MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. 2288 Docket No. 6756

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits 7/70
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [✓] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 8/7/70
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 9/29/69
- [ ] 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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/25/70	Emerick	120
	Shikamo	120
9/3	[illegible]	Appr'd. Off.
9/3	Martin	
9/6	Gordon	
		220

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

P. and F. Limited
4620 Beverly Boulevard
Los Angeles, California 90004

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

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

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from December 17, 1969 to December 17, 1979, or until the total amount contributed by the Government under the contract, $1[illegible],00, is fully repaid with interest at the rate of 9-1/4 percent per annum, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

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

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

Attention is specifically invited to the provisions of Article 2(e) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of your rights in the lands embraced in the contract shall be furnished to this office.

Dated this 8th day of September, 1970.

THE UNITED STATES OF AMERICA

Harold Kishemo (Sd)

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

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

WLEmerick/bsl 8/24/70

See letters to Dist. Atty. & Engrs. Div. 9/8/70 re Lease

I-C-DC-OME-6-71

Government's Copy

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

Report of Review-Contract 2288
Docket No. OME-6756 (Mercury)
P. and F., Limited
Elko County, Nevada

Washington, D.C.
July 1970

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

AUG 13 1970

Memorandum

To: Director, Geological Survey

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

Subject: Report of Review-Contract 2288
Docket No. OME-6756 (Mercury)
P. and F., Limited
Elko County, Nevada

As requested by the Chief, Office of Minerals Exploration, we made a cost review of contract No. 2288. The results of our review are shown in the attached report.

C. D. Baer

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract 2288 with P. and F. Limited (Operator) and examined the related disbursements records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during July 1970, at Washington, D.C.

The contract was awarded on December 17, 1969, for $18,000, the total estimated cost of the project, with OME participating on a 75-percent basis or not in excess of $13,500.

The Contractor was to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies in volcanic rocks of Tertiary age occurring in a north-trending, gently south sloping, synclinal trough.

Repayment of disbursed Federal funds plus simple interest at 9¼ percent was to be made on the basis of established royalties of all minerals and metals mined from the land during exploration operations and for a period of 10 years from the date of the contract should a certificate of possible production be issued by OME. Work under this contract was to begin on or before March 15, 1970, and was to be completed within 8 months from the date of the contract or by August 17, 1970.

The work shall consist of bulldozing access roads to the drill sites, levelling the sites, and drilling approximately 40 holes totalling approximately 3,000 feet. It is estimated that the drill holes will average 75 feet in length.

Field inspections were made and two vouchers submitted by the Operator were approved by the OME Region II Office.

The June 16, 1970 final inspection reports ore reserves of about 500,000 tons of cinnabar-bearing material containing between 2 and 3 pounds of mecury per ton are indicated and an equal amount of reserves is inferred.

The Operator plans to mine several thousands of tons of the ore for test treatment in a rotary furnace to check assay results and recovery.

Work under this contract was completed in March 1970 and the Operator continued work during April and May 1970 at his own expense. A certificate of possible production will be recommended when the Operator's final report is received by OME.

The units of work authorized and paid under Contract 2288 are summarized on Exhibit I. We believe that the claimed and accepted costs of $17,000 and the OME participation on a 75-percent basis or $12,750 were proper under the terms of the contract.

C. D. Bar

Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

	Authorized Amounts	Accepted Costs	Unexpended Costs
Fixed Unit Costs[1/]			
Mobilization and demobilization one bulldozer	$ 150	$ 150	$
Bulldozing access roads and drill sites 16 hours @ $25/hour	400	400	
Mobilization and demobilization one drill rig	200	200	
Rotary drilling 3,000 feet @ $4.15/foot	12,450	12,450	
Moving between holes and setting up 40 hours @ $20/hour	800	800	
Incidental allowances per foot of completed drilling for accounting, sampling, supplies, surveying, payroll taxes, F.I.C.A. and insurance 3,000 feet @ $0.40/foot	1,200	1,200	
1 - Supervisor-Geologist-Engineer 2 months @ $800/month	1,600	1,600	
Assaying 200 samples (Mercury @ $5/sample)	1,000		1,000
Transportation of samples 200 @ $1/sample	200	200	
Total Estimated Cost of Project	$18,000	$17,000	$1,000
Government Participation @ 75%	$13,500	$12,750	$ 750

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

Governmen copy

MME Form 51
July 1965

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

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6756	Mercury	2288	Elko	Nevada

It is agreed DEC 17 1969 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

P. and F., Limited, a partnership organized in the State of California

whose mailing address is 4620 Beverly Boulevard, Los Angeles, California 90004, 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 MAR 15 1970 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 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 $18,000.00. The Government will contribute 75 percent of the total fixed unit costs of the work performed, not in excess of $ 13,500.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 9¼ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

SEE ANNEX I

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

SEE ANNEX I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 14. Changes and added provisions.--

Executed in quintuplicate the day and year first above written.

P. AND F. LIMITED
(Operator)

By Richard N Rudge

Title General Partner

THE UNITED STATES OF AMERICA

By Frank E Clark

Acting Director, U. S. Geological Survey

App'd. Sol. Off.
Long
C. Petzman
Kirkpatrick
Kilgore

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

[CORPORATE SEAL]

EXPLORATION CONTRACT
P. AND F., LIMITED
OME-6756

ANNEX I

The land referred to in Article 2 of the contract consists of nineteen (19) unpatented lode mining claims in secs. 25 and 26, T. 37 N., R. 47 E., MDB&M, Ivanhoe mining district, Elko County, Nevada. The claims are shown outlined in green on Figure 1, entitled, "Property map, Silver Cloud mine, Elko County, Nevada," attached and made part hereof.

The claims are recorded in the Elko County Recorder's office at Elko, Nevada, as follows:

Name	Book	Page
Clipper #1 and Clipper #1 (amended)	29 and 3	318 and 463
Clipper #2	29	309
Velvet	64	269
Velvet #1	64	270
Velvet #2	64	271
Velvet #3	64	272
Velvet #4	64	273
Velvet #5	64	274
Velvet #6	64	275
Velvet #7, millsite	64	276
Velvet #8	64	277
Velvet #9	64	278
Velvet #10	64	279
Velvet #11	64	280
Velvet #12	64	281
Velvet #15	64	284
Velvet #16	64	285
Velvet #17	64	286
Velvet #18	64	287

The Operator is in possession of the claims under the terms of a Mining Lease Agreement dated August 9, 1968, from Dr. Philip F. Spooner and Virginia K. Spooner, husband and wife, owners of an undivided 75 percent interest in the land.

A Lien and Subordination Agreements executed September 16, 1968, by B. D. Fisher, owner of an undivided 25 percent interest in the land, and E. W. Morris, attorney in fact for Dr. Phillip F. Spooner and Virginia K. Spooner is attached and made part hereof.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090– 2288
Contract Date DEC 17 1969

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Elko, State of Nevada, described ~~XXXXXXXXX~~[2] in a lease dated August 9, 1968 and recorded in Book 99 of Official Records at pages 445 to 453

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

P & F, LIMITED, a limited partnership [3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

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

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

None to my knowledge except that certain mining lease dated Aug. 9, 1968 to P & F, Limited, which lease is recorded as specified in the first paragraph of this agreement.

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions none (State "None" or "See Annex No.____".)

Dated this 16th day of Sept, 1968.

	1957 Holmby Ave.	(Street)
B. O. Fischer (Seal)	Los Angeles, California	(City & State)
~~Owner of an undivided 25%~~		
Dr. Philip F. Spooner & Virginia K. Spooner	P. O. Box 591	(Street)
By: E. W. Morris (Seal)	Lovelock, Nevada	(City & State)
~~E. W. Morris, atty. in fact~~		
Owner of an undivided 75%		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)

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

_____ (Corporate Seal)

FILED FOR RECORD
AT REQUEST OF
R. M. Pudge
AUG 12 1 59 PM '68
RECORDED BOOK 99 PAGE 458
ESTHER N. SHELTON
ELKO COUNTY RECORDER
Fee $7.00

POWER OF ATTORNEY

Special

KNOW ALL MEN BY THESE PRESENTS: That Philip F. Spooner and Virginia K. Spooner, the undersigned (jointly and severally) hereby make, constitute and appoint E. W. Morris their true and lawful attorney for them and in their name, place and stead and for their use and benefit:

(a) To sell, lease, encumber, exchange or otherwise dispose of the interest of the undersigned in and to the Silver Cloud Mining Company and Velvet Mining Claims.

(b) To act on behalf of the undersigned with respect to that certain mining lease dated the 9th day of August, 1968, by and between the undersigned and P & F, Limited, a limited partnership.

GIVING AND GRANTING unto their said attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary, or appropriate to be done in and about the premises as fully to all intents and purposes as they might or could do if personally present, hereby ratifying all that their said attorney shall lawfully do or cause to be done by virtue of these presents.

Wherever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS our hands this 10 day of August, 1968.

Philip F. Spooner
PHILIP F. SPOONER

Virginia K. Spooner
VIRGINIA K. SPOONER

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

On August 10, 1968, before me, the undersigned, a Notary Public, personally appeared PHILIP F. SPOONER and VIRGINIA K. SPOONER, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
TONY A. ALOSI
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

My Commission Expires Nov. 23, 1970

Tony A. Alosi
Notary Public in and for said County and State

TONY A. ALOSI

38625

BOOK 99 PAGE 4

EXPLORATION CONTRACT
P. AND F., LIMITED
OME-6756

EXHIBIT A

The purpose of this project is to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies in volcanic rocks of Tertiary age occurring in a north-trending, gently south sloping, synclinal trough.

General Provisions

A bulldozer no smaller than a Caterpillar D-8 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be cased through the overburden.

Drill holes shall be drilled not less than 100 feet from the outer boundaries of the claims covered by the contract and shown on Figure 1.

Facilities shall be provided for recovering drill sludge and/or cuttings, and all such material shall be retained when drilling in significantly mineralized ground. The material shall be stored in suitable containers identified as to hole number and depth represented.

All significantly mineralized material from the drill holes shall be sampled, and no single sample shall represent more than 3 linear feet of hole. Each sample shall be split and one split assayed for mercury. All remaining splits shall be stored in suitablecontainers properly identified as to hole number and depth represented. Stored splits of samples may be disposed of with prior Government approval.

