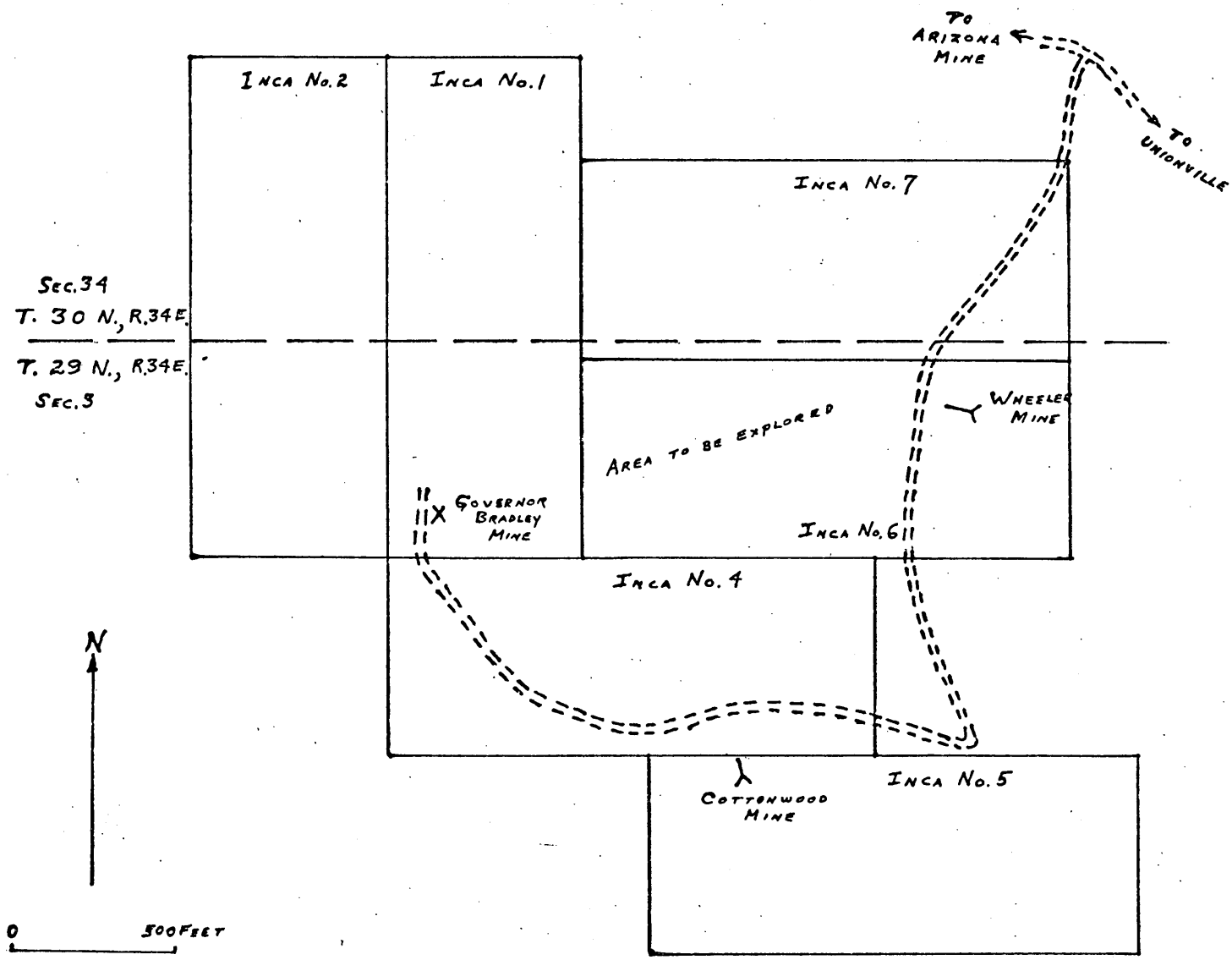

Figure 1. Property map, Inca Mining Company, Pershing County, Nevada.

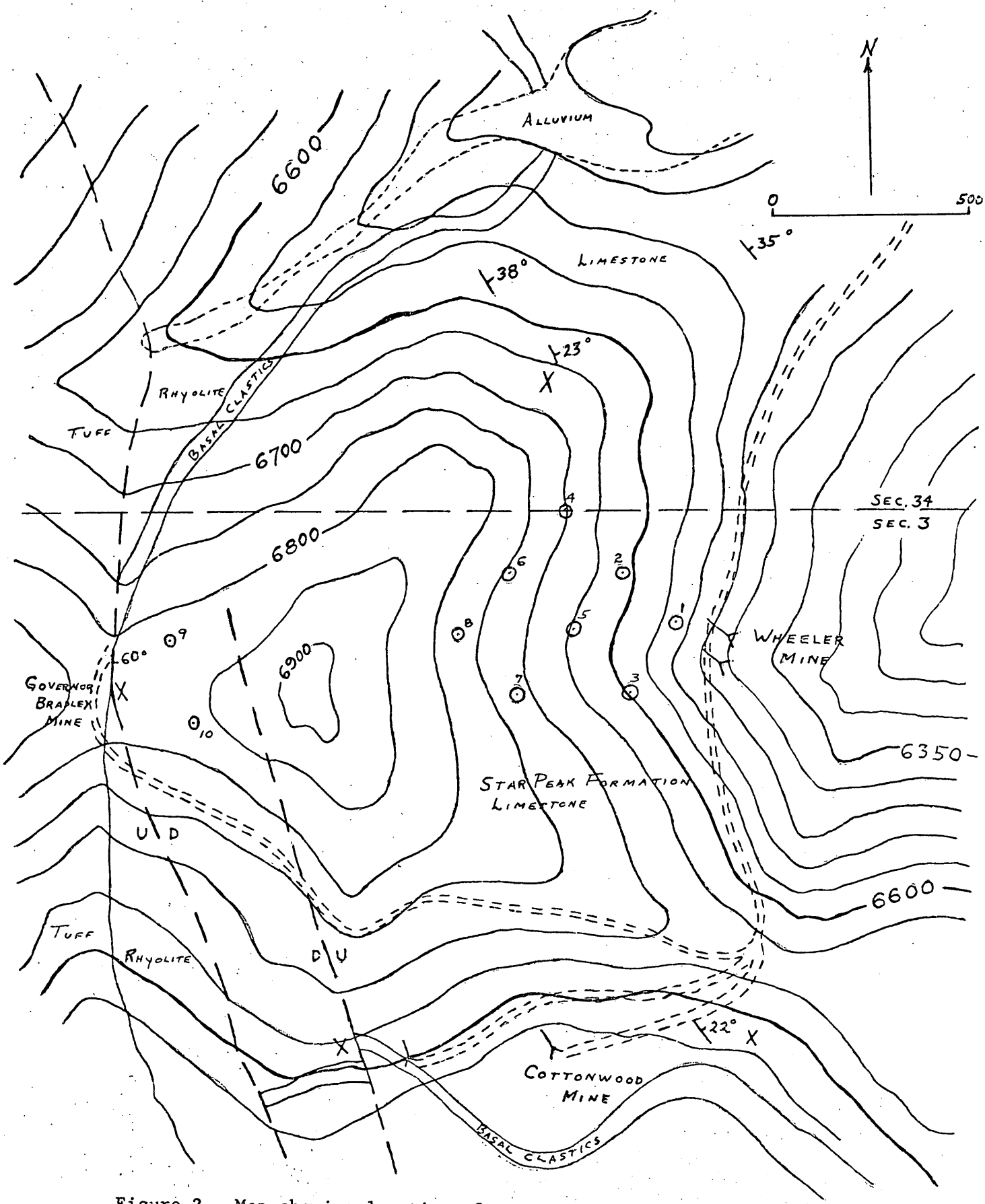

Figure 2. Map showing location of proposed exploration, Inca claims.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

July 18, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 20 1967
INITIALS | CODE

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

From: Field Officer
Region II

Subject: New Application (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Enclosed is a new application, received on July 17, 1967, for OME assistance in a silver exploration project near Unionville, Pershing County, Nevada. The application appears to be complete and well prepared although, perhaps, rather ambitious and costly for the probable potential of the areas to be explored. Bob Wallace and Don Tatlock are familiar with the area and believe it to be favorable for significant silver ore deposits.

H. K. Stager

Enclosure

MME Form 40
Jan. 65

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
RECEIVED
JUL 20 1967
E. M.

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

Inca Mining Company
700 H. Street
Sparks, Nevada

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6641

DATE RECEIVED: 7/20/67

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	
PARTNERSHIP	X
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Alfred F. Formaneck	700 H. St. Sparks, Nevada	Partner
Thomas H. Klune	700 H. St. Sparks, Nevada	Partner

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Silver

ESTIMATED COST OF PROJECT: $ 190,150.00

PROPERTY NAME / LOCATION COUNTY / STATE: Unionville, Pershing, Nevada

GENERAL INSTRUCTIONS

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

CERTIFICATION

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

7/17/67
DATED

Alfred F. Formaneck
Thomas H. Klune
BY *(Signature)*

TITLE

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

APPLICATION FOR FINANCIAL ASSISTANCE

IN MINERALS EXPLORATION

INCA MINING COMPANY

I N D E X

Section	Page
Financial Eligibility	1
Applicant's Rights in Land	2
Physical Description	3
Accessibility of Property	10
Exploration Work	11
Experience	13
Estimate of Costs	14
Summation of Costs	23

1. Financial Eligibility

   (a) Evidence of efforts made to obtain loans

      (1) Enclosed are three letters to lending institutions

      (2) Enclosed are three letters of refusal

   (b) Names of affiliated interests

      (1) None

   (c) Explanation of Inca's financial share

      (1) Principals will provide from own private sources

ESCA MINING COMPANY
700 "H" STREET SPARKS, NEVADA 89431
358-2572

July 1, 1987

Mr. H. S. Holman
Assistant Vice President
and Manager
Security National Bank

Dear Sir:

Our firm is in possession of some very promising silver properties in the Humboldt Range in Pershing County, Nevada. Physical outcroppings and mine facings on the property show the occurence of commercial deposits in this area. It is our desire to further explore the potential of these findings by core-drilling.

Engineering reports show that initial exploration costs should approximate one hundred eighty thousand dollars. In addition road construction for accessibility to drill sites should approximate another five thousand dollars, and other expenses such as assaying, geological consultation, surveying, etc. may be as much twenty-five thousand dollars. As is apparent the cumulative total is two hundred ten thousand dollars.

We propose to borrow this amount and submit our six mining claims as collateral. On the basis of existing mining geology and assays we estimate the value of this property to be upwards of three million dollars. We are prepared to repay this loan over a five year period at a reasonable rate of interest. Please advise us of the availability of such funds as soon as possible.

Very truly yours,

Thomas H. Kluge

Thomas H. Kluge

THK/eh

SECURITY NATIONAL BANK
OF NEVADA
KEYSTONE OFFICE
595 KEYSTONE AVENUE
RENO, NEVADA

P. O. BOX 5696
WASHINGTON STATION

TELEPHONE 329-9711
AREA CODE 702

July 7, 1967

Mr. Thomas Klune
Inca Mining Company
700 "H" Street
Sparks, Nevada 89431

Dear Mr. Klune:

We will not be able to grant you at this time the $210,000 loan for your mining exploration due to the high risk involved and the tight money situation.

Sincerely,

Robert S. Capurro
Assistant Cashier

RSC/bf

INCA MINING COMPANY
700 "H" STREET SPARKS, NEVADA 89431
358-2572
FORMANECK
THOMAS KLUNE

Mr. Wm. H. Savage
Savage Mortgage Co.
P.O. Box 1973
Reno, Nevada

Dear Sir:

Our firm is in possession of some very promising silver property in the Humboldt Range in Pershing County, Nevada. Physical outcroppings and mine facings on the property show the occurance of commercial deposits in this area. It is our desire to further explore the potential of these findings by core-drilling.

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We propose to borrow this amount and submit our six mining claims as collateral. On the basis of existing geology and assay samples we estimate the value of this property to be upwards of three million dollars. We are prepared to repay this loan over a five year period at a reasonable rate of interest. Please advise us of the availability of funds as soon as possible.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

THK/gh

SAVAGE MORTGAGE COMPANY
1375 HASKELL • RENO, NEVADA 89505 • 329-1774 • POST OFFICE BOX 1973
CONVENTIONAL • COMMERCIAL • FHA - VA • FINANCING

June 20, 1967

Mr. Thomas H. Klune
Inca Mining Company
700 "H" Street
Sparks, Nevada 89431

Re: Mining venture

Dear Mr. Klune:

We have your letter of recent date, relative to a loan in connection with your development of mining property in Humboldt Range in Pershing County, Nevada.

I regret to advise that we have no source of money available for that type of financing.

I thank you for your inquiry and trust you will have success in you venture.

Yours truly,

Savage Mortgage Company

Wm. H. Savage

WHS:gs

INCA MINING COMPANY
700 "H" STREET SPARKS, NEVADA 89431
358-2572
FORMANECK
THOMAS KLUNE

Mr. Vern Waldo
Manager-Vice President
First National Bank Of Nevada
Reno, Nevada

Dear Sir:

Our firm is in possession of some very promising silver property in the Humboldt Range in Pershing County, Nevada. Physical outcroppings and mine facings on the property show the occurence of commercial deposits in this area. It is our desire to further explore the potential of these findings by core-drilling.

Engineering reports show that initial exploration costs should approximate one hundred eighty thousand dollars. In addition road construction for accessibility to drill sights should approximate another five thousand dollars, and other expenses such as assaying, geological consultation, surveying, etc. may be as much as twenty five thousand dollars. As is apparent the cumulative total is two hundred ten thousand dollars.

We propose to borrow this amount and submit our six mining claims as collateral. On the basis of existing geology and assay samples we estimate the value of this property to be upwards of three million dollars. We are prepared to repay this loan over a five year period at a reasonable rate of interest. Please advise us of the availability of funds as soon as possible.

Very truly yours,

Alfred F. Formaneck

Alfred F. Formaneck

AFF/gh

FIRST NATIONAL BANK OF NEVADA
SECOND AND VIRGINIA OFFICE · 204 NORTH VIRGINIA STREET
P. O. Box 461, Reno, Nevada · 89504

June 16, 1967

VERN WALDO
VICE PRESIDENT AND MANAGER

Dear Mr. Formaneck --

We are in receipt of your proposal submitted to us in writing whereby you request we advance you funds in the amount of $210,000.00 to facilitate your exploration costs, road construction and other costs of a possible silver mining operation.

We appreciate you contacting First National Bank of Nevada for these funds but regret we will have to turn down your proposal.

Perhaps we will be able to help you at some future date.

Cordially,

Vern Waldo

Vern Waldo
Vice President - Manager

VW/b

Mr. Alfred F. Formaneck
INCA Mining Company
700 "H" Street
Sparks, Nevada 89431

2. Applicant's Rights in Land

(a) Interest in land

(1) Inca's mining claims Numbers 1, 2, 4, 5, 6 and 7

Need map showing boundaries and proposed work

(b) Legal description

(1) Inca No. 1, Book 35, Page 64, Pershing County Court House, Lovelock, Nevada

Inca No. 2, Book 35, Page 64, Pershing County Court House, Lovelock, Nevada

Inca No. 4, Book 35, Page 197, Pershing County Court House, Lovelock, Nevada

Inca No. 5, Book 35, Page 197, Pershing County Court House, Lovelock, Nevada

Inca No. 6, Roll 6, Frame 391, Pershing County Court House, Lovelock, Nevada

Inca No. 7, Roll 6, Frame 392, Pershing County Court House, Lovelock, Nevada

(2) See enclosed map (Map C).

(3) Foregoing six claims encompass three previously known mines

(a) Wheeler Mine (previously Henning Mine)

(b) Juniper Mines (previously Cottonwood Mines)

(c) Governor Bradley

(c) Land encumbrances

(1) None

3. Physical Description

(a) Description and illustrations

(1) On the western side of the Inca claims are two prospect holes of shallow depth known as the Governor Bradley Mine. (See Maps A and H).

(2) On the southern side of the Inca claims are two tunnels which are the last existing workings of the Juniper Mine, formerly known as the Cottonwood Mine. The westernly-most tunnel enters at a bearing of 337 degrees true at a 4 degree incline for a depth of 58 feet, and then curves easterly for another 21 feet and ends. The easterly-most tunnel enters at a true northerly bearing for a distance of 10 feet, then divides into two separate tunnels, one of which proceeds at a true bearing of 339 degrees at a 10 degree decline for a distance of 65 feet, at the end of which is a 9 foot vertical shaft. The other branch follows a bearing of 22 degrees true at a 10 degree decline for a distance of 38 feet, then turns sharply to a bearing of 90 degrees true for a distance of 23 feet and ends. (See Maps A and I-1 and I-2).

(3) On the eastern side of the Inca claims is the Wheeler Mine, formerly known as the Henning Mine. This consists of a shallow complex system of tunnels. According to records there were once six adits, two of which are still open. The workings in general follow the rising contour of the hill. (See Maps A and G).

and the bedding? Yes

3. Physical Description (Continued)

(4) Two hundred and thirty five feet from adit 2 of the Wheeler Mine on a bearing of 284 degrees true is a vertical exploration shaft of approximately 65 feet depth.

(5) There are no production facilities.

(b) Interest in old operations

(1) All of the workings described above in (a) are included in Inca Mines Claims. None of the principals of Inca Mines had any previous interest in the old workings.

(c) Production data

(1) Settlement sheets and/or mine production records are not available.

(2) Published data available is so sketchy and incomplete that it amounts to being unreliable. The following are reports, such as they are:

GOVERNOR BRADLEY

Ore assaying $63.00 to $2765.00 in silver per ton and $20.00 to $180.00 in gold was found near the surface. No production records. Cameron, 1939, PP 611.

ARIZONA MINE = a mile north of Inca group

1871, 170 tons of ore netted $78,000.00. Statistics of Mines and Mining, Raymond, Washington, PP 208.

It produced approximately $3,000,000.00, including the Henning or Wheeler Mine. Ransome Bulletin 414, 1909, PP 11, The total

3. Physical Description (Continued)

production of the Arizona Mine has been reported variously as something less than $2,000,000.00 to about $13,000,000.00 in silver. Wallace & Tatlock Report, 1963, PP 3.

→ WHEELER MINE (Formerly Henning)

Produced from flat stopes from the surface probably $100,000.00 to $150,000.00. Ransome, 1909, PP 40.

→ JUNIPER MINE (Formerly Cottonwood)

No production records.

(3) This area and these old workings are part of the Star Peak Formation which includes the Arizona Mine, which has eighteen acres of underground excavation and the Nevada Union, Sheba, Humboldt Queen, Millionaire, Manoa or Pfluger, Champion, Inskip, DeSoto and Rye Patch mines. These extensive workings can only lead us to believe that this is a highly enriched area.

(d) Ore reserves

(1) No data available. No inferred reserves = prospecting

(e) Geologic features

(1) This section being part of the Star Peak formation is composed of layers of stratified limestone and shales and SS overlaying layers of interbedded rhyolitic flows and tuffs. As evident from the enclosed map, (Map A), the area is a limestone cap, which is composed of the aforementioned limestone and is separated where exposed by a layer of broken mixed rhyolite and limestone.

Bedding fault? Yes

3. Physical Description (Continued)

(2) The vein structure exposed in the Wheeler Mine shows the vein material, principally white to gray quartz embedded in limestone of the middle Triassic Age. These veins, largely of the bedded type, proceed at 30 to 40 degree incline to a westerly direction and follow crosscutting fractures that dip to the west. ?

(3) Ore minerals in this area are typical of the Star Peak formation, including pyrite, copper carbonates and sulphates. Other minerals include native silver, argentite, chalcocite, covellite, galena, aresenal pyrite, scheelite, sphalerite, stibnite and gold.

(4) Bed vein deposits:

Much of the silver produced in the area was obtained from a remarkable group of bed vein deposits in the ridges east of Wilson Canyon, mostly in a belt of limestones and associated strata extending from lower Wilson Canyon to the north slope of Cottonwood Canyon. Cameron Vol. 50, PP 594-595, 1939. Southeast of the Nevada Union is the Wheeler (formerly the Henning) Mine on a vein which, although in a block of limestone now separated by faulting and erosion from the beds containing the Arizona vein, was probably continuous with that deposit. Ransome, PP 40, 1909.

The deposits explored by the Wheeler Mine, and the Inskip,

3. Physical Description (Continued)

North Star, Millionaire, Lucky Dog and Cottonwood Mines are bed veins similar to the main bed vein of the Arizona deposit. Cameron Vol. 50, PP 600, 1939.

(f) Reasons, sampling and methods used

(1) After many years spent examining the northern Humboldt Range, the Star Peak formation area appears to show very good promise because in this formation, as evidenced in a large number of mines and prospects, the main occurence of silver and silver-bearing ore is on or near the contact zone between the limestone and rhyolite. The area under examination, subject to exploration, is such a typical silver bearing zone. The three existing workings on this property nearly all commenced at outcroppings on the contact zone, but none proceeded to a depth of greater than 120 feet or with a relief of over 35 feet, which would seem to be extremely minimal. The cessation of exploring operations in the Wheeler Mine, which was the greatest producer on this property coincided with the demonitization of silver in the 1870's.

The following is an excerpt from "Suggestions for Prospecting in the Humboldt Range and Adjacent Areas, Nevada". by Robert E. Wallace and Donald B. Tatlock, Menlo Park, California, from Geological Survey Research, 1962, Geological Survey

3. Physical Description (Continued)

Professional Paper, #450-B:

"In prospecting, pay special attention to the Weaver Rhyolite and the rhyolite porphyry stocks that are in a crude line between South American Canyon and Unionville. The silver minerals characteristic of the area are difficult to identify by naked eye and commonly are in rather indistinct silicified zones in the rhyolite. Without thorough testing, such silver-bearing zones may easily be overlooked. Best values are probably within a few hundred feet of the surface.

"Silver-scheelite. A distinctive type of deposit containing conspicuous quartz veins, which in turn contain inconspicuous silver minerals and sparse scheelite, is found in the Prida Formation of Middle Triassic age, This is a limy unit resting on volcanic rocks of the Koipato Group. The Arizona (Cameron, 1939), Rye Patch (Ransome, 1909, P.43-44) and Relief (Schrader, 1915, P. 362) mines characterize this type of deposit. The possibility exists that the silver in these deposits was remobilized from Permian (?) and Early Triassic deposits by

3. Physical Description (Continued)

igneous activity in late Jurassic or Early Cretaceous time.

"The entire outcrop band of the Prida Formation warrants prospecting for this type of deposit, but examine particularly the limestone adjacent to or near rhyolite porphyry intrusive bodies of Weaver Rhyolite".

The existence of high quality silver bearing ore on this property is unquestionable. A systematic core-drilling program will ascertain the exact position and extent of the reserves. The Governor Bradley Mine appears to be an ore ~~chute~~ shoot originating from one of the bedded pods of silver ore. The high values found on the surface were probably the result of supergene enrichment. Due to the values found and reported at the Governor Bradley and Wheeler Mines, and in view of the westerly uphill block faulting at the Wheeler Mine, we believe there is one large but broken bedded vein between the Wheeler and Governor Bradley Mines. Because the best values in this type of formation are found in limestone near the rhyolite and because the mined-out veins in the Wheeler are all in limestone, the suspicion exists that the exhausted beds were false ore horizons and that the best values are somewhat deeper and still in place. This is the main target area for this exploration. ?

Suspected reserves = prospecting

(2) See enclosed map (Map B) for grab sample sites. representative of??

(3) See enclosed copies of assay certificates.

(g) Technologic information

(1) See various enclosures and maps following assay reports.

4. Accessibility of Property

(a) Aid to OME representative

(1) Alfred F. Formaneck and/or Thomas H. Klune of 700 H Street, Sparks, Nevada will meet OME representative.

(2) The Inca group is located approximately $3\frac{1}{2}$ miles southerly on an unimproved road out of Unionville in Pershing County.

(3) Accessibility of property is along the unimproved road, condition of such that it should be negotiated with a four wheel drive vehicle. The mine workings and proposed drill sites are easily accessible from said road.

(b) Shipping and supply points.

(1) Winnemucca, Nevada: $53\frac{1}{2}$ miles, $7\frac{1}{2}$ of which is unpaved. Secondary shipping point is Lovelock, Nevada, via two routes, shortest of which is $43\frac{1}{2}$ miles, but only 14 miles of which is paved. The longer is $65\frac{1}{2}$ miles, $7\frac{1}{2}$ miles of which is unpaved.

Nevada Assay Office

675 LESTER AVE.

Reno, Nevada

FRANK W. JONES
Assayer-Chemist

July 15, 1967

Phone
329-4080

ASSAY CERTIFICATE FOR: Tom Klune, Sparks, Nev.

NO.	SAMPLE	GOLD OZ./TON	SILVER OZ./TON	%	%	%	%	%
	11	0.12	77.0					
	12	0.12	56.0					
	13	0.08	208.3					
	14	0.03	17.0					
	15	0.62	3.0					
	16	0.21	3.2					
	17	0.01	0.2					
	18	0.01	0.2					
	19	0.05	34.0					

Grab samples representing ???

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Nevada Assay Office

675 LESTER AVE.

Reno, Nevada

FRANK W. JONES
Assayer-Chemist

August 4, 1966

Phone
329-4080

ASSAY CERTIFICATE FOR: Al Formanedk, Sparks, Nev.

No.	SAMPLE	GOLD OZ./TON	SILVER OZ./TON	%	%	%	%	%
	#1	Tr	0.2					
	2	0.01	19.4					
	3	0.01	25.6					
	4	0.01	11.4					
	5	Tr	0.4					
	7	Tr	2.4					
	8	0.02	89.0					

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August
Nineteenth
1966

Thomas H. Klame
700 H Street
Sparks, Nevada

Laboratory No. 64031
Date Received 8/17/66
Samples Ore for Gold and Silver Assays

Identification	Gold oz/ton	Gold value/ton	Silver oz/ton
S-1	0.010	$.35	0.57
S-2	0.030	1.05	0.55
S-3	0.080	2.80	30.71
S-4	0.010	.35	7.36
S-5	0.005	.17	2.46
S-~~6~~7	Nil	Nil	6.54
8-A	0.060	2.10	41.94
8-B	0.010	.35	24.60

MORSE LABORATORIES

E L Randall

E. L. Randall
Director

ELR:bak

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Thomas H. Klune
700 H Street
Sparks,
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Dear Sir:
Samples submitted, gave the following results, by fire assay.

S.1	Silver	none	Gold	none
S.2	"	trace	"	trace
S.3	"	18.20 oz. per ton	"	$.05 per ton
S.4	"	5.80 oz. per ton	"	$0.35 per ton
8.A	"	31.60 oz. per ton	"	$1.05 per ton
S.5	"	1.02 oz. per ton	"	$0.35 per ton
S.7	"	6.40 oz. per ton	"	$0.70 per ton
8.B	"	31.96 oz. per ton	"	$1.05 per ton

Spectrum to follow.

Charges $50.00 (Paid)

Yours truly,

Miles D. Rombough

Miles D. Rombough

gmy/MDR

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UNITED STATES DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

An Exploration Possibility at the Arizona Mine, Pershing County, Nevada

By

Robert E. Wallace and Donald B. Tatlock

Work done in cooperation with the Nevada Bureau of Mines

Open-file report

1963

THIS REPORT IS PRELIMINARY
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GEOLOGICAL SURVEY STANDARDS

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ILLUSTRATIONS

Figure 1. Geologic map of the Arizona mine, Pershing County, Nevada . . . . . In pocket

2. Sections of the Arizona mine, Pershing County, Nevada . . . . . In pocket

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AN EXPLORATION POSSIBILITY AT THE ARIZONA MINE, PERSHING COUNTY, NEVADA

By Robert E. Wallace and Donald B. Tatlock

ABSTRACT

At the Arizona mine in Pershing County, Nevada, a block of ground that may contain significant bodies of silver ore at a shallow depth appears to have been very inadequately explored during early mining activity. The block approximates in areal extent a triangle 900 feet on a side and lies between two post-mineral faults, the Ernst and West Side faults.

Production from the Arizona mine has amounted to more than a million dollars in silver since its discovery in 1862. The vein is principally quartz with small amounts of sulfides. The vein is parallel to limestone beds in which it occurs, and both the limestone beds and the vein are in the form of a shallow syncline, the flanks of which dip at angles between 5° and 25°. The vein has been stoped over an area of about 800,000 square feet. The southwestern limit of stoping is a normal fault, the Ernst fault, which truncates the vein. West of this fault little exploration appears to have been carried out, but the history of what actually was done is only fragmentary.

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INTRODUCTION

In September 1959, during an investigation of the geology and mineral deposits of the Unionville and Buffalo Mountain quadrangles, Nevada, the Arizona mine near Unionville was examined by the authors.

Several sets of old maps of the mine were made available by the late Clarence A. Ernst of Unionville, the owner of the property. Mr. Ernst also supplied considerable additional data on the history of the mine. One map of unknown authorship, primarily covering the southern half of the mine area, was found to be more accurate than the others and was used as the base for plotting most of the geology, although over 4,000 feet of workings were added to this map by compass and tape survey during the present study. Most of the inaccessible workings in the northern half of the map, however, were taken from maps which conflicted one with another; thus the reliability must be considered extremely poor in that area. Selected points on the surface were surveyed by plane table and alidade.

LOCATION

The Arizona mine is a mile north of the Inca Group in Pershing County, Nevada, near the small town of Unionville, approximately 30 miles air line northeast of Lovelock, Nevada. It lies within sections 27, 38, 33 and 34, T. 30 N., R. 33 ~~W~~ E. The main stopes of the mine are between 6,500 and 6,700 feet above sea level. The mine is shown on the U.S. Geological Survey topographic map of the Unionville quadrangle, 1954 edition.

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HISTORY

The mine was discovered in 1862 and was worked almost continuously until 1880. Most of the mining during this early period was in the northern half of the mine area, and it was from there that most of the total production from the mine was obtained. Later work, carried out from about the turn of the century to the 1930's, explored the southern half of the mine area, but the sporadic distribution and relatively small volume of stopes in this part of the mine imply that production was meager.

The total production has been reported variously as something less than $2,000,000 to about $13,000,000 in silver. Production figures listed by Raymond (1870, p. 189; 1872, p. 135; 1873a, p. 207, 216, 217; 1873b, p. 155; 1874, p. 216; 1877, p. 135, 141) indicate a total production of about $1,300,000 for the years 1869, 1870, 1871, 1872, 1873, and 1875, which were among the more active years of the mine. Thompson and West (1881, p. 450) report a total production of $1,302,238.58 from 1871 to 1878. An estimate of the extent of stopes suggests a total production of over 200,000 tons of ore. This, coupled with reports by Raymond (1873, p. 154) and by Mr. Ernst that cut-off values of mill-heads were $50 to $70 per ton, might seem to suggest a production of at least $10,000,000. However, mill-heads represented values of hand-sorted material, for almost all of the stopes have been back filled with discarded poor rock, neatly stacked by hand, so that the value of all of the 200,000 tons of rock may have averaged considerably less than $50 per ton.

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An interpretation of reports by Raymond (1870, 1872, 1873a, 1873b, 1874, 1877) suggests that prior to 1870 mining was confined to the Manitowoc and Arizona workings near the north end of the Stewart tunnel. Between 1870 and 1874 mining apparently was extended west about to the McDougald fault and south about 1,100 feet from the portal of the Stewart tunnel. The Fall tunnel may be the one referred to by Raymond (1877, p. 185) as having been driven in 1875, and the stopes between the McDougald and Ernst faults very probably were mined in the period 1875 to 1880. The record for the period 1880 and 1917 is incomplete. Ransome (1909, p. 39) reports that in 1908, "The newer workings, which are developmental, are south of the old stopes. There are two tunnels, which connect with extensive exploratory drifts, crosscuts, and winzes and raises." Also, he reports, "At the south end of the hill, and probably on the same vein as the Arizona, is the Nevada-Union mine * * * long abandoned * * * ." About 1917 E. R. Van Dyke reopened the mine, and in the 1930's the Sunset Mining and Development Company carried on further exploration. Tunnels on the "A", "B", and "C" levels were driven during this period, and the possible southeastern extension of the vein was rather thoroughly explored. A few bodies of ore were stoped but in general the vein was too low-grade and values too sporadic to allow a profitable operation. Mr. Ernst obtained control of the property about 1939 and between 1953 and 1959 produced scheelite ore from a stope about 60 x 15 x 6 feet in size in the southern half of the mine (see Ernst tungsten stope on figure 1). The present main

portal which is about 6,520 feet above sea level, was opened and a tunnel was driven by Mr. Ernst to by-pass the caved portal of the "B" level. All access to the mine at present is through this portal. During September 1959 Mr. Ernst with two helpers explored part of the vein at a point 30 feet east of the 6,573 elevation marker in the East Horse winze.

Structure of vein

As indicated on map and the structure sections on figure 1, the vein is in the form of a shallow syncline having flanks that dip at angles generally less than 20°. The axis of the syncline plunges very gently to the southeast. The vein is parallel to the bedding of the enclosing limestone of Middle Triassic age except on the eastern flank where other veins branch upward and follow crosscutting fractures that dip steeply west. None of these steep-dipping veins were seen in 1959, but Cameron (1939, fig. 8) illustrates an example on the "C" level near the south end of the mine, and Raymond (1873a, p. 154) describes winzes sunk below a tunnel 220 feet east of the Stewart and at about the same level. These winzes were along a vein that probably dips eastward, although they are essentially below the Manitowoc vein which dips westward. Apparently it was this structural relation that resulted in a lawsuit in 1870 and the ultimate merger of the two competing companies, the Arizona Company and the Silver Company.

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The nearly flat-lying vein, slightly undulatory in places, is cut by several normal faults which trend northwestward and have dips ranging from 30° to 55° westward. The west or hanging wall of each fault has dropped down, and the vein has been offset downward in a series of steps from east to west. Net displacement on individual faults ranges from a few feet to about 30 feet. Gouge and breccia zones along the larger faults are about 1 or 2 feet wide.

Two other post-mineral faults form boundaries to the limestone block containing the enclosed vein. One such fault, here named the West Side fault, strikes about N. 15° E., and judging by the lack of deflection by topography of its surface trace, must be nearly vertical. Net displacement on the West Side fault has been between 240 and 300 feet; the limestone on the east side has dropped down against rhyolite tuff and felsite on the west side. The other bounding fault, here named the East Side fault, strikes irregularly north, and may dip west. Along the East Side fault the limestone on the west side has dropped down against rhyolite porphyry intrusive rock on the east side.

Nature of ore

The vein is principally white to gray quartz in bands from a fraction to several inches wide, separated by septae of black limestone, and aggregating in total thickness as much as 10 feet. The average thickness is reported to have been about 2½ feet. Only rarely are minerals other than quartz visible in the ore and abundant assays were necessary to identify minable rock. Pyrite is

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the most commonly observed sulfide mineral, and greenish stains are found on ore high in silver, presumably from the alteration of freibergite to copper carbonates and sulfates. Other ore minerals reported by Cameron (1939, p. 605) include argentite (probably the principal ore mineral), native silver, covellite, chalcocite, galena, sphalerite, arsenopyrite, scheelite, gold and stibnite. In addition to quartz, carbonate is a common gangue mineral.

Suggestions for exploration

A block of ground, triangular in areal pattern, bounded by the Ernst and West Side faults and extending southward to about the line at which section B-B' is drawn, appears to constitute a promising target for exploration.

Stopes have been mined westward to the Ernst fault, and for at least 800 feet along this fault and (or) the nearby subsidiary fault adjacent to it to the east. Although the block west of the Ernst fault has been cut into along four short winzes and tunnels, as far as can be determined, the vein was not located in this area. It seems highly unlikely that the value of the vein would drop coincidentally at the precise position of the post-mineral fault; thus it seems reasonable to assume that the block west of the fault may contain a significant amount of ore. The possible westward extension of the vein is depicted on figure 1, sections A-A' and B-B'.

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It should be possible to appraise the extent and tenor of the vein by drilling from the surface before costly underground work is attempted. Holes no deeper than 400 feet should penetrate the horizon followed by the vein as shown in sections A-A' and B-B'.

Speculation as to why so little exploration or mine development was carried out west of the fault involves both an interpretation of the geologic structure, and also the history of development of the mine.

As for the interpretation of the structure, the pattern of offset by the northwest-trending, southwest-dipping, post-mineral faults seems clear. Thus the vein west of the Ernst fault almost certainly has been displaced relatively downward, but the amount of displacement probably is between 10 and 25 feet. This estimate is based on a comparison of the amount of gouge and breccia along the Ernst fault to gouge and breccia along other faults of the set on which displacement is known.

The failure to carry out more complete exploration of the block west of the Ernst fault may have been governed by one or more of the following considerations:

1. Where the vein was cut by the four known tunnels and winzes, the value may have been lower than cut-off at the time.

2. In the southern and longest tunnel driven west of the Ernst fault, a small vein that is parallel and above the main vein seems to have been confused with the main vein. The possibility exists that the other three openings into the block also were driven westward on veins other than the main vein. In the northernmost of these openings (the one about 250 feet north of the Tramway incline) the vein that was followed is a foot thick in places, and probably is the main vein. If all of these workings had been extended 10 to 20 feet deeper along the fault, the possibility of a "main" vein below the one followed could have been checked.

3. Surface trenching and other exploration on the west slope of the hill was unsuccessful, probably because any westward continuation of the vein must be truncated by the West Side fault as shown in sections A-A' and B-B' of figure 1. Also, other small relatively barren veinlets that can be found on the west slope may have been thought to be the main vein, and thus considered evidence of a decrease in the size and tenor of the vein west of the Ernst fault.

4. Stopes mined along the east side of the Ernst fault may have been mined just prior to the drop in the value of silver in 1881, so that exploration to the west, which might have been pushed more aggressively, was not timely. When active exploration was again begun after the turn of the century, efforts were directed toward exploring the southern extension of the vein, and inasmuch as this block of ground contained a little ore, the attention of the operators possibly was diverted away from the block west of the Ernst fault.

Reservations as to the potential value of this target block that should be considered include: (1) It is possible that exploration or even mining was more extensive than old maps and records show or than accessible workings now indicate. This may be true particularly in the northern apex of the triangular target area, where maps published by Cameron (1939, p. 596) indicate tunnels that probably extend west of the fault. These workings seem to be limited to the northern apex, but how far south workings might have extended is unknown. (2) The tenor of the vein may diminish to the west so that the vein west of the Ernst fault may be uneconomical to mine. Raymond (1877, p. 185) reporting on activities in 1875 says, "The richness of the ledge has diminished at all points worked, especially on the western side, going up on the ledge toward the outcrop. At the end of the year the average assay of the pulp at the mill is estimated at $30 per ton." It is not clear in Raymond's report exactly what area is referred to other than that it probably is west of the "McDougald shaft" which may be the so-called McDougald incline on present maps.

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GEOLOGICAL SURVEY RESEARCH, 1960

SHORT PAPERS IN THE GEOLOGICAL SCIENCES

GEOLOGICAL SURVEY PROFESSIONAL

PAPER #400-B

ART. #133 - PP B-291, B-292, B-293

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133. INTRUSIVE ROCKS OF PERMIAN AND TRIASSIC AGE IN THE HUMBOLDT RANGE, NEVADA

By Robert E. Wallace, Donald B. Tatlock, and Norman J. Silberling, Menlo Park, Calif.

Work done in cooperation with the Nevada Bureau of Mines

Numerous bodies of rhyolite porphyry and leucogranite in the Humboldt Range, Nev. (fig. 133.1) have been found to represent feeders for, or intrusive relatives of, the volcanic rocks of the Koipato group, which are of Permian(?) and Triassic age. This relationship had not previously been recognized, although the volcanic rocks of the Koipato group had long been known (King, 1878, p. 270; Knopf, 1924, p. 13).

Volcanic rocks of the Koipato group having a total thickness of more than 12,000 feet are exposed in the Humboldt Range. They are divisible into three units. The oldest unit of Permian(?) and Early Triassic(?) age is the Limerick greenstone (Limerick keratophyre of Jenney, 1935, p. 19), the exposed part of which consists of about 4,000 feet of greenstone; this grades upward into a heterogeneous assortment of tuffs, breccias, and flows of the Rochester rhyolite (Rochester trachyte of Knopf, 1924, p. 14) of Permian(?) and Early Triassic(?) age. The uppermost unit of Permian(?) and Early Triassic age, the Weaver rhyolite (Knopf, 1924, p. 26), is characterized by flows of porphyritic rhyolite and of felsite, and by rhyolitic tuffs.