All drill holes shall be logged and copies of the logs of completed holes together with plans and sections showing geology and assays shall be furnished monthly to the Government. Such logs shall be accompanied by true copies of assay certificates for all samples.

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

The Government will not contribute toward the costs of incomplete drill holes, or in the cost of casing left in place at the request of the Operator.

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

Description of the Work

The work shall consist of bulldozing access roads to the drill sites, levelling the sites, and drilling approximately 40 holes totalling approximately 3,000 feet. It is estimated that the drill holes will average 75 feet in length.

The approximate location of each hole is shown on Figure 2 entitled, "Map showing proposed exploration, Silver Cloud Mine, Elko County, Nevada," attached and made part hereof.

Estimated Cost of the Work

Fixed Unit Costs 1/

Mobilization and demobilization, one bulldozer	$ 150.00
Bulldozing access roads and drill sites, 16 hours @$25.00/hour	400.00
Mobilization and demobilization, one drill rig.	200.00
Rotary drilling (minimum hole size 5"), 3,000 feet @ $4.15/foot	12,450.00
Moving between holes and setting-up, 40 hours @ $20.00/hour	800.00
Incidental allowances per foot of completed drilling for accounting, sampling, supplies, surveying, payroll taxes, F.I.C.A., and insurance 3,000 feet @ $0.40/foot	1,200.00
1-Supervisor-geologist-engineer, 2 months @ $800.00/month	1,600.00
Assaying 200 samples, mercury @ $5.00/sample	1,000.00

Transportation of samples 200 @ $1.00 each	$ 200.00
Total Estimated Cost of the Project	$18,000.00
Government Participation @ 75%	$13,500.00

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

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

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

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

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

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

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

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

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contractingagency 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.'"

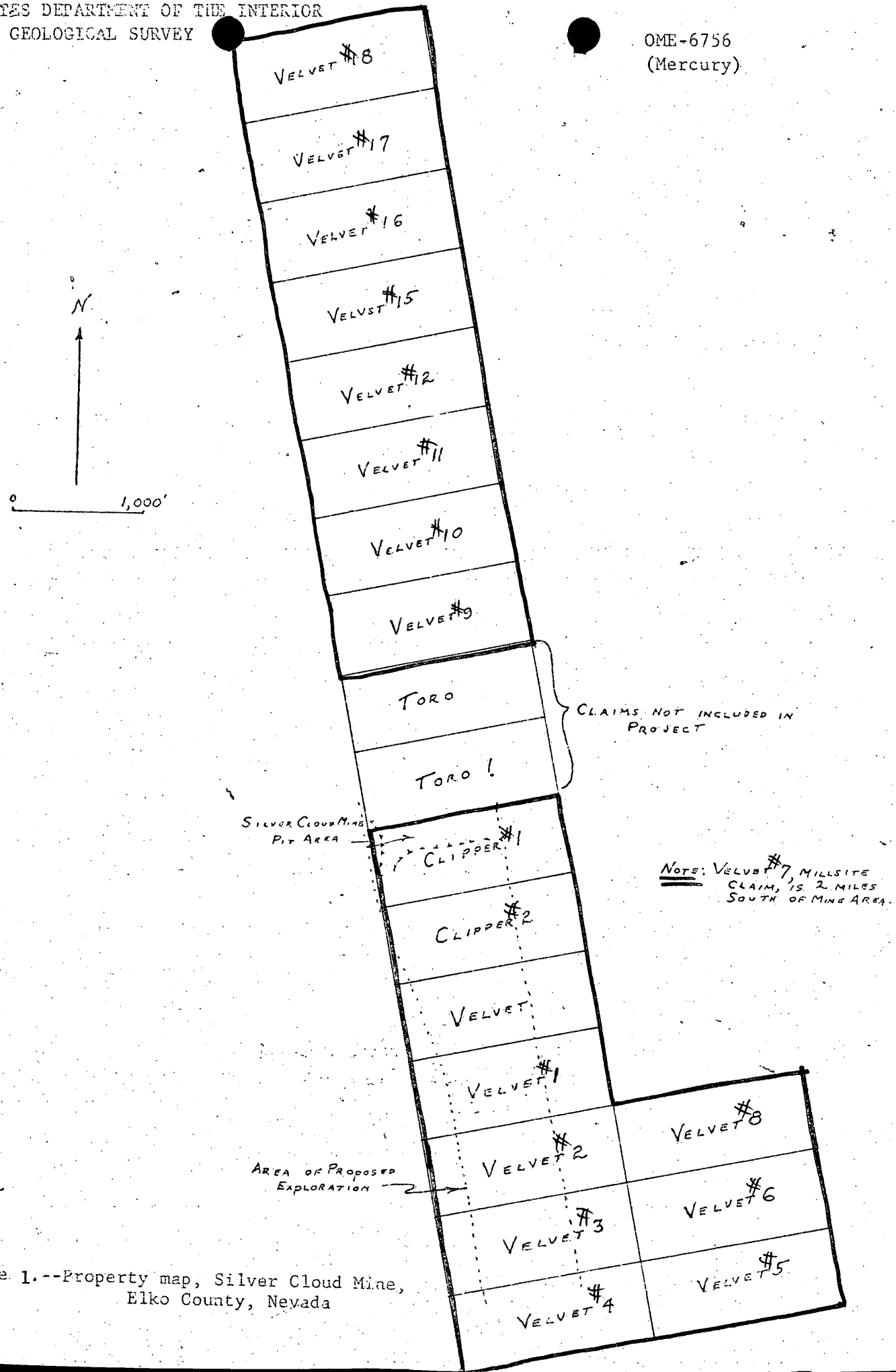

Figure 1.--Property map, Silver Cloud Mine, Elko County, Nevada

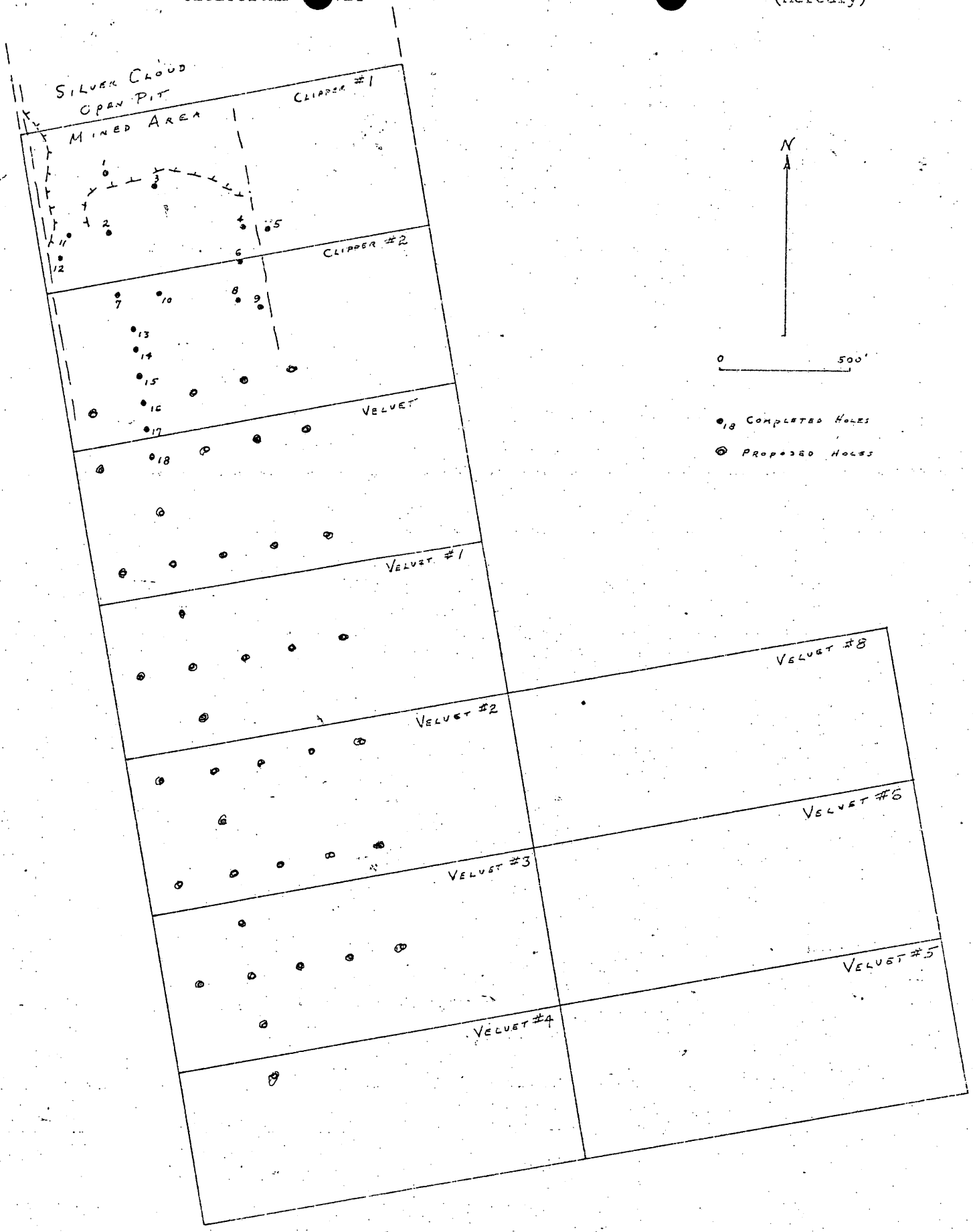

Figure 2.--Map showing proposed exploration, Silver Cloud Mine, Elko County, Nevada

P. & F. Limited
P.O. Box 699
Battle Mountain, Nevada
89820

January 20, 1970

U.S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Mento Park, California

OMB - 6756

Attention: Mr. H.K. Stager

Dear Mr. Stager:

Enclosed herewith, please find three signed copies of O.M.E. contract #2288; all provisions, as set forth are acceptable by the company.

Please make a notation that all business matters pertaining to this contract will be handled from Battle Mountain, at the above address, and we wish that all correspondence be so addressed.

We will begin drilling as soon as the necessary contractors are available and weather permitting, should complete the physical stages of exploration within some 60 days. Mapping, profiling, assaying, etc., may require an additional two or three weeks.

Please send me a completed voucher, explaining any changes that have ensued since our past contract expired.

Thanking you for your cooperation and hoping we obtain a mutual success, I remain

Very truly yours,

R. N. Pudge

Richard N. Pudge
General Partner

RECEIVED
JAN 26 1970
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

September 25, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 27 1968

INITIALS	CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada

Enclosed is one copy of a well-prepared application received in this office on September 24, 1968. The remaining copy is retained in our file.

The Silver Cloud Mine was the subject of the following application which was denied in 1956:

DMEA-4264 (Mercury)
Vernon J. Pick, dba Pick Mining Company
Fox, Silver Cloud, Butte Claims
Elko County, Nevada

The prior proposal was for deep drilling of a volcanic type deposit along a fault, whereas the present proposal is for shallower drilling of two gently dipping opalite beds in locations near the same and other faults. The prior application was denied mainly because the expected grade was 4 to 6.5 pounds of mercury per ton which was marginal at 1956 prices.

Although the present application is well prepared, it lacks adequate illustration of lithology, ore controls, and specific targets of the proposed drill holes. The applicant probably could not furnish better maps without professional help.

H. K. Stager

Enclosures

MME Form 40
Jan. 65

ORIGINAL

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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.)*

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004
Attn: B. D. Fischer

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6756

DATE RECEIVED 9/27/68

REGION II

DIVISION CODE

OFFICIAL COPY
O. M. E. TITLE
RECEIVED
SEP 27 1968

INITIALS	CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	
PARTNERSHIP	X
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED Calif.

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE
NAME ADDRESS

Please see attached list of partners.

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Mercury

ESTIMATED COST OF PROJECT
$ 19,551.00

PROPERTY NAME Silver Cloud

LOCATION COUNTY Elko STATE 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 sole expense.

9-17-68
DATED

Richard N. Budge
BY (Signature)
General Partner
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

NAMES AND ADDRESSES OF PARTNERS:

R. N. Pudge, General Partner
440 So. Fairview Drive
Burbank, California

B. D. Fischer, General Partner
1957 Holmby Avenue
Los Angeles, California

Harvey L. Lerer, Limited Partner
14349 Millbrook Drive
Sherman Oaks, California

John M. Liebes, Limited Partner
12315 - 14th Helena Drive
Los Angeles, California

Joseph B. Goldberg, Limited Partner
11203 E. Washington Blvd.
Whittier, California

Robert R. Burnett, Limited Partner
641 - 26th Street
Manhattan Beach, California

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

1. FINANCIAL ELIGIBILITY

a) Enclosed herewith, correspondence between P. and F. Limited the Bank of America and the ~~United California~~ Security First National Bank, regarding fumds for minerals exploration.

b) None

c) Necessary funds are on deposit with Bank of America, 48th and Vermont Branch, Los Angeles, California. Acc't. No. 8-728.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

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2. APPLICANT'S RIGHT TO LAND

a) Enclosed herewith, a true copy of MINING LEASE AGREEMENT by and between Phillip F. Spooner (Lessor) and P. and F. Limited (Lessee). This document is recorded in Book 99, Page 445 through 453 of the Official Records of Elko County, Nevada in Elko, Nevada.

The property is not subject to any liens or encumbrances.

b) Attached hereto is a list of recordation data, in compliance with this paragraph. All of the described properties will be subject to the Government's lien.

c) Five copies of Form MME 52 are enclosed. These copies are signed on behalf of Lessor by E. W. Morris, attorney-in-fact for Phillip F. Spooner. A true copy of the subject Power of Attorney, duly exercised and recorded in Book 99, Page 458 Official Records of Elko County, Nevada is attached.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

The property, known as the Silver Cloud Mine is comprised of the following unpatented mining claims; all located in SECTIONS 25 and 26, TOWNSHIP 37 NORTH, RANGE 47 EAST, in the IVANHOE MINING DISTRICT, Elko County, Nevada.

CLAIM	DATE LOCATED	BOOK	PAGE
VELVET	10-20-65	64	269
VELVET #1	10-20-65	64	270
VELVET #2	10-20-65	64	271
VELVET #3	10-20-65	64	272
VELVET #4	10-20-65	64	273
VELVET #5	10-20-65	64	274
VELVET #6	10-20-65	64	275
VELVET #7	10-20-65	64	276
VELVET #8	10-20-65	64	277
VELVET #9	10-20-65	64	278
VELVET #10	10-20-65	64	279
VELVET #11	10-20-65	64	280
VELVET #12	10-20-65	64	281
VELVET #15	11-26-65	64	284
VELVET #16	11-26-65	64	285
VELVET #17	11-26-65	64	286
VELVET #18	11-26-65	64	287

Note: The above referred to books and pages refer to the Official Records of Elko County, Nevada.

CLIPPER #1	3-29-51	29*	318*
CLIPPER #2	3-29-51	29*	309*

* Denotes Books of Mining Locations, Elko County, Nevada.

CLIPPER #1 (amended)	3-9-60	3	463
Quitclaim; Pangburn to Barry (Clipper #1 &#2)	6-23-60	5	345
Quitclaim; Barry to Belaustegui (Clipper #1 & 2)		60	611
Quitclaim; Belaustegui to Morris (Clipper#1&#2)		99	439-441 ~~442-444~~ ~~(442-444)~~

(cont'd.)

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

2)b) Cont'd.	Book	Page
Quitclaim; Morris to Spooner Clipper #1 & #2, Velvet #17 & #18	99	442-444
Power of Attorney, Spooner to Morris	99	458
Lease; Spooner to P. & F. Ltd.	99	445-453
Quitclaim; Spooner to Fischer	99	454-457
AFFIDAVITS OF ANNUAL ASSESSMENT WORK		
1960 Clipper #1 & #2	5	52
1961 Clipper #1 & #2	16	447
1962 Clipper #1 & #2	27	358
1963 Clipper #1 &#2	38	338
1964 Clipper #1 & #2	48	68
1965 Clipper #1 & #2	58	459
1966 Clipper #1 & #2 +all Velvet claims	72	484
1967 Clipper #1 & #2 +all Velvet Claims	85	261
1968 Clipper #1 & #2 +all Velvet Claims	100	401-402

The only other document influencing the title to the subject property is a DISTRIBUTION OF ESTATE, L. V. Pangburn to Alfrieda Pangburn, 10-20-53, Book 20, Page 312 of the Miscellaneous Records of Elko County, Nevada. This document is the recordation of a Final Will and Testament leaving the Clipper #1 & #2 mining claims to Mrs. Pangburn.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

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3. PHYSICAL DESCRIPTION

a) The results of past operations include an open pit some 600'x350', as illustrated on Plat #1, minor stoping performed adjacent to the pit area and various test shafts, located at random on the property. Most of the underground workings, with the exception of those noted are inaccessable and records of the results of such work are not available. It is assumed that Newmont Corporation performed most of this work sometime during the 1940's.

Oral communication with various persons in the area indicates that a 200 ton per day capacity rotary kiln (since removed) served the Newmont Corporation operation.

No mining operations are presently being conducted and no reducing facilities exist at the mine site.

b) None

c) The only known published data of production derives from NEVADA BUREAU OF MINES REPORT NO. 54, Page 83, which states:

> "The mine is credited with a production of 866 flasks of mercury to the end of 1943; some production was made during January and February of 1944."

866
500
$433,000

d) Many exposures of mineralized opalite, over several claims suggests that a large tonnage of cinnabar ore is available. A winze, driven S 10 E for 182 feet, from the southerly face of the Newmont pit developes a 6 foot thick ore bed for its entire length; other workings to the East and West from said winze remain in the ore body. The winze follows a 10 degree declination to the South, which is consistent with the pit floor and the general surface. Representative assays of this ore zone are included.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

3)d) Continued:

SAMPLING METHOD: channel samples, two to three feet wide and 4" deep over the thickness of the ore bed; (6'?) crushed to minus ¼", rolled and quartered to obtain an approximate ten (10) pound sample.

e) Ore minerals on the property are exclusively cinnabar, with localized oxidation due to weather exposure. No objectionable impurities are present, although small quantities of finely divided sulphur are occasionally present. Gangue material is chiefly a chalcedonic-opaline-obsidian complex.

The property covers 20 claims, 18 held by the applicant. Generally, the claims occupy a gently sloping, North trending synclinal trough, 1,000' to 1,500' wide and some 5,000' long. The supporting features of the syncline are volcanic beds of Tertiary origin, of undetermined thickness, interrupted by normal N-S and E-W faults and showing some evidence of low-angle N-S thrusting. The chalcedonic-opaline beds are the result of alteration of the more rhyolitic volcanic sections.

An open pit face, 40' in vertical extent shows the following sections (top to bottom); 1'-2' of detrital overburden, 33' of buff colored tuffa and ash, locally interspersed with chalcedonic lenses; 4' to 5' of opalized, cinnabar bearing ash and obsidian. (This lower section, as previously noted, persists downdip for an observable distance of 182'.) The open pit bottoms on a thin (3'-4') layer of obsidian-opalite which migrates downward into a light volcanic ash of undetermined extent (observed by shallow drilling and blasted holes.)

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

3)e) Cont'd.

A cinnabar-bearing opalite bed, beginning (exposed) some 500' North from the aforementioned pit face shows that a somewhat deeper section is also mineralized. Exposure of this overburden-free section is attributable to low-angle thrust faulting and subsequent erosion of the softer, disturbed material.

Mercury bearing hydrothermal solutions entered the formation through conduits resulting from normal faulting, thus ascending to contact the more impervious ash beds, thence emanating outward on the flow planes of the more reactive (fractured ?) rhyolitic sections. Alteration and mineralization was quite complete in such rhyolitic members. Minor cinnabar was disseminated throughout the upper ash beds, but is not of economic importance.

Mineralization is most pronounced on the N-S fault systems, which constitutes the object of this application.

3)f) Numerous mercury - bearing outcrops, within the proposed exploration zone, when related to the structure and previous activities on the property, suggest that an excellent potential is present. Owing to the widespread occurrence of mineralized opalite beds in the area, it is difficult to place reasonable bounds on the probable extent of the deposit.