Numerous dikes, sills, and stocks of leucogranite, rhyolite porphyry, and quartz monzonite were intruded into this thick pile of extrusive rocks. The quartz monzonite, which cuts Triassic rocks and is probably of late Mesozoic or Tertiary age, is not included in the following discussion.

The leucogranite is a fine- to medium-grained, light-colored granite containing quartz and both potassic and sodic feldspars; it contains very little mafic minerals and much tourmaline. Much of this rock could appropriately be termed aplite. Stocks of leucogranite, one of which underlies an area of more than four square miles, are exposed near the axes of major anticlines. Some of these cut the lower part of the Koipato group, but none is known to have penetrated as high as the Weaver rhyolite.

The rhyolite porphyry contains small (< 2 mm) phenocrysts of quartz and larger (1 to 5 mm) phenocrysts of K-feldspar, embedded in a vitreous-appearing groundmass so fine grained that much of it can hardly be resolved under the microscope. Rhyolite porphyry dikes intrude the leucogranite as well as all units of the Koipato group below the Weaver rhyolite. Some irregular swarms of dikes and sills of porphyry are clustered near the stocks of leucogranite, and a group of large elongate stocks of rhyolite porphyry, one of them over a mile long and nearly half a mile wide, are distributed in a belt along the east side of the Humboldt Range.

The Weaver rhyolite appears to be genetically related to both the rhyolite porphyry and the leucogranite; the rhyolite porphyry bodies probably represent, in part, direct feeders for the Weaver rhyolite, but the leucogranite is less closely related to the rhyolite. Chemical, microscopic, and X-ray analyses of the Weaver rhyolite and the intrusive rhyolite porphyry are so similar as to be almost indistinguishable. In many places only field relations, such as cross-cutting contacts or the presence of tuffs interbedded with the rhyolite, enable one to distinguish between intrusive and volcanic rocks. Although the rhyolite porphyry cuts the Koipato group, it has nowhere been found to cut the rocks of the Star Peak group, which is of Middle and Late Triassic age and overlies the Koipato group with slight angular unconformity. At a few places, indeed, field relations suggest that rocks of the Star Peak group overlie the rhyolite porphyry in sedimentary contact. The largest rhyolite porphyry stock, about a mile and a half southwest of Unionville, is in contact with rocks of the Star Peak group, but all the contacts between the two units are believed to be faults.

Two samples of rhyolite porphyry from the stock southwest of Unionville gave lead-alpha ages of 230 ±40 and 290±45 million years (Thomas W. Stern, 1960, written communication). This, according to Kulp, would indicate that the porphyry is of late Paleozoic age, for he has estimated on the basis of isotopic age measurements, that the Mesozoic era began 220 million years ago (Kulp, 1959, p. 1634). Early Early Triassic ammonoids are found in tuffs immediately overlying, or perhaps in part interbedded with, the Weaver rhyolite, and one specimen of "*Helicoprion*" reported from the Rochester by Wheeler (1939, p. 109) is probably pre-Mesozoic (David H. Dunkle, 1957, written communication). The lead-alpha ages obtained for

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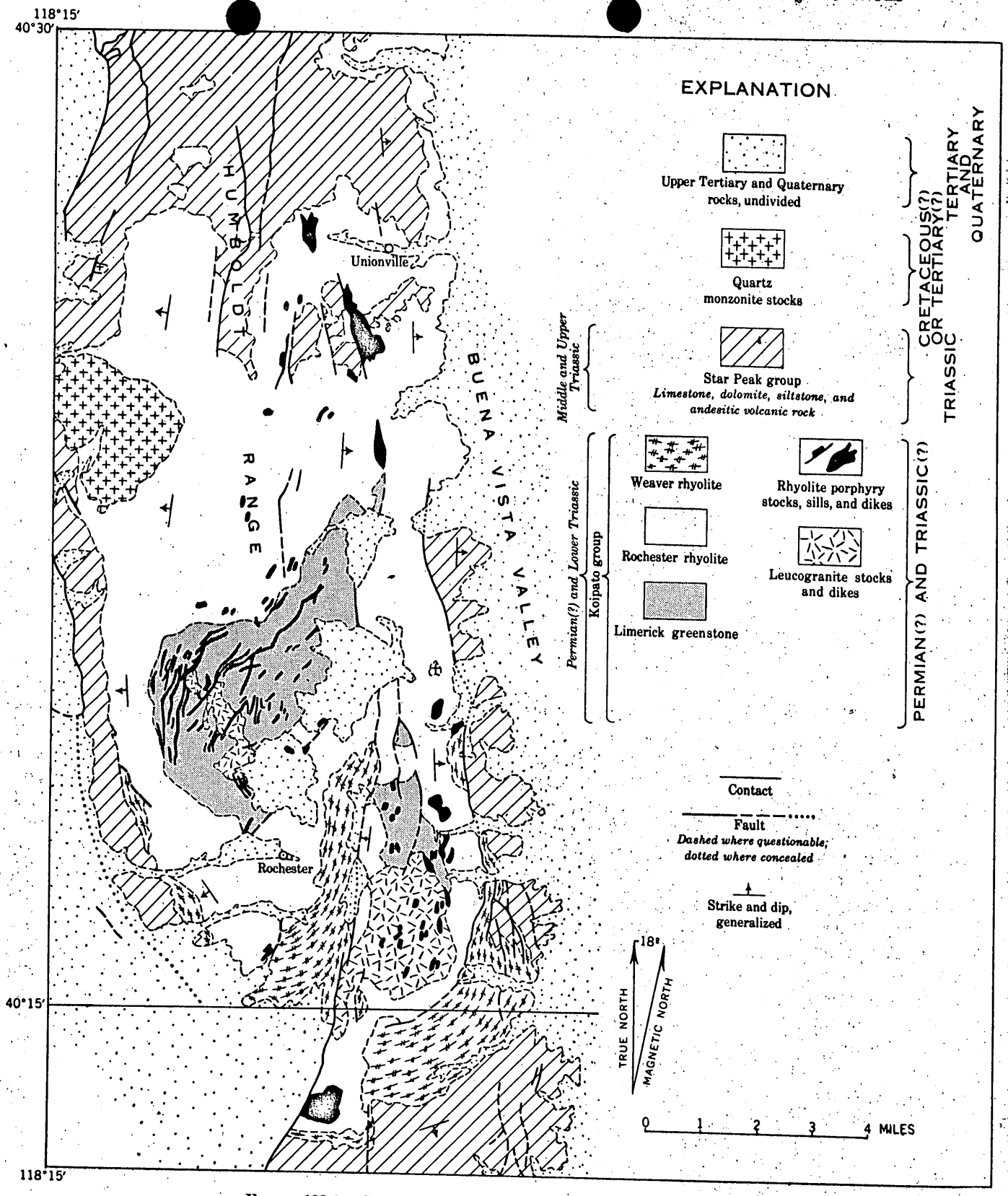

FIGURE 133.1.—Geologic map of a part of the Humboldt Range, Nev.

the rhyolite porphyry thus appear to be consistent with the paleontologic evidence for the ages of the Weaver and Rochester rhyolites.

Although the rhyolite porphyry cuts the leucogranite, contacts between the two are in places clearly gradational, as though the leucogranite had not been

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completely solidified when the rhyolite porphyry dikes were intruded. The leucogranite cuts the Rochester rhyolite, but does not extend high enough into the pile of volcanic rocks to reach the Weaver rhyolite. The time of mobilization of the leucogranite must therefore have been only slightly earlier than, or even partly contemporaneous with, the mobilization of the rhyolite porphyry and its extrusive eqiuvalent, the Weaver rhyolite. Since the rhyolite, the rhyolite porphyry, and the leucogranite are so nearly of the same age and so much alike in chemical and mineralogic composition, they are probably differentiates of the same magma.

This evidence, taken as a whole, shows that both the leucogranite and rhyolite porphyry bodies must have been emplaced very near the beginning of the Mesozoic era.

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134. REGIONAL SIGNIFICANCE OF SOME LACUSTRINE LIMESTONES IN LINCOLN COUNTY, NEVADA, RECENTLY DATED AS MIOCENE

By Charles M. Tschanz, Menlo Park, Calif.

Recent independent fossil and radioactive dating of lacustrine limestones from many widely separated localities in Lincoln and Clark Counties, Nev., has clarified certain stratigraphic relationships, and has consequently advanced the understanding of the structural history of southeastern Nevada and southwestern Utah. These limestones have all been assigned a Miocene age, chiefly on the basis of pollen studies, but a lacustrine limestone unit in the Horse Spring formation, which was previously thought to be Cretaceous or early Tertiary, has now been assigned to the Miocene on the basis of a potassium-argon (K–Ar) date of biotite from an interbedded tuff. Similar limestones of Miocene(?) age occur in the Oak Spring formation, which crops out in Nye County, Nev., and in southwestern Utah.

Lacustrine limestone from nine localities (fig. 134.1) was studied by G. O. W. Kremp, who identified 31 pollen species in six samples that also contain abundant algal fragments and some fungispores. A complete list of these fossils will be published in a subsequent report. Five samples from Lincoln County (1–5) were dated as Miocene or possibly younger by *Compositae* pollen. Samples 6, 8, and 9 did not contain pollen, and sample 7 contained only 2 grains of pollen of possible Miocene(?) age. G. O. W. Kremp (1960, written communications) says:

> The pollen association found in the [first] four samples is practically the same. The flora shows a dominance of pine-like pollen * * * associated with other coniferous pollen * * * The relative high frequency of *Compositae* pollen is remarkable. * * * pollen of the *Compositae* appear first in sediments of late Oligocene age; these pollen become common in the Rocky Mountain area beginning with Miocene. This would date your samples as Miocene or possibly younger. * * * only very few of the 31 species * * * are identical with the upper Oligocene pollen and spore from the Florissant lake beds, Colorado. This * * * makes me somewhat more confident about my Miocene age determination * * *.

The pollen-bearing limestone in Lincoln County is correlated with limestone of the Horse Spring formation in Clark County, which is interbedded with tuff containing biotite that was determined to have a K-Ar age of less than 24 million years (middle Miocene) (G. H. Curtis and J. F. Everden, K-Ar laboratory, University of California, as orally reported to Dr. C. R. Longwell). Pollen was not found in the limestone near the tuff (sample 9). The Horse Spring formation was previously assigned to the Cretaceous or early Tertiary on the basis of plants, ostracods, and snails, which, however, were too poorly preserved to be identified generically.

The upper part of the basal limestone of the Oak Spring formation in Nye County (locality A, fig. 134.1) contains a fossil fish, *Fundulus*, that according to Miller (1955) is restricted to the Pliocene and Quaternary (David Dunkle, 1956, written communication). The fish occurs 150 feet above the base of the exposed sequence (A. B. Gibbons, 1958, written communication). The lower part of this limestone, however, is similar

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GEOLOGICAL SURVEY RESEARCH, 1962

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PAPER #450-B

ART. 2 - PP B-3, B-4, B-5

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The silicified limestone is in part localized along normal faults that trend north to northeast and have displacements of a few tens of feet to several hundreds of feet. Silicified rock along these faults is locally sheared. Much smaller silicified bodies are found elsewhere in the quadrangle where normal faults of similar trend cut only the middle or middle and lower plates of the three major thrust plates, and the bodies are probably contemporaneous with the thrusting. A post-mineralization normal fault with many hundreds to possibly several thousands of feet of displacement trends northwest close to the foot of the range and brings young unmineralized rocks down against older mineralized rocks. At least some of the movement on this fault postdates the latite and dacite flows and related sediments, probably of middle Tertiary age, found along the edge of the valley.

Many thick, short rhyolitic dikes with northerly and northeasterly strikes are concentrated in the Taylor district, suggesting that they are related to the mineralization. The feldspars of all the dikes are strongly kaolinized, but none of the dikes are strongly silicified or mineralized. The concentration of dikes near the mineralized bodies and the parallelism between many dikes, older faults, and silicified bodies suggests that the stresses in the rocks were similar during formation of the dikes and mineralized bodies, and that the silicification and the emplacement of the dikes took place at about the same time. The dikes are porphyritic, with phenocrysts of quartz, unlike that of the nearby rhyolitic volcanic rocks. The dikes may be related to other porphyry intrusive bodies accompanied by mineralization in eastern Nevada.

In conclusion, the ore-bearing silicified bodies are localized near the tops of the Guilmette Formation and the Joana Limestone and along normal faults. The same horizons in adjacent downfaulted blocks, and shaly limestone in the middle member and at the base of the lower member of the Guilmette Formation in the mineralized area, should be explored. The rhyolitic dikes are concentrated near the mineralized bodies and are probably related to them temporally, and possibly genetically.

2. SUGGESTIONS FOR PROSPECTING IN THE HUMBOLDT RANGE AND ADJACENT AREAS, NEVADA

By Robert E. Wallace and Donald B. Tatlock, Menlo Park, Calif.

Work done in cooperation with the Nevada Bureau of Mines

During recent geologic investigations in the Humboldt Range, northwestern Nevada, we found that for many of the mineral deposits, a distinctive geologic setting can be defined that should serve as a guide in the search for additional deposits both in the Humboldt Range and in nearby localities of similar geologic setting. In the following suggestions for prospecting, broad geologic areas are primarily defined, and within these areas local structures must be considered.

The geologic structures and lithologic units of the range that are referred to in this article are shown on preliminary geologic maps of the Buffalo Mountain quadrangle (Wallace and others, 1959) and of the Unionville quadrangle (Wallace and others, 1962; Wallace and others, 1960, fig. 133.1, p. B292). These maps are a necessary adjunct to the following discussion.

Silver.—The Weaver Rhyolite and immediately underlying parts of the Rochester Rhyolite are the host rocks for the Rochester and Packard silver districts (Knopf, 1924). In addition, the larger bodies of rhyolite porphyry, which are believed to be feeders for the Weaver Rhyolite, commonly have silver related to them. This type of mineralization is believed to be genetically related to the igneous rocks and thus is of Permian(?) or Early Triassic age.

In prospecting, pay special attention to the Weaver Rhyolite and the rhyolite porphyry stocks that are in a crude line between South American Canyon and Unionville. The silver minerals characteristic of the area are difficult to identify by naked eye and commonly are in rather indistinct silicified zones in the rhyolite. Without thorough testing, such silver-bearing zones may easily be overlooked. Best values are probably within a few hundred feet of the surface.

Silver-scheelite.—A distinctive type of deposit containing conspicuous quartz veins, which in turn contain inconspicuous silver minerals and sparse scheelite, is found in the Prida Formation of Middle Triassic age. This is a limy unit resting on volcanic rocks of the Koipato Group. The Arizona (Cameron, 1939), Rye Patch (Ransome, 1909, p. 43–44) and Relief (Schrader, 1915, p. 362) mines characterize this type of deposit. The possibility exists that the silver in these deposits was remobilized from Permian(?) and Early Triassic deposits by igneous activity in Late Jurassic or Early Cretaceous time.

The entire outcrop band of the Prida Formation warrants prospecting for this type of deposit, but examine particularly the limestone adjacent to or near rhyolite porphyry intrusive bodies of Weaver Rhyolite.

Scheelite-beryl-fluorite.—Scheelite deposits throughout Pershing and Humboldt Counties are related to granitoid rocks generally of granodioritic or quartz monzonitic composition of Late Jurassic or Early Cretaceous age that have intruded limestone bodies. The Little (Oreana) tungsten deposits (Kerr, 1938; Vitaliano, 1944) on the west flank of the Humboldt Range are characteristic and are in veins in limestone near quartz monzonite and related aplite bodies. High-grade pods have formed in limestone immediately below metadiorite sills. Beryl, and in some places fluorite, occupies the same or similar veins in the same setting.

Limestone bodies intruded by granodiorite or quartz monzonite should be examined for scheelite by ultraviolet light. In addition, the combination of beryl, fluorite, and scheelite suggests a similarity to the Mt. Wheeler mine (Stager, 1960; Whitebread and Lee, 1961) where beryl and less conspicuous beryllium minerals such as phenacite have been found. The search for less conspicuous beryllium deposits may require special techniques such as use of a beryllometer.

Lode gold.—Quartz veins containing native gold are related to the swarms of rhyolite porphyry dikes in the headwaters of Limerick, Sacramento, Spring, North American, and South American Canyons (Knopf, 1924, p. 51–52; Schrader, 1915, p. 354). The veins are generally not in the rhyolite porphyry dikes but are in the same host rocks as the rhyolite porphyry dikes.

Any quartz vein cutting the Limerick Greenstone or the Rochester Rhyolite in the general vicinity of rhyolite porphyry intrusive bodies should be considered a potential gold prospect.

Placer gold.—Drainage channels that cross potential lode-gold areas may contain placer gold. For example, Limerick, Spring, and North and South American Canyons (Knopf, 1924, p. 58; Schrader, 1915, p. 368) are known to contain placer gold.

Situations where several stages of concentration might have occurred, for example channels within channels, offer better than average possibilities of successful prospecting.

Cinnabar and stibnite.—Cinnabar and stibnite deposits are believed to be related to late Tertiary and Quaternary basin-range faults that blocked out the range. It is also believed that the main deposits were formed during an early part of this period of faulting, perhaps at about the same time that basaltic and andesitic lavas were extruded. Bailey and Phoenix (1944, p. 29) point out, however, that basalt itself has not proved to be a good host rock and that cinnabar deposits in the more recently active fault zones, commonly accompanied by hot springs, have not proved to be of economic value.

The lower flanks and margins of the range are promising for prospecting, particularly those flanks on which both limy formations and basalt flows are found; the part of the flank basinward from faults of late Tertiary age, such as the Fitting fault, is particularly promising. Within such geologic settings, more detailed prospecting guides, such as rock alteration (Bailey and Phoenix. 1944, p. 29), may be helpful.

Iron.—Magnetite and hematite are clearly related to large altered dioritic bodies and to associated andesitic rocks throughout much of Nevada (Reeves and Kral, 1955). There is growing evidence that these may be of Early Cretaceous or possibly Late Jurassic age. The magnetite and hematite are in veins and in disseminated masses through the diorite. The trends of iron-bearing veins in the Buena Vista Hills area of Pershing County are somewhat random.

Dioritic and andesitic bodies of Mesozoic age should receive attention in prospecting. Within these bodies additional iron deposits might be revealed by magnetic and gravity surveys, both where these bodies crop out, and where these rocks might be concealed by basin fill Gravity anomalies might reveal nonmagnetic hematite bodies.

Limestone.—Analyses of limestone of the Prida and Natchez Pass Formations of Middle and Late Triassic age suggest large limestone bodies of sufficient quality for Portland cement. Samples containing as much as 55 percent CaO, less than 0.2 percent SiO_2, and less than 0.5 percent MgO have been found.

Inasmuch as there appear to be large quantities of limestone of cement quality, the economic considerations of transportation, fuel, and ease of quarrying must receive attention before any part of the limestone is selected for detailed testing.

Perlite.—Numerous bodies of perlite were found in the lower part of the rhyolite flows and tuffs of Tertiary

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age. At least one such body is being mined in the Trinity Range.

The contact between Tertiary rhyolite and underlying rocks in the West Humboldt and Trinity Ranges warrants prospecting.

Evaporites.—The basins around the Humboldt Range contain halite and conceivably may contain other evaporites such as borates. Relatively little is known of the buried deposits in the basins, although one hole was drilled in Carson Sink during the search for potash before the first World War (Gale, 1911). D. F. Hewett (oral communication) has found that boron is more abundant in hot springs of western Nevada than in hot springs of eastern Nevada, and this fact together with the relative abundance of boron aluminum silicates such as tourmaline and dumortierite in the Humboldt Range is suggestive of a boron-rich province. Gravity studies by Don Mabey of the U.S. Geological Survey (written communication, 1960) indicate that the basin fill is at least 8,000 feet thick in Buena Vista Valley and more than 4,000 feet thick between the Humboldt River and the west flank of the Humboldt Range in the vicinity of Rye Patch.

Too little is known of the geologic history of the basins to suggest which locality is most favorable for prospecting.

Sand and gravel.—Along the borders of ancient Lake Lahontan, which occupied the basins around the Humboldt Range, many beaches and bars were formed that contain wave-sorted gravel and sand. During low-water levels and after the lake had completely dried up, winds gathered much of the sand into dunes. Such sand and gravel from which the fine particles have been sorted by the action of waves and winds have properties that make them suitable for economic use.

Many beaches and bars of Lake Lahontan, as well as sand dunes, are clearly visible on aerial photographs of the Humboldt Range and surrounding basins. These photographs are available from the U.S. Geological Survey and Army Map Service. Many of these potential sources of sand and gravel are near highways and railroads and thus may have economic value. Examination of aerial photographs may save time in the search for sand and gravel.

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Whitebread, D. H., and Lee, D. E., 1961, Geology of the Mount Wheeler mine area, White Pine County, Nevada: Art. 193 *in* U.S. Geol. Survey Prof. Paper 424–C, p. C120–C122.

5. Exploration Work

(a) Proposed exploration work

(1) We propose to core-drill 24 holes in this entire property. The holes will be strategically located eight each behind each old mine site. See enclosed maps illustrating geological features and showing relationship to workings and property boundaries. We propose to drill each individual hole until we enter the underlying rhyolite, which should average a maximum of 500 feet per hole.

(b) Proposed road work

(1) Re-grade and widen access road from Unionville to Governor Bradley mine site, which is approximately 3.8 miles. (See Map C.)

(2) Construct roads to drill sites from access road and clear drill sites.

(3) Maintain access road and drill site roads during entire operation.

(4) Grade Wheeler Mine dump for camp site.

(5) Caterpiller D-8 or comparable bulldozer equipment to be used in the construction and maintenance of said roads.

(c) Commencement and rate of progress

(1) When OME contract is executed the actual work will start within a period of one month.

5. Exploration Work (Continued)

(2) Anticipated rate of progress, considering the type of formation, should be about 200 feet per week. The weather factor in mind, we anticipate drilling about 40 weeks per year.

(3) All things being equal, our core-drilling operations should be completed within two years.

(d) Miscellaneous

(1) Assaying

(2) Construction of camp

(3) Construct gate at entrance to property

6. Experience

(a) Thomas H. Klune

(1) Three years actual experience in core-drilling.

(2) Fifteen years experience as machinist, tool maker, tool designer and machine shop owner.

(b) Alfred F. Formaneck

(1) Practical mining experience, A & V Mining Co., 1952-1954. Tunneling, powder work, concentrating and haulage.

(2) Core-drilling, with Boyles Bros. drill, 1963-1964.

(3) Two-year course metal mining. Courses in mineralogy and geology, University of Nevada.

(4) Fire and wet assaying experience.

(c) David Le Count Evans - Consulting Geologist

(1) See enclosed resume.

Professional Record of
David Lo[illegible]nt Evans

To December 15, 1966

Present Address: 1700 Royal Drive, Reno, Nevada 89503
Telephone: AC 702, Number ~~[illegible]~~ 747 4401

Permanent Address: c/o Mr. Alva Cooper Trueblood, Box 1140, Route 1, Glencoe, Missouri.

General Information:

Birth: March 15, 1906, San Francisco.

Health: Excellent.

Height: Six feet, four inches.

Weight: 193 pounds.

Education

Preparatory: Public Schools of Palo Alto, California.

College: 1923-1927; Stanford University, Department of Geology; A.B.-1927.

1927-1928; Stanford University, Department of Geology; M.A.-1928.

1936-1936; Stanford University; School of Mining Engineering; took leave of absence to return to active mining.

Professional Record:

June 1964 to date:

Position: Consulting Geologist, Reno, Nevada.

Activity: The evaluation of mining properties and prospects in Nevada, California, Washington, Oregon, Arizona, Colorado and Mexico.

References: Mr. Paul Cornill, Executive Secretary, Nevada Mining Association, Suite 602, One East First Street, Reno, Nevada.

August 1951--June 1964:

Position: Consulting Geologist, Wichita, Kansas.

Activity:

Petroleum:

The supervision of drilling wells; the search for new oil and gas production; the interpretation of gravity surveys; tectonic studies as a guide to oil exploration in the northern Mid-Continent.

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Mining:

The appraisal and evaluation of mining properties in Kansas, New Mexico, California, Oregon, Arkansas, Wyoming, Oklahoma, Utah, Colorado. Nevada, five states in old Mexico, Turkey, Haiti, French Guiana, and Nova Scotia.

Geophysical and sub-surface studies in Missouri, southeastern Kansas, northeastern Oklahoma, as an aid to the revival of old mining districts.

Publications pertaining to the recognition of unexpected Mississippi Valley type deposits in far-western Kansas.

Miscellaneous:

Field work and final collaboration as an expert witness in ground water and water polution cases, especially those connected with oil operations in Central Kansas.

References:

1. Mr. Eldon Means, Means Laboratories, Wichita, Kansas.

2. Mr. George Fowler, Consulting Geologist, Joplin National Bank Building, Joplin, Missouri.

3. Mr. Roger, McConnel, Chief Geologist, The Bunker Hill Company, Box 29, Kellogg, Idaho.

August 1947---August 1951

Position: Geologist-Geophysicist

Company: The Marathon Oil Co., Tulsa, Oklahoma.

Activity: The coordination of detailed gravimetric surveys and subsurface geology, throughout Oklahoma, Kansas, parts of Texas, Illinois, Michigan and Indianna. Gravimetric studies in the Tri-State district of Oklahoma, Missori and Kansas.

Reference: Mr. Thomas K. Bowles, Marathon Oil Company, Tulsa, Oklahoma.

January 1945---August 1947

Position: Petroleum Geologist.

Company: The Marathon Oil Company, Wichita, Kansas.

Activity: Studies of the subsurface stratigraphy and structure of Western Kansas.

Reference: Mr. Burton Dunn, Consulting Geologist, Petroleum Club Bldg., Denver, Colorado.

May 1943---January 1945

Position: Underground shiftboss on mine development.

Company: Climax Molybdenum Co., Climax, Colorado.

Activity: Of the 19 months spent on this work, 13 were devoted to the driving of undercuts in preparation for block caving, and 6 to safety supervision.

Mine development at Climax signified the undercutting of a block of ore to induce caving; such required a knowledge of active mining, equipment, blasting and timbering, as well as an ability to handle men.

Reference: Mr. Frank Coolbaugh, Chairman of the Bard, American Metal-Climax Company, New York City, New York.

October 1942--May 1943

Position: Senior Minerals Specialist

Group: Metals and Minerals Branch, Board of Economic Warfare, Washington, D. C.

Activity: This work was all statistical, designed to expedite the foreign production of nickel, chromite and manganese; required was a knowledge of the geology and economics of the three metals.

Reference: Dr. Alan M. Bateman, Yale University, 91-A, Yale Station, New Haven. Connecticut.

April 1940--September 1942

Position: Mining Geologist

Company: The Freeport Sulphur Company in Reno, Nevada and Grants Pass, Oregon.

Activity: The appraisal of properties in Nevada, Arizona, New Mexico, Colorado, Utah, Idaho, California, Oregon, Washington and Panama.

The examination of molybdenum, manganese, chrome, mercury, tin, nickel, antimony, magnesium, beryllium, tungsten, gold,

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silver, lead, zinc and copper properties.

Reference: Dr. Vincent P. Gianella, 175 Temple Drive, Auburn, California.

March 1936--April 1940:

Position: Resident Geologist

Company: Climax Molybdenum Company, Climax, Colo.

Activity: A detailed study of the Climax orebody, based on both geological and assay controls.

The responsibility of all mine development and the calculation of ore reserves.

The direct supervision of about 75,000 feet of diamond drilling and the planning for company approval of all development and exploratory drilling.

The examination of outside prospects.

Reference: Dr. John W Vanderwilt, Consulting Geologist, 895 Kendall, Denver, Colorado.

October 1933--October 1935

Position: Chief of the Technical Department.

Company: Compania Minera Unificada del Cerro Rico de Potosi, Potosi, Bolivia, S. A.

Activity: The dpeartment was resposible for all crosscutting, drifting, underground stoping, production from surface dumps, et cetera.

Work included the usual routine of mine and dump sampling, surveying, geological mapping, ore reserve calculations, contract measurements and statistical studies.

Reference: Prof. Eugene P. Pfleider, School of Mines, University of Minnesota, Minneapolis, Minn.

May 1932--September 1932

Depression Panning gold in northern Mexico and employed as a Ranger-Naturalist with the U.S.National Park Service in the summers.

July 1928--January 1932

Position: Assistant Geologist

Company: Cananea Consolidated Copper Company, (subsidiary of the Anaconda Company) at Cananea, Sonora, Mexico.

Activity: Detailed underground and surface geological mapping; examination of prospects, the supervision of diamond drilling, etc.

Reference: Mr. Vincent D. Perry, Vice President and Chief Geologist, The Anaconda Company, New York City, New York.

General and Limiting Information:

Languages: A fair speaking and reading knowledge of Spanish, and a fair reading knowledge of French.

Societies: Member; American Inst. of Mining Engineers.

Member; Society Exploration Geologists.

Fellow: Geological Society of America.

Member; Society Exploration Geophysicists.

Member; American Association Petroleum Geologists.

Member; Kansas Geological Society and the Geological Society of Nevada.

1700 Royal Drive,
Reno, Nevada 89503

David LeCount Evans

7. Estimate of Costs

(a) Independent contracts

(1) None, (Applicants will submit bids to man and supervise all preparation work and all exploration operations).

(b) Personal services

(1) Outside geological consultant-(Not included in core-drill bid).

(a) Cost -- $100.00 per day, plus expenses.

(b) Period of employment to be on a minimum of four times a month basis for the duration of the exploration.

(c) This service is available and has been arranged.

(2) Labor - (Included in core-drill bid). Applicant's bid

(a) Cost - Skilled, $6.00 per hour; 160 hours per week - $960.00. = 20 shifts/week = 2 drillers/shift

Non-skilled, $4.00 per hour; 80 hours per week - $320.00. = 10 shifts/week 1 drill - 2 shifts/day

Total labor: $1,280.00 per week, or $76,800.00 total. (2 drills - 1 shift/day)?

(b) Periods of employment to be duration of exploration - 60 weeks.

(c) This service is available.

(c) Operating materials and supplies - (Included in core-drill bid).

(1) Expendable

(a) Power supplied by portable unit.

7. Estimate of Costs (Continued)

(b) Water to be hauled. (Cost included in core-drill bid).

20 miles roundtrip - $8,520.00 total.

(c) Fuel. (Cost included in core-drill bid).

(1) Gasoline - regular grade, 31.4¢ per gal. delivered

Total: $6,066.60.

(2) Motor oil - Series #1 grade, $1.00 per gal, in 50 gal. drum lots or more. $300.00.

(d) Diamond Drill Bits

BQ Bits	201.05
AQ Bits	149.00
BQ Reaming Shells	105.50
AQ Reaming Shells	88.50
BQ Total	22,071.60
AQ Total	4,275.00
Grand Total	26,346.60

(e) Batteries

(1) 12 Volt storage	$150.00
(2) Flashlight	
(3) Electric lamp	

(f) Nuts, bolts, screws, nails, cotter keys, washers (rubber, metal, various types and sizes) - $100.00.

(g) Brushes-cleaning, wire and paint - $50.00.

(h) Cleaning supplies, soaps, detergent, solvent, etc. $180.00.

(i) Paper products

(1) Toilet paper, 2 cases @ 14.30 - $28.60.

7. Estimate of Costs (Continued)

(2) Napkins, 4 cases @ 10.60 - $42.40.

(3) Paper towels, 9 cases @ 10.21 - $91.90.

(j) Welding supplies - $173.10.

(k) Assay supplies - $150.00.

(l) Core boxes, $1.00 per 10 ft. box - $1200.00.

(2) Units of equipment and tools costing less than $50.00 each.

(a) Lubricating equipment - 2 guns @ 23.75 - $47.50.

(b) Axes - 1 @ $12.04.

? (c) Cement working tools - $27.18.

(d) Rope

(1) 1/2" Manila, 100 ft. $8.10.

(2) 3/4" Manila, 100 ft. $16.50.

(e) Chisels & punches - set $35.00.

(f) Clamps

(1) 3 - 6" clamps @ 11.04 - $33.12

(2) 3 - 8" clamps @ 14.60 - $43.80.

(g) Cutters

(1) 2 wire @ 5.32 - $10.64.

(2) 1 pipe - $19.00.

(3) 1 bolt - $33.30.

? (h) Machetes - 2 @ 4.50 - $9.00.

(i) Ladders - Step type, 16' - $42.40.

(j) Electric Lanterns - 4 @ 11.95 - $47.80.

(k) Pliers - various types & sizes - ½ doz. assorted $30.00.

7. Estimate of Costs (Continued)

(l) Rakes - 1 - $7.20.

(m) Saws

(1) 2 hand @ 8.80 - $17.60.

(2) 2 hack @ 7.30 - $14.60.

(n) Screw-drivers - various types & sizes - 1 set $14.85.

(o) Shovels - 4 various types & sizes - $32.00.

(p) Crow bars - 4 various sizes - $75.06.

(q) Lights - Flood - 10 @ 3.85 - $38.50.

(r) Water pails - 2 @ 8.12 - $16.24.

(s) Hammers

(1) Sledge - 10# - 1 - $16.76.

(2) Claw - 2 @ 5.40 - $10.80.

(3) Ball-peen - 2 @ 4.74 - $9.48.

(t) Miscellaneous hardware items - $50.00.

(d) Operating equipment - All items in this category to be leased

(1) Assay unit (fire system) $2,000.00 complete.

(2) Anvil - 100# - $115.26.

(3) Block & tackle

(a) 1/2 ton - $143.00

(b) 3 ton - $372.00

(4) Chain hoist - 3/4 ton - $65.00

(5) Cable

(a) 5/8" - 500 feet - $170.00

(b) 1/4" - 1,000 feet - $160.00

7. Estimate of Costs (Continued)

(6) Core-barrels

(a) 2 - 10 ft. BQ wireline core barrel @ 380.00 - $760.00.

(b) 1 BQ Overshot assembly - $137.50.

(c) 2 AQ wireline core barrel @ 335.00 - $670.00.

(d) AQ Overshot assembly - $132.00.

(e) 2 extra AQ 10 ft. innertube assemblies @ 245.00 - $490.00.

(f) 2 extra BQ 10 ft. innertube assemblies @ 270.00 - $540.00.

(7) Core-splitter - $242.45.

(8) Compressor, 105 cu. ft. - $2300.00.

(9) Cement mixer - $150.00.

(10) Chain - 100 ft. 5/16" - $112.28.

One ? (11) Drill - Diamond Core - $10,425.00.

(12) Drill rod

(a) 500 ft. AQ - $1292.50.)
) Total: $2767.50
(b) 500 ft. BQ - $1475.00)

(13) Dies - pipe - $122.10.

(14) Fire extinguishers - 2 @ 57.70 - $115.40.

(15) Fittings, pipe and hose - $75.00.

(16) Gasoline storage tank - $350.00.

(17) Grinder - 1/3 H.P. - $54.95.

(18) Housetrailers

(a) Living - $3,000.00

(b) Office - $3,000.00

7. Estimate of Costs (Continued)

(19) Hose

(a) Water - 200 ft. rubber - $63.00.

(b) Air - 100 ft. - $97.20.

(c) Gas - 24 ft. - $44.80.

(20) Jacks

(a) Light duty - $1\frac{1}{2}$ ton - $19.70.

? (b) Heavy duty - 20 ton - $99.22

(21) Oil hand pump - $74.94.

(22) Pipe

(a) 200 ft. 1/2" gal. - $40.00.

(b) 200 ft. 3/4" gal. - $60.00.

(23) Power tools

(a) Drills

(1) 1/2" - $59.95.

(2) 1/4" - $36.95.

? (b) Saw - 8" - $99.50.

(24) Pumps

(a) Mud - $3570.00.

(b) Water - $920.00.

(25) Stoves & heating equipment for trailers and sheds

2 @ $65.00 - $130.00.

(26) Tool chest - $141.00.

(27) Truck - (Four-Wheel Drive) - $3950.00.

7. Estimate of Costs (Continued)

? (28) Truck - 1 Ton - $3200.00.

(29) Truck - Water tank - $5500.00.

(30) Trailer (low bed utility) - $600.00.

(31) Tank (Water for domestic use) - $200.00.

(32) Valves (Various sizes) - $150.00.

(33) Vises

(a) Pipe - $33.44.

(b) Bench - 25 lb. - $63.36.

(34) Welders

(a) Acetylene - complete - $201.20.

(b) Electric & generator comb. - $812.00.

(c) Tank cart - $25.00.

(35) Wire-line hoist - $875.00.

(36) Wheelbarrow - $67.98.

(37) Wrenches

(a) Allen, set - $9.20
(b) Box, set - $11.25
(c) Chain-tongs - $16.30
(d) Crescent - set of 7 - $45.92
(e) Open end, set - $18.12
(f) Pipe - set of 6 - $39.46
(g) Socket, set - 51 piece - $65.90

(39) Fishing tools - $300.00.

(40) Core-barrel wrenches

(a) AQ 1 outer - $27.50; 2 inner @ $27.50 - Total: $82.50.

(b) BQ 1 outer - $30.00; 2 inner @ $30.00 - Total: $90.00.

7. Estimate of Costs (Continued)

? (41) Mud Testing Equipment

(a) Marsh funnel - $6.95.

(b) Measure cup - 1000 cc - $3.30.

(42) Wommer Safety Clamp - $200.85.

(a) 1 extra set Jaws - $80.00.

(43) Longyear Safety Clamp - $211.75.

(44) Hoisting Plug - $53.30.

(45) 14" Tripod Sheave - $67.70.

(46) Tripod Clevis and bolt - $30.30.

(47) 6 Subs @ $50.00 - $300.00.

(48) Water Swivel - $100.00.

(49) Jar Staff - $66.95.

(50) 2 Jar Washers @ $8.25 - $16.50.

(51) Drive Hammer - $98.40.

(52) Drive Hammer Extension - $85.65.

(53) Casing Drive Shoes - $25.00.

(54) Drive Pipe & Couplings - 3" - 40 ft - $45.00.

(55) Reaming Barrels

(a) AX casing - $60.65.

(b) BX casing - $74.65.

(56) Casing

(a) AX - 100 ft. - $150.00.

(b) BX - 100 ft. - $172.50.

7. Estimate of Costs (Continued)

(57) Casing bits

(a) 3 AX @ $164.50 - $493.50.

(b) 3 BX @ $241.00 - $723.00.

(58) Mast - $2975.00.

(e) Initial rehabilitation and repairs

(1) None

(f) New buildings, fixtures, installations

(1) Semi-permanent skid-mounted workshop & tool shed - $750.00.

(2) All other items to be mobile.

(g) Miscellaneous

(1) Operating equipment listed in 7(d) to be leased with a full maintenance clause - where applicable.

(2) Assay - $1200.00.

(3) Accounting and office expense - $125.00 per month; total: $3000.00.

(a) Analytical work

(b) Accounting

(c) Workman's Compensation

(d) Employees' Liability Insurance

(e) Payroll taxes

(f) Sales taxes

(4) Construction of camp and installation of gate at entrance to property - $750.00.

SUMMATION OF TOTAL COSTS

Items included in cost per foot:	Total	Cost per foot
Labor	76,800.00	6.40
Operating materials & supplies; Expendable	43,399.20	3.62
Units of equipment & tools costing less than $50.00 each	718.47	.06
Operating equipment; all items in this category to be leased drill? Net cost: $57,073.28 Lease cost for two year period	60,000.00 ?	5.00
Total cost of drilling per foot	180,917.67	$ 15.08

Items not effecting cost per foot:	
Geological Consultant	6,000.00
Road grading & site building	11,200.00
Miscellaneous	4,950.00
	22,150.00
	203,067.67

ENGINEERS CONTRACTORS

UTAH CONSTRUCTION & MINING CO.

573 EAST THIRD SOUTH • SALT LAKE CITY, UTAH 84110
Mailing Address: POST OFFICE BOX 1590

April 3, 1967

Inca Mining Company
700 "H" Street
Sparks, Nevada 89431

Attention Mr. Thomas H. Klune

Dear Mr. Klune:

Your letter and invitation to bid on the diamond drilling on your property close to Unionville, Nevada, was received at this office today.