3)g) The return of materials contained herein is not required.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

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4. ACCESSIBILITY OF PROPERTY:

a) The person escorting the O.M.E. representative to the property will be: R. N. Pudge
440 So. Fairview Drive
Burbank, California

Phone: AC 213-848-6445

The property is reached by an improved dirt road, 45 miles northeasterly from Battle Mountain, Nevada, via the North Battle Mountain road. The first two (2) right hand turns encountered on the county road are made, thence some fifteen (15) miles to a left hand turn marked by a sign stating"UOcal" thence northerly some two (2) miles to an obvious open pit mine area. This places you on the Clipper #1 claim.(see plat)

All workings described in this application are open and accessible.

b) The primary shipping and supply point is Battle Mountain, Nevada which is served by railroads and truck lines. Reno, Nevada is some two-hundred (200) miles away and Salt Lake City is about three-hundred (300) miles distant.

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Los Angeles, California 90004

5)a) The proposed exploration consists of drilling forty-one (41) five (5) inch diameter holes over an area of 600'x1,800'; it is anticipated that holes drilled to a depth of fifty (50) feet will penetrate the upper mineralized bed. Some eight (8) drill holes will be extended to one hundred-fifty (150) feet in an attempt to locate a deeper mineralized horizon, unless the futility of such deeper drilling is indicated early in the program.

This drilling results in a total of 2,850' of drill hole.

Since the ore bed, where observable, averages six (6) feet in thickness, samples will be collected from the holes over three (3) foot intervals; each sample containing approximately .10 cubic feet (the material is low in specific gravity, running about 20 cubic feet per ton).

No drilling will be conducted closer than one-hundred (100) feet from claim boundaries.

This drilling will examine an area strongly related to the structural features suspected of controlling the cinnabar mineralization.

Proposed drill sites are shown on Plats No. 1-2-3, but more exact sites can be determined, if necessary, after the completion of several holes and analysis of information thus obtained.

The rate of advance is estimated by drillers at fifty (50) feet per shift, owing to vuggy ground that causes minor loss of circulation at the drill bit.

5)a) Cont'd.

No cementing or casing should be required, with the exception of short sections of casing at the hole collars to prevent the entrance of contaminants. Such casing will be removed, the hole plugged and marked with appropriate data.

Samples will be placed in cloth bags and shipped, via Greyhound Bus Lines from Battle Mountain, Nevada to the Eisenhauer Laboratories, Los Angeles, California, for assay.

5)b) Access trails, approximating the outline of the drilling grid will be required for the drill rigs; such trails are projected as a cut and some leveling by a bulldozer for each site. One hour of dozing should prove adequate for each hole.

5)c) If a contract is executed, work will begin as soon as possible, depending only upon weather and the availability of the required contractors.

6. EXPERIENCE

Mr. Pudge, who will be responsible for the location of drill sites and the execution of the program, has 12 years experience in the exploration, developement and mining of gold, lead-silver, copper and other deposits. He previously operated OME Contract # 14-23-090-2209.

Mr. Fischer has a very broad business background, including mining; he is in charge of the business activities of the company.

None of the limited partners are active in the operations of the company.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

EXPLORATION COSTS

Drilling	15,157.50
Bulldozer Work	1,169.00
Personal Services	2,592.00
Supplies	45.50
Miscellaneous	587.00
Grand Total	$19,551.00

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

7)a) INDEPENDENT CONTRACTS

Bids for drilling were obtained from:

Boyles Bros. Drilling, Sparks, Nevada

Central Nevada Drilling, Battle Mountain, Nevada

Robert J. Wadliegh, Lovelock, Nevada

Bids are attached and prices being comparable, Boyles Bros. drilling is selected to perform the work.

2,850' drill hole @ $4.15 (41 holes)	11,827.50
1 hour casing time per hole	820.00
2 hours set-up time, per hole	1,640.00
Total	14,287.50
Subsistance for 2 man crew	570.00
Grand total	$15,157.50

Bids for bulldozer work were obtained from:
Silver State Construction Co., Fallon, Nevada
Willis Bros. Contracting, Winnemucca, Nevada
Lyman G. Thomas, Battle Mountain, Nevada

All equipment is comparable and Mr. Thomas' bid, being substantially lower, was accepted.

41 hours @ $25 per hour	1,025.00
8 hours transport time @ $18	144.00
Total	$1,169.00

7)b PERSONAL SERVICES

Supervisor 8 weeks @ $200	1,600.00
8% Payroll Tax	128.00
Helper 8 weeks @ $100	800.00
8% Payroll tax	64.00
Total	$2,592.00

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

7)b) Cont'd.

The supervisor and helper will be employed to direct bulldozer work, locate drill sites and to select and ship the samples. Mapping will also be performed concurrently.

These services are available.

7)c) OPERATING SUPPLIES

100 Sample Bags @ 35¢ each	35.00
150 Grade Stakes @ 7¢ each	10.50
Total	$45.50

7)d) None

7)e) None

7)f) None

7)g) Miscellaneous

98 Assays @ $5 each	490.00
Shipping Samples 1,000# @ $9.70 per hundred	97.00
Total	$587.00

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

9-17-68

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

Attention: Mr. Harold K. Stager

Dear Mr. Stager:

Enclosed herewith, please find an Application for Financial Assistance on our Silver Cloud mercury property, in Elko County, Nevada.

I have carefully reviewed this application and believe it contains the necessary data. Should you require additional data, please advise me at your earliest convenience, thank you.

Very truly yours,

R. N. Pudge

P. and F. Limited
R. N. Pudge, Mgr.

RNP/llj

RECEIVED
SEP 24 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

ORIGINAL

P & F LIMITED
4620 Beverly Boulevard, Suite 200
Los Angeles, California

September 16, 1968

Bank of America
Vermont and 48th Branch
4801 South Vermont Avenue
Los Angeles, California 90037

Attention: Mr. John MacLachlen

Re: Silver Cloud Mine, Elko, Nevada

Gentlemen:

P & F Limited, a limited partnership organized in the State of California, is the lessee of 19 unpatented mining claims in the Ivanhoe Mining District, Elko County, Nevada. We are about to embark upon a program of exploration of these mining properties in order to prove the existence, nature and extent of the Mercury ores which are located on the property. We estimate that the cost of these exploration expenditures will be in the magnitude of $20, 000 to $40, 000 and would like to borrow from your bank approximately 75% of these expenditures with funds to be repaid out of the production from the property. All the monies borrowed would be expended in connection with such exploration and we believe repayment of the loan could commence in approximately 9 to 12 months, assuming that ore in quantities capable of production are found.

Would you please advise us whether or not your bank would consider making the type of loan which we contemplate and if so the interest rate and other terms which you might require.

Thank you for your courtesy and cooperation in the matter.

Very truly yours,

P & F LIMITED

By:

Cable Address—BANKAMERICA

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

VERMONT AND 48TH BRANCH • 4801 SOUTH VERMONT AVENUE • LOS ANGELES, CALIFORNIA 90037

September 19, 1968

Mr. B. D. Fischer
C/O P & F Limited
4620 Beverly Boulevard, Suite 200
Los Angeles, California 90004

Re: Silver Cloud Mine, Elko, Nevada

Dear Mr. Fischer:

We have made a careful review of your application for assistance.

We regret that we are unable to provide the amount requested for the period desired based upon the financial information you have submitted. Neither would we care to participate in a loan of this type at this time.

It is our earnest desire to service you in every way that we can, and we hope that you will continue to seek our counsel and assistance whenever necessary.

Sincerely,

J. D. MacLachlan
Manager

JDM:ns

P & F LIMITED
4620 Beverly Boulevard, Suite 200
Los Angeles, California

September 16, 1968

Security First National Bank
Western and Beverly Branch
253 N. Western Avenue
Los Angeles, California 90004
Attention: Manager

Re: Silver Cloud Mine, Elko, Nevada

Gentlemen:

P & F Limited, a limited partnership organized in the State of California, is the lessee of 19 unpatented mining claims in the Ivanhoe Mining District, Elko County, Nevada. We are about to embark upon a program of exploration of these mining properties in order to prove the existence, nature and extent of the Mercury ores which are located on the property. We estimate that the cost of these exploration expenditures will be in the magnitude of $20,000 to $40,000 and would like to borrow from your bank approximately 75% of these expenditures with funds to be repaid out of the production from the property. All the monies borrowed would be expended in connection with such exploration and we believe repayment of the loan could commence in approximately 9 to 12 months, assuming that ore in quantities capable of production are found.

Would you please advise us whether or not your bank would consider making the type of loan which we contemplate and if so the interest rate and other terms which you might require.

Thank you for your courtesy and cooperation in the matter.

Very truly yours,

P & F LIMITED

By:

SECURITY FIRST NATIONAL BANK

WESTERN & BEVERLY BRANCH, 253 N. WESTERN AVE., LOS ANGELES, CALIFORNIA 90004

September 20, 1968

P & F Limited
4620 Beverly Boulevard
Suite 200
Los Angeles, California 90004

Gentlemen:

This is in answer to your letter dated September 19, 1968 requesting a loan of from $15,000 to $30,000 on an unsecured basis for the purpose of mineral exploration in the State of Nevada, to be repaid commencing in from 9 to 12 months and assuming that quantities of productive ore is found.

We regret that we must decline this application as not qualifing in the requirements for unsecured credit in these amounts.

Sincerely yours,

K. G. Lloyd
Manager

KGL:ch

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090–
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Elko, State of Nevada, described ~~as follows~~[2] in a lease dated August 9, 1968 and recorded in Book 99 of Official Records at pages 445 to 453

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

P & F, LIMITED, a limited partnership[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

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

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

None to my knowledge except that certain mining lease dated Aug. 9, 1968 to P & F, Limited, which lease is recorded as specified in the first paragraph of this agreement.

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions ____ none ____ (State "None" or "See Annex No.____".)

Dated this 16th day of SEPT, 1968.

B. D. Fischer (Seal)	1957 Holmby Ave.	(Street)
	Los Angeles, California	(City & State)
Owner of an undivided 25%		
Dr. Philip F. Spooner & Virginia K. Spooner	P. O. Box 591	(Street)
By: E. W. Morris (Seal)	Lovelock, Nevada	(City & State)
E. W. Morris, atty. in fact		
Owner of an undivided 75%		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		

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

_____ (Corporate Seal)

FILED FOR RECORD
AT REQUEST OF
R. M. Pudge
AUG 12 1 59 PM '68
RECORDED BOOK 99 PAGE 458
ESTHER N. SKELTON
ELKO COUNTY RECORDER
Fee $3.00

POWER OF ATTORNEY

Special

KNOW ALL MEN BY THESE PRESENTS: That Philip F. Spooner and Virginia K. Spooner, the undersigned (jointly and severally) hereby make, constitute and appoint E. W. Morris their true and lawful attorney for them and in their name, place and stead and for their use and benefit:

(a) To sell, lease, encumber, exchange or otherwise dispose of the interest of the undersigned in and to the Silver Cloud Mining Company and Velvet Mining Claims.

(b) To act on behalf of the undersigned with respect to that certain mining lease dated the 9th day of August, 1968, by and between the undersigned and P & F, Limited, a limited partnership.

GIVING AND GRANTING unto their said attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary, or appropriate to be done in and about the premises as fully to all intents and purposes as they might or could do if personally present, hereby ratifying all that their said attorney shall lawfully do or cause to be done by virtue of these presents.

Wherever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS our hands this 10 day of August, 1968.

Philip F. Spooner
PHILIP F. SPOONER

Virginia K. Spooner
VIRGINIA K. SPOONER

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

On August 10, 1968, before me, the undersigned, a Notary Public, personally appeared PHILIP F. SPOONER and VIRGINIA K. SPOONER, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
TONY A. ALOSI
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

My Commission Expires Nov. 23, 1970

Tony A. Alosi
Notary Public in and for said County and State

TONY A. ALOSI

ED. EISENHAUER, JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND
All members of American Institute of Mining, Metallurgical, and Petroleum Engineers

The EISENHAUER LABORATORIES

316-322 South San Pedro Street
Phone 622-9328 (Code 213) · LOS ANGELES, CALIF. 90013

Established 1916
ASSAYERS
METALLURGISTS
CHEMISTS
ORE TESTING

July 30/68

B.D. Fischer
4620 Beverly Blvd.
Los Angeles, California

Subject: Assays of Ores.

Marked:	Mercury (Hg)	Equivalent lbs. per ton
#3-Silver cloud	0.41%	8.2
#4-Silver cloud	0.455%	9.1

Respectfully submitted,

The Eisenhauer Laboratories

Ed. Eisenhauer Jr.

Ed. Eisenhauer, Jr.

The EISENHAUER LABORATORIES
316-322 South San Pedro Street
Phone 622-9328 (Code 213) · LOS ANGELES, CALIF. 90013

ED. EISENHAUER, JR.
C. EISENHAUER RAYMOND
LAWRENCE EARL RAYMOND
All members of American Institute of Mining, Metallurgical, and Petroleum Engineers

Established 1916
ASSAYERS
METALLURGISTS
CHEMISTS
ORE TESTING

Sept. 12/68

B.D. Fischer
4620 Beverly Blvd.
Los Angeles, Calif.

Subject: Assays of Ores.

Marked:	Mercury (Hg)	Equivalent lbs. per ton
R.N. Pudge	0.095%	1.9
#5	0.195%	3.9
#8	0.275%	5.5
#9	0.185%	3.7
#10	0.12%	2.4

Respectfully submitted,

The Eisenhauer Laboratories

Ed. Eisenhauer, Jr.

Ed. Eisenhauer, Jr.

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

600 Industrial Way
SPARKS, NEVADA
Phone: 358-5188

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone [redacted] 487-3671

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

September 10,1069

Mr. Richard Pudge
P & F Limited
440 South Fairview Drive
Burbank, California

Dear Mr. Pudge:

We have examined the property to be drilled near Battle Mountain, Nevada and wish to offer the following prices for rotary drilling with air.

1. Mobilization: $200.00
2. Drilling rates: $ 4.15 per foot.
3. Cementing, if necessary - $15.00 an hour plus cost of cement.
4. Moving between holes and setting up time, $20.00 an hour.
5. Casing holes, $20.00 an hour plus cost of casing lost in hole or left at customers request.
6. Roads and drill sites to be supplied.
7. Subsistance charge of $5.00 per day per man.

Alternate Proposal

Drilling can be done for $25.00 an hour plus cost of bits.

All other items to be charged as in the footage proposal.

Thank you for calling us,

Yours truly,

Joe Fetterhoff

Joe Fetterhoff,
District Manager

JF:sc

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004
9-5-68

Central Nevada Drilling Co.
P. O. Box 287
Battle Mountain, Nevada

Dear Mr. Naylan,

Pursuant our recent conversation, regarding rotary drilling at our Silver Cloud Mine property, please complete the following quotation and return to me as soon as possible.

Very truly yours,
R. N. Pudge
P. and F. Limited
R. N. Pudge

Cost per foot of drilling: $4.00 per FT.
Mobilization: non
Set-up charge: $20.00 per hr.
Casing charge: $20.00 per hr.

Signed: R. Naylan
Central Nevada Drilling Co.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004
9-5-68

Robert J. Wadliegh
P. O. Box 592
Lovelock, Nevada

Dear Mr. Wadliegh,

Pursuant our recent conversation, regarding rotary drilling a t our Silver Cloud Mine property, please complete the following quotation and return to me as soon as possible.

Very truly yours,

P. and F. Limited
R. N. Pudge

Cost per foot of drilling: $4.50
Mobilization: $250
Set-upcharge: $20/hr
Casing charge: $15/hr
Signed: R J Wadliegh

SILVER STATE CONSTRUCTION CO., INC.

A. D. DRUMM, JR., PRESIDENT

Post Office Box 191
Phone 423-3156 (Area Code 702)
FALLON, NEVADA 89406

September 9, 1968

R. N. Pudge, Manager
P & F Minerals Ltd.
440 S. Fairview Drive
Burbank, California

Dear Mr. Pudge:

We have your letter of September 5th requesting a quotation for D8 dozer work at Silver Cloud Mine in Elko County, Nevada.

All things being equal, the price would be the same as it was for the work we did at Battle Mountain. However, many factors could influence the price---location of work, amount of work and what type of material is involved.

I would suggest that you call the writer and be prepared to give an exact location of the work. We can then make an inspection or give you a definite figure.

We trust that you got a run for your money on the Battle Mountain work!

Sincerely,

SILVER STATE CONSTRUCTION CO., INC.

A D Drumm Jr.

A. D. Drumm, Jr.
President

dr

SILVER STATE CONSTRUCTION CO., INC.
P. O. BOX 191
FALLON, NEVADA 89406

22 August 1968

Mr. B. D. Fischer
P & F, Limited
4620 Beverly Boulevard
Los Angeles, California - 90004

Dear Mr. Fischer:

This will confirm our quotation given today to Mr. Richard Pudge to furnish you a tractor with ripper, and operator, for approximately one week's work about 40 miles from Battle Mountain, Nevada, at the following rates:

COPY

Tractor: Caterpillar D-8 Serial 36A, with ripper, serviced, not operated, at $24.40 per hour, for working hours.

Operator: Straight time base rate $6.81 per hour, plus 31¢ per hour vacation pay, plus 15% insurances and taxes - $8.19 per hour straight time. Straight time applies to eight hours per day; time and one half rate applies to additional daily time and Saturdays, double time rate on Sundays.

Transportation: Transport tractor and trailer for move in and out at $25.00 per hour. Movement from and return to Fallon is estimated at $200.00 per way.

Work is to commence Monday, August 26th, barring bad weather or other conditions beyond our control.

You are to allow operator sufficient daily work time to compensate for travel to and from your work site from Battle Mountain.

We acknowledge receipt of your check #101 on Vermont & 48th Branch, Bank of America, in the amount of $1,000.00 as advance payment on the

SILVER STATE CONSTRUCTION CO., INC
P. O. BOX 191
FALLON, NEVADA 89406

Mr. B. D. Fischer
P & F, Limited

22 August 1968

work account, payment of the balance will be due upon completion of work and final billing.

Please indicate your acceptance of this proposal by signature below and return of a copy to constitute a purchase order for our files.

Sincerely yours,

SILVER STATE CONSTRUCTION CO., Inc.

A. D. Drumm Jr.
President

COPY

Accepted:

P & F, LIMITED

By_____

cc: Mr. Richard Pudge
#12 Owl Motel
Battle Mountain, Nevada

File

848-6445

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

September 5, 1968

Willis Bros. Contracting Co.
Winnemucca, Nevada

Gentlemen:

Please submit a written quotation for D-8 dozer work at our Silver Cloud Mine, in Elko County, Nevada. You will recall working aat that site for Mr. E. W. Morris, some time ago.

The required work will be dozing access trails for truck mounted drilling rigs.

Very truly yours,

P. and F. Limited
R. N. Pudge

RNP/llj

Mr. Lloyle Willis responded by telephone and offered the following costs: $35.00 per hour for dozer and $20. per hour transport time.
By: R. N. Pudge
9-7-68 RNP

Mr Richard Pudge
P + J Ltd
440 So. Fairview
Burbank, California

Reference our telephone Conversation September 5,

our D-8 Cat with ripper + tilt blade

rents for 25.00 per hour. Truck haul to

move cat is 18.00 per hour.

Lyman G. Thomas
P.O. 92
Battle mountain, Nevada
89820

P.S. I might have been slightly wrong on the

Weather as location of work is higher altitude than

Battle mt which I was thinking of.

(4)

MINING LEASE AGREEMENT

THIS MINING LEASE AGREEMENT, made this 9th day of August, 1968, by and between DR. PHILIP F. SPOONER and VIRGINIA K. SPOONER, his wife,

(hereinafter referred to as "Lessor"), and P & F, LIMITED, a limited partnership,

(hereinafter referred to as "Lessee").

WHEREAS, Lessor is the owner and/or entitled to possession of certain mining claims, or properties, as described in EXHIBIT A attached hereto; and

WHEREAS, Lessee desires to lease and operate said claims and properties, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Lessor, in consideration of the rents, royalties, covenants and agreements, reserved hereby, grants, demises and lets to Lessee those certain lands and mining claims (hereinafter referred to as the "property") situated in the Ivanhoe Mining District, Elko County, State of Nevada, the legal description of which is attached hereto and by this reference incorporated herein as though fully set forth at length for the term of ten (10) years, and for so long thereafter as minerals or ores are produced in commercial quantities, upon the following terms and conditions:

RDP 8-10-68 Philip V.

1) LESSEE ~~Lessor~~ will with all reasonable dispatch promptly cause to be done the assessment work for the mining year ending September 1, 1968, on the property on or before August 31, 1968, and will cause to be filed the proof of labor with respect to each of the mining claims on EXHIBIT A attached hereto on or before September 1, 1968, in the office of the County Recorder of Elko

RDP VKS

County, Nevada. On or before November 1, 1968, Lessee agrees to commence exploration operations on said property. In the event that such exploration and/or development operations disclose deposits of commercial minerals Lessee will commence mining operations within six (6) months after completion of such exploration and to prosecute such mining operations diligently thereafter in a good and minerlike fashion so as to mine the greatest amount of ore possible with due regard to the development and preservation of the demised premises as a workable mine.