We thank you for your interest in the Utah Construction & Mining Co. but I must inform you that we do not do this type of diamond drilling work on a contract basis for other companies. I am also enclosing the maps you sent with your letter.

I hope your venture turns out well, it sounds very interesting.

Yours very truly,

V. E. Frye

V. E. Frye

VEF:EB

Enclosures

DRILLING
BLASTING

QUARRYING
TUNNELING

METLER BROTHERS DRILLING CO.

Core Drilling Contractors

001 E. Illinois Street | Phone 327-4268 | Tucson, Arizona 85714

5 April, 1967

Inca Mining Company
700 "H" Street
Sparks, Nevada 89431

Attention: Mr. Thomas H. Klune

Dear Sir:

In reply to your letter dated 30 March, 1967, we regret to inform you that we will be unable to bid on this project because of previous commitments for the equipment that would be required.

We do, however, thank you for the bid invitation and wish to have our name kept in your mailing list of bidders for future drilling and explorations.

Very truly yours,

METLER BROS. DRILLING CORP.

E. R. Metler

E. R. Metler, President

BRM/dr

MAILING ADDRESS: P. O. BOX 5549

TELEPHONE AREA CODE 213
NEwmark 1-9341
NEvada 6-9416

CANNON DIAMOND DRILLING CO.

DRILLING AND GROUTING CONTRACTORS

1464 WEST COMPTON BLVD. COMPTON, CALIFORNIA

May 22, 1967

Inca Mining Company
700 "H" Street
Sparks, Nevada 89431

Gentlemen:

We are pleased to submit the following proposal for drilling your claim in Humboldt mountain range in North-Central Nevada:

1. Mobe and demobe L.S. $3,500.00
2. BX Wire Line Drilling 0-300 @ 16.00 per ft
3. BX Wire Line Drilling 300-600 @ 17.00 per ft
4. Cementing @ 15.00 per hour including material
5. Redrill 0-300 @ 6.00 per ft
6. Redrill 300-600 @ 8.50 per ft
7. Casing @ 4.00 per ft
8. Moves-hole to hole @ 200.00 each
9. Water Haul-included in drill prices above
10. Cat Work- 25.00 per hour (D-8 or Equivalent)

The above figures should cover all the items involved in drilling your property near Unionville, Nevada. If you have any questions concerning this quote, please call.

If we are considered on this project, we would be very interested in the time element, such as when you expect to begin work and so forth.

Very truly yours,

CANNON DIAMOND DRILLING CO.,

F. G. Cannon,
President

CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS
2810 NORTH FIGUEROA
LOS ANGELES, CALIFORNIA 90065
TELEPHONE CAPITAL 2-7146

EXPLORATION DRILLING
GROUT HOLE DRILLING
CEMENT GROUTING
CHEMICAL GROUTING

BRANCH OFFICE:
419 SO. 96TH STREET
SEATTLE 8, WASHINGTON
ROCKWELL 2-1911

April 17, 1967

File No. LAX-67-1

Inca Mining Company
700 H Street
Sparks, Nevada 89431

Attn: Thomas H. Klune

Gentlemen:

The following is our proposal for the drilling of exploratory holes on your property near Unionville, Nevada:

Item No.	Description	Size	Unit	Amount
1.	Mobilization & Demobilization		L.S.	$ 3,000.00
2.	Moving From Hole to Hole - Per Move		Each	300.00
	Footage Operation:			
3.	Drilling & Installing Temporary Casing in Overburden	N.C.	L.F.	16.00
4.	Drilling & Coring from Bottom of Overburden to 600 feet	NXWL	L.F.	15.00
		BXWL	L.F.	14.00
5.	Cementing & Redrilling Cement		L.F.	5.00
6.	Contractor will Furnish all Necessary Drilling Equipment & Haul Its Own Water			
7.	Owner to Furnish & Maintain Access Roads to Water Supply & Drill Operation & Prepare Drill Station			
8.	Owner to Furnish & Transport Core Boxes & Sludge Containers if required			

Our bid is based on a minimum of 5,000 feet in stage drilling.

If you would like more information, or have any questions regarding this bid, please feel free to contact us.

Yours truly,

CONTINENTAL DRILLING COMPANY

P.A. Conte

P. A. Conte

PAC:ed

Proposal

Page No. 1 of 1 Pages

MEYER DRILLING CO., INC.
Well Drilling & Pump Service
505 Hot Springs Road
CARSON CITY, NEVADA

PROPOSAL SUBMITTED TO:	PHONE: 358-2572	DATE: June 12, 1967
NAME: INCA Mining Company	JOB NAME:	
STREET: 700 "H" Street	STREET:	
CITY: Sparks,	CITY: Union Ville,	STATE: Nevada
STATE: Nevada	ARCHITECT:	DATE OF PLANS:

We hereby submit specifications and estimates for: Mineral Exploration, 24 holes, 500 Ft. Each

Joy 12-B Dimond Core Drill with wire line, NX & BX Fittings

Move-In & Move-out	$ 500.00
NX Core @ $ 18.50 per foot, 6,000 ft. (Est.)	111,000.00
BX Core @ $ 18.50 per foot, 6,000 ft. (Est.)	111,000.00
Serfice Casing @ $ 3.55/Ft. 480 ft (Est.)	1,704.00
NX Casing @ $ 3.45/ft. (est) 500 ft.	1,725.00
BX Casing @ $ 3.25/ft. (est) 500 ft.	1,625.00
Water Haul @ $ 20.00 per load (est. 96 loads)	1,920.00
Gel @ $ 4.25 per 100# (est. 2,400#)	102.00
Stand-By Time @ $ 15.00 per hour (Est.) 24 hrs	360.00
Location To Location Move @ $ 150.00 each (est. 24)	3,600.00
Total	$ 233,536.00

We hereby propose to furnish labor and materials — complete in accordance with the above specifications, for the sum of:

dollars ($ 233,536.00) with payment to be made as follows:

$ 20,000.00 deposit (to be returned upon completion) plus weekly billing and payment

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs, will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature Bob Meyer

NOTE: This proposal may be withdrawn by us if not accepted within 30 days.

Acceptance of Proposal

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Accepted: Signature

INCA MINING COMPANY
700 "H" STREET SPARKS, NEVADA 89431
358-2572
AL FORMANECK
THOMAS KLUNE

July 13, 1967

United States Department of Interior
Office of Mineral Exploration
Menlo Park, California Field Office

Attention: Mr. H. Stager

Gentlemen:

The following is our proposal for exploration core-drilling on our property near Unionville, Nevada.

			Est. Total
1.	Mobilization & demobilization		$1,500.00
2.	Hole-to-hole move @ $225.00 per move		$5,400.00
		Drilling Cost/Ft.	Est. Total
3.	Overburden drilling & overburden casing	$14.75	$ 11,800.00
4.	AX wire-line core-drilling	$13.25	$ 29,680.00
5.	BX wire-line core-drilling	$13.75	$123,200.00
6.	Cementing & redrilling cement	5.00	$ 880.00
7.	Casing	4.00	$ 1,800.00
8.	Stand-by time @ $15.00 per hour	____	$ 720.00
9.	Water haul included in core-drill prices		
10.	Over-all average drilling cost per ft.	$14.00	$168,080.00

When the Office of Mineral Exploration contract is executed the drilling will start immediately after the road and drill site work is completed, which will start within one month after the contract is let.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

THK/gh

WINNEMUCCA
WILLIS BROS. CONSTRUCTION
NEVADA

1025 EAST SECOND STREET • P. O. BOX 872 • PHONE (Area Code 702) 623-2568
WINNEMUCCA, NEVADA 89445

July 5, 1967

Mr. Thomas Klune
INCA Mining Company
700 H Street
Sparks, Nevada

Dear Mr. Klune:

In response to your verbal request we are submitting the following estimate for work on your mining property near Unionville:

Improve existing road & new construction to 16' standard.....	$15,000.00
24 Drill sites and access trails.....	6,000.00
Level dump & improve access road.....	1,000.00

Average cost per station for road work is $75.00.

Our ability to perform this work will depend upon availability of equipment at the time the work is required.

Sincerely,

WILLIS BROTHERS CONSTRUCTION CO.

L. A. Willis

By L. A. Willis, President

LAW/bi

John Etchart Inc.
426 Bridge St.
Winnemucca, Nevada

July 6, 1967

Inca Mining Company
700 "H" Street
Sparks, Nevada

Attn: Thomas Klune

Gentlemen:

Our proposal for the work you requested is as follows:

Main Road	$16,500
24 Drill Sites	7,000
Level Dump & Imp. road	1,500.
Total Bid	$25,000.

Very truly yours,

John Etchart

John Etchart

INCA MINING COMPANY
700 "H" STREET SPARKS, NEVADA 89431
358-2572
AL FORMANECK
THOMAS KLUNE

July 13, 1967

United States Department of Interior
Office of Mineral Exploration
Menlo Park, California Field Office

Attention: Mr. H. Stager

Gentlemen:

The following is our proposal for access road construction and drill site preparation at our property near Unionville, Nevada.

1. Improve existing road from Unionville to the Governor Bradley Mine - A distance of three and eight-tenths miles.

2. Construct a new road above the Wheeler Mine to avoid a dangerous section which passes directly over the mine - A distance of approximately one-half mile.

3. Level Wheeler dump for a camp site.

4. Construct access roads to drill sites.

5. Construct drill sites.

Total road work	$ 8,850.00
Prepare camp site	$ 350.00
Prepare drill sites	$ 2,000.00
Total Bulldozer work	$11,200.00

Very truly yours,

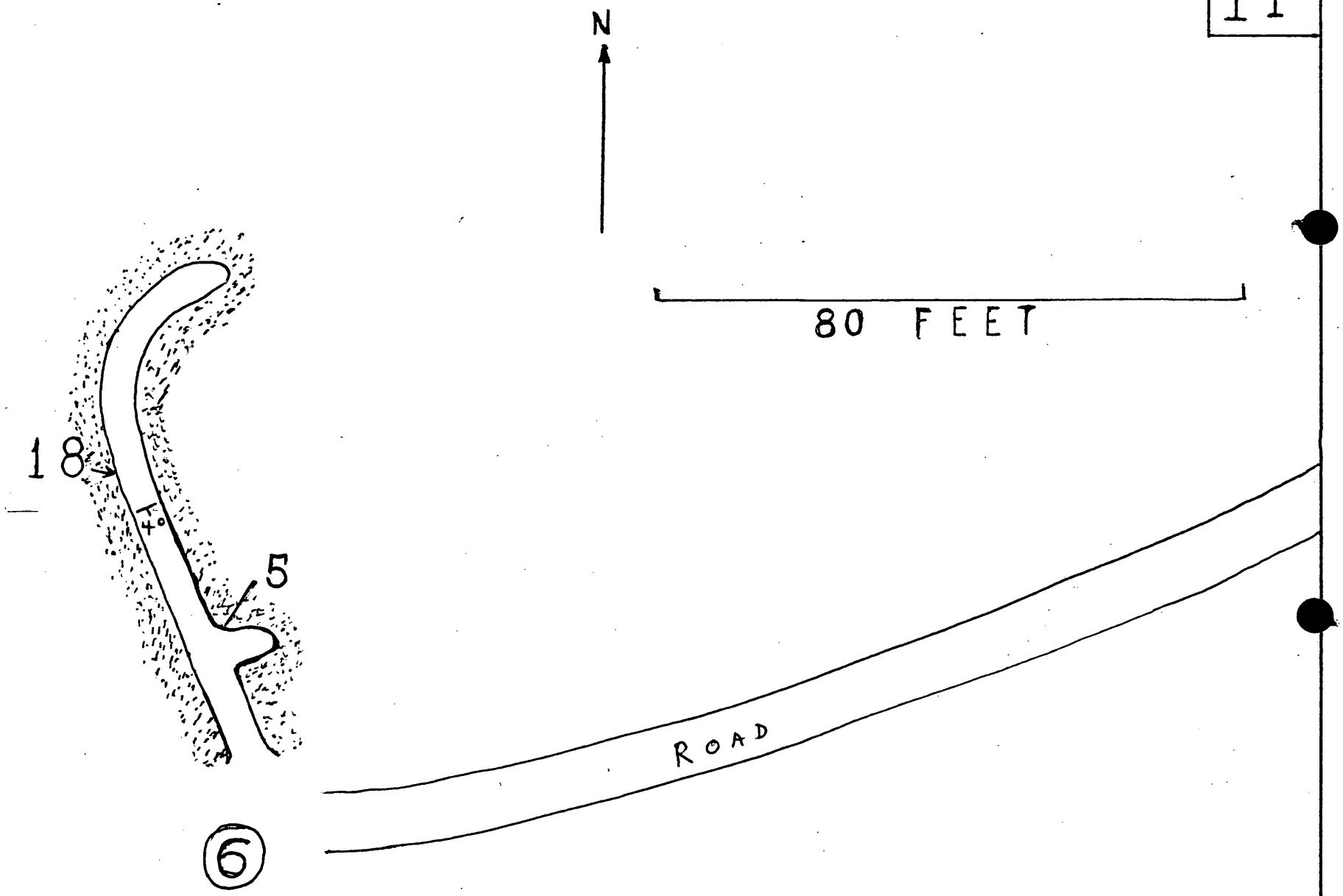
Thomas H. Klune

Thomas H. Klune

THK/gh

NCA MINING COMPANY
7000 "H" Street, Sparks, Nevada

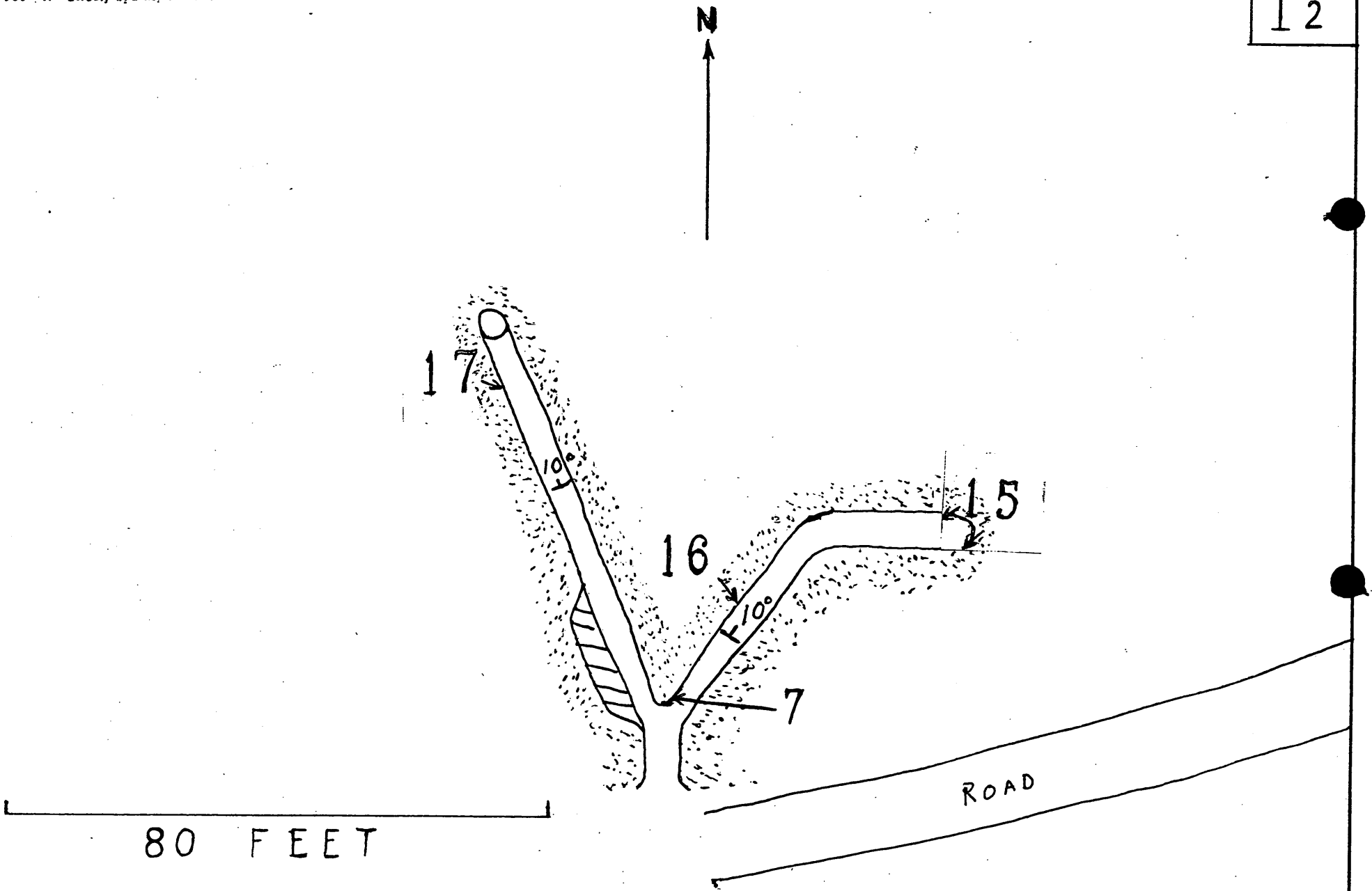
1



West Cottonwood Tunnel

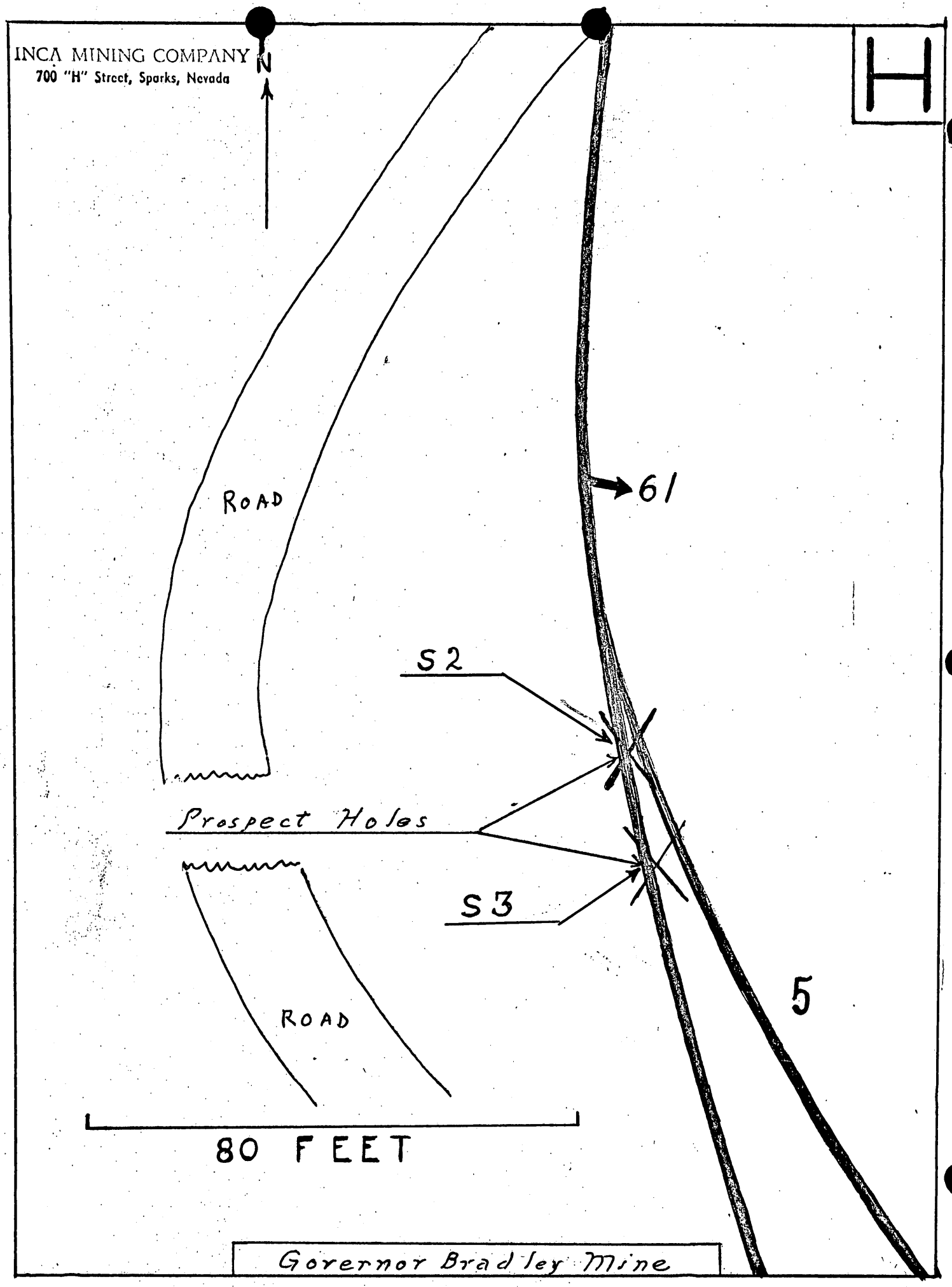
INCA MINING COMPANY
300 "H" Street, Sparks, Nevada

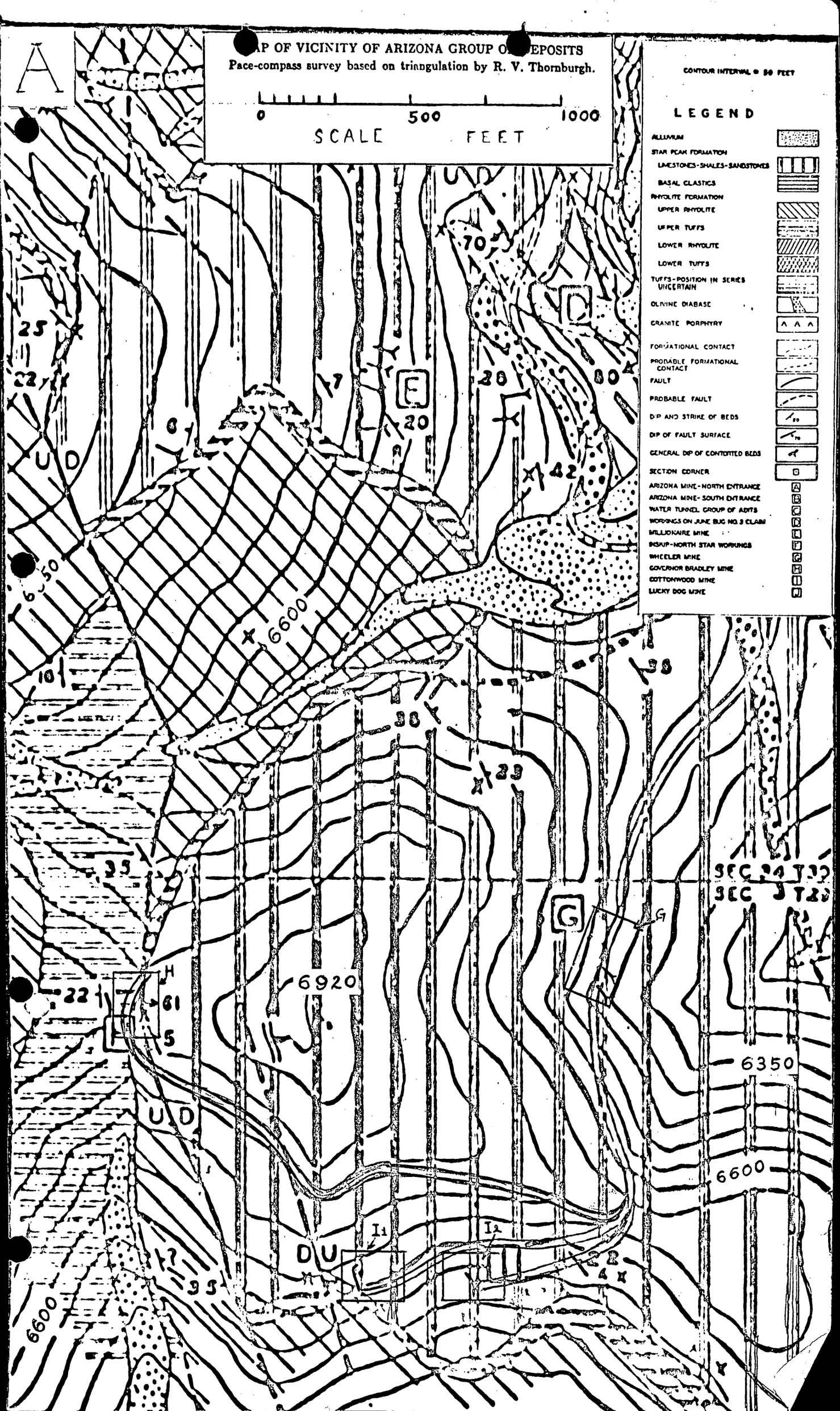
I 2



East Cottonwood Tunnel

INCA MINING COMPANY
700 "H" Street, Sparks, Nevada




A
MAP OF VICINITY OF ARIZONA GROUP OF DEPOSITS
Pace-compass survey based on triangulation by R. V. Thornburgh.
0
500
1000
SCALE FEET
CONTOUR INTERVAL = 50 FEET
LEGEND
ALLUVIUM
STAR PEAK FORMATION
LIMESTONES-SHALES-SANDSTONES
BASAL CLASTICS
RHYOLITE FORMATION
UPPER RHYOLITE
UPPER TUFFS
LOWER RHYOLITE
LOWER TUFFS
TUFFS-POSITION IN SERIES UNCERTAIN
OLIVINE DIABASE
GRANITE PORPHYRY
FORMATIONAL CONTACT
PROBABLE FORMATIONAL CONTACT
FAULT
PROBABLE FAULT
DIP AND STRIKE OF BEDS
DIP OF FAULT SURFACE
GENERAL DIP OF CONTORTED BEDS
SECTION CORNER
ARIZONA MINE-NORTH ENTRANCE
ARIZONA MINE-SOUTH ENTRANCE
WATER TUNNEL GROUP OF ADITS
WORKINGS ON JUNE BUG NO. 3 CLAIM
MILLIONAIRE MINE
INSKIP-NORTH STAR WORKINGS
WHEELER MINE
GOVERNOR BRADLEY MINE
COTTONWOOD MINE
LUCKY DOG MINE
6600
6920
6350
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6600
SEC 24 T32
SEC 3 T22
D U
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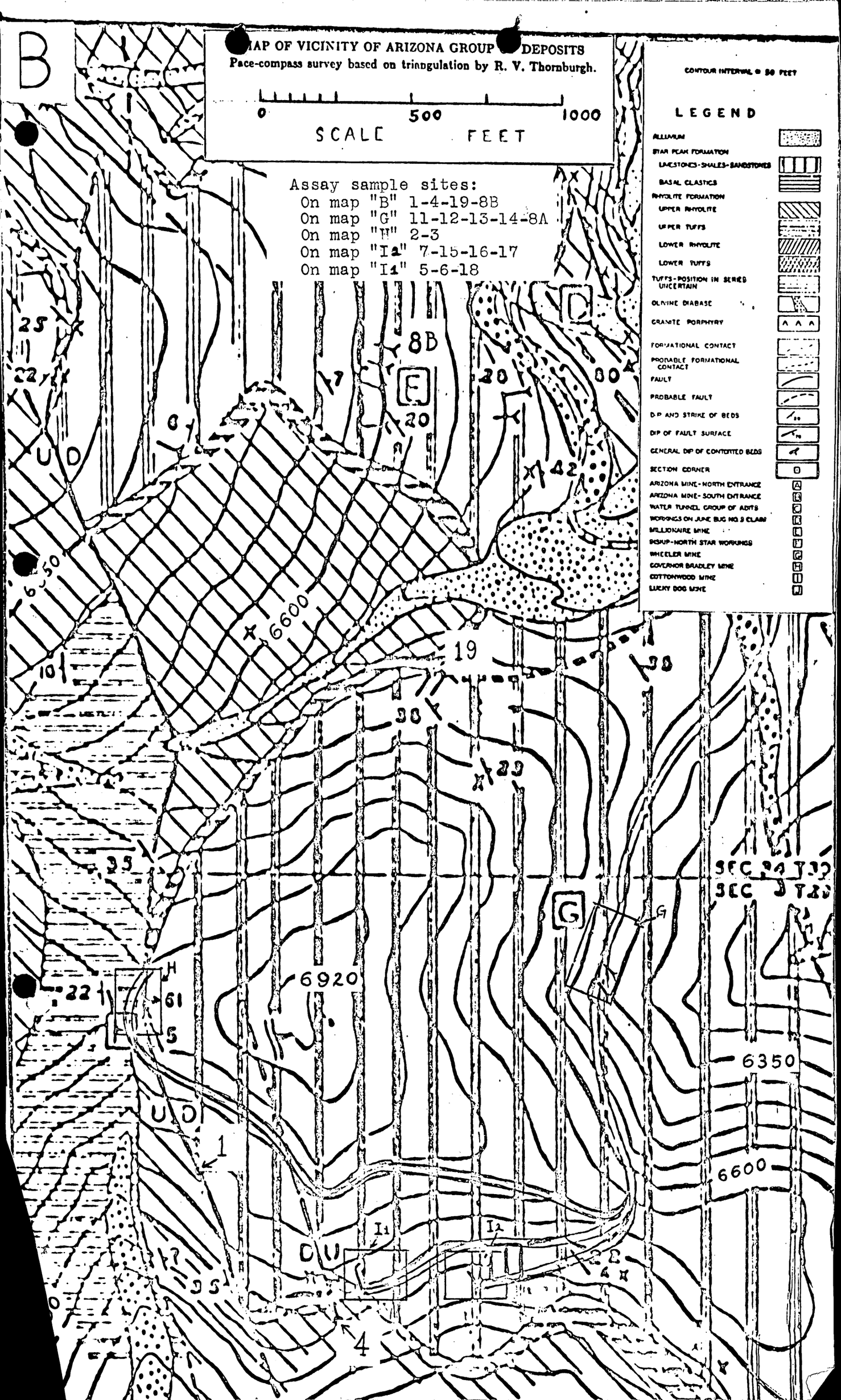
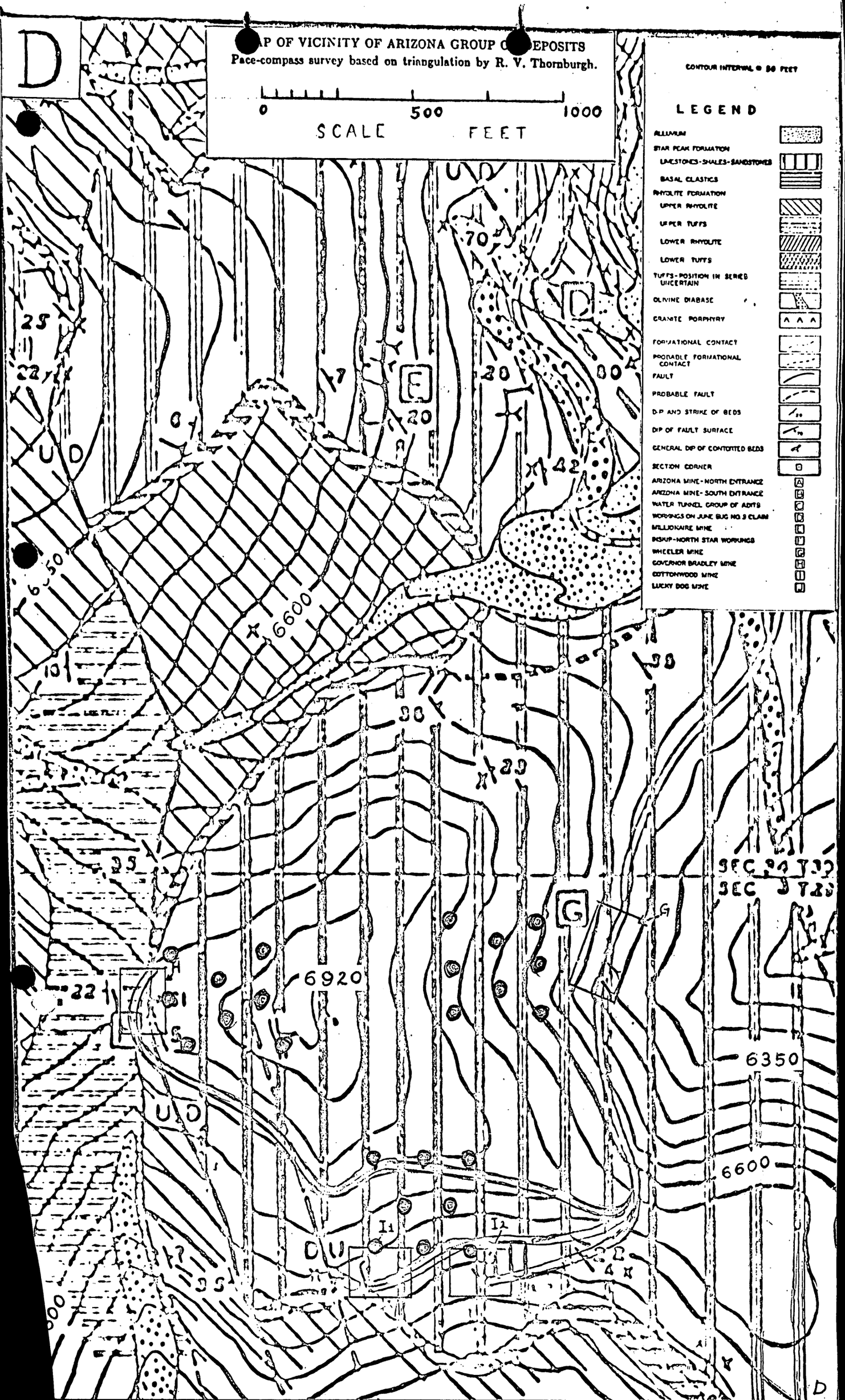
I2


B
MAP OF VICINITY OF ARIZONA GROUP DEPOSITS
Pace-compass survey based on triangulation by R. V. Thornburgh.
0
500
1000
SCALE FEET
CONTOUR INTERVAL = 50 FEET
LEGEND
ALLUVIUM
STAR PEAK FORMATION
LIMESTONES-SHALES-SANDSTONES
BASAL CLASTICS
RHYOLITE FORMATION
UPPER RHYOLITE
UPPER TUFFS
LOWER RHYOLITE
LOWER TUFFS
TUFFS-POSITION IN SERIES UNCERTAIN
OLIVINE DIABASE
GRANITE PORPHYRY
FORMATIONAL CONTACT
PROBABLE FORMATIONAL CONTACT
FAULT
PROBABLE FAULT
DIP AND STRIKE OF BEDS
DIP OF FAULT SURFACE
GENERAL DIP OF CONTORTED BEDS
SECTION CORNER
ARIZONA MINE-NORTH ENTRANCE
ARIZONA MINE-SOUTH ENTRANCE
WATER TUNNEL GROUP OF ADITS
WORKINGS ON JUNE BUG NO. 3 CLAIM
MILLIONAIRE MINE
BISHUP-NORTH STAR WORKINGS
WHEELER MINE
GOVERNOR BRADLEY MINE
COTTONWOOD MINE
LUCKY DOG MINE
Assay sample sites:
On map "B" 1-4-19-8B
On map "G" 11-12-13-14-8A
On map "H" 2-3
On map "I2" 7-15-16-17
On map "I1" 5-6-18
8B
E
G
H
I1
I2
6600
6920
6350
19
1
4
5
61
22
25
20
42
30
29
35
10
SEC 20 T20
SEC 3 T20


D
MAP OF VICINITY OF ARIZONA GROUP OF DEPOSITS
Pace-compass survey based on triangulation by R. V. Thornburgh.
0
500
1000
SCALE FEET
CONTOUR INTERVAL 50 FEET
LEGEND
ALLUVIUM
STAR PEAK FORMATION
LIMESTONES-SHALES-SANDSTONES
BASAL CLASTICS
RHYOLITE FORMATION
UPPER RHYOLITE
UPPER TUFFS
LOWER RHYOLITE
LOWER TUFFS
TUFFS-POSITION IN SERIES UNCERTAIN
OLIVINE DIABASE
GRANITE PORPHYRY
FORMATIONAL CONTACT
PROBABLE FORMATIONAL CONTACT
FAULT
PROBABLE FAULT
DIP AND STRIKE OF BEDS
DIP OF FAULT SURFACE
GENERAL DIP OF CONTORTED BEDS
SECTION CORNER
ARIZONA MINE-NORTH ENTRANCE
ARIZONA MINE-SOUTH ENTRANCE
WATER TUNNEL GROUP OF ADITS
WORKINGS ON JUNE BUG NO 3 CLAIM
MILLIONAIRE MINE
PICKUP-NORTH STAR WORKINGS
WHEELER MINE
GOVERNOR BRADLEY MINE
COTTONWOOD MINE
LUCKY DOG MINE
6600
6920
6350
6600
SEC 34 T20
SEC 3 T21
D

C
Unionville
THIS MAP IS AN ENLARGEMENT OF A SECTION OF MAP MF-245 PRELIMINARY GEOLOGIC MAP OF THE UNIONVILLE QUADRANGLE, NEVADA.
ARIZONA MINE
3.8 MILES OF ROAD TO BE REBUILT
Black Wa
INCA #1
INCA #2
INCA #4
INCA #5
INCA #6
INCA #7
WHEELER MINE
6200
5400
5600
6000
6989

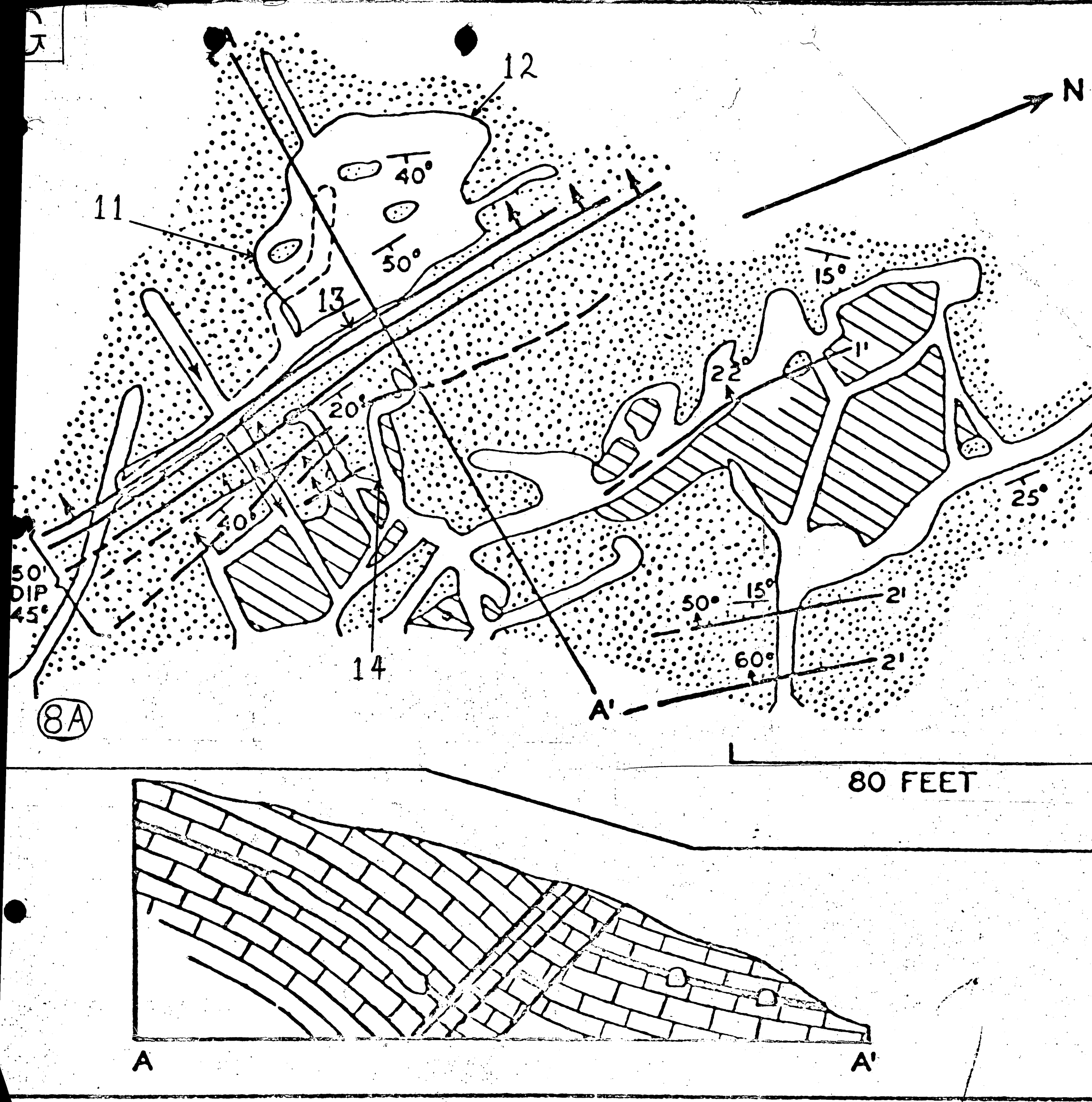


FIGURE 9.—*Plan and section of the Wheeler mine*

INCA MINING COMPA
700 "H" Street, Sparks, Neva

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 11 1973
INITIALS | CODE
HK | 120

Room 4127
Federal Building - U. S. Courthouse
300 Booth Street
Reno, Nevada
89502

May 7, 1973

Certified Mail - Return Receipt Requested

Mr. Thomas H. Klune
1690 Clemson Drive
Reno, Nevada - 89502

and

Mr. Alfred F. Formaneck
700 H Street
Sparks, Nevada - 89431

Gentlemen:

I am returning herewith your respective uncashed personal checks for $82.38 each which you submitted as the balance due on your indebtedness arising under your contract with the Geological Survey (OME-6641 (Silver), Inca Mining Company). As you were advised by Harold Kirkemo, Chief-Office of Minerals Exploration, Geological Survey, in his letter of April 6 to you, the total balance due on your indebtedness is only $64.75--not the $164.76 which you submitted. Please send, by return mail, the actual amount due of only $64.75. If, as in the past, you send your individual personal checks, one check should be for $32.38 and the other for $32.37. Please arrange between yourselves which one will send the check for $32.38 and the other for $32.37.