2) Lessee's obligation to mine said property continuously shall be suspended during such time that i) the price of mercury is THREE HUNDRED DOLLARS ($300.00) per flask, or less; and ii) during such time as Lessee is prevented from operations on account of storms or weather, inability to obtain mining supplies, by labor troubles, or other conditions exclusive of financial ability making it impossible to carry on continuous operations. Lessee shall be solely responsible and shall pay and discharge all mining costs and expenses incurred by it or any person in privity with it.

3) Lessor agrees that it will consent to and join in applications to the Federal government for an exploration and/or development loan and will execute such documents as may be required in connection with such loan, or loans.

4) Lessee in addition to the other covenants and conditions to be performed by it, agrees to pay Lessor an annual royalty equal to 10% of the gross value of minerals or metals produced and sold. In that regard Lessee agrees to:

a) To pay to Lessor on or before the 15th day of each calendar month (covering the operations for the previous calendar month) a royalty equal to 10% of the gross proceeds received from the sale of minerals, metals or ores produced.

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b) Lessee agrees to pay an advance royalty of FIVE HUNDRED DOLLARS ($500.00) per month, payable on the 15th day of each month, commencing March 15, 1969, and continuing until actual royalties from production exceed such sum. If in any month that Lessee is required to mine, actual royalties do not equal FIVE HUNDRED DOLLARS ($500.00), Lessee shall pay to Lessor as an advance royalty, such sum of money as may be required so that the total payment to Lessor for such month equals at least FIVE HUNDRED DOLLARS ($500.00). Such sum of advance royalties paid shall be deducted from actual royalties based upon production sold at the maximum possible rate; provided, however, that in no event shall a recoupment of such advance royalties reduce the actual royalties to be paid for any month below the sum of FIVE HUNDRED DOLLARS ($500.00) or fifty percent (50%) of such actual royalties, whichever is greater. Lessee's obligation to pay advance royalties or to make up the difference between actual royalties and the sum of FIVE HUNDRED DOLLARS ($500.00) per month, shall be suspended at any time that Lessee may suspend mining operations pursuant to the provisions of paragraph 2) of this lease.

5) Lessee agrees to keep complete, adequate and accurate books and records which shall set forth and reflect all of the actual expenses of operation, the amounts and quantities of minerals, metals and ores produced, shipped and sold and the names and addresses of the purchasers of all such minerals, metals or ores, the cost of production, loading, transportation, assaying, sampling, smelting and the names and addresses of all persons paid for labor, materials or any other expenses in connection therewith. Lessor shall have the right at all reasonable times by its officers or duly authorized agents to inspect the foregoing books and records and to make copies of all or any part thereof at the expense of Lessor.

6) This lease and agreement shall be binding upon and inure to the benefit of the heirs, executors, personal representatives or assigns of either

of the parties hereto.

7) Lessee shall promptly pay all taxes which may be levied or assessed upon machinery, equipment or other improvements erected by it and to pay all other taxes of any kind which may be levied or assessed by reason of its operation.

8) In the event Lessee shall elect to terminate this lease, it may do so by giving written notice of such election not less than thirty (30) days in advance thereof, and on the effective date of such termination, Lessee's obligation hereunder shall cease (except such obligations which arose prior to the effective date of such termination).

9) Upon the termination of this lease either by expiration of the term or by the election of either party as herein provided, Lessee shall surrender the premises in good condition. Within sixty (60) days after such termination or sixty (60) days after weather conditions will so permit, following such termination, in the event weather conditions do not permit at the time thereof, Lessee may remove all of its equipment and materials provided it does so at its own sole cost and expense and that it leaves the premises in a clean, minerlike manner. In the event Lessee shall fail to remove any of its equipment or any of its materials within said period of time then such unremoved materials and unremoved equipment, if any, shall thereupon forthwith become the property of Lessor and Lessee shall have no further interest therein.

10) The right to remove materials and machinery mentioned in the preceding paragraph shall be subject to the right of the Lessor to exert a lien by possession upon all of such equipment and materials for any unpaid sums due to Lessor and unpaid by Lessee and in the event the parties are in dispute thereof, such right of removal shall commence sixty (60) days after the resolution of such dispute either by mutual agreement or by the judgment of any court of competent jurisdiction becoming final and shall be extended by reason of weather conditions in the manner hereinabove set forth.

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BOOK 99 PAGE 448 KS

11) Forthwith upon the termination hereof whether by expiration of the term, or by election of either party as herein provided, Lessee shall execute and deliver to Lessor a good and sufficient quitclaim deed in and to all of the premises subject hereof.

12) Lessee during the term of this lease agrees to do and perform all the necessary annual improvement and assessment work required upon the mining claims and to make and file the proof thereof for the benefit of Lessor and within the time required by law.

13) Lessor represents that he is the owner of the mining claims and properties hereinabove described; that such claims are free and clear of all liens and encumbrances (except current taxes which are not delinquent), and that the area covered by the mining properties have been and are properly located under the mining laws of the United States of America and the State of Nevada; that assessment work on said properties has been performed at the time and in the manner and to the extent required by law for all mining years to and including the mining year ending September 1, 1967.

14) In the event that Lessee fails to perform any of the covenants and agreements required to be performed by it, or shall fail to make any of the royalty or rental payments when and as the same become due, its rights may be terminated at the option of Lessor by written notice to Lessee of such breach. Such written notice shall state the particulars of the default or breach claimed but shall not terminate this lease provided such breach be other than the payment of money or delivery of metals or minerals and Lessee may cure any such default or breach by performance thereof within a period of thirty (30) days from the receipt of such notice, and after such compliance this agreement shall have the same force and effect as though said default or breach had not occurred. If such breach be Lessee's obligation to pay money then such notice shall cause this

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lease to terminate if such default is not cured within ten (10) days from the receipt of such notice. Should Lessee fail, refuse or neglect to remedy such breach within said ten (10) to thirty (30) days' period, then all right, title and interest of Lessee in and to said property, except the right to Lessee's improvements and equipment, shall be immediately terminated.

15) Lessee shall at all times comply in all respects with all the laws and regulations relating to the performance of work upon the leased premises. It shall provide workmen's compensation insurance and such other insurance to cover its operation upon the premises in the amount and form as may be required by law. Lessee shall indemnify and hold Lessor harmless of, and free in all claims, demands or liabilities arising out of, or in connection with the operations or activities of Lessee, and Lessee assumes full and sole responsibility for the operation and direction of the work done under this agreement on the leased premises, and no employee or agent furnished by Lessee shall under any circumstances be deemed an employee of Lessor.

16) Except as herein otherwise provided, Lessee may not assign this lease or any right or interest therein without the written consent of Lessor, which Lessor agrees not to withhold unreasonably. Lessor will consent to any such assignment to persons of good moral character and financially responsible. Provided, however, the prohibition against assignment without the consent of Lessor shall not preclude the subleasing of these properties to a person or business entity who in the opinion of Lessee is a responsible mining operator.

Lessor hereby agrees that an assignment of this lease to a relative of Lessee or to a partnership (or corporation) in which Lessee is a partner (or stockholder) shall not be deemed to be an assignment requiring Lessor's consent.

17) Notices hereunder shall be deemed sufficiently given when deposited in the United States mail, postage prepaid, certified mail, and return receipt requested, addressed as follows:

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To Lessor: P. O. Box 591
Lovelock, Nevada

To Lessee: 4620 Beverly Boulevard, Suite 200
Los Angeles, California 90004

or to such other address as either party may designate.

18) Lessor hereby grants to Lessee an option to purchase all of Lessor's interest in and to the mining claims described in EXHIBIT A for the sum of $450,000.00 cash. This option may be exercised at any time during the term of this lease, and shall be exercised by notifying Lessor of its exercise in writing. Lessor shall select any bank or trust company in the City of Elko, Nevada, acceptable to Lessor within ten (10) days after notice of exercise of this option and both parties hereto shall execute the appropriate escrow instructions within five (5) days thereafter and said escrow shall close at the earliest possible time but not later than thirty (30) days after the opening of such escrow.

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

Dr. Philip F. Spooner
DR. PHILIP F. SPOONER

Virginia K. Spooner
VIRGINIA K. SPOONER

Lessor

P & F, LIMITED
a limited partnership

By R. N. Pudge, Jr.
R. N. Pudge, General Partner

Lessee

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Name of Lode Mining Claim	Date of Recordation of Certificate of Location	Book Number	Page Number
Velvet	January 17, 1966	64	269
Velvet #1	January 17, 1966	64	270
Velvet #2	January 17, 1966	64	271
Velvet #3	January 17, 1966	64	272
Velvet #4	January 17, 1966	64	273
Velvet #5	January 17, 1966	64	274
Velvet #6	January 17, 1966	64	275
Velvet #7	January 17, 1966	64	276
Velvet #8	January 17, 1966	64	277
Velvet #9	January 17, 1966	64	278
Velvet #10	January 17, 1966	64	279
Velvet #11	January 17, 1966	64	280
Velvet #12	January 17, 1966	64	281
Velvet #15	January 17, 1966	64	284
Velvet #16	January 17, 1966	64	285
Velvet #17	January 17, 1966	64	286
Velvet #18	January 17, 1966	64	287
Clipper #1	*	*	*
Clipper #2	*	*	*

*Date of recordation and the book and page number of the certificate of location of lode mining claim of these claims unknown at this time; however, they are the same claims that were conveyed by Edward E. Barry and Helen A. Barry to Leon Belaustegui by quitclaim deed dated June 22, 1965 and recorded October 1, 1965 in Book 60, pages 611 and 612 in the office of the County Recorder of Elko County, Nevada.

EXHIBIT A

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VKS

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On this 10 day of August, 1968, before me, a Notary Public, personally appeared DR. PHILIP F. SPOONER and VIRGINIA K. SPOONER, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
TONY A. ALOSI
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

My Commission Expires Nov. 23, 1970

Tony A. Alosi
Notary Public in and for said County and State.