Sincerely yours,

Otto Aho
Field Solicitor, Reno

Enclosure

cc: Harold Kirkemo
Chief, Office of Minerals Exploration
Geological Survey
U. S. Department of the Interior
Washington, D. C. - 20240

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

APR 6 1973

Mr. Thomas H. Kluna
1690 Clampon Drive
Reno, Nevada 89502
and
Mr. Alfred F. Fermanack
700 N Street
Sparks, Nevada 89431

Re: CMS-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2231

Gentlemen:

This is to advise you that the balance remaining on your account under provisions of the Promissory Note Containing Agreement For Judgment, dated May 26, 1971, is $64.75 ($64.34 principal, $0.41 interest). Payment of this balance with your next check will complete payment of the full obligation agreed to under the subject note.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's reading file
Mineral Resources
Mr. Otto Aho - Field Solicitor
OME reading file
Region II
Mr. Kirkemo

HKirkemo/cac 4/6/73

220

United States Department of the Interior

OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

March 6, 1972

Mr. Otto Aho
Field Solicitor
United States Department of the Interior
Office of the Solicitor
4127 Federal Building and Courthouse
300 Booth Street
Reno, Nevada 89502

Incoming OME-6641

Dear Mr. Aho:

In reply to your letter of February 22, 1972, requesting information on the amounts applied to principal and to interest from past and future monthly payments by Messrs. Formaneck and Klune on the promissory note for $2,505.13 executed by them on May 26, 1971, the Geological Survey has furnished the following information regarding distribution of funds from these payments:

Date	Payments applied to Principal	Payments applied to Interest	Balance Principal
1971			
Note of May 26, 1971	--	--	$2,505.13
May	$400.00	$--	2,105.13
July	86.60	13.40	2,018.53
August	87.56	12.44	1,930.97
September	87.70	12.30	1,843.27
October	88.26	11.74	1,755.01
November	89.18	10.82	1.665.83
December	89.39	10.61	1,576.44
1972			
January	90.28	9.72	1,488.16
February	90.55	9.45	1,395.61
March	91.13	8.87	1,304.48
April	92.25	7.75	1,212.23
May	92.30	7.70	1,119.93
June	93.12	6.88	1,026.81
July	93.48	6.52	933.33
August	94.26	5.74	839.07
September	94.67	5.33	744.40
October	95.27	4.73	649.13

Copy to OME R-II

Date	Payments applied to Principal	Payments applied to Interest	Balance Principal
1972 (continued)			
November	$ 96.01	$ 3.99	$ 553.12
December	96.49	3.51	456.63
1973			
January	97.19	2.81	359.44
February	97.71	2.29	261.73
March	98.33	1.67	163.40
April	99.06	0.94	64.34
May	64.34	0.41	--
	$2,505.13	$159.62	

Sincerely yours,

Bruce Wright

Bruce Wright
Associate Solicitor
Mineral Resources and
General Legal Services

United States Department of the Interior

IN REPLY REFER TO:

OFFICE OF THE SOLICITOR

Room 4127
Federal Building - U. S. Courthouse
300 Booth Street
Reno, Nevada
89502

Air Mail

February 22, 1972

Mr. Donald R. Tindal
Assistant Solicitor, Mines and Minerals Exploration
Office of the Solicitor
U. S. Department of the Interior
Washington, D. C. - 20240

Dear Mr. Tindal:

Information is requested regarding the method of computation of the interest specified in the "Promissory Note" executed by Thomas H. Klune and Alfred F. Formaneck dba Inca Mining Company for their indebtedness to the Geological Survey. You prepared the "Promissory Note", copy of which is enclosed.

The "Promissory Note" was executed on May 26, 1971, and the debtors promised to pay $2,505.13, "with interest at the rate of 7-1/2% per annum". The debtors made an initial payment of $400.00 on May 26, 1971, and have paid $100.00 monthly for the following 8 months, June 1971 through January 1972, or $800.00, with a total payment to date of $1200.00. Mr. Klune wants to know what portion of their monthly payments is applied to the principal and what portion is for the interest.

Although the "Promissory Note" does not so specify, I presume that the interest is computed monthly on the then unpaid balance. Please advise if this presumption is correct. Please have one of the computers in the Department--Geological Survey has

RECEIVED

FEB 24 1972

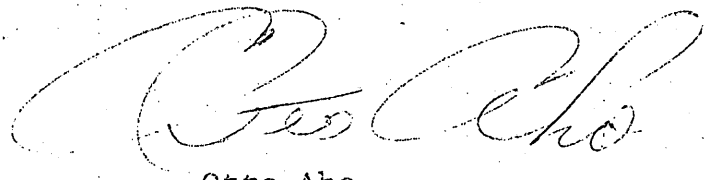
MINERAL RESOURCES and
GENERAL LEGAL SERVICES

copy to OME P-II

one--compute the principal and the interest paid for each month commencing with the June 1971 payment and the principal and the interest that will be applied for each month to the completion of the payments due under the note, assuming that the present $100.00 monthly payments will be continued.

An immediate reply would be appreciated.

Sincerely yours,



Otto Aho
Field Solicitor, Reno

cc: Mr. Thomas H. Klune
1690 Clemson Drive
Reno, Nevada 89502

Mr. Alfred F. Formaneck
700 H Street
Sparks, Nevada 89431

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 25, 1971

Final F.T. Rpt.

OFFICIAL COPY
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Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

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

H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

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

June 25, 1971

1. OME-6641 (Silver)
   Inca Mining Company
   Inca Group of Claims
   Pershing County, Nevada
   Contract 2251

   Operator: Inca Mining Company (Inca Exploration Company)
   1690 Clemson Drive
   Reno, Nevada 89502

   Property: Consists of 6 unpatented lode mining claims (Inca Nos. 1, 2, 4, 5, 6, and 7) including all rights pertaining thereto, in sec. 3, T. 29 N., and sec. 34, T. 30 N., R. 34 E., MDB&M, Unionville mining district, Pershing County, Nevada. A map showing the area of these 6 claims was attached to the contract.

   Ownership: The Operator is the owner of the claims by right of location.

2. Purpose of Project: The purpose of the project was to explore by core drilling from prepared surface sites for silver-bearing ore bodies in the general area between the Wheeler and Governor Bradley Mines in quartz veins along one or more bedding planes near the gently dipping base of lowest limestone stratum of the Star Peak Group of Middle and Upper Triassic age.

3. Contract: Dated November 17, 1967, for a term of 12 months.
   Original contract amount - $81,600.00
   Government participation - 75 percent, $61,200.00

   Amendments None.

   Notice of Default, issued September 8, 1969, giving Operator 30 days within which to cure the default or the contract would be considered terminated.

   Notice of Termination, dated October 31, 1969.

4. Project Work: Started - December 15, 1967, ended July 1968.
Contract terminated by Government on October 31, 1969.

Cost Items	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Mobilization and demobilization of bulldozer	Job	$500.00	$ 500.00	Job	$ 500.00
Bulldozing	100 hrs.	$25/hr.	2,500.00	100 hrs.	2,500.00
Mobilization and demobilization of drilling equipment	Job	$1,500.00	1,500.00	1/2	750.00
Drilling	5,000 ft.		70,000.00		
Overburden $10/ft.				9 ft.	90.00
Bedrock $13.25/ft. AX				0	0
13.75/ft. BX				116 ft.	1,595.00
14.25/ft. NX				0	0
Lost casing, $4.00/ft.				0	0
Cementing and redrilling $5.00/ft.				60 ft.	300.00
Moving between drill holes	15 moves	$200/move	3,000.00	0	0
Cardboard core boxes	400	$1/box	400.00	20	20.00
Assaying samples	-	-	600.00	0	0
Gold and silver $3/spl. Silver $2/spl.					
Outside consultant, 2 days/month	20 days	$75/day	1,500.00	0	0
Travel expenses, outside Consultant--Per Diem	20 days	$16/day	320.00	0	0
Reno to mine and return	2,800 mi.	10¢/mi.	280.00	0	0
Office expenses	10 mos.	$100/mo.	1,000.00	4 mos.	400.00
Total costs			$81,600.00		$6,155.00
Government participation at 75 percent			$61,200.00		$4,616.25
Paid to the Operator					$4,616.25

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

4. Project Work - Continued

Effectiveness of the Work - The planned exploration was not done.

Efficiency of Operator - The Operators were inexperienced in the operation of a diamond drill and they were unable to complete any of the planned holes. They refused to obtain an adequate experienced driller or contractor. The work attempted progressed in a slow and inefficient manner. As a result they defaulted on the contract and the Government was forced to terminate.

Repayment of the Government's contribution - As a result of the Operators' default, the Government requested repayment of its contribution in full, with interest. After considerable negotiation, and the Operators' financial inability to repay the full amount, a compromise proposal was made and accepted. Under the terms of the compromise proposal the costs of the completed bulldozing and office expenses were waived by the Government and the Operators agreed to repay the Government's contribution to the costs of drilling, drill mobilization, cementing, and core boxes ($2,066.25 plus accrued interest of $438.88). On May 26, 1971, the Operators signed a Promissory Note Containing Agreement For Judgment for the amount of $2,505.13 with interest at the rate of 7½ percent per annum. An initial payment of $400.00 was made with payments of not less than $100.00 per month due on or before the first day of each calendar month until the obligation is fully paid.

5. Reports:

Operator's Final Report - A poor, but acceptable, Final Report was received on February 13, 1970.

Cost Review - A Report of Review was issued by the Office of Survey and Review in August 1969.

Final Audit - A final audit was not requested. The final voucher was paid on August 20, 1968.

Royalty Review - There was no production sold and no royalty was due the Government. A Royalty Review was not requested.

6. Project Results:

Discoveries - The exploration work was not completed and no discoveries were made. No ore reserves were found and future development and production are not justified or feasible. Future exploration, including the work proposed in the subject project, is still justified and geologically favorable.

Certification - No discoveries were made during the period of the contract. Certification was not recommended or made.

Production - No ore was mined during the period of the contract.

Royalties - There was no ore sold during the period of the contract and no royalties were paid or due the Government.

7. Geologic Summary: - The Inca property contains one large and several small silver ore bodies that occur in quartz veins parallel to the bedding in gently dipping Middle Triassic limestone. The ore shoot that has been mined at the Wheeler Mine is about 200 feet in width, averages about 3 feet in thickness, and has been mined about 150 feet up a dip of from 10° to 50°. Ore minerals are freibergite, argentite, native silver, covellite, chalcocite, galena, sphalerite, argentiferous pyrite and arsenopyrite, scheelite, gold, and stibnite. Gangue minerals are quartz, pyrite, calcite, and manganese and iron oxides. Production has been reported as $100,000 to $150,000. The nearby Arizona Mine yielded about $10,000,000 from a similar type deposit.

File with
OME-6641
Inca Mining Co.

Checks were hand
delivered to A. Gabor,
Budget & Finance,
June 2, 1971.

United States Department of the Interior

IN REPLY REFER TO:

OFFICE OF THE SOLICITOR

Room 4127
Federal Building - U. S. Courthouse
300 Booth Street
Reno, Nevada
89502

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May 26, 1971
(Date)

RECEIPT FOR PAYMENT OF FOUR HUNDRED DOLLARS, $ 400.00

from THOMAS H. KLUNE and ALFRED F. FORMANECK, in accordance with "PROMISSORY NOTE" executed on May 26, 1971, for indebtedness of INCA MINING COMPANY to the U. S. DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY.

Otto Aho
Field Solicitor, Reno

FIRST NATIONAL BANK OF NEVADA

№ 4900

94-113
1212

PURCHASER THOMAS H. KLUNE DATE MAY 26, 1971

PAY TO THE ORDER OF * DEPARTMENT OF THE INTERIOR, UNITED STATES * * $200.00
GEOLOGICAL SURVEY* * * * * * * * * * * * * * *

FIRST NAT'L BANK OF NEVADA 200dols00cts

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑆1212⑈0113⑆ 003210 ⑈ 0751

Security NATIONAL BANK of NEVADA
MEMBER FDIC

RENO MAIN OFFICE
RENO, NEVADA

№ 108716

94-9
1212

May 17, 1971

PAY TO THE ORDER OF DEPARTMENT OF THE INTERIOR, U. S. GEOLOGICAL SURVEY * * * * * * * $200.00

SECURITY NATIONAL BANK 200 AND 00 CTS DOLLARS

PURCHASER ALFRED F. FORMANECK

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑆1212⑈0009⑆

UNITED STATES DEPARTMENT OF THE INTERIOR

PROMISSORY NOTE CONTAINING AGREEMENT FOR JUDGMENT

May 26, 1971

For value received, we jointly and severally promise to pay to the order of the Department of the Interior, United States Geological Survey the sum of Twenty-Five Hundred and Five Dollars and Thirteen Cents, ($2,505.13), with interest at the rate of 7-1/2% per annum, payable as follows: An initial payment of Four Hundred Dollars ($400.00) tendered this date and the balance in monthly payments of not less than One Hundred Dollars ($100.00) each to the office of the Field Solicitor - Reno, U.S. Department of the Interior, 4127 Federal Building - U. S. Courthouse, 300 Booth Street, Reno, Nevada on or before the first day of each calendar month until such obligation is fully paid. If any such installment shall remain unpaid for a period of ten days, the entire amount of this obligation, with interest, less payments actually made, shall thereupon become immediately due and payable at the option of said Field Solicitor without demand or notice, said demand and notice being hereby expressly waived.

We do hereby authorize and empower the said Field Solicitor, any of his assistants, or any attorney of any court of record, State or Federal, to appear for us and to enter and confess judgment against us for the entire amount of this obligation, with interest, less any payments actually made, at any time after the same becomes due and payable, as herein provided, in any court of record, Federal or State; to waive the issuance and service of process upon us in any suit on this obligation;

to waive any venue requirement in such suit; to release all errors which may intervene in entering up such judgment or in issuing any execution thereon; and to consent to immediate execution on said judgment.

We hereby ratify and confirm all that said Field Solicitor may do by virtue hereof.

/s/ ALFRED F. FORMANECK

Alfred F. Formaneck

/s/ THOMAS H. KLUNE

Thomas H. Klune

United States Department of the Interior

OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

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ufa	130
	~~120A~~
HK	~~120~~

IN REPLY REFER TO:

May 6, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor--Mines and Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

We have reviewed the memorandum, dated February 19, 1971 from the Region II Field Officer, the financial statements of Messrs. Alfred Formaneck and Thomas Klune, partners and Operator under the subject contract, their compromise offer of settlement of the debt due the Government, and your memorandum of March 16, 1971 recommending the acceptance of the partners' compromise offer of settlement. It is our opinion that acceptance of the offer of compromise as proposed is proper under the provisions of Chapter Three of Part 344 of the Departmental Manual relating to standards for the compromise of claims.

Accordingly, we have prepared a promissory note, containing an agreement for judgment, in the amount of $2,505.13 plus 7-1/2% interest per annum, which we are sending to Mr. Otto W. Aho, Field Solicitor, 4127 Federal Building, U. S. Courthouse, 300 Booth Street, Reno, Nevada, 89502, who will contact Messrs. Formaneck and Klune and arrange for its execution. A copy of the note is enclosed for your files. We have asked Mr. Aho to notify us if and when the note is executed so that we may advise the Department of Justice.

Donald R. Tindal
Assistant Solicitor
Mines and Minerals Exploration

I concur
Bruce Wright
Associate Solicitor
Mineral Resources and
General Legal Services

Copy of this memorandum and attached copy promissory note forwarded to Field Officer Region II 5/10/71

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

Copy

June 16, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

The following information is supplied in response to the letter from the Department of Justice, dated April 20, 1970, concerning the subject contract.

The current address of the Inca Mining Company (Inca Exploration Company) is 1690 Clemson Drive, Reno, Nevada 89502. This is also the current address of Mr. Thomas H. Klune, one of the partners in the company. The other partner is Mr. Alfred F. Formaneck, 700 H Street, Sparks, Nevada 89431.

While in Reno, Nevada, on June 9 and 10, 1970, I visited the Nevada Credit Rating Bureau, 2555 Vassar Street, Reno, Nevada, and made a further attempt to obtain a commercial credit report on the company, after having been refused any information by telephone. I was informed that, inasmuch as the U. S. Government is not a contributing member of the Nevada Credit Rating Bureau, the services of that organization are not available to this office. Neither would they give me any information as to the availability of credit data on the Inca Mining Company or on the two partners as individuals.

I talked to Mr. Formaneck, by telephone on June 9, 1970, and learned that he had arrived at an agreement with a mining group represented by a Mr. Roy Dondero of Reno to grant a 90-day option on the subject property. The agreement was at that time in Mr. Klune's hands for his approval and signature. The option provides for a 90-day examination and sampling of the property and if Mr. Dondero's group decides to proceed with exploration, the OME contribution and interest is to be repaid in full before any other payments

or work is done. Mr. Formaneck expected Mr. Klune's favorable reaction to the agreement within the next two weeks. I also talked with Mr. Dondero about the property and the amount of the OME contribution, and he was obviously interested in taking over the property and in clearing the OME lien.

I recommend that we delay further action until the outcome of the present negotiations is known.

H. K. Stager

§ 104.4 Transfer of claims.

When an agency has doubt as to whether collection action should be suspended or terminated on a claim it may refer the claim to the General Accounting Office for advice. When a significant enforcement policy is involved in reducing a statutory penalty or forfeiture to judgment, or recovery of a judgment is a prerequisite to the imposition of administrative sanctions, such as the suspension or revocation of a license or the privilege of participating in a Government sponsored program, an agency may refer such a claim for litigation even though termination of collection activity might otherwise be given consideration under § 104.3 (a) or (c). Claims on which an agency holds a judgment by assignment or otherwise will be referred to the Department of Justice for further action if renewal of the judgment lien or enforced collection proceedings are justified under the criteria discussed in this part, unless the agency concerned has statutory authority for handling its own litigation.

PART 105—REFERRALS TO GAO OR FOR LITIGATION

Sec.
105.1 Prompt referral.
105.2 Current address of debtor.
105.3 Credit data.
105.4 Report of prior collection actions.
105.5 Preservation of evidence.
105.6 Minimum amount of referrals to the Department of Justice.
105.7 Referrals to GAO.

AUTHORITY: The provisions of this Part 105 issued under sec. 3, 80 Stat. 309; 31 U.S.C. 952.

SOURCE: The provisions of this Part 105 appear at 31 F.R. 13384, Oct. 15, 1966, unless otherwise noted.

§ 105.1 Prompt referral.

Claims on which collection action has been taken in accordance with Part 102 of this chapter and which cannot be compromised, or on which collection action cannot be suspended or terminated, in accordance with Parts 103 and 104 of this chapter, will be referred to the General Accounting Office in accordance with R.S. 236, as amended, 31 U.S.C. 71, or to the Department of Justice, if the agency concerned has been granted an exception from referrals to the General Accounting Office. Such referrals should be made as early as possible consistent with aggressive agency collection action and the observance of the regulations contained in this chapter and in any event well within the time limited for bringing a timely suit against the debtor.

§ 105.2 Current address of debtor.

Referrals to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by the current address of the debtor or the name and address of the agent for a corporation upon whom service may be made. Reasonable and appropriate steps will be taken to locate missing parties in all cases. Referrals to the General Accounting Office, and referrals to the Department of Justice for the institution of foreclosure or other proceedings, in which the current address of any party is unknown will be accompanied by a listing of the prior known addresses of such a party and a statement of the steps taken to locate him.

§ 105.3 Credit data.

(a) Claims referred to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by reasonably current credit data indicating that there is a reasonable prospect of effecting enforced collections from the debtor, having due regard for the exemptions available to the debtor under State and Federal law and the judicial remedies available to the Government.

(b) Such credit data may take the form of (1) a commercial credit report, (2) an agency investigative report showing the debtor's assets and liabilities and his income and expenses, (3) the individual debtor's own financial statement executed under penalty of perjury reflecting his assets and liabilities and his income and expenses, or (4) an audited balance sheet of a corporate debtor.

(c) Such credit data may be omitted if (1) a surety bond is available in an amount sufficient to satisfy the claim in full, (2) the forced sale value of the security available for application to the Government's claim is sufficient to satisfy its claim in full, (3) the referring agency wishes to liquidate loan collateral through judicial foreclosure but does not desire a deficiency judgment, (4) the debtor is in bankruptcy or receivership, or (5) the debtor's liability to the Government is fully covered by insurance, in which case the agency will furnish such information as it can develop concerning the identity and address of the insurer

and the type and amount of insurance coverage.

§ 105.4 Report of prior collection actions.

A checklist or brief summary of the actions previously taken to collect or compromise a claim will be forwarded with the claim upon its referral to the General Accounting Office or to the Department of Justice. If any of the administrative collection actions enumerated in Part 102 of this chapter have been omitted, the reason for their omission will be given with the referral. The General Accounting Office and the Department of Justice may return or retain claims at their option when there is insufficient justification for the omission of one or more of the administrative collection actions enumerated in Part 102 of this chapter.

§ 105.5 Preservation of evidence.

Care will be taken to preserve all files, records and exhibits on claims referred or

to be referred to the General Accou
Office, or to the Department of J
for litigation.

§ 105.6 Minimum amount of ref to the Department of Justice.

Agencies will not refer claims c
than $250, exclusive of interest, fo
gation unless (a) referral is impo
to a significant enforcement policy
the debtor has not only the clear a
to pay the claim but the Governme
effectively enforce payment havin
regard to the exemptions available
debtor under State or Federal lav
the judicial remedies available t
Government.

§ 105.7 Referrals to GAO.

Referrals of claims to the Genera
counting Office will be in accordanc
instructions, including monetary li
tions, contained in the General Acc
ing Office Policy and Procedures M
for the Guidance of Federal Age

12/4

9/8/69 to Op Klune $4616 must be

certified / regd

10/31/69 to Op Klune - $4616 Term Notice must be regd.

1/21/70 " " Klune " " " "

2/11/70 from Op - Co unable to pay

4 CFR 102

1 3 ltrs - done

2 Pers interview: Klune - Reno Nev machine shop owner applies #9 Oper has assay lab - Office Bf's P.O.

Formanek - Sparks, " 6/9/70

3 Susp. of lic or prohibition from doing further bus w/ Interior

4 Record lien

5. Collection in instmts

a Congress just note

6 Compromise

7 Turn over to Just for suit

Sd meeting w/ Kirkemo to secure a stronger contact w/ Klune & Formanek

DRAFT
Mr. Martin:hm 11-16-70

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor
Mines and Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Attached is a copy of a self-explanatory letter dated November 12, 1970, from the Assistant Attorney General, Land and Natural Resources Division, Department of Justice, requesting information on the Department's collection efforts with respect to an action against Alfred F. Formaneck and Thomas H. Klune, doing business as Inca Mining Company, ~~a partnership~~.

You will recall that in his memorandum of June 16, 1970, the Field Officer, Region II, reported that Mr. Formaneck had informed him that he had reached an agreement with a mining group represented by Mr. Roy Dondero of Reno to grant to the group a 90-day option on the ~~subject~~ project property, and that the agreement had been forwarded to Mr. Klune for his approval and signature. This option provided for a 90-day examination and sampling of the property and if Mr. Dondero's group decided to proceed with the exploration, the OME contribution ~~and~~ plus interest would be repaid in full before any other payments were made or work ~~is~~ was done.

Mr. Formaneck indicated at that time (June 1970) that Mr. Klune would approve this agreement. The Field Officer recommended that further action be delayed ~~to~~ pending wait the outcome of these negotiations. Please inform us as to the current status of this agreement. Inasmuch as the Field Officer has been told / we suggest that the next steps should be to ~~In the event that~~ the agreement was not executed, ~~an~~ attempt ~~should be made~~ to secure sworn financial statements from Mr. Formaneck and Mr. Klune indicating their present assets, liabilities and income and expenses as prescribed by the regulations in 4 CFR § 105.3(b). ~~This document~~ These statements will then be forwarded by this office to the Department of Justice in answer to their inquiry.

Sincerely yours,

Donald R. Tindal
Assistant Solicitor
Mines and Minerals Explortion

CA EXPLORATION CO.
1690 CLEMSON DR.
RENO, NEVADA 89502

February 13, 1971

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

This is to confirm your meeting with Mr. Alfred F. Formaneck in Reno, Nevada, on the 12th January 71, and your subsequent meeting with Mr. Thomas H. Klune on the 25th January 71, at your office in Menlo Park, California, in which meetings the possibility of repayment to the United States Government of the Inca Mining Company's alleged indebtedness was discussed.

As you are aware, another OME contract was granted in this area, to-wit; the Arizona Mine Contract. In fulfilling the Arizona Contract the exploration company involved used the four miles of road that we had rebuilt and maintained, including three quarter mile of new road that we had built while we were in operation. If you will refer to our original application you will note that the sum set forth for road work was over three times the amount that the OME finally granted. We feel that the entire sum granted by the OME was expended in rebuilding the four miles of road that was used by the exploration company working at the Arizona Mine. There was also a sum paid to us by the Government for office expense. This work was certainly accomplished and should not be considered to be in default. These two items come to a total of three thousand and four hundred dollars ($3,400.00), of which the OME's share would be two thousand and five hundred and fifty dollars ($2,550.00). We feel that in any agreement for settlement the aforementioned sums should be disallowed, along with the interest that has accrued against said sums.

Pursuant to the conversations mentioned above, please find a financial statement from Mr. Klune and Mr. Formaneck. Be informed that should the suggestions herein be accepted as a basis for settlement of the Government's claim, upon submission of a revised statement indicating the amount due to date, an initial payment of four hundred dollars ($400.00) would be made and one hundred dollars ($100.00) per month paid thereafter until the remaining principal balance has been paid.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

Alfred F. Formaneck

Alfred F. Formaneck

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

FORMANECK

Form No. DJ-35
(Rev. 3-1-65)

UNITED STATES DEPARTMENT OF JUSTICE

FINANCIAL STATEMENT OF DEBTOR
(Submitted for Government action on claims due the United States)

1. Name ALFRED F FORMANECK 2. Date of Birth DEC (Mo.) 9 (Day) 1919 (Yr.)

3. Address 700 "H" STREET SPARKS NEVADA 89431

4. Phone Number 359 0737 5. Social Security No. 552 18 7981

6. Occupation AUTO PAINTER 7. How long in present employment? 3 MONTHS

8. Employer's Name FLOODS AUTO BODY SHOP

Address 300 SUNSHINE LANE RENO NEVADA

Phone No. 323 2151

9. Give name, address and phone number of other employers and dates of employment within last 3 years.

WALDREN MOTOR CO 1999 SO VIRGINIA RENO 323 1001

RENO AUTO BODY 480 MORRILL RENO 322 4594

10. Monthly income: Salary or wages $1200.00

Commissions NONE

Other (state source) NONE

Total $ 1200.00

11. Name of Spouse PATSY R.FORMANECK 12. Date of Birth APRIL (Mo.) 30 (Day) 1938 (Yr.)

13. Occupation HOUSEWIFE 14. How long in present employment? NONE

15. Spouse's Employer - Name NONE

Address

Phone No.

16. Give name, address and phone number of spouse's other employers and dates of employment within last 3 years MIDWESTERN 41ST & SHERIDAN TULSA OKLAHOMA

17. Monthly income of spouse: Salary or wages $ NONE

Commissions NONE

Other (state source) NONE

Total $ NONE

18. Dependents: Number 4 Age and relationship PATSY RUTH 32 WIFE

NORA LEE 6 DAUGHTER

RANDY ALLEN 8 SON STEVEN ROSS 11 SON

19. Total monthly income of dependents (except spouse) $ NONE

20. For what period did you last file a Federal Income Tax Return 1970

21. Where filed Reno NEVADA 22. Amount of gross income reported 13,339.00

Form No. DJ-35
(Rev. 3-1-65)

23. Fixed monthly expenses: Rent $ 105.00, Food $ 160.00, Utilities $ 50.00,
Interest $ 35.00, Debt Repayments (including installments) $ 340.90,
Other (specify) _____ $ _____, _____
$ _____, _____ $ _____
Total fixed monthly charges $ 655.90 690.90

24. Assets (Fair Market Value)

Cash	$ 0
Checking accounts: (show location)	
SECURITY NAT.	$
(SPARKS)	$ 127.00
Savings accounts: (show location)	
security nat	$
SPARKS	$ 4.00
Motor Vehicles: Make: Yr. / License No.	
1968 / W7 PGQ	$ 2200.00
1960 / W72901	$ 200.00
Debts owed to you: Name of debtor	
	$ 0
	$
Judgments owed to you: Name of debtor	
	$ 0
	$
Stocks, bonds and other securities (itemize):	
	$ 0
	$
	$
	$
	$
Household furniture and goods	$ 1400.00
Items Used in Trade or Business	$ 65.00
Other Personal Property (itemize)	
GUNS ETC.	$ 200.00
	$
Real Estate:	
	$ 15000.00
	$
	$
Total Assets	$ 18196.00
	19,196.00

Liabilities

Bills owed (grocery, doctor, lawyer, etc.)	$ 535.00
Installment debt (car, furniture, clothing, etc.)	$ 2109.00
Taxes owed:	
Income	$ 0
Other (itemize):	
	$
	$
Loans payable to (banks, finance companies, etc.)	$ 1095.00
Judgments you owe	$ 0
Real estate mortgages	$ 12734.50
Other debts (itemize):	
	$
	$
	$
Total Liabilities	$ 15583.50
	16,473.50

Form No. DJ-35
(Rev. 3-1-65)

25. Loans Payable:

Owed to	Purpose and date of Loan	Original Amount	Present Balance
AVCO FINANCE	AUTO 7-10-69	$ 2500.00	$ 1300.00
DIAL FINANCE	HOUSEHOLD 8-9-69	$ 1500.00	$ 1000.00
BANK OF OREGON	DETECTOR	$ 275.00	$ 100.00

26. Real Estate Owned:

Address 700 "H" STREET SPARKS NEVADA 89431

How owned (Jointly, individually, etc.) JOINTLY

Date acquired NOVEMBER 1960 Cost $ 14500.00

27. Real Estate Being Purchased on Contract:

Address SAME AS ABOVE

Name of Seller _____ Contract Price $ _____

Next cash payment due: Date _____ Amount $ _____

28. Life Insurance Policies:

Company	Face Amount	Cash Surrender Value	Outstanding Loans
NATIONAL SERVICE LIFE	$ 10,000	$ 0	$ 0 TERM INS
	$	$	$
	$	$	$

29. List all Real and Personal Property Owned by Spouse and Dependents valued in Excess of $200:

NONE IN EXCESS OF $200.00

30. List all transfers of property, including cash (by loan, gift, sale, etc.), that you have made within the last 3 years. (List only transfers of $300 or over)

Date	Amount	Property Transferred	To Whom
	$ NONE		
	$		
	$		

31. Are you a party in any law suit now pending? NO . If so, give details.

Form No. DJ-35
(Rev. 3-1-65)

32. Are you a trustee, executor, or administrator? NO If so, give details. _____

33. Is anyone holding any moneys or property on your behalf? NO If so, give details. _____

34. Is there any likelihood that you will receive an inheritance? NO If so, from whom? _____

35. Are you the recipient of benefits from an established trust? NO If so, explain. _____

With knowledge of the penalties for false statements provided by 18 United States Code 1001 ($10,000 fine and/or five years imprisonment) and with knowledge that this financial statement is submitted by me to affect action by the Department of Justice, I certify that the above statement is true and that it is a complete statement of all my income and assets, real and personal, whether held in my name or by another.

18 JANUARY 1971
Date

Alfred F. Formanek
Signature

Note: Use additional sheets where space on this form is insufficient.

INCA EXPLORATION CO.
1690 GLENSON DR.
RENO, NEVADA 89502

February 13, 1971

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

This is to confirm your meeting with Mr. Alfred F. Formaneck in Reno, Nevada, on the 12th January 71, and your subsequent meeting with Mr. Thomas H. Klune on the 25th January 71, at your office in Menlo Park, California, in which meetings the possibility of repayment to the United States Government of the Inca Mining Company's alleged indebtedness was discussed.

As you are aware, another OME contract was granted in this area, to-wit; the Arizona Mine Contract. In fulfilling the Arizona Contract the exploration company involved used the four miles of road that we had rebuilt and maintained, including three quarter mile of new road that we had built while we were in operation. If you will refer to our original application you will note that the sum set forth for road work was over three times the amount that the OME finally granted. We feel that the entire sum granted by the OME was expended in re-building the four miles of road that was used by the exploration company working at the Arizona Mine. There was also a sum paid to us by the Government for office expense. This work was certainly accomplished and should not be considered to be in default. These two items come to a total of three thousand and four hundred dollars ($3,400.00), of which the OME's share would be two thousand and five hundred and fifty dollars ($2,550.00). We feel that in any agreement for settlement the aforementioned sums should be disallowed, along with the interest that has accrued against said sums.

Pursuant to the conversations mentioned above, please find a financial statement from Mr. Klune and Mr. Formaneck. Be informed that should the suggestions herein be accepted as a basis for settlement of the Government's claim, upon submission of a revised statement indicating the amount due to date, an initial payment of four hundred dollars ($400.00) would be made and one hundred dollars ($100.00) per month paid thereafter until the remaining principal balance has been paid.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

Alfred F. Formaneck

Alfred F. Formaneck

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FEB 19 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

s Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/15/71		120
3/16	Cal	220
		120M

MAR 1 6 1971

Memorandum

To: Assistant Solicitor ---
Mines and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Pursuant to the suggestions and recommendations in your memorandum of December 22, 1970, Mr. Harold K. Stager, Field Officer, OME Region II, personally interviewed Mr. Formaneck and Mr. Klune, partners and the Operator under the subject defaulted contract, obtained financial statements from each party, and on February 19, 1971, received a compromise offer of settlement.

On the basis of the poor financial situations of Formaneck and Klune, the Field Officer recommends that, if possible, the Government drop its demand for repayment. If this is not possible, he recommends that the compromise offer be accepted.

The Field Officer's report memorandum, and Operator's documents and compromise offer of settlement are enclosed.

Formaneck and Klune have not been sent a promissory note containing agreement for judgment. Acceptance by the Government of their compromise offer of settlement must be made and principal and interest determined before the note is executed.

We concur in the Field Officer's alternate recommendation to accept a compromise settlement in view of the fact that the Operator has made an offer of repayment.

It is obvious from their financial statements that Messrs. Formaneck and Klune are unable to pay the full amount, $4,616.25, of the debt plus accrued interest ($980.51 as of February 28, 1971) in cash. Present incomes of the two parties are modest; promise of slight improvement in future income depends mainly on Mr. Klune finding employment; there is no prospect of inheritance in either family; there is no reason to suspect concealment or improper transfer of assets; and assets and income which may be realized upon enforced collection proceedings would not pay the debt.

The Operator offers a settlement of $2,066.25 on the total amount in default, $4,616.25, on the basis that three work items specified in the contract (bulldozer mobilization and demobilization, bulldozing, and office work) were completed satisfactorily. Further, the road to the property which was rehabilitated and in part reconstructed, served as an access road to the Arizona mine about a mile to the north where a subsequent OME contract was conducted. The Operator contends that no expense for an access road to the Arizona mine was incurred on the latter contract because this work was completed on the Inca contract.

As the items mentioned were completed as required by the contract, we would recommend accepting the settlement offer.

Repayment of $2,066.25 is proposed by making an initial payment of $400 with payments of $100 per month thereafter. There is no specific reference in the offer for payment of interest, but the promissory note provides for this.

Items approved for payment, Government participation paid, the Operator's compromise offer, and accrued interest are summarized below:

Item	Approved cost	Government participation paid	Compromise settlement offer
Mobilization and demobilization of bulldozer	$ 500.00	$ 375.00	---
Bulldozing	2,500.00	1,875.00	---
Mobilization of drilling equipment	750.00	562.50	$ 562.50
Overburden drilling	90.00	67.50	67.50
BX diamond drilling	1,595.00	1,196.25	1,196.25
Cementing and redrilling	300.00	225.00	225.00
Office expense	400.00	300.00	---
Core boxes	20.00	15.00	15.00
Totals	$6,155.00	$4,616.25	$2,066.25
Accrued interest as of Feb. 28, 1971		$ 980.51	$ 438.88 1/

1/ Estimated

The proposed settlement of the compromise principal balance plus accrued interest is shown below:

Compromise principal balance	$2,066.25	
Accrued interest through Feb. 28, 1971, estimated	438.88	
Total		$2,505.13
Proposed repayment plan		
Initial payment	400.00	
20 monthly payments @ $100.00 each	2,000.00	
1 payment @ $105.13	105.13	
Total		$2,505.13
Balance		- 0 -

If the compromise settlement offer is acceptable, we recommend that the Field Solicitor for the District of Nevada execute the promissory note with the Operator.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region III
Mr. Kirkemo

HKirkemo/bsl 3/15/71

EXPLORATION CO.
0 CLEMSON DR.
RENO, NEVADA 89502

February 13, 1971

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

This is to confirm your meeting with Mr. Alfred F. Formaneck in Reno, Nevada, on the 12th January 71, and your subsequent meeting with Mr. Thomas H. Klune on the 25th January 71, at your office in Menlo Park, California, in which meetings the possibility of repayment to the United States Government of the Inca Mining Company's alleged indebtedness was discussed.

As you are aware, another OME contract was granted in this area, to-wit; the Arizona Mine Contract. In fulfilling the Arizona Contract the exploration company involved used the four miles of road that we had rebuilt and maintained, including three quarter mile of new road that we had built while we were in operation. If you will refer to our original application you will note that the sum set forth for road work was over three times the amount that the OME finally granted. We feel that the entire sum granted by the OME was expended in rebuilding the four miles of road that was used by the exploration company working at the Arizona Mine. There was also a sum paid to us by the Government for office expense. This work was certainly accomplished and should not be considered to be in default. These two items come to a total of three thousand and four hundred dollars ($3,400.00), of which the OME's share would be two thousand and five hundred and fifty dollars ($2,550.00). We feel that in any agreement for settlement the aforementioned sums should be disallowed, along with the interest that has accrued against said sums.

Pursuant to the conversations mentioned above, please find a financial statement from Mr. Klune and Mr. Formaneck. Be informed that should the suggestions herein be accepted as a basis for settlement of the Government's claim, upon submission of a revised statement indicating the amount due to date, an initial payment of four hundred dollars ($400.00) would be made and one hundred dollars ($100.00) per month paid thereafter until the remaining principal balance has been paid.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

Alfred F. Formaneck

Alfred F. Formaneck

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FEB 19 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

KLUNE

Form No. DJ-35
(Rev. 3-1-65)

UNITED STATES DEPARTMENT OF JUSTICE

FINANCIAL STATEMENT OF DEBTOR
(Submitted for Government action on claims due the United States)

1. Name Thomas H. Klune 2. Date of Birth Mo. 8 Day 4 Yr. 1922

3. Address 1690 Clemson Drive, Reno, Nevada 89502

4. Phone Number 322-8047 5. Social Security No. 572-07-6133

6. Occupation Driller 7. How long in present employment? Unemployed

8. Employer's Name

Address

Phone No.

9. Give name, address and phone number of other employers and dates of employment within last 3 years.

Inca Exploration Co., 1690 Clemson Dr., Reno, Nevada

10. Monthly income: Salary or wages $

Commissions

Other (state source)

Total $

11. Name of Spouse: Gloria A. Klune 12. Date of Birth Mo. 12 Day 13 Yr. 1921

13. Occupation Secretary 14. How long in present employment? 22 yrs

15. Spouse's Employer - Name Johnson Chevrolet Co.

Address 19 No. Sierra St., Reno, Nevada

Phone No. 323-6129

16. Give name, address and phone number of spouse's other employers and dates of employment within last 3 years

17. Monthly income of spouse: Salary or wages $ 550.00

Commissions

Other (state source) 35.00 (Rental)

Total $ 585.00

18. Dependents: Number - Age and relationship

19. Total monthly income of dependents (except spouse) $ --

20. For what period did you last file a Federal Income Tax Return 1969

21. Where filed Reno, Nevada 22. Amount of gross income reported $7,246

Form No. DJ-35
(Rev. 3-1-65)

23. Fixed monthly expenses: Rent $ 105.00, Food $ 125.00, Utilities $ 60.00,

Interest $ 6.91, Debt Repayments (including installments) $ 79.08,

Other (specify) Ins. premiums $ 67.67, _____

$ _____, _____ $ _____

Total fixed monthly charges $ 443.66 ok

24. Assets (Fair Market Value)

Cash $ None

Checking accounts:
(show location)
_____ $ None
_____ $ _____

Savings accounts:
(show location)
_____ $ None
_____ $ _____

Motor Vehicles:
Make:
Yr. License No.
~~59 Ford W90397 $ 150.00~~
~~59 Linc. PNV861 $ 150.00~~

Debts owed to you:
Name of debtor
_____ $ None
_____ $ _____

Judgments owed to you:
Name of debtor
_____ $ None
_____ $ _____

Stocks, bonds and other securities (itemize):
_____ $ None
_____ $ _____
_____ $ _____
_____ $ _____
_____ $ _____

Household furniture and goods $ 1000.00

Items Used in Trade or Business $ -

Other Personal Property (itemize):
_____ $ -
_____ $ _____

Real Estate:
_____ $ -
_____ $ _____
_____ $ _____

Total Assets $ 1300.00

Liabilities

Bills owed (grocery, doctor, lawyer, etc.) $ --

Installment debt (car, furniture, clothing, etc.) $ --

Taxes owed:
Income $ --
Other (itemize):
_____ $ --
_____ $ _____

Loans payable to (banks, finance companies, etc.) $ --

Judgments you owe $ --

Real estate mortgages $ --

Other debts (itemize):
_____ $ --
_____ $ _____
_____ $ _____

Total Liabilities $ --

Form No. DJ-35
(Rev. 3-1-65)

25. Loans Payable:

Owed to	Purpose and date of Loan	Original Amount	Present Balance
None		$	$
		$	$
		$	$

26. Real Estate Owned:

Address None

How owned (Jointly, individually, etc.)

Date acquired Cost $

27. Real Estate Being Purchased on Contract:

Address None

Name of Seller Contract Price $

Next cash payment due: Date Amount $

28. Life Insurance Policies:

Company	Face Amount	Cash Surrender Value	Outstanding Loans
None	$	$	$
	$	$	$
	$	$	$

29. List all Real and Personal Property Owned by Spouse and Dependents valued in Excess of $200:

Frame House - 1690 Clemson Drive, Reno, Nevada)
Frame House - 495 Margrave Drive, Reno, Nevada) Acquired prior to marriage
62 shares Pacific Standard Life Insurance Co. stock)
Household furniture)

30. List all transfers of property, including cash (by loan, gift, sale, etc.), that you have made within the last 3 years. (List only transfers of $300 or over)

Date	Amount	Property Transferred	To Whom
11/70	$ 34,000	House 12105 Gothic Ave. Granada Hills, Calif.	Sung Kim
	$		
	$		

31. Are you a party in any law suit now pending? No . If so, give details.

Form No. DJ-35
(Rev. 3-1-65)

32. Are you a trustee, executor, or administrator? No If so, give details. _____

33. Is anyone holding any moneys or property on your behalf? No If so, give details. _____

34. Is there any likelihood that you will receive an inheritance? No If so, from whom? _____

35. Are you the recipient of benefits from an established trust? No If so, explain. _____

With knowledge of the penalties for false statements provided by 18 United States Code 1001 ($10,000 fine and/or five years imprisonment) and with knowledge that this financial statement is submitted by me to effect action by the Department of Justice, I certify that the above statement is true and that it is a complete statement of all my income and assets, real and personal, whether held in my name or by another.

2/13/71
Date

Thomas H. Kleine
Signature

Note: Use additional sheets where space on this form is insufficient.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

February 19, 1971

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

In compliance with the recommendations and suggestions contained in the Assistant Solicitor's memorandum to you dated December 22, 1970, and in your memorandum to me dated December 28, 1970, concerning collection of the debt owed the United States under the subject defaulted contract, I met with Mr. and Mrs. Formaneck in Reno, Nevada, on January 12, 1971, and with Mr. and Mrs. Klune in this office on January 25, 1971. As a result of these meetings the enclosed financial statements and letter stating a compromise offer from Mr. Klune and Mr. Formaneck were received in the Field Office today.

The statement, in the second paragraph of the letter, concerning the use of the access road by the Operator (Basic Resources, Inc.) during the exploration contract at the Arizona Mine (OME-6712, Contract 2271) is correct and the point is well taken. If the work had not been done by Inca it would have been necessary to include the cost in the Arizona Mine contract, and at a higher per-hour bulldozing rate. This clearly resulted in a savings to the Government in the costs of the Arizona Mine contract (successfully completed).

Both Mr. Klune and Mr. Formaneck are in very poor financial situations, as can readily be seen from the enclosed financial statements. Mr. Klune is not working at all and Mr. Formaneck is employed as a body repairman in an automobile repair shop. Mrs. Klune is employed as a secretary in Reno and

their income is little above a subsistence level ($7,246 in 1969). Mrs. Formaneck is not employed and has three small children at home. The Formaneck income is very modest ($13,339 in 1969). In view of the above it is obvious that any payment to the Government will work a severe hardship to both families.

I recommend that, if possible, the Government drop its demand for repayment of the participation amount under the defaulted contract. If this is not possible I then recommend that the compromise offer by Mr. Klune and Mr. Formaneck be accepted.

H. K. Stager

H. K. Stager

by R. M. Smith

Enclosures

TION CO.
DR.
ADA 89502

OME-6641

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FEB 11 1971

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WS	~~120~~
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bal	120

February 7, 1971

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Information you requested will be forthcoming shortly.

Sorry for the delay.

Very truly yours,

Thomas H. Klune

Thomas H. Klune

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U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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AIRMAIL

DEC 28 1970

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Enclosed is a copy of a memorandum to this office dated December 22, 1970 with accompanying forms and Chapter 3 from the Departmental Manual from Mr. Donald R. Tindal, Assistant Solicitor, Mines and Minerals Exploration. Mr. Tindal suggests further steps which should be taken to obtain collection of the debt owed the Government by the Operator under the subject contract.

As the first action is to meet with the Operator, we refer this material to you. The suggestions are self-explanatory so we can offer no further advice. We understand that you plan to be in Reno, Nevada, sometime in January 1971, and will arrange to meet with Mr. Formaneck, and that you have no knowledge at present as to the whereabouts of Mr. Klune.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

HKirkemo/bsl 12/28/70

IN REPLY REFER TO:

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

DEC 22 1970

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DEC 28 1970
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Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor--Mines and Minerals Exploration

Subject: Collection Efforts with Respect to Inca Mining Company, (OME-6641) Alfred F. Formaneck and Thomas H. Klune, Operators

The purpose of this memorandum is to suggest what further steps should be taken to obtain collection of the debt owed the United States by the operators, Alfred F. Formaneck and Thomas K. Klune, under the subject OME contract.

We note that your Office made at least three written demands for payment prior to the date the default was referred to the Department of Justice by the Solicitor in a letter dated March 27, 1970. Action on the matter has been suspended following receipt of the Field Officer's report of June 16, 1970 that the operators were attempting to negotiate an agreement with a mining group to proceed with exploration and to repay the Government's contribution. We understand that these negotiations have been unsuccessful and no agreement has been reached to continue development of the property and to repay the Government's contribution. The operators have been given more than ample time to make some arrangement to repay their indebtedness; however, we feel certain other steps should be taken before requesting the Department of Justice to commence litigation to collect the debt.

Part 344 of the Departmental Manual, entitled Collection of Debts, sets forth the general policy and guidelines in the collection, compromise, suspension, and termination of collection action. Further collection action taken in the instant case must be in accordance with part 344. We offer the following recommendations to assist you in your collection efforts.

Section 2.3 of Part 344 recommends that whenever feasible bureau offices should undertake personal interviews with debtors. We understand that the Field Officer, Region II, has spoken to Mr. Formaneck by telephone on several occasions, but to our knowledge has not met face to face with either Mr. Formaneck or Mr. Klune. We recommend that, if possible, personal interviews with each partner be arranged. During the course of a personal

interview, the Field Officer should explain that failure to repay the debt within a reasonable time may disqualify them from doing any further business with the Department of the Interior and from engaging in programs sponsored by it. He might also mention that they will be required to pay the court costs should the Government have to obtain a judgment against them, thus further increasing the amount of their indebtedness, and that any real or personal property they own, not exempt by law, could be attached in satisfaction of a judgment. The purpose in mentioning the consequences of failure to repay the loan is to convey the thought that the alternatives to a court action are more desirable and less costly.

It is noted that the contract file on this case contains virtually no information concerning the financial status of either Mr. Formaneck or Mr. Klune. Also, the file contains only the letter from Mr. Klune to Mr. Stager dated February 11, 1970 stating that excess drilling costs had depleted the operator's resources "to such an extent that we find ourselves in no position to pay the amount set forth by the O.M.E.". Under the circumstances, we recommend that the Field Officer ask the operators to fill out a financial statement showing their assets and liabilities. A form for this purpose is attached. We suggest that the Field Officer attempt to secure as much as possible of the information required in the form if the operators are unwilling to execute the form themselves. We regard up-to-date information as essential in order to determine their ability or inability to settle the debt.

Section 2.7 of part 344 provides that if a debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments that bear a reasonable relation to the size of the debt and the debtor's ability to pay. Installments should be sufficient in size and frequency to liquidate the Government's claim within 3 years, if possible. The Field Officer should explore the possibility of repayment by installments with the operators. It should be pointed out, however, that the indebtedness in this case is unsecured (inasmuch as the OME contract provides for repayment only as a royalty on production); therefore, under guidelines set forth in section 2.7, the Field Officer should attempt to obtain a confess-judgment note executed by Messrs. Formaneck and Klune. A form of confess-judgment note is attached (Note: the title under the heading "OFFICE OF UNITED STATES ATTORNEY" should be filled out to read "District of Nevada").

Chapter 3 of part 344 contains the standards for the compromise of claims. The Solicitor has been invested with the authority to compromise claims for money arising out of activities of any bureau or other departmental office. The Solicitor has in turn redelegated his authority to the Associate Regional, and Field Solicitors. As stated in the Departmental

Manual a claim may be compromised if it is determined that the Government cannot collect the full amount of the claim because of (a) the debtor's inability to pay the full amount within a reasonable time or (b) the refusal of the debtor to pay the claim in full and the Government's inability to enforce collection in full within a reasonable time by enforced collection proceedings. In determining the debtor's inability to pay the manual states that the following factors may be considered: (1) age and health of the debtor; (2) present and potential income; (3) inheritance prospects; (4) the possibility that assets have been concealed or improperly transferred by the debtor; and (5) the availability of assets or income which may be realized upon by enforced collection proceedings. As you will note, all of this information is covered by the enclosed form entitled "Financial Statement of Debtor". We suggest that the Field Officer explore the possibilities of a compromise offer by the operators if he concludes during the course of personal interviews that they are unable or unwilling to pay the full amount of the debt either in a lump sum or in installments. Every effort should be made to obtain sworn financial statements if the operators make an offer of compromise. Payment of a compromise offer in installments should be discouraged; but if such an offer is made, the requirements of the second paragraph of section 3.2 of part 344 must be met. If the operators are unwilling to meet these conditions, the compromise offer should be written out and signed by them. The written offer, together with your recommendations, should be submitted to this office for consideration.

Your attention is directed to section 2.10 of part 344 concerning documentation of collection action. This documentation is especially important in the event we request the Department of Justice to commence litigation.

Donald R. Tindal

Donald R. Tindal
Assistant Solicitor
Mines and Minerals Exploration

Enclosure

.1 Scope and Application. The standards set forth in this chapter apply to the compromise of claims, pursuant to Section 3(b) of the Federal Claims Collection Act of 1966, 80 Stat. 309, which do not exceed $20,000 exclusive of interest. The Solicitor has been invested with the authority to compromise claims for money or property arising out of the activities of any bureau or other departmental office prior to the referral of such claims to the General Accounting Office or to the Department of Justice for litigation. The Solicitor has redelegated such authority to the Associate, Regional and Field Solicitors by Solicitor's Regulation 28. Prior to the compromise of any claim, the Solicitor's Office shall obtain from the head of the bureau or other departmental office in which the claim originated, his recommendations concerning the compromise of the claim. Only the Comptroller General or his designee may effect the compromise of a claim that arises out of an exception made by the General Accounting Office in the account of an accountable officer, including a claim against the payee, prior to its referral by that Office for litigation.

.2 Inability to pay. A claim may be compromised pursuant to this chapter if the Government cannot collect the full amount because of (a) the debtor's inability to pay the full amount within a reasonable time, or (b) the refusal of the debtor to pay the claim in full and the Government's inability to enforce collection in full within a reasonable time by enforced collection proceedings. In determining the debtor's inability to pay, the following factors, among others, may be considered: (1) Age and health of the debtor; (2) present and potential income; (3) inheritance prospects; (4) the possibility that assets have been concealed or improperly transferred by the debtor; and (5) the availability of assets or income which may be realized upon by enforced collection proceedings.

Consideration shall be given to the applicable exemptions available to the debtor under State and Federal law in determining the Government's ability to enforce collection. Uncertainty as to the price which collateral or other property will bring at forced sale may properly be considered in determining the Government's ability to enforce collection. A compromise effected under this section should be for an amount which bears a reasonable relation to the amount which can be recovered by enforced collection procedures, having regard for the exemptions available to the debtor and the time which collection will take. Compromises payable in installments are to be discouraged. However, if payment of a compromise by installments is necessary, an agreement for the reinstatement of the prior indebtedness less sums paid thereon and acceleration

of the balance due upon default in the payment of any installment should be obtained, together with security in the manner set forth in 344 DM 2.7, in every case in which this is possible. If the files do not contain reasonably up-to-date credit information as a basis for assessing a compromise proposal, such information may be obtained from the individual debtor by obtaining a statement executed under penalty of perjury showing the debtor's assets and liabilities, income and expense. Forms such as Department of Justice Form DJ-35 (Appendix 2), may be used for this purpose. Similar data may be obtained from corporate debtors by resort to balance sheets and such additional data as seems required.

.3 Litigative probabilities. A claim may be compromised pursuant to this chapter if there is a real doubt concerning the Government's ability to prove its case in court for the full amount claimed either because of the legal issues involved on a bona fide dispute as to the facts. The amount accepted in compromise in such cases should fairly reflect the probability of prevailing on the legal question involved, the probabilities with respect to full or partial recovery of a judgment having due regard to the availability of witnesses and other evidentiary support for the Government claim, and related pragmatic considerations. Proportionate weight should be given to the probable amount of court costs which may be assessed against the Government if it is unsuccessful in litigation, having regard for the litigative risks involved. Cf 28 U.S.C. 2412, as amended by Public Law 89-507, 80 Stat. 308.

.4 Cost of collecting claim. A claim may be compromised pursuant to this chapter if the cost of collecting the claim does not justify the enforced collection of the full amount. The amount accepted in compromise in such cases may reflect an appropriate discount for the administrative and litigative costs of collection having regard for the time which it will take to effect collection. Cost of collecting may be a substantial factor in the settlement of small claims. The cost of collecting claims normally will not carry great weight in the settlement of large claims.

.5 Enforcement policy. Statutory penalties, forfeitures, or debts established as an aid to enforcement and to compel compliance may be compromised pursuant to this chapter if the Department's enforcement policy in terms of deterrence and securing compliance, both present and future, will be adequately served by acceptance of the sum to be agreed upon. Mere accidental or technical violations may be dealt with less severely than willful and substantial violations.

Form No. US[illegible]a
(Ed. 11-17-64)

OFFICE OF THE UNITED STATES ATTORNEY

_____ District of _____

PROMISSORY NOTE CONTAINING AGREEMENT FOR JUDGMENT

$_____ _____, 19___

For value received, I (we jointly and severally) promise to pay to the order of the Treasurer of the United States the sum of _____ Dollars, with interest at the rate of _____ per annum, in monthly installments of not less than _____ Dollars each, payable at the _____ office of the United States Attorney for the _____ District of _____ on or before the first day of each calendar month until such obligation is fully paid. If any such installment shall remain unpaid for a period of ten days, the entire amount of this obligation, with interest, less payments actually made, shall thereupon become immediately due and payable at the option of said United States Attorney without demand or notice, said demand and notice being hereby expressly waived.

I (we) do hereby authorize and empower the said United States Attorney, any of his assistants, or any attorney of any court of record, State or Federal, to appear for me (us) and to enter and confess judgment against me (us) for the entire amount of this obligation, with interest, less payments actually made, at any time after the same becomes due and payable, as herein provided, in any court of record, Federal or State; to waive the issuance and service of process upon me (us) in any suit on this obligation; to waive any venue requirement in such suit; to release all errors which may intervene in entering up such judgment or in issuing any execution thereon; and to consent to immediate execution on said judgment.

I (we) hereby ratify and confirm all that said attorney may do by virtue hereof.

_____

_____

Form No. DJ-39
(Rev. 3-1-65)

UNITED STATES DEPARTMENT OF JUSTICE

FINANCIAL STATEMENT OF DEBTOR

(Submitted for Government action on claims due the United States)

1. Name _____ 2. Date of Birth _____ Mo. Day Yr.

3. Address _____

4. Phone Number _____ 5. Social Security No. _____

6. Occupation _____ 7. How long in present employment? _____

8. Employer's Name _____

Address _____

Phone No. _____

9. Give name, address and phone number of other employers and dates of employment within last 3 years.

_____

_____

10. Monthly income: Salary or wages $ _____

Commissions _____

Other (state source) _____

_____ Total $ _____

11. Name of Spouse _____ 12. Date of Birth _____ Mo. Day Yr.

13. Occupation _____ 14. How long in present employment? _____

15. Spouse's Employer - Name _____

Address _____

Phone No. _____

16. Give name, address and phone number of spouse's other employers and dates of employment within last 3 years _____

_____

17. Monthly income of spouse: Salary or wages $ _____

Commissions _____

Other (state source) _____

_____ Total $ _____

18. Dependents: Number _____ Age and relationship _____

_____

_____

19. Total monthly income of dependents (except spouse) $ _____

20. For what period did you last file a Federal Income Tax Return _____

21. Where filed _____ 22. Amount of gross income reported _____

23. Fixed monthly expenses: Rent $ _____, Food $ _____, Utilities $ _____,

Interest $ _____, Debt Repayments (including installments) $ _____,

Other (specify) _____ $ _____, _____

$ _____, _____ $ _____

Total fixed monthly charges $ _____

24. Assets (Fair Market Value)

Cash $ _____

Checking accounts:
(show location)
_____ $ _____
_____ $ _____

Savings accounts:
(show location)
_____ $ _____
_____ $ _____

Motor Vehicles:
Make:
Yr. License No.
_____ _____ $ _____
_____ _____ $ _____

Debts owed to you:
Name of debtor
_____ $ _____
_____ $ _____

Judgments owed to you:
Name of debtor
_____ $ _____
_____ $ _____

Stocks, bonds and other securities (itemize):
_____ $ _____
_____ $ _____
_____ $ _____
_____ $ _____
_____ $ _____

Household furniture and goods $ _____

Items Used in Trade or Business $ _____

Other Personal Property (itemize):
_____ $ _____
_____ $ _____

Real Estate:
_____ $ _____
_____ $ _____
_____ $ _____

Total Assets $ _____

Liabilities

Bills owed (grocery, doctor, lawyer, etc.) $ _____

Installment debt (car, furniture, clothing, etc.) $ _____

Taxes owed:
Income $ _____
Other (itemize):
_____ $ _____
_____ $ _____

Loans payable to (banks, finance companies, etc.) $ _____

Judgments you owe $ _____

Real estate mortgages $ _____

Other debts (itemize):
_____ $ _____
_____ $ _____
_____ $ _____

Total Liabilities $ _____

Form No. DJ-35
(Rev. 3-1-65)

25. Loans Payable:

Owed to	Purpose and date of Loan	Original Amount	Present Balance
		$	$
		$	$
		$	$

26. Real Estate Owned:

Address _____

How owned (Jointly, individually, etc.) _____

Date acquired _____ Cost $ _____

27. Real Estate Being Purchased on Contract:

Address _____

Name of Seller _____ Contract Price $ _____

Next cash payment due: Date _____ Amount $ _____

28. Life Insurance Policies:

Company	Face Amount	Cash Surrender Value	Outstanding Loans
	$	$	$
	$	$	$
	$	$	$

29. List all Real and Personal Property Owned by Spouse and Dependents valued in Excess of $200:

_____

_____

_____

_____

30. List all transfers of property, including cash (by loan, gift, sale, etc.), that you have made within the last 3 years. (List only transfers of $300 or over)

Date	Amount	Property Transferred	To Whom
	$		
	$		
	$		

31. Are you a party in any law suit now pending? _____ . If so, give details.

_____

_____

_____

_____

_____

32. Are you a trustee, executor, or administrator? _____ If so, give details. _____

33. Is anyone holding any moneys or property on your behalf? _____ If so, give details. _____

34. Is there any likelihood that you will receive an inheritance? _____ If so, from whom? _____

35. Are you the recipient of benefits from an established trust? _____ If so, explain. _____

With knowledge of the penalties for false statements provided by 18 United States Code 1001 ($10,000 fine and/or five years imprisonment) and with knowledge that this financial statement is submitted by me to effect action by the Department of Justice, I certify that the above statement is true and that it is a complete statement of all my income and assets, real and personal, whether held in my name or by another.

_____ Date

_____ Signature

Note: Use additional sheets where space on this form is insufficient.

FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. C. L. Martin, Rm. 6554 Interior		
2.		
3.		
4.		
5.		
FROM: Chief OME	7/8/70	

FOR: Check items for action desired

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

REMARKS:

Two copies Field Officer's memorandum
June 16, 1970
OME-6641 (Silver) Contract 2251
Inca Mining Company

INT.-DUP. SEC., WASH., D.C. M56300-62

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 16, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

The following information is supplied in response to the letter from the Department of Justice, dated April 20, 1970, concerning the subject contract.

The current address of the Inca Mining Company (Inca Exploration Company) is 1690 Clemson Drive, Reno, Nevada 89502. This is also the current address of Mr. Thomas H. Klune, one of the partners in the company. The other partner is Mr. Alfred F. Formaneck, 700 H Street, Sparks, Nevada 89431.

While in Reno, Nevada, on June 9 and 10, 1970, I visited the Nevada Credit Rating Bureau, 2555 Vassar Street, Reno, Nevada, and made a further attempt to obtain a commercial credit report on the company, after having been refused any information by telephone. I was informed that, inasmuch as the U. S. Government is not a contributing member of the Nevada Credit Rating Bureau, the services of that organization are not available to this office. Neither would they give me any information as to the availability of credit data on the Inca Mining Company or on the two partners as individuals.

I talked to Mr. Formaneck, by telephone on June 9, 1970, and learned that he had arrived at an agreement with a mining group represented by a Mr. Roy Dondero of Reno to grant a 90-day option on the subject property. The agreement was at that time in Mr. Klune's hands for his approval and signature. The option provides for a 90-day examination and sampling of the property and if Mr. Dondero's group decides to proceed with exploration, the OME contribution and interest is to be repaid in full before any other payments

or work is done. Mr. Formaneck expected Mr. Klune's favorable reaction to the agreement within the next two weeks. I also talked with Mr. Dondero about the property and the amount of the OME contribution, and he was obviously interested in taking over the property and in clearing the OME lien.

I recommend that we delay further action until the outcome of the present negotiations is known.

H. K. Stager

§ 104.4 Transfer of claims.

When an agency has doubt as to whether collection action should be suspended or terminated on a claim it may refer the claim to the General Accounting Office for advice. When a significant enforcement policy is involved in reducing a statutory penalty or forfeiture to judgment, or recovery of a judgment is a prerequisite to the imposition of administrative sanctions, such as the suspension or revocation of a license or the privilege of participating in a Government sponsored program, an agency may refer such a claim for litigation even though termination of collection activity might otherwise be given consideration under § 104.3 (a) or (c). Claims on which an agency holds a judgment by assignment or otherwise will be referred to the Department of Justice for further action if renewal of the judgment lien or enforced collection proceedings are justified under the criteria discussed in this part, unless the agency concerned has statutory authority for handling its own litigation.

PART 105—REFERRALS TO GAO OR FOR LITIGATION

Sec.
105.1 Prompt referral.
105.2 Current address of debtor.
105.3 Credit data.
105.4 Report of prior collection actions.
105.5 Preservation of evidence.
105.6 Minimum amount of referrals to the Department of Justice.
105.7 Referrals to GAO.

AUTHORITY: The provisions of this Part 105 issued under sec. 3, 80 Stat. 309; 31 U.S.C. 952.

SOURCE: The provisions of this Part 105 appear at 31 F.R. 13384, Oct. 15, 1966, unless otherwise noted.

§ 105.1 Prompt referral.

Claims on which collection action has been taken in accordance with Part 102 of this chapter and which cannot be compromised, or on which collection action cannot be suspended or terminated, in accordance with Parts 103 and 104 of this chapter, will be referred to the General Accounting Office in accordance with R.S. 236, as amended, 31 U.S.C. 71, or to the Department of Justice, if the agency concerned has been granted an exception from referrals to the General Accounting Office. Such referrals should be made as early as possible consistent with aggressive agency collection action and the observance of the regulations contained in this chapter and in any event well within the time limited for bringing a timely suit against the debtor.

§ 105.2 Current address of debtor.

Referrals to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by the current address of the debtor or the name and address of the agent for a corporation upon whom service may be made. Reasonable and appropriate steps will be taken to locate missing parties in all cases. Referrals to the General Accounting Office, and referrals to the Department of Justice for the institution of foreclosure or other proceedings, in which the current address of any party is unknown will be accompanied by a listing of the prior known addresses of such a party and a statement of the steps taken to locate him.

§ 105.3 Credit data.

(a) Claims referred to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by reasonably current credit data indicating that there is a reasonable prospect of effecting enforced collections from the debtor, having due regard for the exemptions available to the debtor under State and Federal law and the judicial remedies available to the Government.

(b) Such credit data may take the form of (1) a commercial credit report, (2) an agency investigative report showing the debtor's assets and liabilities and his income and expenses, (3) the individual debtor's own financial statement executed under penalty of perjury reflecting his assets and liabilities and his income and expenses, or (4) an audited balance sheet of a corporate debtor.

(c) Such credit data may be omitted if (1) a surety bond is available in an amount sufficient to satisfy the claim in full, (2) the forced sale value of the security available for application to the Government's claim is sufficient to satisfy its claim in full, (3) the referring agency wishes to liquidate loan collateral through judicial foreclosure but does not desire a deficiency judgment, (4) the debtor is in bankruptcy or receivership, or (5) the debtor's liability to the Government is fully covered by insurance, in which case the agency will furnish such information as it can develop concerning the identity and address of the insurer

and the type and amount of insurance coverage.

§ 105.4 Report of prior collection actions.

A checklist or brief summary of the actions previously taken to collect or compromise a claim will be forwarded with the claim upon its referral to the General Accounting Office or to the Department of Justice. If any of the administrative collection actions enumerated in Part 102 of this chapter have been omitted, the reason for their omission will be given with the referral. The General Accounting Office and the Department of Justice may return or retain claims at their option when there is insufficient justification for the omission of one or more of the administrative collection actions enumerated in Part 102 of this chapter.

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§ 105.6 Minimum amount of ref
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to pay the claim but the Governmen
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debtor under State or Federal law
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§ 105.7 Referrals to GAO.

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tions, contained in the General Acc
ing Office Policy and Procedures M
for the Guidance of Federal Age

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 16, 1970

ORIGINAL COPY
O. M. E.
RECEIVED
JUN 17 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

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Copy to W. L. Martin, Rm. 6554, Interior 7/8/70

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PART 105—REFERRALS TO GAO OR FOR LITIGATION

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105.1 Prompt referral.
105.2 Current address of debtor.
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§ 105.2 Current address of debtor.

Referrals to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by the current address of the debtor or the name and address of the agent for a corporation upon whom service may be made. Reasonable and appropriate steps will be taken to locate missing parties in all cases. Referrals to the General Accounting Office, and referrals to the Department of Justice for the institution of foreclosure or other proceedings, in which the current address of any party is unknown will be accompanied by a listing of the prior known addresses of such a party and a statement of the steps taken to locate him.

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(a) Claims referred to the General Accounting Office, and to the Department of Justice for litigation, will be accompanied by reasonably current credit data indicating that there is a reasonable prospect of effecting enforced collections from the debtor, having due regard for the exemptions available to the debtor under State and Federal law and the judicial remedies available to the Government.

(b) Such credit data may take the form of (1) a commercial credit report, (2) an agency investigative report showing the debtor's assets and liabilities and his income and expenses, (3) the individual debtor's own financial statement executed under penalty of perjury reflecting his assets and liabilities and his income and expenses, or (4) an audited balance sheet of a corporate debtor.

(c) Such credit data may be omitted if (1) a surety bond is available in an amount sufficient to satisfy the claim in full, (2) the forced sale value of the security available for application to the Government's claim is sufficient to satisfy its claim in full, (3) the referring agency wishes to liquidate loan collateral through judicial foreclosure but does not desire a deficiency judgment, (4) the debtor is in bankruptcy or receivership, or (5) the debtor's liability to the Government is fully covered by insurance, in which case the agency will furnish such information as it can develop concerning the identity and address of the insurer and the type and amount of insurance coverage.

§ 105.4 Report of prior collection actions.

A checklist or brief summary of the actions previously taken to collect or compromise a claim will be forwarded with the claim upon its referral to the General Accounting Office or to the Department of Justice. If any of the administrative collection actions enumerated in Part 102 of this chapter have been omitted, the reason for their omission will be given with the referral. The General Accounting Office and the Department of Justice may return or retain claims at their option when there is insufficient justification for the omission of one or more of the administrative collection actions enumerated in Part 102 of this chapter.

§ 105.5 Preservation of evidence.

Care will be taken to preserve all files, records and exhibits on claims referred or to be referred to the General Accounting Office, or to the Department of Justice for litigation.

§ 105.6 Minimum amount of referrals to the Department of Justice.

Agencies will not refer claims of less than $250, exclusive of interest, for litigation unless (a) referral is important to a significant enforcement policy or (b) the debtor has not only the clear ability to pay the claim but the Government can effectively enforce payment having due regard to the exemptions available to the debtor under State or Federal law and the judicial remedies available to the Government.

§ 105.7 Referrals to GAO.

Referrals of claims to the General Accounting Office will be in accordance with instructions, including monetary limitations, contained in the General Accounting Office Policy and Procedures Manual for the Guidance of Federal Agencies.

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

MAY 5 1970

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 6 1970

INITIALS	CODE

Memorandum

To: Chief, Office of Minerals Exploration

From: Associate Solicitor--Mineral Resources and General Legal Services

Subject: Inca Mining Company (OME-6641) Collection action

Enclosed is a copy of a self-explanatory letter from the Assistant Attorney General, Land and Natural Resources Division, Department of Justice, regarding the above subject.

Bruce Wright

Bruce Wright
Associate Solicitor
Mineral Resources and
General Legal Services

Enclosure

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the Division Indicated and Refer to Initials and Number

DRW:JEL
90-1-18-867

INTERIOR DEPT.

April 20, 1970

APR 22 1970

SOLICITOR

90-1-18-867

27804.3123

Mitchell Melich, Esquire
Solicitor
Department of the Interior
Washington, D. C.

Dear Mr. Melich:

This is in reference to your letter of March 27, 1970, requesting that an action be brought to recover $4,616.25, plus interest, contributed under a mineral exploration contract administered by the Office of Minerals Exploration, Geological Survey.

From a review of the information which was furnished us with your letter, it appears that no attempt has been made to collect this claim as required by the Federal Claims Collection Act of 1966, 31 U.S.C. secs. 951-953, and the regulations promulgated pursuant thereto, 4 C.F.R., Chapter II. These regulations establish standards for the compromise and closing of claims by the client agency up to $20,000, and require vigorous agency collection efforts. The regulations require agencies referring claims to this Department to provide credit data indicating that there is a reasonable prospect of effecting collection (4 C.F.R. 105.3) and a summary or checklist of the administrative collection action that has been taken (4 C.F.R. 105.4). Current addresses are also required as a condition of referral (4 C.F.R. 105.2).

APR 23 1970

It would be appreciated if you would promptly advise us whether collection efforts have been made as prescribed by the Federal Claims Collections Act and the applicable regulations.

Sincerely,

Assistant Attorney General
Land and Natural Resources Division

By: John E. Lindskold
John E. Lindskold
Attorney

IN REPLY REFER TO:

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

MAY 5 1970

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6
Ga 120
HR 120
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Memorandum

To: Chief, Office of Minerals Exploration

From: Associate Solicitor--Mineral Resources and General Legal Services

Subject: Inca Mining Company (OME-6641) Collection action

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Bruce Wright
Bruce Wright
Associate Solicitor
Mineral Resources and
General Legal Services

Enclosure

5/11 Stager
Reno. Credit bureau
No info over phone, without code number.
There other credit bureau
Personal appearance with I.D.
Klune Economos

6/3/70 phone discussion with Martin.
Wait until Stager is in Reno and can check with Credit Bureau personally.
Kirkham.

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the Division Indicated and Refer to Initials and Number

DRW:JEL
90-1-18-867

INTERIOR DEPT. April 20, 1970

APR 22 1970

SOLICITOR

90-1-18-867

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Department of the Interior
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Sincerely,

Assistant Attorney General
Land and Natural Resources Division

By: John E. Lindskold
John E. Lindskold
Attorney

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/28/70		120
4/28	cac	220

April 28, 1970

Memorandum

To: Assistant Solicitor, Oil and Gas and Minerals Exploration
Attention: Mr. C. L. Martin

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

This refers to your request by telephone on April 27, 1970, for information to reply to a question from the Department of Justice regarding demands upon the Operator for repayment of monies due the Government under the subject contract. We understand that the Department of Justice in its review of this case believes that insufficient demand was made by OME to collect the outstanding balance.

Our demands upon the Operator for repayment in this instance followed the usual procedures taken on previous default situations.

On September 8, 1969, a Notice of Default Under OME Exploration Contract was issued to the Operator. Section 2 of the notice and paragraph 2 of our letter of transmittal presented a demand for repayment. One or both of these documents were sent to the Department of Justice as Appendix IV and were mentioned in the third paragraph on page 2 of the referral letter, dated March 27, 1970, and in the abstract under date line of September 8, 1969, in the accompanying Chronology.

The Operator acknowledged receipt of the above in a letter dated October 20, 1969, to the Field Officer, Region II.

In a letter dated October 31, 1969, we again brought to the Operator's attention its obligation to repay the Government. The Notice of Termination accompanying the letter stated under item 2(d), "The Operator, as provided in said contract, shall reimburse the Government for monies contributed under the contract plus accrued interest." Copies of these documents were identified as Appendix VI and mentioned in the fourth paragraph on page 2 of the above-cited letter to the Department of Justice and in the abstract under date line of October 31, 1969, in the accompanying Chronology.

The Field Officer's letter of January 21, 1970, to the Operator pertained to the Operator's responsibility for repayment. On February 11, 1970, the Operator acknowledged the debt and stated it was not in a position to make repayment. These letters were mentioned in the last paragraph on page 2, continued to page 3, of the referral letter, identified as Appendix VII, and mentioned under the same dates in the Chronology.

Harold Kirkemo (gla)

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 4-28-70

ME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/23	Morton	
	Long	
3/24	Emerick	
3/24	Kirkemo	
		120
4/1	Emerick	120E
		120M

INTERIOR DEPT.
MAR 31 1970
SOLICITOR

MAR 27 1970

The Honorable
The Attorney General
Department of Justice
Washington, D. C. 20530

Sir:

We call to your attention the circumstances surrounding a case of default involving a Government contract administered by the Office of Minerals Exploration, Geological Survey, Department of the Interior.

Pursuant to Public Law 85-701 approved August 21, 1958 (30 U.S.C. secs. 641-646) and 30 CFR, Part 229, the Office of Minerals Exploration (OME) administers a program extending financial assistance to private industry in conducting exploration for mineral reserves, excluding organic fuels, in the United States. (operator)

In July of 1967, two individuals, Alfred F. Formenack and Thomas H. Kluna, doing business as Inca Mining Company, filed an application for OME assistance to explore for silver on six unpatented lode mining claims in the Unionville Mining District, Pershing County, Nevada. After consideration of the proposed project, on November 17, 1967, a contract (OME-6641) was executed by OME which prescribed the exploration work to be done on the claims. The contract provided that the work should be completed 12 months from the date of the contract. The total cost of the work was estimated to be $81,600.00, seventy-five percent of which was to be paid to the Operator by the Government on the basis of monthly vouchers submitted to OME which stated the units of work completed during the preceding month. (See Appendix I)

During the period between December 1967 and July 1968 the Operator submitted three vouchers (OME Form 60) setting forth the amount claimed from the Government and describing work completed each month pursuant to provisions of the contract. A total of $4,616.25 was paid to the Operator by the Government during this period.(See Appendix II)

The Operator indicated to the Field Officer, OME, at the interim inspection made of the project on September 12, 1968, that a request to OME was planned for an amendment to recess the project during the winter months, to extend the completion date, and to change the type of drilling. The Field Officer noted at this inspection that the contract would expire on November 17, 1968 and that the Operator had not been able to complete even one of ten drill holes planned. (See Appendix III)

The Operator requested a recess and an extension of completion date in an undated letter to the Field Officer, OME, early in November 1968. The Field Officer responded in a letter dated November 8, 1968 that the request would be considered upon receipt of three drilling bids for the planned new type of drilling. Correspondence from this time through August 1969 indicated that the Operator was contacting drilling companies but no effective action was apparent on its part. The contract having expired on November 17, 1968 the Operator was long in default.

The Chief, Office of Minerals Exploration, by certified letter dated September 8, 1969, notified the Operator that the completion date was long passed and that most of the work accomplished was preparatory in nature. Under the circumstances it was necessary to issue the Operator a formal Notice of Default under OME Exploration Contract. It was pointed out that under the terms of Article 7(b) of the contract all monies contributed by the Government, totalling $4,616.25 plus accrued interest, was subject to repayment. (See Appendix IV) In response, the Operator acknowledged on October 20, 1969 receipt of a Report of Review, dated August 1969, and the letter of September 8, 1969 from Chief, OME. (See Appendix V)

The Chief, OME, by certified letter dated October 31, 1969 addressed to the Operator, noted that no action was taken by the Operator on the Notice of Default. A formal Notice of Termination of Exploration Contract was enclosed. (See Appendix VI)

The Field Officer, Region II, OME, explained to the Operator by letter on January 21, 1970 that under the terms of Notice of Termination issued on October 31, 1969, it was Operator's responsibility to repay all monies contributed by the Government, which totalled $4,616.25 plus accrued interest of $520.48 through October 31, 1969.