TONY A. ALOSI

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On this 10 day of August, 1968, before me, a Notary Public, personally appeared R. N. PUDGE, known to me to be one of the general partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

OFFICIAL SEAL
TONY A. ALOSI
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY

My Commission Expires Nov. 23, 1970

Tony A. Alosi
Notary Public in and for said County and State.

TONY A. ALOSI

File No. 38623 INDEXED
FILED FOR RECORD
AT REQUEST OF
R. N. Pudge
AUG 12 1 57 PM '68
RECORDED BOOK 99 PAGE 445
ESTHER N. SKELTON
ELKO COUNTY RECORDER
Fee $11.00

38623

December 17, 1979

Memorandum

TO: Branch of Financial Reports

FROM: Chief, Office of Minerals Exploration

SUBJECT: Recording of realized loss under OME Contract

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

CONTRACT NUMBER	DOCKET NUMBER	OPERATOR	WRITE-OFF
2288	OME 6756	P & F LIMITED	$13,500.00

Harold Kirkemo by J.H. Haslam

HAROLD KIRKEMO, Chief

December 17, 1979

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Re: OME 6756 (Mercury)
P & F.Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

By the terms of OME Contract 2288 and the Certification of Possible Production dated September 8, 1970, all minerals mined or produced from December 17, 1969 to December 17, 1979 were subject to the Government's royalty as stated in the contract.

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

Very truly yours,

Harold Kirkemo by J. H. Hasler

HAROLD KIRKEMO, Chief
Office of Minerals Exploration

December 17, 1979

Dr. Philip F. Spooner and
Ms. Virginia K. Spooner
Post Office Box 591
Lovelock, Nevada

Re: OME 6756 (Mercury)
P & F Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Dr. and Mrs. Spooner:

Enclosed is a copy of a self-explanatory letter dated December 17, 1979 to Mr. E. W. Morris relating to the Government's royalty as stated in the subject contract.

Very truly yours,

Harold Kirkemo by JW Hasler

HAROLD KIRKEMO, Chief
Office of Minerals Exploration

Encl.

December 17, 1979

Dr. Philip F. Spooner and
Mrs. Virginia K. Spooner
Post Office Box 591
Lovelock, Nevada 89419

Re: OME 6756 (Mercury)
P & F Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Dr. and Mrs. Spooner:

Enclosed is a copy of a self-explanatory letter dated December 17, 1979 to Mr. E. W. Morris. This relates to the Lien and Subordination Agreements signed on your behalf on September 16, 1968 by attorney-in-fact, E. W. Morris.

Very truly yours,

Harold Kirkemo by JW Hasler

HAROLD KIRKEMO, Chief
Office of Minerals Exploration

Encl.

December 17, 1979

Mr. Richard N. Pudge, General Partner
P & F Limited
4620 Beverly Boulevard
Los Angeles, California 90004

Re: OME 6756 (Mercury)
P & F Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Pudge:

Enclosed is a copy of a self-explanatory letter dated December 17, 1979 to Mr. E. W. Morris. This letter relates to you as a General Partner and Operator of the subject contract dated December 17, 1969.

Very truly yours,

Harold Kirkemo by J. H. Healey

HAROLD KIRKEMO, Chief
OFFICE OF MINERALS EXPLORATION

Encl.

December 17, 1979

Mr. B. D. Fischer
1957 Holmby Avenue
Los Angeles, California 90025

Re: OME 6756 (Mercury)
P & F Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Fischer:

Enclosed is a copy of a self-explanatory letter dated December 17, 1979 to Mr. E. W. Morris. This relates to the Lien and Subordination Agreements signed by you on September 16, 1968 as owner of an undivided 25% interest in the subject property.

Very truly yours,

Harold Kirkemo by M Haslar

HAROLD KIRKEMO, Chief
Office of Minerals Exploration

Encl.

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

June 7, 1979

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

On October 6, 1977, we sent you a letter about rerecording unpatented mining claims by October 22, 1979, because of provisions in Public Law 94-579. A copy of the letter is enclosed. We asked you to advise us that you had rerecorded your claims by signing, dating, and returning a copy of the letter to this office. We have not received a reply from you on this matter.

Because of the opportunity for you to rerecord the claims in the next 4 months, the need to protect your interest in the claims, and the Government's interest as a consequence of its rights to royalty on production from these claims, we are sending this reminder to you.

Please take care of this matter at your earliest convenience, sign, date, and return the enclosed copy.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

HK 7/10/78

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

July 6, 1978

Memorandum

To: Chief, Office of Minerals Exploration, Reston, VA

From: Field Officer, Region II

Subject: OME-6756 (Mercury)
P. and L. Limited
Silver Cloud Mine
Elko County, Nevada
Contract No. 2288

Annual Inspection

An annual inspection of the subject property was made by the Field Officer on July 2, 1978. The property appeared abandoned and there was no evidence of any mining or exploration since the last inspection on September 21, 1977 (report dated September 26, 1977). No production has been reported, and no royalties are due the Government.

The period of certification for this property will expire on December 17, 1979.

H. K. Stager

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

January 23, 1978

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

Thank you for returning our Form MME 63 and for the information about the property.

You state that the Silver Cloud mine property was sold to P. and F. Limited in 1968. The OME contract shows that P. and F. Limited held the property under a Mining Lease Agreement dated August 9, 1968, and signed by Dr. Philip F. Spooner and (Mrs.) Virginia K. Spooner, lessors, and by R. N. Pudge for P. and F. Limited, lessee. The lease term was ten years, and Article 18 of the Lease granted an option to the Lessee to purchase the Lessor's interest.

We learned in 1974 that the lease was surrendered to you some time prior to March 1, 1974. You were advised on November 22, 1974, by H. K. Stager, Field Officer, Region II, that you, as attorney for Dr. and Mrs. Spooner, and Mr. B. D. Fisher, who signed the Lien and Subordination Agreements, were liable for royalty on all minerals and metals mined or produced from the land described in the OME contract until $13,500 is fully repaid with interest or until December 17, 1979, whichever occurs first.

In view of this information, we look to you, as attorney in fact for Dr. Philip F. Spooner and Mrs. Virginia K. Spooner, owners, and to Mr. Fisher to protect the Government's interest in the property and its rights to royalty on possible production.

Also, we direct your attention to our letter to you dated October 6, 1977, regarding unpatented mining claims, and new requirements concerning unpatented mining claims and affidavits of annual assessment work. This was sent to protect the Government's interest in the land and its rights to royalty from possible production, and to alert you to preserve your rights to the claims. We hope that you will act on this matter soon, and date, sign, and return a copy of our letter to show that you have rerecorded the claims.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

cc: R. II

Recd 1/17/78

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

January 3, 1978

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Dear Mr. Morris:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since August 17, 1970, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

As far as I know P & F Limited may still have it. I sold out to them in 1968. Records in Elko court house. I understand the drilling didn't turn out to good. At the price of mercury today it would be impossible to make it pay.

2. Since August 17, 1970, has there been any production from the land subject to the contract? I never received any report of any production Yes ☐ No ☐

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

Purchaser (*name and address*)	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name E. Ed. Moore	Title Owner before P & F Limited
Address 2412 William Way, Grants Pass, Oregon.	Date Jan. 11 1978

I suggest you contact P & F Limited because I really don't know much about it.

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

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

We bring this matter to your attention for two reasons--to alert you to the need to rerecord in order to retain the claims, and to protect the Government's interest in the land and in royalty from possible production therefrom during the period of royalty obligation which continues beyond October 22, 1979.

We would appreciate being advised that you have rerecorded your claims. Accordingly, please return to us one copy of this letter dated and signed where applicable in the statement below.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

"The unpatented mining claims described in the contract cited above were recorded on _____ in accordance with Section 314, P.L. 94-579."
(date)

Signature _____

Title _____

Date _____

rcvd 9/30/77

HK 9/30/77

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

September 26, 1977

Memorandum

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer, Region II
Menlo Park, California

Subject: OME-6756 (Mercury)
P. and L. Limited
Silver Cloud Mine
Elko County, Nevada
Contract No. 2288

Annual Inspection

An Annual Inspection of the subject property was made by the Field Officer on September 21, 1977. The property appeared abandoned and there was no evidence of any mining or exploration since the completion of the OME project in June 1970. No production has been reported, and no royalties are due the Government.

The period of certification for this property will expire on December 17, 1979.

HK Stager

H. K. Stager

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 26 1976

INITIALS	CODE
HK	HR

May 20, 1976

MEMORANDUM

To: Chief, Office of Minerals Exploration
Reston, Virginia

From: Field Officer, Region II
Menlo Park, California

Subject: OME-6756 (Mercury)
P. and E. Limited
Silver Cloud Mine
Elko County, Nevada
Contract No. 2288

Annual Inspection

On February 20, 1976, Edgar H. Bailey, mercury commodity geologist, Branch of Western Mineral Resources, U.S. Geological Survey, Menlo Park, Calif., visited the Silver Cloud mine and examined the property. Dr. Bailey reports that the property appeared abandoned and that there was no evidence of any recent mining or exploration since the completion of the OME project in June 1970.

The period of certification for this property will expire on December 17, 1979.

H. K. Stager

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

November 22, 1974

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 27 1974
INITIALS | CODE
HK

Mr. E. W. Morris
P.O. Box 591
Lovelock, Nevada 89419

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

We have received a request from Mr. Robert D. Osmanson, Box 1587, Lovelock, Nevada 89820, for information on the availability of reports on the Silver Cloud mine. He states that he obtained possession due to abandonment by the past claimants. We have informed him that copies of the operator's final report are available upon receipt of written authorization from the former owners, or a statement from them that they no longer have an interest in the property, together with evidence of present ownership. We also gave him your name and address, suggesting that you may have the originals of the map and sections.

We note that Mr. Pudge surrendered his lease to you sometime prior to March 1, 1974. This creates a possible liability for you. Please refer to the certification dated September 8, 1970, and to the Lien and Subordination Agreements, Section 1(a), signed by you and Mr. Fisher, which specifies that " * * * the undersigned, being the owner of an interest in the land, hereby * * * agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States [December 17, 1979] to pay royalty to the Government according to the terms of said contract * * *."

Your liability could amount to 5 percent of the gross proceeds of any production until $13,500 is fully repaid with interest at 9¾ percent per annum, or until December 17, 1979, whichever occurs first.