He also requested plans for repayment. In response, on February 11, 1970, the Operator acknowledged receipt of the Field Officer's letter, submitted its Final Report, and stated the resources of the company were so depleted that repayment of the Government's money was impossible. (See Appendix VII)

We refer this matter to you for whatever action you deem appropriate with respect to the Government's monetary claim.

A brief chronology of events in this matter is enclosed. All relevant documents and information at our disposal will be submitted upon your request.

Sincerely yours,

Raymond C.Coulter

DEPUTY Solicitor

Enclosures

CLMartin:hm 3-23-70
cc: Secretary's files

CLMartin:hm 3-23-70
cc: Secretary's files
Solicitor's docket
Mr. Martin - Rm. 6554
OME file copy plus seven copies

cc: Director's Reading File
Mineral Resources
Docket OME-6641*
OME Reading File
OME Region II*
Mr. Emerick
Mr. Kirkemo

*with copies of Chronology

CHRONOLOGY

August 15, 1967	Field examination made by H. K. Stager, Field Officer, Region II, OME.
November 17, 1967	Contract executed. Total value $81,600.00. Government share at 75 percent - $61,200.00. Interest at 7-1/2 percent per annum. Work to begin on or before December 31, 1967 and to be completed within 12 months or by November 17, 1968.
December 31, 1967	Letter to Field Officer, Region II, OME from Operator with the information that on December 12, 1967 Inca Mining Company underwent incorporation becoming Inca Exploration Company. Requested permission to assign OME contract to Inca Exploration Company.
February 20, 1968	Interim inspection made of the project by H. K. Stager, Field Officer, OME. Work on project started December 15, 1967. Four miles of existing access road widened and improved by bulldozer. New access roads and 10 drill sites completed. Heavy snows in January 1968 prevented start of drilling.
June 25, 1968	Interim inspection made by H. K. Stager, Field Officer, Region II, OME. Work since February 1968 interim inspection consisted of road and drill site improvement, mobilization of equipment, and start of drilling on Hole No. 1. Badly fractured rock made drilling difficult. After 3 weeks' attempt to seal off fractures, Operator decided to move site of hole and redrill at its own expense.
August 19, 1968	Memorandum by Asst. Chief, OME, relating data pertinent to incorporation of Inca Mining Company as Inca Exploration Company and preparation of Assignment of Contract.
September 12, 1968	Interim inspection of project by H. K. Stager, Field Officer, Region II, OME. Work completed since June 1968 interim inspection consisted of moving drill about 30 feet from original drill Hole No. 1

	and redrilling it to a depth of 150 feet. Drill stuck and all efforts to free it were unsuccessful. Operator planning to request amendment to recess project during winter months and to extend completion time of contract. A change in type of drilling, from diamond core to rotary drilling, also planned.
September 17, 1968	Proposed Assignment of Contract requested by Operator December 31, 1967 and sent to field for Assignee's Acceptance and signatures.
September 18, 1968	Proposed assignment of contract from Inca Mining Company to Inca Exploration Company sent to Operator by Field Officer, Region II, OME, for signatures.
October 22, 1968	Letter Field Officer, Region II, OME, to Operator noting signed Assignment of Contract documents not returned yet. Pointed out that contract expires November 17, 1968. If contract expires, Operator would be in default and subject to immediate repayment of Government contribution plus interest. To keep contract in force Operator should promptly request extension of time, state steps taken to assure future performance, and submit assignments.
November 1968	Undated letter from Operator to Field Officer, Region II, OME, stating they are pleased to know some drilling companies interested in doing drilling but no specific action taken. Requested an extension of time for completion of contract and six months recess during winter months. Has reconsidered assignment of contract. Prefers to continue doing business as Inca Mining Company.
November 8, 1968	Letter from Field Officer, Region II, OME, to Operator transmitting names and addresses of three drilling companies. Indicated request for extension of time would be considered upon receipt by OME of three drilling bids. Noted Operator intends to continue doing business as Inca Mining Company. Requested return of all copies of Assignment of Contract for cancellation and the submittal of three copies of a letter acknowledging receipt of all OME payments to date by Inca Mining Company.

November 1968	Undated letter received November 18, 1968 from Operator acknowledging receipt of all payments made to date. Copies of Assignment of Contract returned as requested.
January 2, 1969	Letter from Operator to Field Officer, Region II, OME, informing OME it has contacted several drilling companies. Weather conditions prevent representatives of these drilling companies from inspecting drill sites prior to a bid.
May 12, 1969	Letter from Field Officer, Region II, OME, requesting Operator to submit the drilling bids and request extension of time for completion of the work.
August 18, 1969	Letter from Chief, OME, to Assistant Solicitor explaining contract in default since November 17, 1968. Requested recommendation whether to execute Notice of Default or Notice of Termination.
August 26, 1969	Letter from Assistant Solicitor to Chief, OME, recommending "Notice of Default under OME Exploration Contract" be sent to Operator.
September 5, 1969	Field Office's and Operator's copies of Report of Review, issued August 1969 and sent to Field.
September 8, 1969	Certified letter from Chief, OME, to Operator explaining that under the circumstances it was necessary to issue a notice of default. Pointed out that all monies contributed by the Government, totalling $4,616.25, is subject to repayment by the Operator. A formal Notice of Default under OME Exploration Contract enclosed.
September 10, 1969	Report of Review sent to Operator by Field Officer, Region II, OME.
October 20, 1969	Letter from Operator to OME acknowledging correctness of Report of Review. Stated that a final report would be submitted upon request by OME.
October 31, 1969	Certified letter Chief, OME, to Operator noting that no action was taken by Operator on Notice of Default sent September 8, 1969. Directed attention again to

responsibility of Operator under Article 7(b) of contract to repay total amount contributed by Government, and to Article 1(c) pertaining to simple interest accruing on Federal funds contributed. Formal Notice of Termination of Exploration Contract enclosed.

January 21, 1970	Letter from Field Officer, Region II, OME, to Operator. Acknowledged receipt of Operator's letter of October 20, 1969. Explained that under terms of the Notice of Termination sent on October 31, 1969 it was Inca Mining Company's responsibility to repay all monies contributed by the Government totalling $4,616.25 plus accrued interest. Requested plans for repayment of the amounts.
February 11, 1970.	Letter from Operator to Field Officer, Region II, OME, acknowledged receipt of letter of January 21, 1970. Enclosed Operator's Final Report. Stated that excess drilling costs depleted company's resources to such an extent that company is unable to repay monies contributed by the Government.
February 13, 1970	Letter from Field Officer, Region II, OME, to Chief, OME, enclosing Operator's Final Report and recommending its acceptance although incomplete. Restates Operator's inability to repay Government's contribution. Recommends referral to Solicitor's office for advice and necessary action.
February 17, 1970	Memorandum from Chief, OME, to Assistant Solicitor, Oil and Gas and Mineral Exploration, stating that Operator submitted its Final Report and is unable to repay Government's contribution under the contract, namely, $4,616.25 plus accrued interest. A Notice of Default under OME Exploration Contract, dated September 8, 1969 and a Notice of Termination of Exploration Contract, dated October 31, 1969, previously sent to Operator. Requested recommendation on next form of action required on part of Government.

(NOTE: Accrued interest as reported by Branch of Budget and Finance, Geological Survey, through February 28, 1970 amounts to $634.30.)

SUMMARY

Accepted Costs ----------	$6,155.00
Government Share at 75 percent ----------	$4,616.25
Accrued interest through October 31, 1969 ----------	$ 520.48
(Accrued interest through February 28, 1970 ----------	$ 634.30)

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/5/70	Emerick	120
		120
		220
		120M

MAR 12 1970

Memorandum

To: Assistant Solicitor
Oil and Gas and Mineral Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Transmitted herewith are drafts of a letter to the Department of Justice and a chronology of events on the above subject contract.

We are following the action recommended by your office inasmuch as the Government has been unsuccessful in recovering monies advanced as payment for work accomplished before default of the contract.

Harold Kirkemo (gl)
Harold Kirkemo

Enclosures

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

WLEmerick/bsl 3/5/70

FORM 9-1308
(REV. 2-62)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

ROUTING SLIP

TO:	(NAME)	(ROOM, BUILDING, OR CODE)
1	~~Assistant Solicitor~~	~~Rm. 6554, Interior Bldg.~~
2	Mr. Emerick	Rm. 4460, Interior Bldg.
3		
4		
5		

Remarks or Attachments

OME-6641 Inca Mining Company

SOLICITOR
FEB 18 1970
INTERIOR DEPT.

35610
~~2223~~
31

Transmitted By Chief, OME/by W. L. Emerick

Date 2/17/70 Code/Phone

GPO : 1965 OF—762-781
894-476

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

February 17, 1970

Memorandum

To: Assistant Solicitor, Oil and Gas and Mineral Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

The Operator under the subject contract has submitted its final report which the Field Officer, Region II, indicates is incomplete but probably all that can be obtained from the Operator. In addition, the Operator stated in its covering letter for the final report, dated February 11, 1970, that it was in no position to reimburse the Government for monies contributed under the contract, namely, $4,616.25 plus accrued interest.

Prior to this the Operator had been sent a Notice of Default under OME Exploration Contract, dated September 8, 1969, and a Notice of Termination of Exploration Contract, dated October 31, 1969.

We would appreciate your recommendation on the next form of action required on the part of the Government.

W. L. Emerick

W. L. Emerick
For: Harold Kirkemo

OFFICIAL FILE COPY

Date	Surname	Code
2/17/70	Emerick	120
		140
		120E

February 17, 1970

Memorandum

To: Assistant Solicitor, Oil and Gas and Mineral Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

The Operator under the subject contract has submitted its final report which the Field Officer, Region II, indicates is incomplete but probably all that can be obtained from the Operator. In addition, the Operator stated in its covering letter for the final report, dated February 11, 1970, that it was in no position to reimburse the Government for monies contributed under the contract, namely, $4,616.25 plus accrued interest.

Prior to this the Operator had been sent a Notice of Default under OME Exploration Contract, dated September 8, 1969, and a Notice of Termination of Exploration Contract, dated October 31, 1969.

We would appreciate your recommendation on the next form of action required on the part of the Government.

William L. Emerick (gla)

W. L. Emerick
For: Harold Kirkemo

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

WLEmerick/gla 2-17-70

United States Department of the Interior

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

February 13, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 16 1970
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Enclosed are four copies of the Operator's Final Report for the subject terminated contract. Although the report is incomplete, in that it does not describe all of the work completed or the costs claimed and participated in by the Government, it is probably all we can expect to obtain from the Operator and I recommend that it be accepted.

Also enclosed is a letter from the Operator stating that it cannot repay the Government's contribution ($4,616.25 plus accrued interest). Referral of the docket to the Solicitor's Office for advice and necessary action is recommended.

H. K. Stager

Enclosures

INCA MINING CO.
1690 Clemson Drive
Reno, Nevada 89502

February 11, 1970

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

We hereby acknowledge receipt of your letter dated January 21, 1970. Enclosed please find a copy of Operator's Final Report.

You will note in the Final Report that the expenses incurred for drilling were approximately $42.00 per foot and not $30.00 as mentioned in our previous letter of October 20, 1969. This difference between our actual cost and the 75% received from the O.M.E. left us facing an impossible situation. The excess drilling costs which we were forced to endure has depleted our resources to such an extent that we find ourselves in no position to pay the amount set forth by the O.M.E.

Very truly yours,

INCA MINING CO.

Thomas H. Klune

Thomas H. Klune

k

RECEIVED

FEB 13 1970

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

OPERATOR'S FINAL REPORT

1. O.M.E. No. 6641 (Silver)
   Contract No. 2251
   Inca Mining Co.
   Inca Group of Claims
   Pershing County, Nevada

2. Summary of project:

   Contract granted: 11/7/67
   Began road building 12/20/67; completed allotted work by 12/31/67
   Forced to desist, due to weather, until 5/3/68
   Contract terminated: 10/31/69

   125 ft. diamond drilling (plus 54 ft. in first hole which was abandoned and redrilled) also overburden, cement and redrilling

   Paid by O.M.E. $ 1,488.75

   Approximate drilling cost expended by Inca Mining Co. for above. This does not include miscellaneous expenses incurred which do not relate directly to drilling $ 7,518.00

3. Rock drilled was mostly blue lime in a highly fractured condition. No ore encountered. No assay data.

4. No. 1 hole not drilled to completion. Diamond core bit and some steel is still in bottom of hole. The operating conditions encountered were made exceptionally difficult due to the extremely fractured nature of the ground and the attendant chronic water loss. The water loss was aggravated by conditions encountered in the water haul and directly related to the lack of requested funds for road building, as stated in our original application. Results obtained from the project can be considered nil.

Operator's Final Report

RECEIVED
FEB 13 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

INCA MINING CO.
1690 Clemson Drive
Reno, Nevada 89502

February 11, 1970

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

We hereby acknowledge receipt of your letter dated January 21, 1970. Enclosed please find a copy of Operator's Final Report.

You will note in the Final Report that the expenses incurred for drilling were approximately $42.00 per foot and not $30.00 as mentioned in our previous letter of October 20, 1969. This difference between our actual cost and the 75% received from the O.M.E. left us facing an impossible situation. The excess drilling costs which we were forced to endure has depleted our resources to such an extent that we find ourselves in no position to pay the amount set forth by the O.M.E.

Very truly yours,

INCA MINING CO.

Thomas H. Klune

Thomas H. Klune

k

RECEIVED
FEB 13 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OPERATOR'S FINAL REPORT

1. O.M.E. No. 6641 (Silver)
   Contract No. 2251
   Inca Mining Co.
   Inca Group of Claims
   Pershing County, Nevada

2. Summary of project:

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   Began road building 12/20/67; completed allotted work by 12/31/67
   Forced to desist, due to weather, until 5/3/68
   Contract terminated: 10/31/69

   125 ft. diamond drilling (plus 54 ft. in first hole which was abandoned and redrilled) also overburden, cement and redrilling

   Paid by O.M.E. $ 1,488.75

   Approximate drilling cost expended by Inca Mining Co. for above. This does not include miscellaneous expenses incurred which do not relate directly to drilling $ 7,518.00

3. Rock drilled was mostly blue lime in a highly fractured condition. No ore encountered. No assay data.

4. No. 1 hole not drilled to completion. Diamond core bit and some steel is still in bottom of hole. The operating conditions encountered were made exceptionally difficult due to the extremely fractured nature of the ground and the attendant chronic water loss. The water loss was aggravated by conditions encountered in the water haul and directly related to the lack of requested funds for road building, as stated in our original application. Results obtained from the project can be considered nil.

RECEIVED

FEB 13 1970

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

INCA MINING CO.
1690 Clemson Drive
Reno, Nevada 89502

February 11, 1970

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

We hereby acknowledge receipt of your letter dated January 21, 1970. Enclosed please find a copy of Operator's Final Report.

You will note in the Final Report that the expenses incurred for drilling were approximately $42.00 per foot and not $30.00 as mentioned in our previous letter of October 20, 1969. This difference between our actual cost and the 75% received from the O.M.E. left us facing an impossible situation. The excess drilling costs which we were forced to endure has depleted our resources to such an extent that we find ourselves in no position to pay the amount set forth by the O.M.E.

Very truly yours,

INCA MINING CO.

Thomas H. Klune

Thomas H. Klune

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RECEIVED
FEB 13 1970
ICE OF MINERALS EXPLORATION

OPERATOR'S FINAL REPORT

1. O.M.E. No. 6641 (Silver)
   Contract No. 2251
   Inca Mining Co.
   Inca Group of Claims
   Pershing County, Nevada

2. Summary of project:

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   Began road building 12/20/67; completed allotted work by 12/31/67
   Forced to desist, due to weather, until 5/3/68
   Contract terminated: 10/31/69

   125 ft. diamond drilling (plus 54 ft. in first hole which was abandoned and redrilled) also overburden, cement and redrilling

   Paid by O.M.E. $ 1,488.75

   Approximate drilling cost expended by Inca Mining Co. for above. This does not include miscellaneous expenses incurred which do not relate directly to drilling $ 7,518.00

3. Rock drilled was mostly blue lime in a highly fractured condition. No ore encountered. No assay data.

4. No. 1 hole not drilled to completion. Diamond core bit and some steel is still in bottom of hole. The operating conditions encountered were made exceptionally difficult due to the extremely fractured nature of the ground and the attendant chronic water loss. The water loss was aggravated by conditions encountered in the water haul and directly related to the lack of requested funds for road building, as stated in our original application. Results obtained from the project can be considered nil.

RECEIVED
FEB 13 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

INCA MINING CO.
1690 Clemson Drive
Reno, Nevada 89502

February 11, 1970

Mr. H. K. Stager
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

We hereby acknowledge receipt of your letter dated January 21, 1970. Enclosed please find a copy of Operator's Final Report.

You will note in the Final Report that the expenses incurred for drilling were approximately $42.00 per foot and not $30.00 as mentioned in our previous letter of October 20, 1969. This difference between our actual cost and the 75% received from the O.M.E. left us facing an impossible situation. The excess drilling costs which we were forced to endure has depleted our resources to such an extent that we find ourselves in no position to pay the amount set forth by the O.M.E.

Very truly yours,

INCA MINING CO.

Thomas H. Klune

Thomas H. Klune

k

RECEIVED
FEB 13 1970
ICE OF MINERALS EXPLORATION

OPERATOR'S FINAL REPORT

1. O.M.E. No. 6641 (Silver)
   Contract No. 2251
   Inca Mining Co.
   Inca Group of Claims
   Pershing County, Nevada

2. Summary of project:

   Contract granted: 11/7/67
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   Paid by O.M.E. $ 1,488.75

   Approximate drilling cost expended by Inca Mining Co. for above. This does not include miscellaneous expenses incurred which do not relate directly to drilling $ 7,518.00

3. Rock drilled was mostly blue lime in a highly fractured condition. No ore encountered. No assay data.

4. No. 1 hole not drilled to completion. Diamond core bit and some steel is still in bottom of hole. The operating conditions encountered were made exceptionally difficult due to the extremely fractured nature of the ground and the attendant chronic water loss. The water loss was aggravated by conditions encountered in the water haul and directly related to the lack of requested funds for road building, as stated in our original application. Results obtained from the project can be considered nil.

RECEIVED
FEB 13 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

January 21, 1970

OFFICIAL COPY
O. M. E.
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JAN 23 1970
INITIALS | COPY
1/30
1/20
1/20
1/20

Mr. Thomas H. Klune
Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Dear Mr. Klune:

Your letter to this office, dated October 20, 1969, was received on October 22, 1969, and forwarded to our Washington, D. C., headquarters. The copy of the same letter, sent by Mrs. Klune on January 19, 1970, was received today.

A Notice of Termination of Exploration Contract was sent to you on October 31, 1969, together with a letter pointing out your company's responsibility for repayment of all monies contributed by the Government under the contract plus interest. The total amount contributed by the Government was $4,616.25. Accrued interest through October 31, 1969, totalled $520.48 and continues to accrue at the rate of 7-1/2 percent per annum. To date we have not received any word from you as to your plans for repayment of these amounts.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

HKStager:mkh

rm 7
3)

OFFICIAL FILE COPY

Date	Surname	Code
10/23/69	Emerick	120
10/24/69	Kirkemo	120
	Long	140
	App'd. Sol. Off.	
10/30	Kilsgaard	
		~~120M~~
		120
		120M

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

OCT 31 1969

Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Gentlemen:

On September 8, 1969 we sent you a Notice of Default under OME Exploration Contract which stated that you had failed to prosecute operations under its terms and providing a period of 30 days in which the default was to be cured.

The opportunity to cure the default passed without any action on your part, therefore, we regret that it is necessary to issue a Notice of Termination of Exploration Contract to your company.

We call your attention again to Article 7(b) of the contract which makes your company responsible for repayment of all monies contributed by the Government under the contract, and to Article 1(c) of the contract pertaining to simple interest accruing at the rate of 7-1/2 percent on Federal funds contributed. The total amount contributed by the Government in this case amounts to $4,616.25. Accrued interest through October 31, 1969 totalled $520.48.

A formal Notice of Termination of Exploration Contract is enclosed.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

FROM SOLICITOR
OCT 28 1969
FOR SIGNATURE

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Branch of Budget & Finance
130

WLEmerick/bsl 10/23/69

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 24 1969
INITIALS | CODE

RECEIVED
OCT 22 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

INCA MINING COMPANY
1690 Clemson Drive
Reno, Nevada 89502

October 20, 1969

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

Re: OME 6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Sirs:

We are in receipt of your latest communications; one letter dated September 10, 1969 signed by Mr. H. K. Stager, and another dated September 8, 1969, signed by Mr. Harold Kirkemo. It is acknowledged that the substance of your enclosures is in all instances correct. You may have a final report within any reasonable time at any time that you so request.

We feel, however, a few words are in order. First, nearly half of the subject contract time was involved in Winter down time, during which time it was impossible to drill. Second, experience soon brought to light that the proper drilling cost per foot would have been more accurate if quoted at approximately $30.00 per foot. Because of the Government's participation at three-quarter's of quoted cost and the difference between this and actual cost, we found ourselves facing a burden amounting to over two-third's of actual cost, or upwards of $20.00 per foot. Had we been able to sustain a drilling program at this rate it would not have been necessary to apply for Government assistance. The enthusiastic attitude of the various competing drilling companies' original bids can be said to be partly responsible for this state of affairs.

However, to return to point one, in view of the Winter down time an extension of the contract was discussed. It was stated that, due to the lack of drilling progress, it would be in order to allow one of the competing drilling companies to complete the drilling program. It was further stated that the contract was impossible of revision upward. Upon approaching said drilling companies, and others, it was discovered that bids comparable to the original bids could not be obtained. It would appear that the drilling community was now more sophisticated in this area of Nevada and, as a result, was revising its estimates.

Copy to R-II

Attempts were made to interest new capital in order to proceed with the program. These attempts were doomed to failure because of the difference between the original estimates and the actual drilling costs, plus the average individual's fear of involvement with the Federal Government. The knowledge of our present position with the OME and the fact that we had no recourse, was a definite factor in determining prospective investors to arrive at a negative decision.

The desire of the OME to safeguard the taxpayer's funds is considered to be commendable, but it is also a pity that due to a lack of flexibility of policy that a program such as this must be ordained to failure.

Sincerely yours,

INCA MINING COMPANY

Thomas H. Klune

Thomas H. Klune

k

INCA MINING COMPANY
1690 Clemson Drive
Reno, Nevada 89502

OFFICIAL
COPY
O. M. E.
RECEIVED
DEC 4 1969
INITIALS CODE
HR

October 20, 1969

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

Re: OME 6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

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Attempts were made to interest new capital in order to proceed with the program. These attempts were doomed to failure because of the difference between the original estimates and the actual drilling costs, plus the average individual's fear of involvement with the Federal Government. The knowledge of our present position with the OME and the fact that we had no recourse, was a definite factor in determining prospective investors to arrive at a negative decision.

The desire of the OME to safeguard the taxpayer's funds is considered to be commendable, but it is also a pity that due to a lack of flexibility of policy that a program such as this must be ordained to failure.

Sincerely yours,

INCA MINING COMPANY

Thomas H. Klune

Thomas H. Klune

k
cc: Mr. Harold Kirkemo

INSTRUCTIONS TO DELIVERING EMPLOYEE

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

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO. 133437

INSURED NO.

DATE DELIVERED

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

1 Drew Manning Co

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

2

RESPIRATORY DISEASES

SHOW WHERE DELIVERED (*only if requested*)

AND OTHER

FIGHT TB

11-5-69

NOV 5 1969 PM

c55—16—71548-8 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

POSTMARK OF DELIVERING OFFICE

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

RETURN TO

NAME OF SENDER

Office of Minerals Exploration
U.S. Geological Survey

STREET AND NO. OR P.O. BOX

Rm. 4459, Dept. of the Interior Building

POST OFFICE, STATE, AND ZIP CODE

Washington, D. C. 20242

OME-6641

POD Form 3811 Oct. 1965 c55—16—71548-8

Rec'd 11/10

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/18/69	Emerick	120
		120
9/19	cac	220
		120M

SEP 18 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Enclosed is a copy of the Field Officer's letter of September 10, 1969, forwarding a copy of the Report of Review issued in August 1969 to the subject Operator. Also enclosed is a copy of the report for your files.

William L. Emerick (gla)

W. L. Emerick
For: Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

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

BSLong/1 9/18/69

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 12 1969

INITIALS	CODE
gla	130
HK	120
bal	120 M
WE	120 C

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

September 10, 1969

Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Gentlemen:

Enclosed is a copy, for your files, of a Report of Review dated August, 1969, on your OME contract prepared by the Office of Survey and Review in Washington, D.C. The facts and figures as stated therein agree with the information in the Field Office files and I concur in the report.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: DIR RF
ACG RF
MP RF
Docket

RMSmith/bls 9/10/69

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

RENO, SEP 12 PM 1969 NV

AMERICAN
50TH ANNIVERSARY
1919 - 1969

POSTMARK OF DELIVERING OFFICE

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

RETURN TO

NAME OF SENDER Office of Minerals Exploration
U. S. Geological Survey

STREET AND NO. OR P.O. BOX
Department of the Interior Bldg.
Rm. 4459

POST OFFICE, STATE, AND ZIP CODE
Washington, D. C. 20242

POD Form 3811 Apr. 1967 055—10—71549-10

6641

INSTRUCTIONS TO DELIVERING EMPLOYEE

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

(*Additional charges required for these services*)

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO. 133296

INSURED NO.

DATE DELIVERED 9-12-69

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

2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

3 SHOW WHERE DELIVERED (*only if requested*)

c55—16—71548-10 GPO

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/3/69	Emerick	120
9/3/69	Kirkemo	120
9/5	Peterson	
9/3	Murphy	
		220
		120M

SEP 8 1969

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Gentlemen:

The date, November 17, 1968, under which the subject contract should have been completed has long passed. Most of the work accomplished on the contract was preparatory in nature and none of the 10 drill holes provided for in the contract has been completed.

Under the circumstances, we regret that it is necessary to issue a notice of default under the OME exploration contract between your company and the Government. You will note under the terms of Article 7(b) of the contract that all moneys contributed by the Government, in this case an amount totalling $4,616.25, is subject to repayment by your company.

A formal Notice of Default under OME Exploration Contract is enclosed.

Note: Accrued interest on the Govt. contribution of $4,616.25 amounts to $520.48 through October 31, 1969 per B&F.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc: Asst. Solicitor, Rm. 6554, Interior
Branch of Budget and Finance

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

WLEmerick/bsl 9/3/69

n 7

OFFICIAL FILE COPY

Date	Surname	Code
9/4/69	Emerick	120
		120
9/5	cac	220
		120M

(no file)

AIRMAIL

SEP 5 1969

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in August 1969 on the subject contract. In the last paragraph on page 1 the words "termination agreement" should read "notice of default."

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

Please forward your final recommendations on the work accomplished under this contract at your earliest convenience.

Harold Kirkemo (ja)
Harold Kirkemo

Enclosures

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

WLEmerick/bsl 9/4/69

IN REPLY REFER TO:

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

August 26, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Pursuant to your memorandum of August 18, 1969, we have reviewed the file on the subject contract.

The Contract is dated November 17, 1967, work was to be started on or before December 21, 1967, and work was to be completed by November 17, 1968.

In view of the fact that the Operator has not completed any of the 10 drill holes provided for in the "Description of the Work", I would recommend issuing the attached "Notice of Default under OME Exploration Contract."

Robert W. Long
Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

Enclosure

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

August 18, 1969

MEMORANDUM

To: Assistant Solicitor
Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

This contract has been in default since November 17, 1968. No progress has been reported on the contract since July 1968. The Field Officer's last inquiry to the Operator, dated May 2, 1969, remains unanswered. The enclosed Summary of Project gives a complete history of the project.

It is getting late in the field season and it is reasonable to assume that the Operator would have responded to the Field Officer's letter of May 2, 1969, if any work had been contemplated on the project this summer. We would appreciate your recommendation whether to execute a "Notice of Default under OME Exploration Contract", or a "Notice of Termination of Exploration Contract," copies of which are enclosed.

Harold Kirkemo

Harold Kirkemo

Enclosures

DRAFT 8/12/69

WLEmerick/bsl

To: The File

From: William L. Emerick
Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Summary of Project

The purpose of the contract is to explore by core drilling from prepared surface sites for silver-bearing ore bodies in quartz veins along one or more bedding planes in a limestone formation. The work involves rehabilitating approximately 4 miles of existing access road, bulldozing new access roads to not less than 10 drill sites, leveling the sites, and drilling 10 or more vertical holes totalling not more than 5000 feet. Estimated total cost of the work is $81,600. Government participation at 75 percent amounts to $61,200. To date a total of $6,155.00 has been expended on contract work of which the Government has contributed $4,616.25.

Work on the project started December 15, 1967. Four miles of existing access road were widened and improved and new access roads and 10 drill sites were completed by January 1968. The contract was recessed at that time because of severe winter weather. Drilling on Hole No. 1 began in May 1968 but progress was slowed in

badly fractured rock by water circulation problems that required cementing and redrilling. Because of an error in an old map it was discovered that the location of Hole No. 1 was too close to the face of an old stope. Therefore, the location of the hole was moved 30 feet north and drilling was resumed on June 24, 1968. After drilling about 150 feet of Hole 1A the drill stuck and efforts to free it and resume drilling were unsuccessful. The Operator then planned to request a change in type of drilling from diamond core to rotary by a contract amendment. In an undated letter (Nov. 1968) to the Field Officer, Region II, the Operator requested an extension of time to complete the contract.

In reply the Field Officer sent a letter to the Operator on November 8, 1968 stating that the Operator should submit 3 bids from drilling companies on the new type of drilling before its request for an extension of time was considered. On January 2, 1969, the Operator informed the Field Officer that it had contacted several drilling companies regarding future drilling on the project but that excess snow prevented representatives of drilling companies from examining the drill sites. This was the last correspondence on record from the Operator.

The Field Officer sent a letter to the Operator on May 2, 1969 inquiring as to its plans for completing the work under the contract, and also requested again that 3 drilling bids and a request for an extension of time for completion of the work be submitted. No answer to this letter has been received to date.

Under these circumstances, either a Notice of Default or a Notice of Termination appear justified because (1) no progress has been reported on the contract since July 1968, (2) the contract completion date of November 17, 1968 has expired, and (3) no effort has been made by the Operator to cure the default status.

William L. Emerick

William L. Emerick

DRAFT 8/6/69
WLEmerick/bsl

NOTICE OF DEFAULT
UNDER
OME EXPLORATION CONTRACT

To: Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Operator under Exploration
Contract No. 2251 Dated November 17, 1967
Docket No. OME-6641 Silver

1. Pursuant to the provisions of Article 7 in the subject contract entitled "Termination of the Government's Obligations," the Government has determined that you are in default under the contract, having failed to prosecute operations pursuant to its terms in the following respects:

(a) ~~Operations have failed to achieve results,~~ Of the 10 holes required to be completed only one has been drilled since December 31, 1969 (November 17, 1968)

(b) Contract completion date has expired.

2. The Government hereby specifies that a period of ~~10~~ 30 days from the time this notice is delivered is a reasonable time within which said default must be cured.

3. If the said default is not cured within the time specified herein, thereupon:

(a) The Government shall be relieved of all obligation to pay on account of units of work not then performed;

(b) The Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting;

(c) The Operator shall furnish the Government, as provided in said contract, five copies of a final report (in addition to the final monthly report) which shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

4. All rights of the Government provided for in the contract with respect to percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

Dated this_____ day of _____, 1969.

THE UNITED STATES OF AMERICA

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

DRAFT 8/12/69
WLEmerick/bsl

NOTICE OF TERMINATION
OF
EXPLORATION CONTRACT

To: Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Operator under Exploration
Contract No. 2251 Dated November 17, 1967
Docket No. OME-6641 Silver

1. The United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereby terminates the subject contract under the termination provisions of Article 7 on the following grounds:

The Government has determined that the operations up to the time of this notice have failed to achieve anticipated results and further work is not justified.

2. Upon delivery of this notice:

(a) The Government shall be relieved of all obligation to pay on account of units of work not then performed;

(b) The Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting; and

(c) The Operator, as provided in said contract, shall furnish the Government five copies of a final report (in addition to the final monthly report) which shall include a geological and

engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from said work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

3. All rights of the Government provided for in the contract with respect to percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

Dated this _____ day of _____, 1969

THE UNITED STATES OF AMERICA

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

E Form 7
2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/14/69	Emerick	120
		120
		220
		120M

AUG 18 1969

MEMORANDUM

To: Assistant Solicitor
Oil and Gas and Minerals Exploration

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

This contract has been in default since November 17, 1968. No progress has been reported on the contract since July 1968. The Field Officer's last inquiry to the Operator, dated May 2, 1969, remains unanswered. The enclosed Summary of Project gives a complete history of the project.

It is getting late in the field season and it is reasonable to assume that the Operator would have responded to the Field Officer's letter of May 2, 1969, if any work had been contemplated on the project this summer. We would appreciate your recommendation whether to execute a "Notice of Default under OME Exploration Contract", or a "Notice of Termination of Exploration Contract," copies of which are enclosed.

Harold Kirkemo (bsl)
Harold Kirkemo

Enclosures

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

WLEmerick/bsl 8/14/69

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

May 12, 1969

Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 15 1969
INITIALS | CODE
HK 120

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Gentlemen:

We have not heard from you, since your letter of January 2, 1969, concerning your plans for completing the work under the subject contract. Will you please submit the necessary drilling bids, and a request for an extension of time required for completion of the work.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

HKStager:mkh

INCA MINING COMPANY

~~700 "W" STREET SPARKS, NEVADA 89431~~

~~[illegible]~~

ANECK

1690 Clemson Drive, Reno, Nevada 89502

THOMAS KLUNE

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 8 1969

INITIALS	CODE
HJ	~~HO~~
	130
bsl	120 M
WE	120 E

OME-6641

January 2, 1969

Mr. H. K. Stager
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

This is just to inform you that I have contacted several of the drilling companies regarding future drilling on the Inca complex.

I am sure you are aware that it is impossible to approach the drill site at this time due to excess snow on the mountains. Exploration Drilling, Inc. is the only organization in a position to be knowledgeable enough about the terrain to submit a bid. J. D. Chaffin Drilling Co. has been contacted and will visit the drill site and submit a bid as soon as weather permits. A third organization not suggested by you, but also in possession of air drilling equipment, will also visit the drill site and submit a bid.

Reno?

We will keep you advised of our progress.

Sincerely,

Thomas H. Kluno

Thomas H. Kluno

k

1/14/69
Stager requested operator to get three bids (rotary) to be used instead of diamond drill. This before working up amendment for recess + extension of time
WE

RECEIVED
JAN 3 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

November 18, 1968

OFFICIAL COPY
C. M. E.
NOV 21 1968
INDEXED
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120
WE ~~120E~~

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Enclosed are all copies of a proposed Assignment of Contract, unsigned, as requested in our letter of November 8, 1968, to the Operator. Also enclosed is the single original of a letter received November 18, 1968, from the Operator acknowledging receipt of OME payments by Inca Mining Company.

R M Smith
for H. K. Stager

Enclosures

INCA MINING COMPANY

~~700 4th STREET SPARKS, NEVADA 89431~~

~~358-2572~~

1690 Clemson Drive, Reno, Nevada 89502

MANECK

THOMAS KLUNE

DME-6641

Mr. H. K. Stager
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Thank you for sending us the names of the drilling companies. We will contact these companies as soon as possible and, if successful in obtaining bids, will send you their bid proposals.

As requested in your letter, attached is the original and three copies of the proposed Assignment of Contract. Upon receiving these papers Mr. Formaneck signed them, however, it is not his desire to assign the contract.

You will also find a letter from Inca Mining Company acknowledging receipt of all payments made to date to Inca Exploration Co.

We will keep you informed of our progress.

Sincerely yours,

INCA MINING COMPANY

Thomas H. Klune

Thomas H. Klune

k

RECEIVED

NOV 18 1968

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

INCA MINING COMPANY

~~700 MAIN STREET SPARKS, NEVADA 89431~~

~~358-2572~~

MANECK

THOMAS KLUNE

1690 Clemson Drive, Reno, Nevada 89502

ONIE-6641

Mr. H. K. Stager
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Sir:

Inca Mining Company hereby acknowledges receipt of all payments made to date by the Office of Minerals Exploration to Inca Exploration Co.

Very truly yours,

INCA MINING COMPANY

Thomas H. Klune

THOMAS H. KLUNE

Alfred F. Formaneck

ALFRED F. FORMANECK

RECEIVED

NOV 18 1968

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

Government's copy

ASSIGNMENT OF CONTRACT

WHEREAS, the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Inca Mining Company, a partnership, hereinafter called the "Assignor," entered into Exploration Contract 2251 (OME-6641), dated November 17, 1967, hereinafter called the "Contract," and

WHEREAS, Inca Exploration Co., a Nevada corporation, hereinafter called the "Assignee," has acquired the Assignor's interest in the land which is the subject of the contract and the Assignee desires to complete the work under the Contract;

NOW THEREFORE, effective December 12, 1967, the Assignor, subject to acceptance by the Assignee and the consent of the Government, in consideration of one dollar ($1.00) and other good and valuable consideration received from the Assignee, does hereby sell, assign, and transfer to the Assignee all of its right, title, and interest in the Contract; Provided, That the Government shall be and is hereby released by the Assignor from all claims under the Contract.

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

Dated this _____ day of _____, 1968.

INCA MINING COMPANY
(Assignor)

By Alfred F. Formaneck
Alfred F. Formaneck, Partner

_____
Thomas H. Klune, Partner

ASSIGNEE'S ACCEPTANCE

The Assignee hereby accepts the above assignment and agrees to be bound by the terms, provisions, and conditions of the Contract. The assignee expressly assumes and agrees to pay to the

All other copies destroyed.

Government any royalty that may have accrued and remain unpaid on the effective date of the assignment and that may accrue thereafter under the provisions of the Contract.

Dated this _____ day of _____, 1968.

INCA EXPLORATION CO. (Inc.)
(Assignee)

By Alfred F. Formaneck
Alfred F. Formaneck, Director

_____
Thomas H. Klune, Director

_____
Gloria A. Howard, Director

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

_____ /corporate seal/

GOVERNMENT'S CONSENT

The Government this _____ day of _____, 1968, hereby consents to the above assignment without releasing the Assignor, Inca Mining Company, from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

By _____
Chief, Office of Minerals Exploration

Bliss
Long
App'd. Sol. Off.
Kirkemo
Johnson
Kilgoard

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

September 26, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 30 1968

INITIALS	CODE
gla	130
~~FEB~~	~~110~~
bsl	130M
WE	130E

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

Interim Inspection

An interim inspection of the subject project was made on September 12, 1968, accompanied by Mr. T. H. Klune, the Operator.

Work since the last interim inspection on June 25, 1968 (Report dated June 28, 1968), has consisted of moving the drill about 30 feet to the north of the original Hole No. 1 site and redrilling Hole No. 1 to a depth of about 150 feet where the drill bit became stuck. Efforts to free the bit and resume drilling have not been successful to date and the Operator now plans to obtain casing and ream over the drill rod and bit. No significant mineralized material has been intersected by the hole.

Time for completion of the work under the contract expires on November 17, 1968, and the Operator has not been able to complete even one of the ten holes planned. The work cannot be completed in the time remaining and an extension of time will be required if the work is to be continued. The Operator plans to request a recess during the winter months, from November 1968 to about March 1969, and an extension of time to November 17, 1969. A change in type of drilling, from diamond core to down-the-hole rotary hammer drilling, is also planned. An amendment to the contract to allow these changes will be requested by the Operator.

H. K. Stager

MME Form 7
(2/63)

OFFICIAL FILE

Date	Surname	
8/19/68	RMSmith	
"	Howard	110
		120M
		220
		120M

August 19, 1968

Memorandum

To: The File

From: Assistant Chief
Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Exploration Co. (Inca Mining Co.)
Inca Group of Claims
Pershing County, Nevada
Contract 2251

This contract was executed November 17, 1967, between the Government and Inca Mining Company, a Partnership consisting of Alfred F. Formaneck and Thomas H. Klune.

On December 31, 1967, Thomas H. Klune informed the Field Officer, Region II, by letter that on December 12, 1967, Inca Mining Company underwent incorporation as Inca Exploration Co. with Alfred F. Formaneck and Thomas H. Klune as corporation officers and principal stockholders.

Articles of Incorporation of Inca Exploration Co., dated December 11, 1967, and showing the principal office [office] of the Corporation to be P. O. Box 504, Sparks, Nevada, were certified by the acting Secretary of the State of Nevada on February 6, 1968. Officers of Inca Exploration Co. are:

Name	Address	Title
Thomas H. Klune	12105 Gothic Avenue Granada Hills, California	Director
Alfred F. Formaneck	700 H. Street Sparks, Nevada	Director
Gloria A. Howard	1690 Clemson Drive Reno, Nevada	Director

The Assignment of Contract, Assignee's Acceptance, and Government's Consent drafted to cover this development were prepared from a similar set of documents executed in August 1968, for Contract Idm-E1107 (DMEA-4643) between General Minerals Corporation, Assignor, and John B. Rigg, Assignee.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
OME Docket
OME Reading File
Mr. Kirkemo
HKirkemo/bsl 8/19/68

OFFICE OF
JOHN KOONTZ
SECRETARY OF STATE

THE STATE OF NEVADA

DEPARTMENT OF STATE

I, JOHN KOONTZ, *the duly elected, qualified and acting Secretary of State of the State of Nevada, do hereby certify that the annexed is a true, full and correct transcript of the original Articles of Incorporation of*

INCA EXPLORATION CO.

as the same appears on file and of record in this office.

IN WITNESS WHEREOF, *I have hereunto set my hand and affixed the Great Seal of State, at my office in Carson City, Nevada, this* 6TH *day of* FEBRUARY A. D. 19 68

John Koontz
Secretary of State

By _____
Deputy

Form 1
533

ARTICLES OF INCORPORATION

OF

INCA EXPLORATION CO.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under, pursuant and by virtue of the laws of the State of Nevada, and, WE HEREBY CERTIFY:

FIRST: The name of said corporation is

INCA EXPLORATION CO.

SECOND: The principal office of this corporation is to be located in the residence of Arthur C. Vaughn on Pyramid Lake Road, Post Office Box 504, in the City of Sparks, County of Washoe, State of Nevada.

THIRD: That the purposes for which said corporation is formed are:

(a) To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging, and otherwise producing and dealing in gold, silver, copper, lead, zinc, brass, iron, steel and all kinds of ores, metals and minerals, and the products and by-products thereof of every kind and description and by whatsoever process the same can be or may hereafter be produced, and generally and without limit as to amount, to buy, sell, exchange, lease, acquire and deal in lands, mines and mineral rights and claims, and to conduct all business appertaining thereto; to purchase, lease or otherwise acquire, mining rights, timber rights, oil and gas rights, mines, buildings, dwellings, plants, machinery, tools and other properties whatsoever which this corporation may from time to time find to be for its advantage and purposes; to mine and market any mineral or other product that may be found in or on such lands, and to explore, work, exercise, develop or turn to account the same; to construct and operate railways and tramways for mining and moving ores; to build and lease houses for the use of miners and others, including the purchase and sale of same.

(b) To acquire mines and mining rights and other property, to own, work and lease gold and other mineral lands, to treat, transport and dispose of the ores and other products obtained therefrom or thereunder, to construct and operate such works as shall be necessary, and generally to do and perform all or any of the matters aforesaid, and all other acts and things which in the judgment of this company may be requisite for its purposes or incidental thereto.

(c) To carry on any other lawful business whatsoever, or any enterprise which is calculated directly or indirectly to promote the interest of the corporation or to enhance the value of its properties and to perform all other acts which may be incidental to the properly carrying on of said businesses or enterprises.

(d) To purchase, or otherwise acquire, own, hold, lease, sell, exchange, assign, transfer, mortgage, pledge or otherwise dispose of, to guarantee and to invest, trade and deal in and with personal and real property of every class and description.

(e) To enter into any kind of contract or agreement, cooperative or profit or sharing plan with its officers and employees, that the corporation deems advantageous or expedient, or otherwise, to reward or pay such persons for their services as to the directors may deem satisfactory.

(f) To purchase, lease, or otherwise acquire, in whole or in part, the business, good will, rights, franchises and property of every kind, and to undertake the whole or any part of the assets or liabilities of any person, firm, association, or corporation in or authorized to conduct any business similar to any business authorized to be conducted by this corporation, or owning property necessary or suitable for its purpose, and to pay for the same in cash, in the stock or bonds of the company, or otherwise; to hold or in any manner dispose of the whole, or any part of the business or property so acquired and to exercise all the powers necessary or incidental to the conduct of such business.

(g) To lend money and to negotiate and make loans, either on its own account or as agent or broker for others.

(h) To borrow money, to issue stock, bonds, notes and other obligations of this corporation from time to time, for any of the objects or purposes of this corporation, and to mortgage, pledge, hypothecate, and/or convey in trust, any or all of its property to secure the payment thereof.

(i) To discount and negotiate promissory notes, drafts, bills of exchange, and other evidences of debt, and to collect for others money due them on notes, checks, drafts, bills of exchange, commercial paper and other evidences of indebtedness.

(j) To enter into, make, perform and carry out contracts and leases of every kind and for any lawful purpose, without limit as to amount, with any person, firm, association, corporation, municipality, state or government, or any subdivision thereof.

(k) To acquire and pay for in cash, shares of stock, bonds, or notes of this corporation, or otherwise, the assets, including the good will of any person, firm, association or corporation, and to undertake or assume the whole or any part of the obligations or liabilities thereof.

(l) To buy, exchange, contract for, lease, and in any other way acquire, take hold of and own trucks, automobiles and other vehicles useful or necessary in the judgment of the officers of this corporation for its own business, and to maintain and operate the same, and to sell, mortgage, lease or otherwise dispose of same.

(m) To qualify under the laws of this state, or any other state, territory, province or government for the purpose of accomplishing any and all the objects for which this corporation is organized, and to dissolve, wind up, liquidate, merge or consolidate any such corporation, or corporations, or to cause the same to be dissolved, wound up, liquidated, merged or consolidated.

(n) And generally to do all and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporations, firms, or individuals, and to do every other act or thing incidental or pertaining to or growing out of the aforesaid purposes or powers, or any of them, provided the same be not inconsistent with the laws of the State of Nevada; and also to exercise any and all of the powers conferred upon corporations by the laws of the State of Nevada which now exist or which may be hereafter conferred upon or granted to corporations by the laws of the said State of Nevada.

(o) In furtherance and not in limitation of the powers conferred by the laws of the State of Nevada, the Board of Directors is expressly authorized from time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the books and accounts of this corporation, or any of them other than the stock ledger, shall be open to inspection of the stockholders, and no stockholder shall have the right to inspect any account or book or document of the corporation, except as conferred by law or authorized by resolution of the directors or of the stockholders.

The foregoing clauses are to be construed both as objects and powers, and it is hereby expressly provided that the enumeration herein of specific powers shall not be held to limit or restrict in any manner the

general powers of the corporation granted to it by right of its existence, as outlined in the General Corporation Law of the State of Nevada.

FOURTH: That the amount of the total authorized capital stock of this corporation is FIFTEEN HUNDRED (1500) SHARES of a no par value.

FIFTH: The members of the governing board shall be styled "directors" and the names and present addresses of the first board of directors which shall consist of three members and which number may be increased in the manner provided by law, are as follows, to-wit:

Name	Address
Thomas H. Klune	12105 Gothic Ave., Granada Hills, California
Alfred F. Formaneck	700 H Street, Sparks, Nevada
Gloria A. Howard	1690 Clemson Drive, Reno, Nevada

SIXTH: The capital stock of this corporation shall be non-assessable.

SEVENTH: The period of existence of this corporation shall be perpetual.

EIGHTH: The names and post office addresses of each of the incorporators signing these Articles of Incorporation are as follows, to-wit:

Name	Address
Thomas H. Klune	12105 Gothic Ave., Granada Hills, California
Alfred F. Formaneck	700 H Street, Sparks, Nevada
Gloria A. Howard	1690 Clemson Drive, Reno, Nevada

NINTH: This corporation reserves the right to amend, alter, change, or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the laws of the State of Nevada, and all rights conferred upon officers, directors and stockholders herein are granted subject to this reservation.

TENTH: In furtherance, and not in limitation of the powers conferred by statutes and/or the laws of the State of Nevada, the Board of Directors is hereby expressly authorized, among other things, to:

(a) Make contracts for the sale of stock in behalf of the corporation, and to purchase or lease, for cash or stock, properties for the benefit of the corporation.

(b) Fix their own compensation as well as the salary of the other officers, agents and employees of this corporation.

(c) By a majority vote of the whole board, to designate one of their members to constitute an Executive Committee, which member shall have and exercise any and all of the powers of the Board of Directors, and the management of the business and affairs of this corporation, except the power to declare dividends and to adopt and amend and repeal the by-laws. Said executive committee shall have the power to authorize the seal of this corporation to be affixed to all papers which may require it.

(d) And the corporation may, in its by-laws, confer power upon its directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon them by the Statutes of the State of Nevada.

IN WITNESS WHEREOF, we have hereunto set our respective hands, this 11th day of December, 1967.

Thomas A. Kline

Albert F. Ormond

Gloria A. Ormond

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 11th day of December, 1967, personally appeared before me, the undersigned, a Notary Public in and for the County of Washoe, State of Nevada, THOMAS H. KLUNE, ALFRED F. FORMANECK and GLORIA A. HOWARD, known to me to be the persons described in and who executed the annexed 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 the County of Washoe, State of Nevada, the day and year in this certificate first above written.

Amelia Preston

NOTARY STAMP

ARTICLES OF INCORPORATION

OF

INCA EXPLORATION CO.

FILED AT THE REQUEST OF

THOMAS H. KLUNE

12105 Goethic Avenue

Granada Hills, California

December 12, 1967

(DATE)

John Koontz

JOHN KOONTZ, SECRETARY OF STATE

John R. Woodbrew

(BY) DEPUTY SECRETARY OF STATE

No. 2008-67

FILING FEE $ 25.00

324

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

November 8, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 12 1968

INITIALS	CODE
	~~130~~
gla	120 MW
	110
HK	~~120~~
	~~120~~

Inca Mining Company
1690 Clemson Drive
Reno, Nevada 89502

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract 2251

Gentlemen:

In reply to your letter of recent date we are submitting the following names of three drilling companies and enclosing a brochure from one (Chaffin):

Dry Rotary Drilling

Exploration Drilling Inc.
P.O. Box 141
Seal Beach, California 90740
(Now drilling at Arizona Mine)

J. D. Chaffin Drilling Company
851 Haverford Avenue
Pacific Palisades, California 90272

Diamond Drilling

McCabe Bros. Drilling Co.
Carson City, Nevada
Telephone No.: 882-1846

Your request for an extension of time will be considered upon receipt of three bids, if possible, from these or other drilling companies. If an extension is approved, a recess during the winter months would be included.

te your intention to continue doing business as Inca Mining Company. Will you please return, unsigned, all copies of the proposed Assignment of Contract for cancellation and three copies of a letter acknowledging receipt of all OME payments to date by Inca Mining Company.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, WDC
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

INCA MINING COMPANY

AL FORMANECK

1690 Clemson Drive, Reno, Nevada 89502

OFFICIAL COPY
THOMAS KLUNE
O. M. E.
RECEIVED
NOV 12 1968
INITIALS CODE

Mr. H. K. Stager
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME-6641 (Silver)
Contract No. 2251

Dear Sir:

We are pleased to know that there are several drilling companies interested in doing the drilling on the Inca series of claims. We would greatly appreciate your submitting their names to us so that we may contact them regarding the manner in which they would desire to drill and the cost for doing same.

It has come to our attention that hammer drilling, as opposed to core drilling, can be effectively accomplished at a considerably lower cost. Because of the difficulties of core drilling the extemely broken strata in this area, it has been considered that hammer drilling is a much more practical approach to exploratory drilling in this instance.

It is not our desire to have this contract expire and we hereby submit a formal request for an extension of the contract, with a six months recess during the Winter months. It is our intention during this period to contact other drilling companies to investigate costs and procedure, as stated above.

After due consideration we feel that we would rather not assign either the claims or the contract to Inca Exploration Co. and would prefer to continue doing business as Inca Mining Co. We realize that the checks received to date have been issued in the name of Inca Exploration Co. and, if it should be necessary, we would be glad to issue a letter acknowledging receipt of the money by Inca Mining Co.

Thank you for your consideration. We will look forward to hearing from you.

Sincerely yours,

Thomas H. Klune

Thomas H. Klune

THK/g

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

October 22, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 24 1968

INITIALS	CODE
	130
	120
	140
	130

Inca Exploration Company
P.O. Box 504
Sparks, Nevada 89431

Re: OME-6641 (Silver)
Inca Exploration Co. (Assignee)
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

Gentlemen:

We have not received a reply to our letter of September 18, 1968, transmitting the original and three copies of a proposed Assignment of Contract for your signatures. A copy of the assignment of the Inca mining claims is also required and should be sent to this office at the same time. Without these documents no further vouchers can be paid.

As you know, this contract expires on November 17, 1968. No progress has been reported since July 1968, and the first of the 10 proposed holes has not yet been completed. It is evident that the work cannot be finished in the time remaining and that an extension of time will be required if you plan to complete the project.

Considering the slow rate of progress so far, the Government would be reluctant to extend the time without tangible evidence that performance would be markedly improved.

You may prefer to let the contract expire, or you may wish to keep it in force. If it expires, the Company will be in default for non-performance and the Government's contribution plus interest will be immediately repayable. If you wish to keep it in force you should promptly request an extension of time, state the steps taken to assure future performance, and submit the assignments.

For your information and possible use, we have been informed that at least two drilling companies are interested in doing the work on your property. Should you want their names we shall be pleased to furnish them.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

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

September 18, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 20 1968

INITIALS	CODE
	~~A30~~
Gal	120 M
~~HJ~~	~~110~~
	130 (Smith)

Inca Exploration Co.
P.O. Box 504
Sparks, Nevada 89431

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

Dear Mr. Formaneck and Mr. Klune:

Enclosed are the original and three copies of a proposed Assignment of Contract, Assignee's Acceptance, and Government's Consent (two pages) for the subject contract.

If the document is satisfactory to you, all copies should be signed by authorized representatives of the Operator and the Assignee in the indicated places. All copies should be returned to this office for signature by the Government and distribution of the copies. The assignment of the Inca Mining Claims, that I spoke to you about in Unionville last week, should also be sent at the same time.

If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/11/68	Kirkemo	120
		120
9/11	Johnson	110
9/12	Kilgoore	
9/13	Kupa	
		110
9/17	Cal	220
		120M

AIRMAIL SEP 17 1968

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Exploration Co. (Assignee)
Inca Group of Claims
Pershing County, Nevada
Contract 2241

Enclosed are the original and three copies of a proposed Assignment of Contract, Assignee's Acceptance, and Government's Consent (two pages) for the subject contract. An extra copy is enclosed for field use.

If the document is satisfactory to you and the Operator, all copies should be signed by authorized representatives of the Operator and the Assignee in the indicated places. All copies should be returned to this office for signature by the Government and distribution of the copies.

With reference to the certification required for signatories to the Assignee's Acceptance, if the Inca Exploration Co. has no secretary, a director or the individual who keeps minutes of company meetings may sign the certification. In this event, the word "secretary" should be struck out and the title of the person certifying should be inserted.

FRANK E. JOHNSON (gh)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
130
Mr. Kirkemo

HKirkemo/bsl 9/11/68

JF 67-2055.3192

FROM SOLICITOR

9-9-68

TO - FOR SIGNATURE

Office of Mineral Exploration

Room 4460

To Legal 8/20

ASSIGNMENT OF CONTRACT

WHEREAS, the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Inca Mining Company, a partnership, hereinafter called the "Assignor," entered into Exploration Contract 2251 (OMK-6641), dated November 17, 1967, hereinafter called the "Contract," and

WHEREAS, Inca Exploration Co., a corporation incorporated under the laws of the State of Nevada, hereinafter called the "Assignee," has acquired the Assignor's interest in the land which is the subject of the contract and the Assignee desires to complete the work under the Contract;

NOW THEREFORE, effective December 12, 1967, the Assignor, subject to acceptance by the Assignee and the consent of the Government, does hereby transfer to the Assignee all of its rights, title, and interest in the Contract: Provided, That the Government shall be and is hereby released by the Assignor from all claims under the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waiver notice thereof.

Dated this _____ day of _____, 1968.

INCA MINING COMPANY
(Assignor)

By_____
Alfred F. Formaneck, Partner

~~Thomas H. Kluna, Partner~~

120 RMS
120
120M

ASSIGNEE'S ACCEPTANCE

The Assignee hereby accepts the above assignment and agrees to be bound by the terms, provisions, and conditions of the Contract, The Assignee expressly assumes and agrees to pay to the Government any royalty that may have accrued and remain unpaid on the effective date of the assignment and that may accrue thereafter under the provisions of the Contract.

Dated this _____ day of_____, 1968.

INCA EXPLORATION CO.

By_____
Alfred F. Formaneck, Director

_____
Thomas H. Klune, Director

_____
Gloria A. Howard, Director

State of Nevada)
City of Sparks) SS
County of Washoe)

The foregoing document was acknowledged before me this _____ day of _____, 1968, by _____.

Witness my hand and official seal

My commission expires_____

_____
Notary Public

GOVERNMENT'S CONSENT

The Government this _____ day of _____ 1968, hereby consents to the above assignment without releasing the Assignor, Inca Mining Company, from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6641
Contract No. 14-23-090-2251
Contract Amount $ 81,600.00
Gov't. Participation % 75 $ 61,200.00
Mineral(s) Silver

OFFICIAL COPY E. O. RECEIVED AUG 19 1968 INTERIOR CODE

OPERATOR'S MONTHLY VOUCHER For Month of June & July, 1968

Operator's Name INCA EXPLORATION CO.
Address P.O. Box 504, Sparks, Nevada 89431

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing		2500.00	2500.00			
~~Drilling~~ Overburden		90.00	90.00			
~~Cement~~ Cement & redrill	260.00	40.00	300.00			
Drilling Core (Bx)	1011.75	618.75	1630.50			
Office Exp. (2 mos.)	200.00	200.00	400.00			
Mob & demob	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Mob drilling equip	None	750.00	750.00			
Core boxes (20)	20.00	None	20.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1491.75	4698.75	6190.50			

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

Date 8/6/68 *Payee INCA EXPLORATION CO.

Per Thomas H. Klum Title Vice President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 1,092.19 14X0804

Signature [illegible] (Authorized Certifying Officer)

Date _____ Vou. No. 91072

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature [illegible] Title FIELD OFFICER Date AUG 9 1968

Approved by OME Executive Officer or Alternate: OME REGION III

Signature [illegible] Title FIELD OFFICER Date AUG 9 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

9 1 4 1 9 3

8/13/68 B/R

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of June & July Docket No. OME 6641

Operator's Name INCA EXPLORATION CO. Contract No. 14-23-090- 2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Mob drilling equip	Job		½ Job	750.00	0	½ Job	$ 750.00
~~Drilling~~							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond (BX)	5000ft	71 ft	116 ft.	1630.50	71	116	$1,595.00
Overburden ~~Rotary~~		None	9 ft.	90.00	0	9	90.00
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
~~Miscellaneous~~ Cement & redrill		52 ft.	60 ft.	300.00	52	60	300.00
Mob & demob Tractor	Job	None	Job	500.00	0	Job	500.00
Roads and Trails & drill sites	100hr	None	100 hr.	2500.00	0	100 HRS	2,500.00
~~Stripping~~							
~~Trenching~~ Office Exp.	10 Mo	2	4	400.00	2	4	400.00
~~Test Pitting~~ Core boxes		20	20	20.00	20	20	20.00
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE (per MME Form 60)				6190.50			$6,155.00

REMARKS This hole now at 125 ft. is to be called hole No. 1-A, because we had proceeded and billed to and including 54 ft. in hole No. 1 and then abandoned same. All drilling and cementing in hole No. 1-A up to 54 ft. was charged for in the May report, designated as hole No. 1

(Continue on back)

REMARKS DISALLOW $35.50 FOR CORE DRILLING -- CHARGED AT NX RATE BUT DRILLED BX.

71' @ $13.75 = $976.25

(Continue on back)

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

Date 8/6/68 Operator INCA EXPLORATION CO.

Per [signature] Title Vice President

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

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

Signature [signature]

Title FIELD OFFICER, OME REGION #
Government Representative

Date AUG 9 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

BUDGET & FIN. ANALYSIS
AUG 14 9 43 AM '60
9 1 4 1 9

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: Inca Exploration Co.
P.O. Box 504
Sparks, Nevada 89431

Amount Claimed:	Differences (Explained Below)	Amount Approved
$1,491.75	$35.50	$1,456.25 $1,092.19 Gov't. Share
Ins. Voucher No.	Payee's Invoice No.	Period
	Docket #6641 Contract #2251	June & July 1968

EXPLANATION

Disallowed for core drilling - charged at NX rate but drilled at BX rate. $35.50

Any credit for items deducted must be listed as a separate item on subsequent monthly vouchers and supported by the original of this statement.

SG

INCA EXPLORATION CO.
Docket No. OME 6641
Contract No. 14-23-090-2251

As reported in month of May, the lime in this area is very broken and fractured as is apparent from the monthly log. It was necessary to cement seven different times due to total water loss, for a total of 74 feet of cement. We now appear to have been successful in overcoming this water loss by using shredded cellophane and Bentonite.

With voucher for June & July 1968

Docket No. OME 6641
Contract No. 14-23-090-2251

MONTHLY DIAMOND DRILL REPORT
INCA EXPLORATION CO.

FOR THE MONTH OF JUNE & JULY 1968 HOLE NO. 1 and 1-A
DRILL NO. 1 SIZE OF CORE BX WIRELINE
DEPTH OF HOLE BEGINNING 54 Ft. DEPTH OF HOLE END OF MONTH 125 Ft. 1½"

DATE	FOOTAGE DRILLED FROM	TO	FOOTAGE CEMENTED	FOOTAGE CASED	KIND OF ROCK	ORE MINERALS VISIBLE	ASSAY
6/3	47	54	7 (Cemented 5/31/68, but not drilled				
6/3	54	55'3"			Lime	None	None
6/4 to 6/21	See Note #1						
6/24 & 6/25	Graded new drill site						
6/26	Moved drill - leveled						
6/27	Established drill equipment - water sump - pump, etc.						
6/28	Churn drilled and wash bored with rock bit to rock at 4'6"; set 4 8" pipe in cement						
7/1	6	20'8"			Lime	None	None
7/2	20'8"	24'10"			Lime	None	None
7/3	14'10"	29'7"	10				
7/4	25'3"	27'3"	2				
7/5			(Cemented hole to 21 ft.)				
7/8	21	42'3"	8'8"				
7/9	42'3"	51			Lime	None	None
7/10	49'2"	52"6"	1"10"				
7/11	42'6"	63			Lime	None	None
7/12	63	70'5½"			Lime	None	None
7/15	70'5½"	72'9"			Lime	None	None
7/16	72'9"	89'3"			Lime	None	None
7/17			(Cemented hole to 83 ft.)				
7/18	83	93'4½"	6'3"		Lime	None	None
7/19	93'4½"	67'6"	(Cemented hole to 67'6")				
7/20	67'6"	84'10"	17'4"				
7/23	84'10"	98'3½"	12'6½"		Lime	None	None
7/24	98'3½"	101'1½"			Lime	None	None
7/25	101'1½"	109'11"			Lime	None	None
7/26	109'11"	114			Lime	None	None
7/29	105	118'4"	9		Lime	None	None
7/30	118'4"	122'3"			Lime	None	None
7/31	122'3"	125'1½"			Lime	None	None

GENERAL REMARKS: Note #1: This time was consumed in alternately cementing and drilling and attempting to plug hole by injector method. Drill steel finally stuck in hole as a result of final injection of concrete. Drill steel twisted off at 15 ft. and 40 ft. of steel abandoned in hole. Casing around drill steel to facilitate recovery of drill steel was not attempted because of the loss of a piece of the core barrel in hole. The lost piece of steel was hardened and would have certainly ruined any casing reamer used. Drill site moved 30 ft. North and new No. 1 hole started on June 24, 1968.

% OF CORE 98 % OF SLUDGE 50 % WATER RECOVERY Very poor

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 28, 1968

Memorandum

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 1 1968

INITIALS	CODE
	130
	120
	~~110~~
	120

Interim Inspection

An interim inspection of the subject project was made on June 25, 1968, accompanied by Mr. A. F. Formaneck and Mr. T. H. Klune, the Operators.

Work since the last interim inspection on February 20, 1968 (report dated February 27), has consisted of road and drill site improvement, mobilization of equipment, and the start of drilling on Hole No. 1. Late spring snow storms delayed the start of drilling until early May and difficult drilling conditions have limited the progress to only 54 feet of drilling in the first hole.

The limestone at the site of Hole No. 1 is badly fractured causing water circulation problems that have required cementing and redrilling. An error in the map of the old Wheeler Mine workings resulted in the location of Hole No. 1 too close to the face of an old stope in rock that has been fractured and disturbed by mining. After the loss of about 3 weeks' time in attempting to seal off the fractures and drill past the horizon of the mine workings, it was decided to move the site of the hole about 30 feet to the north and redrill the hole. At the time of the inspection the new site was being prepared and the drill was to be moved to the new site on about June 26.

Op. plans to redrill at its own expense

Although highly fractured, the limestone cores well and core recovery in Hole No. 1 is about 95 percent. Little sludge is recovered however, because of loss into the fractures. Several thin veinlets of quartz have been cored but none appear to be significantly mineralized. The limestone section in the Hole No. 1 area is probably not more than about 100 feet in thickness and the principal ore horizon should be intersected at a depth of about 60 feet from the surface.

H. K. Stager

MM FORM
SEPT. 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Docket No. OME 6641
Contract No. 14-23-090-2251

OPERATOR'S MONTHLY VOUCHER

For Month of May, 1968

Contract Amount $ 81,600.00
Gov't. Participation % 75 $ 61,200.00
Mineral(s) Silver

Operator's Name INCA EXPLORATION CO.
Address P.O. Box 504, Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	None	2500.00	2500.00			
~~Drilling~~ Overburden 9'	90.00	None	90.00			
~~Crosscutting~~ Cement & Redrill	40.00	None	40.00			
Drilling Core-45'	618.75	None	618.75			
Office expense	100.00	100.00	200.00			
Mob & demob	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Mob. drilling equip	750.00	None	750.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1598.75	3100.00	4698.75			

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

Date 6/3/68 *Payee INCA EXPLORATION CO.

Per Alfred F. Formann Title President

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

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

(INSTRUCTIONS ON REVERSE)

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

14X0804

$ 4199.06

Signature mo
(Authorized Certifying Officer)

Date JUN 21 1968 Vou. No. 07648

(SEE OTHER SIDE)

Certification by Government Representati

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature [illegible] Title FIELD OFFICER Date JUN 7 1968

Approved by : OME REGION II

Signature [illegible] Title FIELD OFFICER Date JUN 7 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

901858

6/11/68/RMB

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of May, 1968 Docket No. OME 6641

Operator's Name INCA EXPLORATION CO. Contract No. 14-23-090- 2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Mob. drilling equip. ~~Drifting~~	Job	½ Job	½ Job	750.00	½	½	750.00
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000 ft	45 ft	45 ft.	618.75	45	BX 45	618.75
Rotary							
Drilling, Non-core-Diamond							
Overburden ~~Rotary~~		9 ft.	9 ft.	90.00	9	9	90.00
Churn							
Percussion							
Miscellaneous Cement & redrill		8 ft.	8 ft.	40.00	8	8	40.00
Mob. & demob. Tractor	Job	None	Job	500.00	0	1 Job	500.00
Roads and Trails & Drill sites	100 hr	None	100 hrs.	2500.00	0	100 HRS	2,500.00
~~Stripping~~							
~~Trenching~~ Off Expense	10 Mo	1	2	200.00	1	2	200.00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				4,698.75			$4,698.75

REMARKS
None

(Continue on back)

REMARKS

(Continue on back)

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

Date 6/3/68 Operator INCA EXPLORATION CO.

Per Alfred F. Formanek Title President

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

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

Signature H. L. Flagg

Title Field Officer, OME Region II
Government Representative

Date JUN 7 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

BUDGET & FINANCE
JUN 12 12 06 PM
8581 0 5

INCA EXPLORATION CO.
Docket No. OME 6641
Contract No. 14-23-090-2251

After weather abated, drilling equipment was moved to site No. 1 early in the month of May. Prior to this it was necessary to rehabilitate some of the previously constructed roads due to Winter damage and washout. After establishing drilling equipment at site, it was found necessary to build a new road to water location. It was also necessary to establish a pump and one hundred feet of pipeline at water location. After this was accomplished drilling commenced as per Drilling Log.

The structure we are going through, while mostly limestone, is excessively broken and fractured. The longest unbroken core to date is only one foot long and blockages regularly occur at intervals of six inches. Several small quartz veins have been encountered, none of which show mineralization that would justify expense of an assay.

With voucher for May 1968

Docket No. OME 6641
Contract No. 14-23-090-2251

MONTHLY DIAMOND DRILL REPORT
INCA EXPLORATION CO.

FOR THE MONTH OF MAY 19 68 HOLE NO. 1
DRILL NO. 1 SIZE OF CORE BX WIRELINE
DEPTH OF HOLE BEGINNING 0 ft. DEPTH OF HOLE END OF MONTH 54 ft.

DATE	FOOTAGE DRILLED FROM	TO	FOOTAGE CEMENTED	FOOTAGE CASED	KIND OF ROCK	ORE MINERALS VISIBLE	ASSAY
5/10	0	3	None	None	Lime	None	None
5/13	0	3	"	Stand pipe			
5/14	3	7	"	None	Lime	None	None
5/15	7	10	"	"	"	"	"
5/16	10	12	"	"	"	"	"
5/17	3 (#1)	6	"	"	"	"	"
5/20	3	6	"	6			
5/21	4 (#2)	12	8	None			
5/23	4	13'6"	None	"	Lime	None	None
5/24	13'6"	24'8"	"	"	"	"	"
5/27	24'8"	50	"	"	"	"	"
5/28	50	51'3"	"	"	"	"	"
5/29							
5/30	(#3)		Mudded hole				
5/31	51'3"	54	7 (Cemented from 54' to 47' due to total water loss)				

GENERAL REMARKS: (#1) On the 17th of May it became necessary to redrill upper section of hole from 0 to 6' through broken & caving rock due to developed angularity of hole to 12'. (#2) In cementing hole from 12' to 4', because of nature of cave-in in casing area, we wished bottom to reside in cement. Redrilling through concrete destroyed core from 4' to 9'. Core samples start at 9'. (#3) We intend to keep all return of sludge in 10 ft. increments. As drilling proceeded to 54' the sludge return declined at a steady rate, until the return from 40' to 50' was

% OF CORE 95% % OF SLUDGE 50% (#3) % WATER RECOVERY Very poor

only about 20% of the return from 9' to 20'. The sludge loss accompanied a gradually increasing water loss due to many small broken fissures, therefore, it became necessary at 51' 3" to mud hole. Mudding operation was successful, but at 53' an approximate one foot fissure was entered that resulted in a total water loss and poor core recovery in this zone.

MME FORM 60
SEPT. 1959

OFFICIAL COPY
M. E.
JUN 3 1968
RECEIVED
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OMB 6641
Contract No. 14-23-090-2251
Contract Amount $ 81,600.00
Gov't. Participation x75 $ 61,200.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of April, 1968

Operator's Name INCA EXPLORATION CO.
Address P.O. Box 504, Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	None	2500.00	2500.00			
Drifting						
Crosscutting						
Drilling						
Office expense	None	100.00	100.00			
Mob. & Demob.	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	None	3100.00	3100.00			

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

Date 5/7/68 *Payee INCA EXPLORATION CO.

Per Alfred J. Formanek Title President

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

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

(INSTRUCTIONS ON REVERSE)

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

14X0804

$ -0-

Signature Alfred J. Formanek
(Authorized Certifying Officer)

Date JUN 3 1968 Vou. No. 87260

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature HK Stager Title Field Officer Date MAY 13 1968

Approved by OME Executive Officer or Alternate: OME Region II

Signature HK Stager Title Field Officer Date MAY 13 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

5/29/68/RMS

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of April, 1968 Docket No. OME 6641

Operator's Name INCA EXPLORATION CO. Contract No. 14-23-090- 2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000 ft.	None	None		0	0	0
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Mob. & Demob. Tractor	Job	None	Job	500.00	0	Job	$ 500.00
Roads and Trails & Drill sites	100 Hr	None	100 hrs.	2500.00	0	100 HRS	2,500.00
Stripping							
Trenching Off. Exp.	10 mo	None	1	100.00	0	1	100.00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3100.00			$ 3,100.00

REMARKS We consider ourselves mobilized as all necessary equipment is in area, but it has become necessary to do additional road work, at our own expense, due to winter damage to roads and drill sites. Because we have as yet made no hole we would consider it unfair to invoice for mobilization. Everything will be included in May billing.

(Continue on back)

REMARKS

(Continue on back)

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

Date 5/7/68 Operator INCA EXPLORATION CO.

Per A F Formanek Title President

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

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

Signature Alfred F Formanek

Title Field Officer, OME Region III
Government Representative

Date MAY 13 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

BUDGETARY
MAY 21 12 47 PM '60
8 4 1 1 1 9

MME FORM 60
SEPT. 1959

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MAY 17 1968
INITIALS | CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. [illegible]
Contract No.
14-23-090-2851
Contract Amount $ 62,600.00
Gov't. Participation 75 $1,200.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of March, 1968

Operator's Name [illegible] MINING CO.
Address P. O. Box 5[illegible], Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	None	2500.00	2500.00			
Drifting						
Crosscutting						
Drilling						
Office expense	None	100.00	100.00			
Rab. & [illegible]	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	None	3100.00	3100.00			

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

Date 5/6/68 *Payee [illegible] MINING CO.

Per [illegible] Title President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ -0- 14X0804

Signature [illegible]
(Authorized Certifying Officer)

Date MAY 7 1968 Vou. No. 867 08

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature H.B. Hager Title Field Officer Date APR 17 1968

Approved by OME Executive Officer or Alternate: OME, Region II

Signature H.B. Hager Title Field Officer Date APR 17 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of March, 1968 Docket No. OMB 6641

Operator's Name [illegible] Contract No. 14-23-090-2851

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000 ft	None	None		0	0	0
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Rob A. Ranch Tractor	Job	None	Job	500.00	0	Job	$500.00
Roads and Trails A. Drill	100 Hr	None	100 hrs.	2500.00	0	100 HRS	2,500.00
Stripping sites							
Trenching Off exp.	10 no	None	1	100.00	0	1	100.00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3100.00			$3,100.00

REMARKS

No drilling done in month of March due to inclement weather and inaccessibility to drill sites.

(Continue on back)

REMARKS

(Continue on back)

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

Date 4/8/68 Operator [illegible]

Per Alfred P. Fornonah Title President

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

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

Signature [illegible]

Title Field Officer, OME Region II
Government Representative

Date APR 17 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

APR 24 1969
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MME FORM 60
SEPT. 1959

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MAR 8 1968
INITIALS CODE
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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6641
Contract No. 14-23-090-2251
Contract Amount $ 81,600.00
Gov't. Participation % 75 $ 61,200.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of February 1968

Operator's Name Inca Exploration Co.
Address P. O. Box 504, Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	None	2500.00	2500.00			
Drifting						
Crosscutting						
Drilling						
Office expense	None	100.00	100.00			
Mob. & Demob.	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	None	3100.00	3100.00			

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

Date 29 Feb 68 *Payee Inca Exploration Co.

Per Alfred J. Forman Title President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ -0- 14X0804

Signature John
(Authorized Certifying Officer)

Date Mar 8, 1968 Vou. No. 85587

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature H B Stager Title FIELD OFFICER Date MAR 4 1968

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H B Stager Title FIELD OFFICER Date MAR 4 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of February, 1968 Docket No. OME 6641

Operator's Name Inca Exploration Co. Contract No. 14-23-090- 2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000 ft	None	None		0	0	0
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Mob. & Demob. Tractor	Job	None	Job	500.00	0	1 Job	$ 500.00
Roads and Trails & Drill	100 Hr	None	100 hrs.	2500.00	0	100 Hrs	2,500.00
Stripping sites							
~~Trenching~~ Off. exp.	10 mo	None	1	100.00	0	1	100.00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3100.00			$3,100.00

REMARKS

No drilling done in month of February due to inclement weather and inaccessibility to drill sites. We hope to have drilling equipment mobilized and drilling commenced by the latter part of March.

(Continue on back)

REMARKS

(Continue on back)

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

Date 29 Feb 68 Operator ~~Inca Exploration Co.~~

Per Alfred J. Forman Title ~~President~~

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

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

Signature H. Hoffager

Title Field Officer, OME Region II
Government Representative

Date MAR 4 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

INT.DUP.,D.C.59- 27162

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

February 27, 1968

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

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INITIALS	CODE
FCG	110
LJ	120
	130
RMD	120

Interim Inspection

An interim inspection of the subject project was made on February 20, 1968.

Work on the project started on December 15, 1967, and 4 miles of existing access road was widened and improved by bulldozing. New access roads and 10 drill sites were also completed. Heavy snows in January prevented the start of drilling, but the Operator moved in some equipment and a large house trailer for living quarters at Unionville. A diamond drilling rig was obtained in Yuma; reconditioned in Los Angeles during early February; and was en route to the property at the time of the inspection. Weather permitting, drilling on the property will start early in March.

H. K. Stager

MME FORM 60
SEPT. 1959

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MAR 8 1968
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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6641
Contract No. 14-23-090-2251
Contract Amount $ 81,600.00
Gov't. Participation % 75 $ 61,200.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of January, 1968

Operator's Name Inca Exploration Co.
Address P. O. Box 504, Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	None	2500.00	2500.00			
Drifting						
Crosscutting						
Drilling						
Office expense	None	100.00	100.00			
Mob & Demob.	None	500.00	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	None	3100.00	3100.00			

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

Date 31 Jan 68 *Payee Inca Exploration Co.

Per Alfred F. Foreman Title President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ -0-

14X0804

Signature JDM
(Authorized Certifying Officer)

Date Mar 8, 1968 Vou. No. 85587

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature H K Stager Title FIELD OFFICER Date MAR 4 1968

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H K Stager Title FIELD OFFICER Date MAR 4 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of January, 1968 Docket No. OME 6641

Operator's Name Inca Exploration Co. Contract No. 14-23-090- 2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000 ft	None	None		0	0	0
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Mob & Demob. Tractor	Job	None	Job	500.00	0	Job	$ 500.00
Roads and Trails & Drill	100 Hr	None	100 hrs	2500.00	0	100 Hrs	2,500.00
Stripping sites							
Sampling Off. exp.	10 mo	None	1	100.00	0	1	100.00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				3100.00			$ 3,100.00

REMARKS

No drilling done in month of January due to inclement weather and inaccessability to drill sites.

(Continue on back)

REMARKS

(Continue on back)

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

Date 31 Jan 68 Operator Inca Exploration Co.

Per Alfred F. Fornaro Title President

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

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

Signature [illegible]

Title Field Officer, OME Region II
Government Representative

Date MAR 4 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

INT.DUP.,D.C.59— 27162

DAVID LE COUNT EVANS
CONSULTING GEOLOGIST
1700 ROYAL DRIVE
TELEPHONE (702) 323-3301
RENO, NEVADA 89503

January 25, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 29 1968

INITIALS	CODE
[illegible]	130
[illegible]	120
[illegible]	110
Rm S	120 S

Mr. Harold K. Stager,
U. S. Geological Survey,
345 Middlefield Road,
Menlo Park, California.

OME-6641
Re: Inca Mining Company
program, Unionville,
Nevada

Dear Mr. Stager:

With dateline, "Unionville, Nevada", last night's Reno Evening Gazette carried the news that the captioned company had received a Federal grant of $61,200, for exploration of its silver property in Cottonwood Canyon.

This letter is to supply for the record the writer's position.

In late December I inadvertently learned that, when Inca Mining had submitted an application for OME help, my name had been included with the application, as geologist for the program.

With reference to my journal: on June 28, Mr. Al Formaneck and Mr. Thomas Kuno, his partner in Inca Mining, contacted me. We discussed their program, and I agreed to help Inca on a consulting basis, first, in assisting them with their OME application, and, afterwards, to prepare the geology and watch all drilling and any other form of development.

I was to be informed when my services would be needed.

Seven months have passed since this verbal agreement, and I have had absolutely no word from Inca Mining. Nor, in turn, have I called them back.

In seventeen years of working with prospective clients I have learned that they can " blow hot and then cold". It has been my policy to let the client keep initial understandings alive. By so doing, it has been my feeling that I have not been guilty of promoting a client's original, half-hearted intentions.

It is now my feeling that my name has been "used", and that Inca, from the start, never had any intention of using my services.

This is written not with any thought of now being added to the program. Under the circumstances I could be of no help.

But, since I have not seen the property, know nothing regarding its potential and have not been retained by Inca, I do ask that my name be deleted from any applications or other material.

Yours very truly,

David LeCount Evans

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

January 2, 1968

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 5 1968

INITIALS	CODE
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	120
	~~140~~
BMS	1205

Enclosed are the December 1967 monthly voucher and report for the subject contract. Also enclosed is a letter from the Operators stating that the Inca Mining Company is now incorporated as the Inca Exploration Company and requesting that the OME contract be assigned to the new company.

H. K. Stager

Enclosures

See State of Nevada certification 2/6/68 left-hand side

MME FORM 69
SEPT. 1959

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 16 1968
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6641
Contract No.
14-23-090- 2251
Contract Amount $81,600.00
Gov't. Participation % 75 $61,200.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of December, 1967

Operator's Name Inca Mining Co. (Inca Exploration Co.)

Address 700 H St., Sparks, Nevada or P. O. Box 504, Sparks, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	2500.00	None	$2500.00			
Drifting						
Crosscutting						
Drilling						
Office expense	100.00	None	100.00			
Mob. & Demob.	500.00	None	500.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	3100.00	None	$3100.00			

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

Date 31 Dec. 67 *Payee Inca Mining Co. ~~(Inca Exploration Co.)~~

Per Thomas H. Shue Title Partner

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

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

(INSTRUCTIONS ON REVERSE)

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

$2,325.00 14X0804

Signature Jdm
(Authorized Certifying Officer)

Date JAN 16 1968 Vou. No. 84568

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2251

Signature H.B. Flagg Title FIELD OFFICER Date JAN. 2 1968

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H.B. Flagg Title FIELD OFFICER Date JAN 2 1968

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

1/8/68/RMA

MME FORM 6T
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of December, 1967 Docket No. OME 6641

Operator's Name Inca Mining Co. (Inca Exploration Co.) Contract No. 14-23-090-2251

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	5000Ft	None	None		0	0	0
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Mob. & Demob. Tractor	job	job	job	500.00	Job	Job	500,00
Roads and Trails & Drill	100 hrs	100hrs	100 hrs	2500.00	100 Hrs	100 Hrs.	2,500,00
~~[illegible]~~ sites							
~~[illegible]~~ Office expense	10 mos.	1	1	100.00	1 Mo.	1 Mo.	100,00
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE (per MME Form 60)				3100.00			$ 3,100.00

REMARKS

Rehabilitated approximately four (4) miles of existing access road, bulldozed new access roads to ten drill sites, per map attached. (See photos of part of new access roads).

(Continue on back)

REMARKS

Contract signed 12-4-67

(Continue on back)

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

Date 31 Dec 67 Operator Inca Mining Co. (Inca Exploration Co.)

Per Thomas H. Klune Title Partner

Thomas H. Klune

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

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

Signature H. B. Stager

Title Field Officer, OME Region II
Government Representative

Date JAN 2 1968

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

JAN 9 1 13 PM '60
7 4 1 4 0 3

INCA EXPLORATION CO., formerly

INCA MINING COMPANY

700 "H" STREET SPARKS, NEVADA 89431

358-2572

AL FORMANECK THOMAS KLUNE

Ref: Docket No. OME 6641
Contract No. 14-23-090-2251

NARRATIVE REPORT:

Bulldozed approximately four (4) miles of existing access road. Made with bulldozer, new access roads to ten (10) drill sites as prescribed by O.M.E. On December 15, 1967, when work was commenced, ground was covered by approximately 12" of snow at the higher elevations. Subsequent thawing and use of roads has developed some tire ruts in areas where melt occurred.

With voucher for December 1967

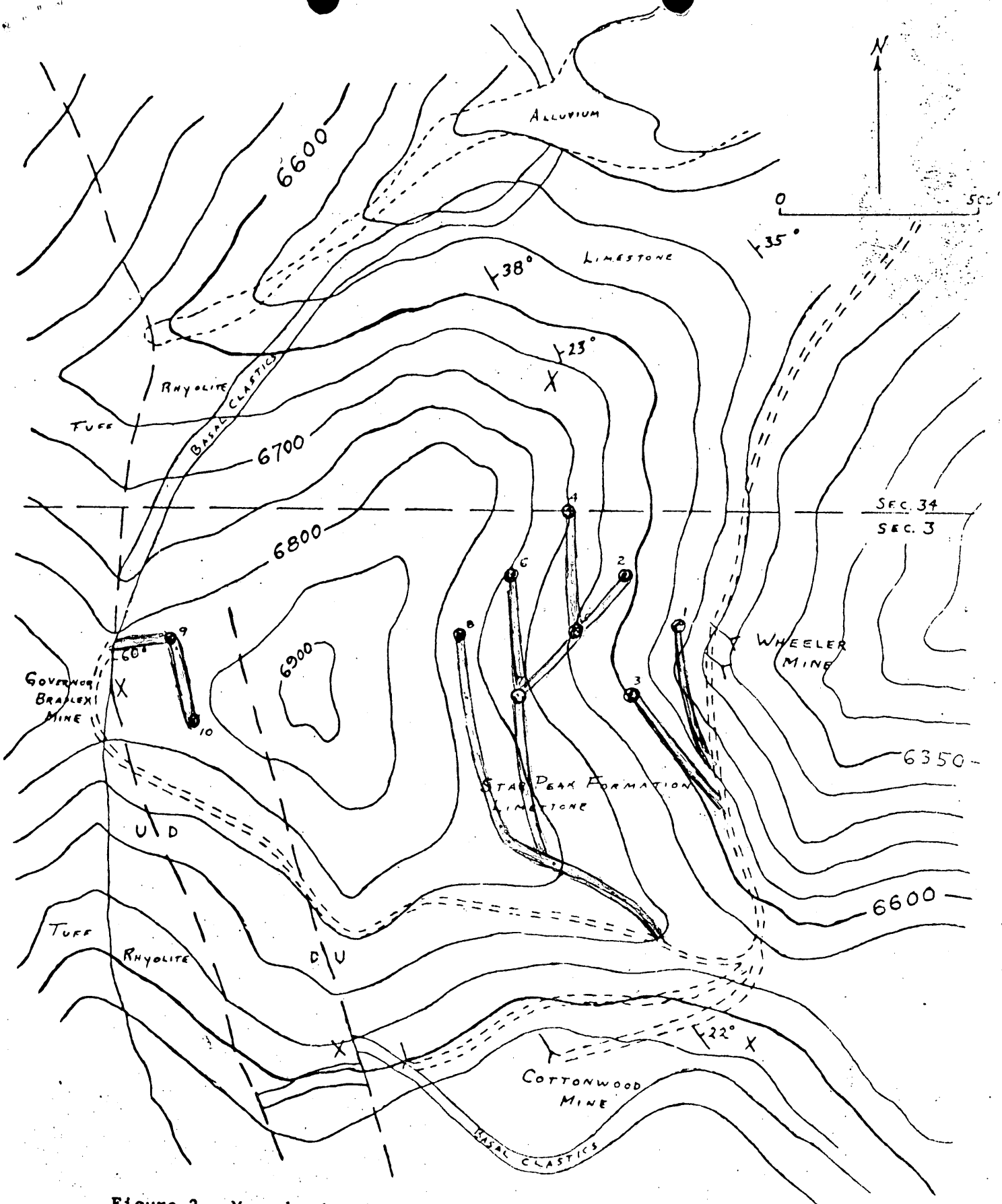

Figure 2. Map showing location of proposed exploration, Inca claims.

INCA MINING COMPANY

700 "H" STREET SPARKS, NEVADA 89431

358-2572

L FORMANECK THOMAS KLUNE

December 31, 1967

Mr. Harold K. Stager
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

Sir:

Please be informed that on the 12th of December, 1967, Inca Mining Company underwent incorporation and shall hereafter be known as Inca Exploration Co., with Alfred F. Formaneck and Thomas H. Klune as corporation officers and principal stockholders.

With your permission we now desire to assign OME Contract No. 14-23-090-2251 to Inca Exploration Co.

If you desire any additional information, please do not hesitate to contact us.

Very truly yours,

INCA EXPLORATION CO.

Thomas H. Klune

Thomas H. Klune
Vice President

THK/h

see State of Nevada certification left-hand side

RECEIVED
JAN 2 1968
OFFICE OF MINERAL EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

January 12, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 15 1968
INITIALS | CODE
gh | 130
BH | 120
on leave | 110
HK | ~~120~~
RA | 130 S

Mr. Alfred F. Formaneck
Inca Exploration Company
700 H Street
Sparks, Nevada 89431

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

Dear Mr. Formaneck:

Your monthly report and voucher for December 1967 was received in this office on January 2, 1968, and forwarded to Washington, D. C. for payment on that date.

Your request of December 31, 1967, to assign the subject OME contract to Inca Exploration Company was also received and forwarded, but in order for OME to prepare an assignment it will be necessary for you to furnish us a copy of an official incorporation document or a letter from the Nevada Secretary of State indicating that the Inca Mining Company is now incorporated under the name Inca Exploration Company.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir RF
ACG RF
MP RF
Docket
HKStager:mlb 1-12-68

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

December 4, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 6 1967

INITIALS	CODE
	130
	120 M
	~~110~~
	120 S

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada
Contract No. 2251

Enclosed are the Government's Copy and Budget and Finance's Copy of the subject contract signed by the Operators this date. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures-2

see left side of folder

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

November 20, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 22 1967

INITIALS	CODE
[illegible]	120
[illegible]	140
RMS	1205

Mr. Alfred F. Formaneck
Inca Mining Company
700 H Street
Sparks, Nevada 89431

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Dear Mr. Formaneck:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (5 pages), Annex 1 (1 page), Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government.

If the proposed contract is satisfactory to you, all four copies should be signed by you and Mr. Klune and the Government's, Budget and Finance's, and Field Office's copies returned to this office. The Operator's copy should be retained for your files. If any part of the proposed contract does not have your approval, the original and all copies should be returned to this office, together with the proposed changes for consideration.

Please note that the 7½ percent interest accrues from the dates on which individual payments are made by the Government and, like the principal, is repayable from royalty on production.

If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

HKStager:mlb 11-20-67

Enclosures-4

cc: Chief, OME, WDC
Dir RF
ACG RF
MP RF
Docket

OFFICIAL FILE COPY

Date	Surname	Code
10/18	RR Smith	120
10/18/67	Kit Bamo	120
10/19	[illegible]	110
10/19	[illegible]	220
10/19	[illegible]	
11/16	Bowles	
		110
11/17	[illegible]	220
		120M

NOV 17 1967

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consist of MME Form 51 (5 pages), Annex I (1 page), Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 7-1/2 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
Mr. Smith
130

BLong/bsl 10/18/67

23263

OFFICIAL FILE COPY

Date	Surname	Code
11/14/67		120
"	Johnson	110
	B Ray	120M

November 14, 1967

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Hal Stager phoned at 1:15 this afternoon to report on the conversation with Mr. Formanek (spelling ?) this morning. The Applicant reports that work would be under way on the project within 30 days after signing the contract. During the 30 days, necessary drilling equipment and crews would be assembled.

While awaiting the contract, the Applicant has been bulldozing the necessary access roads between two widely separated areas on the property. They have completed as much of this work as they can afford without reducing their funds below the level necessary to meet their share of the OME contract.

It was the Applicant's hope that the contract would have been executed by now because preparations for winter weather operations, particularly as to protection of the water supply for drilling is concerned, should have been made.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Division File
Economic Geology File
OME docket
OME Reading File
Mr. Kirkemo

HKirkemo/gla 11-14-67

23263

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

OFFICE OF THE DIRECTOR

November 3, 1967

Memorandum

To: Assistant Secretary for Administration
Through: Director of Budget

From: Director, Geological Survey

Subject: Proposed exploration contract (OME-6641)

Proposed exploration contract (OME-6641) between the Government and the Inca Mining Company, 700 H Street, Sparks, Nevada 89431 is awaiting signature by both parties thereto. Total estimated cost is $81,600.00, of which Government participation at 75 percent is $61,200.00. Payments are expected to range from $6,000.00 to $12,000.00 per month beginning two or three months after the work is started.

Necessity

This contract is to explore for silver in Pershing County, Nevada. Silver is one of nine commodities receiving maximum (75 percent) Government support on the OME exploration program because of the critical domestic supply situation.

The contract has been under review and field examination has been made since July 1967. Inca Mining Company is mobilizing equipment and supplies, labor and supervisory personnel in preparation for this project before the on-set of winter weather conditions which would make mobilization more difficult and costly. Delaying the start of the project places an unexpected financial burden on the company and dissipates the cash reserve required to meet its share of the cost of the joint venture contract with the Government.

William T. Pecora
Acting Director

I concur: NOV 15 1967
Daniel M. Ogden
Director of Budget

Approved: NOV 15 1967
George E. Robinson
Assistant Secretary for Administration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

September 14, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 15 1967

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

From: Field Officer
Region II

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Enclosed is an Application Report on the subject property recommending that a contract be granted consisting of 5,000 feet of diamond drilling from surface sites at an estimated cost of $81,600.00.

Also enclosed are five extra copies of Figures 2 and 3, for your use if a contract is granted.

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

By

H. K. Stager
Field Officer
OME, Region II

September 14, 1967

In site
report

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ILLUSTRATIONS

Figure 1. Index map of Churchill and Pershing Counties, Nevada.

Figure 2. Property map.

Figure 3. Map showing location of proposed exploration.

INTRODUCTION

The Inca Mining Company, 700 "H" Street, Sparks, Nevada 89431, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6641, to explore for silver on the Inca Claims, Pershing County, Nevada. The applicant infers the presence of large silver ore bodies in limestone and wishes to explore for these ore bodies by diamond drilling from surface sites.

A field examination was requested by the Office of Minerals Exploration and made by H. K. Stager, Field Officer, on August 15, 1967, accompanied by Mr. Alfred F. Formaneck and Mr. Thomas H. Klune, partners in the Inca Mining Company. The applicant's maps, cross sections, assay data, and geologic reports were examined and compared with surface and underground exposures in the claim area.

SUMMARY

The Inca property contains one large and several small silver ore bodies that occur in quartz veins parallel to the bedding in gently dipping Middle Triassic limestone. The results of the examination indicate that significant tonnages of silver ore may be discovered by the proposed exploration. Following the examination, the applicant's proposed program was discussed and some revision in the hole locations and drilling priorities were considered advisable. The revised program consists of 5,000 feet of drilling from surface sites, in 10 or more holes, with sufficient bulldozer work to make the access road usable and prepare the necessary drill sites. The program will require about 10 months to complete and is acceptable to the applicant. The project site is readily accessible and facilities for accomplishing the work are available.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with the Inca Mining Company to provide 75 percent of the costs of the proposed program to explore the Inca Claims. The program will require about 10 months to complete and the Government's share of the estimated total cost of $81,600.00 would be $61,200.00. To facilitate administration of the contract the work should be based on unit costs rather than actual costs.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Inca Claims are in sec. 3, T. 29 N., R. 34 E., and sec. 34, T. 30 N., R. 34 E., MDBM, Pershing County, Nevada (Fig. 1), on the east flank of the Humboldt Range, at an altitude of about 6,600 feet.

To reach the property, that is about 25 miles northeast of Lovelock (the closest town), drive 14 miles north on U.S. Highway 40 to Oreana, turn right (east) on the Rochester-Unionville graded road (Nevada 50) and drive 22 miles to the Unionville turnoff, turn left (west) to Unionville (4 miles), and then turn left (south) on the steep Arizona mine access road and drive about 3 miles to the property. The road from Unionville to the property requires a four-wheel-drive vehicle and is usually closed to all travel during snow or heavy rainstorms. The drive from Lovelock usually requires about 1½ hours.

Mail, telephone, trucking, and railroad services are available in Lovelock (43 miles) or Winnemucca (53 miles). There is a railroad siding at Oreana (29 miles). Labor, mining equipment, materials, supplies, and timber is also available in Lovelock and Winnemucca. Water is available

from springs and streams within a few miles of the property. Assay service is available in Reno (136 miles) at $3-$4 per sample for silver and gold. The local wage scale for miners is $3-$4 per hour; for diamond drillers, $3.30 per hour; drill helpers and water truck drivers, $2.35 per hour; based on a 6-day week with time-and-a-half for more than 40 hours.

PROPERTY

History and Production

Silver was discovered at the nearby Arizona mine in 1862 and in the Rochester district, a few miles to the south, about 1868. The Arizona mine was most active during the period 1869 to 1880 and the mines of the Rochester district during the period 1912 to 1923. The Arizona mine is estimated to have yielded about $10,000,000 in silver and the Rochester district about the same amount in silver and gold.

The Wheeler mine, on the Inca Claims, was probably discovered about the same time as the Arizona mine and was operated concurrently. Production has been reported as $100,000 to $150,000, but was included with that of the Arizona mine and accurate production figures are lacking. Production from other workings on the claims probably did not exceed a few tons of ore of unknown grade.

The applicant has held the property, by right of location, for several years but has confined its activities to sampling, claim location work, and some access road improvement. There has been no production from the claim area in recent years.

Ownership

The property consists of six unpatented mining claims owned by the applicant and known as the Inca Claims. These claims are recorded at Lovelock, Nevada as follows:

Claim Name	Book	Page
Inca No. 1	35	64
Inca No. 2	35	64
Inca No. 4	35	197
Inca No. 5	35	197
Inca No. 6	Roll 6	Frame 391
Inca No. 7	Roll 6	Frame 392

The area covered by the claims is shown in Figure 2 and includes three mines known as the Wheeler (Henning mine), Juniper (Cottonwood mine), and the Governor Bradley.

Financial Eligibility

The applicant furnished copies of letters to two banks and a mortgage company requesting loans for the proposed work and also copies of letters denying the loans. The applicant proposes to furnish its share of the exploration costs by furnishing labor and the balance in available funds.

Development

The property is developed by numerous prospect pits, trenches, and adits. The Governor Bradley mine, on the west side of the property, consists of two shallow prospect pits. On the south side is the Juniper mine consisting of two adits with about 200 feet of underground workings, several shallow prospect trenches, and several pits. The most extensive workings are at the Wheeler mine, on the east side of the property, consisting of six adits and several thousand feet of underground workings with large flat stopes. There are no surface facilities or buildings of any kind. The underground workings do not contain rail, pipe, or any mining equipment, supplies or machinery.

GEOLOGY

Geologic Setting

The Inca Claims are in an area of moderate relief, but much of the surface is covered by alluvium and slope wash which, in places, is 10 feet or more in depth. Because of the cover, outcrops are sparse in the mine area.

The oldest rocks exposed on the claims are tuffs and flows of the Rochester Rhyolite of Permian(?) and Lower Triassic age. The rhyolite is overlain by shales and limestone of the Star Peak Group of Middle and Upper Triassic age. Bedding in the sedimentary rocks, in general, strikes north or northwest and dips from 10° to 50° NE. The rocks are cut by numerous normal faults of apparent slight displacement that strike northwest. Intruding the limestone are one or more sill-like quartz veins that are parallel to the bedding. These veins are near the base of the limestone unit and contain the silver-bearing ore shoots that have been mined at the Wheeler and nearby Arizona mines.

Ore Deposits

The silver-bearing ore shoots that have been mined in the district occur in gently dipping to nearly flat-lying quartz veins in limestone. The vein material is principally white to gray quartz in bands from a fraction to several inches wide, separated by thin bands of black carbonaceous, or manganese-rich, limestone. In the Wheeler mine the vein that has been mined was from 1 to 8 feet in thickness and probably averaged about 3 feet. Only rarely are minerals other than quartz visible in the ore. Pyrite is common, and freibergite, argentite, native silver,

covellite, chalcocite, galena, sphalerite, arsenopyrite, scheelite, gold, and stibnite are also reported. Argentite is probably the principal silver mineral present. Gangue minerals, in addition to quartz, are manganese and iron oxides, and calcite.

The ore shoot that has been partly mined in the Wheeler mine is about 200 feet in width, averages about 3 feet in thickness and has been mined about 150 feet up a dip of from 10° to 50°. Ore of minable thickness and grade is exposed in the stope walls.

A similar ore body at the nearby Arizoma mine yielded an estimated 200,000 tons of ore from an ore shoot that had an area of about 800,000 square feet and an average thickness of about 2½ feet.

Large, gently dipping ore bodies of this type are the target of the proposed exploration west of the Wheeler mine.

Sampling

No samples were taken during the examination. The applicant has taken numerous samples of exposures in the accessible workings, the location and assays of which are given in the application material. The silver content of the vein material exposed in the Wheeler mine ranges from about 15 ounces to over 200 ounces per ton and the ore mined probably averaged about 50 ounces per ton. The gold content is about 0.1 ounce per ton, as it is elsewhere on the claims. The silver content of the thin vein exposed in the pits at the Governor Bradley mine is 20-25 ounces per ton and at the Cottonwood mine is less than 5 ounces per ton.

Ore Reserves

The application did not contain an estimate of ore reserves, as the applicant did not feel competent to make such an estimate and existing reports do not include reserve calculations. No ore of minable thickness and grade is indicated at the Governor Bradley or Cottonwood mines. The extensive stoped area and ore exposures of minable thickness and grade in the old workings of the Wheeler mine, however, justify an estimate of indicated reserves equal in tonnage and grade to the ore that has been mined, or about 3,000 tons of ore containing about 50 ounces of silver per ton. The block of ground, about 500 feet wide and 1,500 feet in length, between the Wheeler and Governor Bradley mines is inferred to contain two or more similar ore shoots, or at least 10,000 tons of ore averaging about 50 ounces of silver per ton. These ore shoots are the target of the proposed exploration.

EXPLORATION

Applicant's Proposal

The applicant proposed to explore the claim area by drilling 24 diamond-drill holes from surface sites (8 holes behind the existing workings of each of the 3 mines), for a total of 12,000 feet of drilling. In addition it was proposed to regrade and widen 3.8 miles of road from Unionville to the property, grade the Wheeler mine dump for a camp site, construct roads to the drill sites, and construct a camp, assay office, and a gate to the property. This project was estimated to cost about $190,150.00 and require 2 years to complete.

Much of the planned road work, the camp site, the assay office, gate, etc., though desirable, would be costly and not necessary to the exploration. Of the three areas proposed for equal amounts of drilling, the area west of the Wheeler mine and extending toward the Governor Bradley mine is the most favorable and should receive the highest priority and greatest amount of drilling. The Governor Bradley mine area is less favorable and the drilling should be limited to one or two holes unless the favorable ore trend and ore shoots are traced into this area by the drilling progressing westward from the Wheeler mine area. The Cottonwood mine area is the least favorable and no drilling is recommended in that area.

Examiner's Proposal

A total of 5,000 feet of diamond drilling in 10 or more drill holes, ranging in depth from 200 to 500 feet, is proposed in the area between the Wheeler and Governor Bradley mines shown on Figure 3. Provision should be made in the contract, if granted, to change the location, depth, inclination, and number of these holes based on the results of geological studies of the cores as the drilling progresses. All holes should bottom in the rhyolite underlying the limestone. Sufficient bulldozing should be provided to allow improvement of the existing mine roads and to provide access to the proposed drill sites. Provision should be made for a geologic consultant to visit the property about two days per month.

Proposed Exploration Costs

The applicant has supplied cost estimates for drilling and bulldozing from independent contractors and detailed estimates for costs of doing the work itself. One drill should average about 25 feet per day and require 200 working days, or about 10 months, to drill 5,000 feet. If two drills are utilized the time will be reduced to about 6 months, allowing for delays due to weather, breakdowns, etc. About 100 hours of bulldozing will be required to make the 4 miles of access roads passable to drills and water truck and to construct drill sites and short access roads.

Inasmuch as it is the intent of the applicant to do all of the work itself, utilizing leased equipment, the bulldozing and drilling should be on a fixed unit cost basis. The applicant has a fully equipped assay laboratory and will probably do most of the assaying in its own laboratory, but provision should be made for some commercial assaying at a higher estimated cost. Supervision, sampling, core handling, surveying, etc. will be done by the applicant. Geologic consulting services will probably be done by Mr. David L. Evans of Reno, Nevada.

Cost Estimate

Fixed unit costs:

Mobilization and demobilization of bulldozer	$ 500.00
Bulldozing, 100 hours at $25/hour	2,500.00
Mobilization and demobilization of drill rig	1,500.00
Drilling, diamond core and overburden, 5,000 feet in 10 or more holes, including water hauling, core handling, sampling, etc.	70,000.00
Overburden drilling at $10/ft	
Core drilling in holes 200-500 feet in depth	
AX or AX wire-line - $13.25/ft	
BX or BX wire-line - 13.75/ft	
NX or NX wire-line - 14.25/ft	
Lost casing, $4/ft, 500 foot maximum	
Cementing and redrilling cement, $5/ft, 500 foot maximum	
Moving between drill holes, $200/move, 15 moves max.	3,000.00
Cardboard core boxes, 400 at $1.00/ea	400.00
Silver assays -	600.00
$3/sample if done commercially	
$2/sample if done by Operator	
Outside consultant, 2 days/month, 20 days at $75/day	1,500.00
Travel expenses, outside consultant -	
Per diem, 20 days at $16/day	320.00
Reno to mine and return, 2,800 miles at 10¢/mile	280.00
Office expenses, 10 months at $100/month	1,000.00
Total estimated cost of the work	$81,600.00
Government participation at 75 percent	$61,200.00

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6641
(Silver)

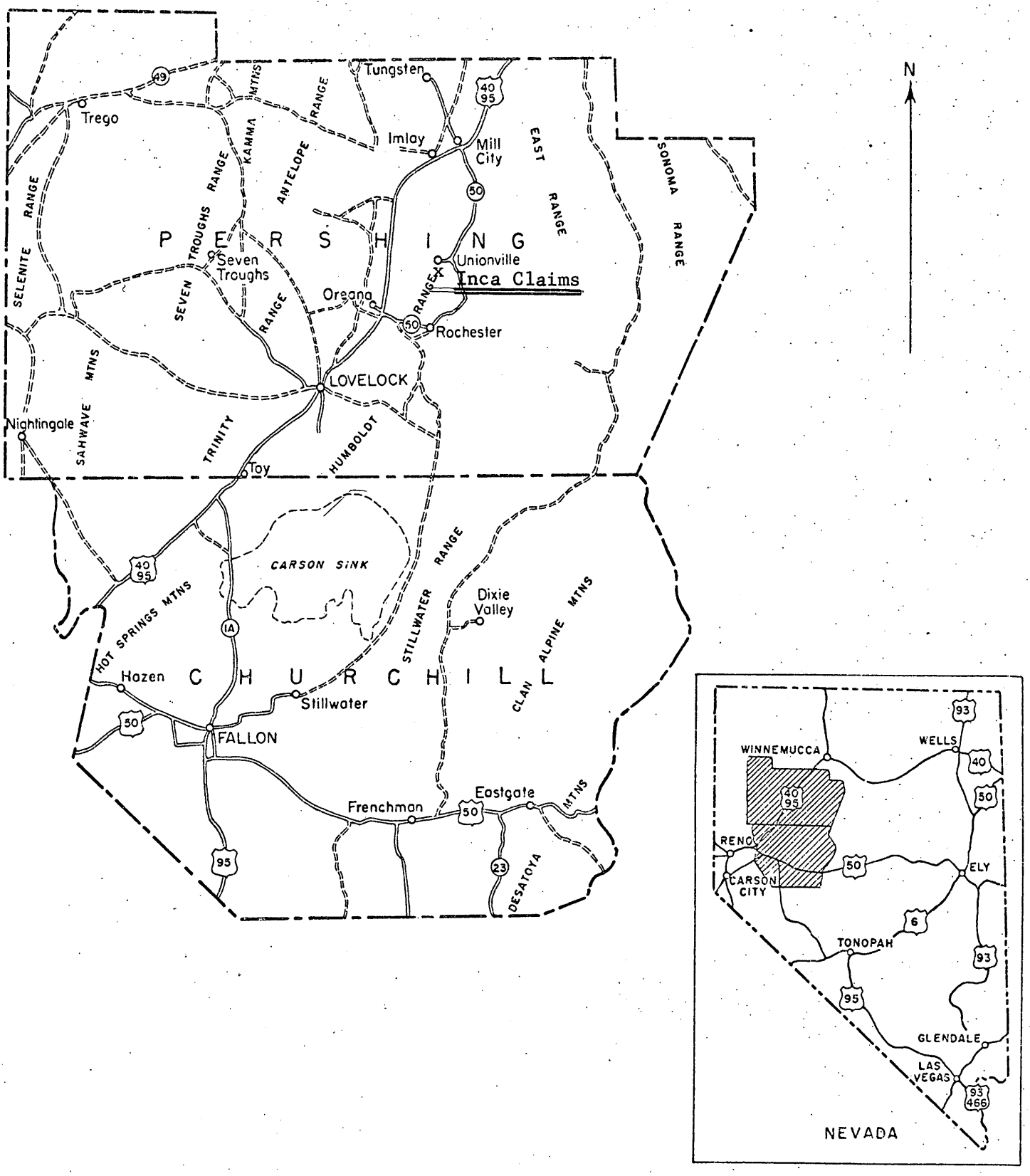

Figure 1. INDEX MAP OF CHURCHILL AND PERSHING COUNTIES, NEVADA

0 20 40 60 Miles

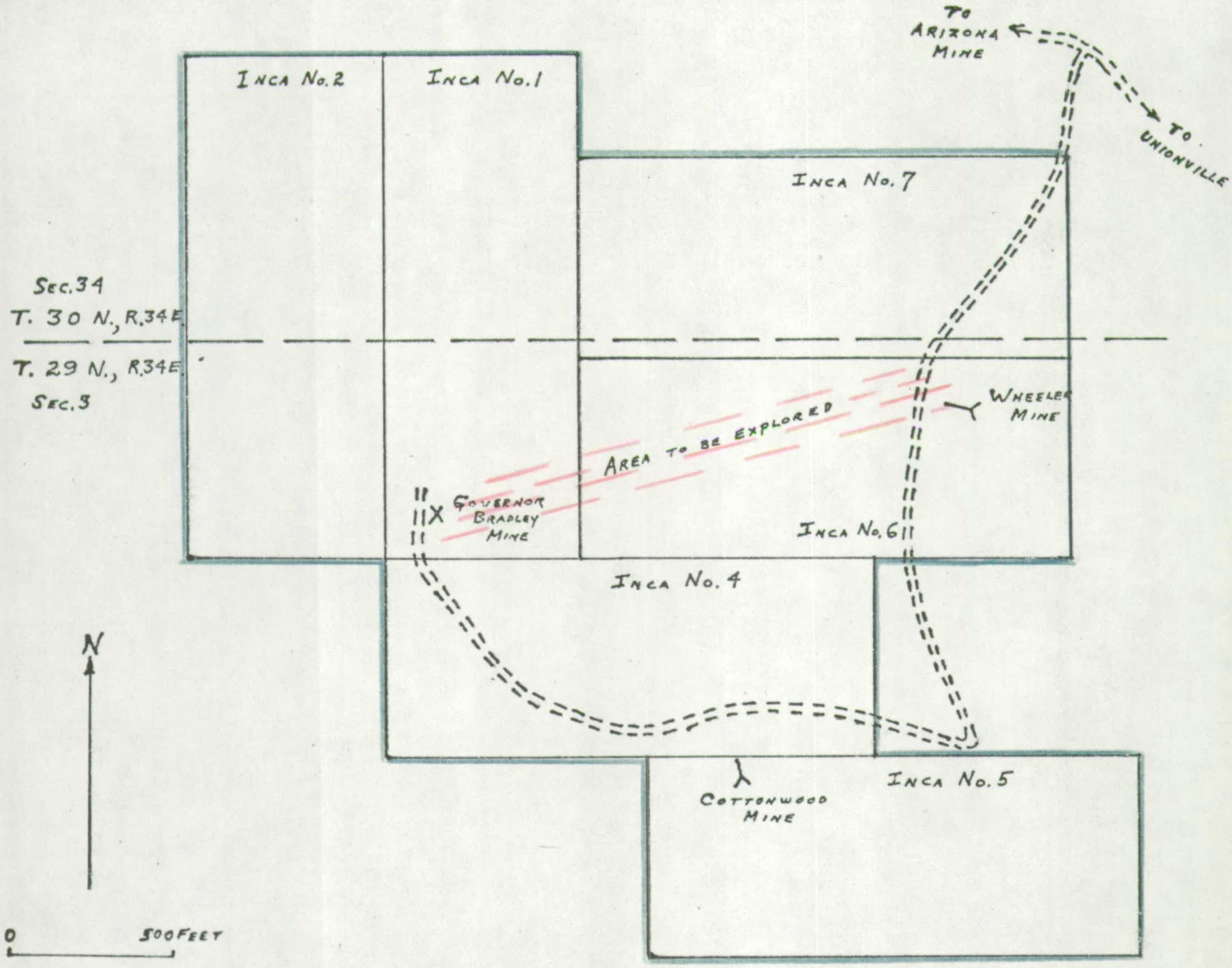

Figure 2. Property map.

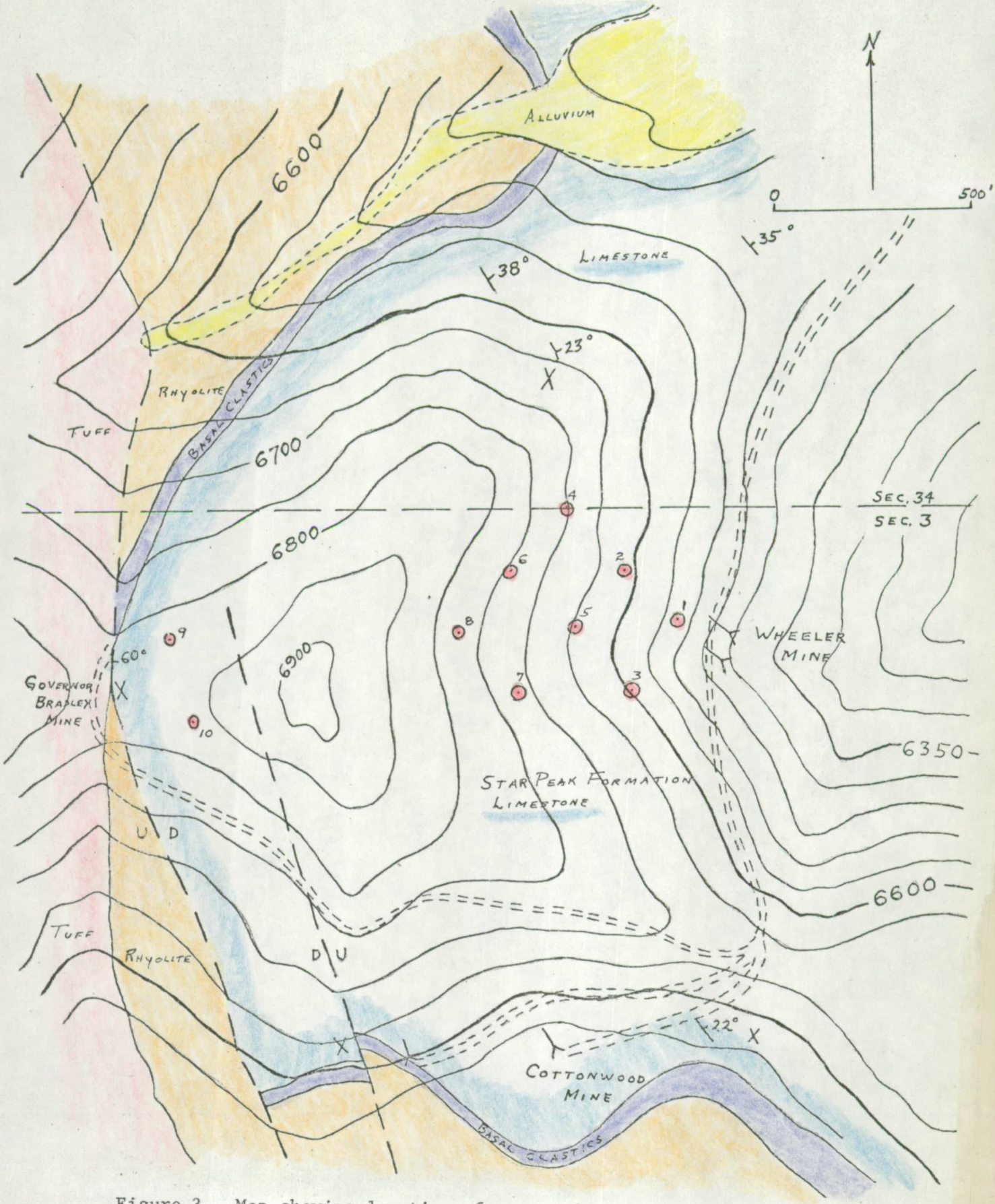

Figure 3. Map showing location of proposed exploration.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/26/67	K. McSmith	120
7/27/67	Kei Romero	120
		110
		220
		120N

AIRMAIL

JUL 27 1967

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

The application is referred to Region II for review, a field examination, and recommendations.

As pointed out in your memorandum of July 18, the proposed program is ambitious and costly in relation to the size of the ore bodies that might be--but as yet have not been--inferred. Hence, our principal questions concern the probability of a significant discovery, the appropriateness of the work plan, and the costs.

The purpose of the proposed project is to search for faulted continuations of one or more mineralized beds in limestone strata of the Star Peak formation by drilling 8 holes ". . . behind each old mine site." Three "mines" are to be explored with 24 holes about 500 feet deep, totalling 12,000 feet of drilling. From data in the application, the proposed work appears to be prospecting rather than exploration. However, it also appears that the data may be incomplete. The location, size, and shape of the fault blocks to be drilled, the reasons for drilling on 175-foot centers, and the specific ore controls are not evident. Assays of grab samples range from 0 to 208 oz. silver per ton, but the significance of the samples is not stated.

The work plan might be improved by staging, either by a priority of areas or by contingent holes in each area. All holes are evidently to be drilled vertical, but the statement (p. 6) that the veins are ". . . the bedded type . . . and follow crosscutting fractures. . ." suggests that some inclined holes may be needed. The work schedule appears to be one drill operated two shifts per day, five days per week by two drillers and one water-truck driver on each shift. Alternative staffing patterns should be considered. The time required to complete the project is variously estimated to be 60 weeks, 80 weeks and 2 years: please clarify.

If you recommend a contract, a cost estimate revised to conform to our regulations on depreciation and salvage will be required. We question the need to widen the road, the need for three trucks, and the advisability of purchasing equipment for fire assaying. It is not clear why a drilling mast is to be purchased rather than a tripod since a tripod sheave, clevis, and bolt are included in the costs. The wage scale for drillers is considerably above other recent estimates, and the total costs are much higher than other recent drilling projects.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
Mr. Smith
130

RMSmith/gla 7-26-67

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/26/67	R M Smith	120
7/27/67	Kirkham	120
		110
		220
		120M

AIRMAIL

JUL 27 1967

Inca Mining Company
700 H. Street
Sparks, Nevada 89431

Re: OME-6641 (Silver)
Inca Mining Company
Inca Group of Claims
Pershing County, Nevada

Gentlemen:

Your application for financial assistance in exploring the Inca claims has been reviewed by the Washington Office and referred to Mr. H. K. Stager, Field Officer, Region II, Office of Minerals Exploration, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

The Regional Office will notify you if additional information is needed.

Sincerely yours,

FRANK E. JOHNSON

(RK)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
OME Region II
Mr. Smith

RMSmith/gla 7-26-67

23263

July 20, 1967

Inca Mining Company
700 H Street
Sparks, Nevada 89431

Subject: OME-6641

Gentlemen:

Your application for exploration assistance, dated July 17, 1967, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6641.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region II