Sincerely yours,

H. K. Stager
Field Officer, OME
Region II

cc: Chief, OME, Reston, Va.
Dir RF
MP RF
MR RF
Docket
RMSmith:mlb
11-22-74

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

November 22, 1974

Mr. Richard N. Pudge
1749½ Kingsley Drive
Hollywood, California 90027

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Pudge:

We have received a request from Mr. Robert D. Osmanson, Box 1587, Battle Mountain, Nevada 89820, for information on the availability of reports on the Silver Cloud mine. He states that he obtained possession due to abandonment by the past claimants. We have informed him that copies of the operator's final report are available upon receipt of written authorization from the former owners, or a statement from them that they no longer have an interest in the property, together with evidence of present ownership. We also gave him your name and address, suggesting that you may have the originals of the map and sections.

We note further that you surrendered your lease to Mr. E. W. Morris sometime prior to March 1, 1974. This creates a possible liability for you. Please refer to your OME contract, Article 6(b), and to the certification dated September 8, 1970, which specify that "The Operator, whether or not [he is] 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 * * * " until $13,500 is fully repaid with interest at 9¼ percent per annum or until December 17, 1979, whichever occurs first.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, Reston, Va/
Dir RF
MR RF
MP RF
Docket
RMSmith:mlb
11-22-74

Mr. E. W. Morris
2412 Williams Highway
Grants Pass, Oregon 97526

Phone: (503) 476-9237

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF THE INTERIOR
INT-413

U.S.MAIL

503-476-9237

953 NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD
RETURN TO SENDER

Mr. E. W. Morris
729 Summit Loop Road
Grants Pass, Oregon 97526

476-9237
Wm Shaw

Carlsbad, Calif 92008
1225 Knollwood Lane
714-729-0744

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

18

2412 Wms Hughes

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

November 22, 1974

Mr. Robert D. Osmanson
P.O. Box 1587
Battle Mountain, Nevada 89820

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Osmanson:

In reply to your request of November 18, 1974, for information about reports and indebtedness of the Silver Cloud mine, we are pleased to furnish the following data.

The operator's final report on the referenced exploration project consists of a two-page narrative and oxalid copies of a plan map and 16 sections showing drill holes and assays. These can be duplicated and mailed to you for their cost of $16.00 upon receipt of your check and of written authorization from the former owners, or a statement from them that they no longer have any interest in the property, together with evidence of present ownership.

As a result of the drilling project the Government issued a Certificate of Possible Production on September 8, 1970. It states that a 5 percent royalty shall be paid to the U.S. Geological Survey on all production from the 19 Clipper and Velvet lode claims until December 17, 1979, or until $13,500 is fully repaid with interest at 9¾ percent per annum, whichever occurs first. Copies of the certification were mailed to P. and F. Limited, address now obsolete, and to E. W. Morris, attorney, P.O. Box 591, Lovelock, Nevada 89419 representing the owners. Subsequent correspondence has been with Mr. Richard N. Pudge, 1749½ Kingsley Drive, Hollywood, CA 90027. Mr. Morris or Mr. Pudge may have the originals of the map and sections.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, Reston, Va w/copy of incoming letter
Dir RF
MR RF
MP RF

Docket - 6756
11-22-74
RMSmith:mlb

P. O. Box 1587
Battle Mountain, Nevada 89820
November 18, 1974

Mr. H. K. Stager; Field Officer, Region II
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

I have recently come into possession of the Silver Cloud Mine (mercury) located Sections 25 & 26, T37N, R47E in the north-central part of Nevada. A geologist for Homestake Mining Co. has informed me that the mine had an extensive drilling program carried out in the recent past financed partly with OME funds. If this is true, I would like to know if I could possibly have access to the drilling and development report filed with OME subsequent to the exploration work. Also, if access to this report was granted to me, what indebtedness to OME would then fall on the potential mine.

My attaining possession of the mine is due to abandonment by the past claimants. The claims are clear and filed and no contest has been raised nor is contemplated in the future.

Thank you.

Sincerely yours,

Robert D Osmanson

Robert D. Osmanson

RECEIVED
NOV 21 1974
OFFICE OF MINERALS EXPLORATION
U.S. [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

October 6, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 8 1970

INITIALS	CODE
HK	~~130~~
Glag	130
Bal	120 m
	220

Memorandum

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

From: Field Officer
Region II

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

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

H. K. Stager

Enclosure

FINAL
Field Team RPT

FINAL FIELD REPORT - OME EXPLORATION PROJECT

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

October 6, 1970

1. OME-6756 (Mercury)
   P. and F. Limited
   Silver Cloud Mine
   Elko County, Nevada
   Contract 2288

   Operator: Richard N. Pudge
   P. and F. Limited
   P.O. Box 699
   Battle Mountain, Nevada 89820

   Property: Consists of 19 unpatented lode mining claims (Clipper #1 and #2, Velvet, Velvet #1 through #12, and Velvet #15 through #18) in secs. 25 and 26, T. 37 S., R. 47 E., MDM, Ivanhoe Mining District, Elko County, Nevada. These claims are recorded at Elko, Nevada. A map showing the area of these 19 claims was attached to the contract.

   Ownership: The Operator was in possession of the claims under the terms of a Mining Lease Agreement dated August 9, 1968, from Dr. Philip F. Spooner and Virginia K. Spooner, husband and wife, owners of an undivided 75 percent interest in the land. A Lien and Subordination Agreements executed September 16, 1968, by B. D. Fisher, owner of an undivided 25 percent interest in the land, and E. W. Morris, attorney in fact for Dr. Philip F. Spooner and Virginia K. Spooner, was attached to the contract. The current address for Mr. E. W. Morris is 729 Summit Loop Road, Grants Pass, Oregon 95726, and for Mr. B. D. Fisher is 1957 Holmby Avenue, Los Angeles, California 90025.

2. Purpose of Project: The purpose of the project was to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies in volcanic rocks of Tertiary age occurring in a north-trending, gently south-sloping, synclinal trough.

3. Contract: Dated December 17, 1969, for a term of 8 months.
   Original contract amount - $18,000.00
   Government participation - 75 percent, $13,500.00

   Amendments None.

4. Project Work: Started - February 1970. Completed June 6, 1970.

Fixed Unit Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Mobilization and demobilization of one bulldozer	1	$150.00	$ 150.00	1	$ 150.00
Bulldozing roads and drill sites	16 hrs.	25.00	400.00	16 hrs.	400.00
Mobilization and demobilization of one drill rig	1	200.00	200.00	1	200.00
Rotary drilling	3,000 ft.	4.15	12,450.00	3,000 ft.	12,450.00
Moving between holes and setting up	40 hrs.	20.00	800.00	40 hrs.	800.00
Incidental allowances per foot of completed drilling for accounting, sampling, supplies, surveying, payroll taxes, F.I.C.A., and insurance	3,000 ft.	0.40	1,200.00	3,000 ft.	1,200.00
1 - Supervisor-Geologist-Engineer	2 mos.	800.00	1,600.00	2 mos.	1,600.00
Assaying, for mercury	200 spls.	5.00	1,000.00	200 spls.	1,000.00
Transportation of samples	200 spls.	1.00	200.00	200 spls.	200.00
Total project costs			$18,000.00		$18,000.00
Government participation at 75 percent			$13,500.00		$13,500.00
Paid to the Operator					$13,500.00

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

Effectiveness of the Work - The most favorable target area was adequately explored.

Efficiency of Operation - The work was accomplished in an efficient manner.

5. Reports:

Operator's Final Report - An acceptable Final Report was received on August 18, 1970.

Cost Review - A Report of Review was issued by the Office of Survey and Review in July 1970.

Final Audit - A final audit was not requested. Only one voucher was received, for assaying costs, after the Report of Review. The final voucher was paid on August 25, 1970.

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

6. Project Results:

Discoveries - The project work resulted in the discovery of a large blanket-type deposit of mercury-bearing material. Maps, cross sections, and assay data for the drilling project are attached to the Operator's Final Report. Assays range from a trace to 7.8 pounds of mercury per ton. Ore reserves estimated as a result of the OME work were 500,000 tons of material with an average grade of about 2 pounds of mercury per ton. Development and production are feasible and will probably be carried out by the Operator or other interested mining companies. Additional exploration of the deposit is warranted, inasmuch as the limits of the mercury-bearing layer are not known.

Certification - Certification was recommended on the basis of the reserves discovered by the OME work and a Certificate of Possible Production was issued on September 8, 1970. The Government's lien for payment of royalties expires on December 17, 1979, or when the total amount contributed by the Government is fully repaid with interest (at the rate of 9-1/4 percent per annum), whichever occurs first.

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

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

7. Geologic Summary

- All of the mercury deposits that have been mined in the district are cinnabar-bearing opalite layers in rhyolitic ash and tuff beds of Tertiary age. At the Silver Cloud Mine the deposit occurs in a north-trending, gently south-dipping, synclinal trough about 1,500 feet wide and more than a mile in length. The ore ranges from 2 feet to more than 20 feet in thickness and averages about 8 feet. Total production from the district is about 2,200 flasks of mercury. Production from the Silver Cloud Mine was about 900 flasks that was mined from an open pit about 350 feet in width, 600 feet in length, and a maximum depth of about 40 feet.

Sept. 18, 1970

New address of:

E. W. Morris
729 Summit Loop Road
Grants Pass, Oregon
97526

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

OFFICIAL BUSINESS

~~(190)~~

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

4230, GSA

RETURNED TO SENDER
REASON
Unclaimed
Addressee unknown
Insufficient address
No such street
No such office in state
No such number in this address
Box closed - No order

Attorney E. W. Morris
P. O. Box 591
Lovelock, Nevada 89419

SEP 18 1970
WASHINGTON, D. C.
CHICAGO
TALLY

20

LOVELOCK, NV
SEP 13
1970
AM
89419

OFFICIAL FILE COPY

Date	Surname	Code
8/24/70	Emerick	120
8/25	Kirkemo	120
9/3	Martin	
9/3	Wright	Dir'c. Sol. Off.
9/8	Gordon	
		220

SEP 8 1970

Attorney E. W. Morris
P. O. Box 591
Lovelock, Nevada 89419

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Morris:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract.

This relates to the Lien and Subordination Agreements signed by you as Attorney-in-Fact for Dr. Phillip F. Spooner and Virginia K. Spooner on September 16, 1968.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom, and to furnish this office with two true copies of such notice.

Sincerely yours,

Harold Kirkemo (bsl)

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

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

WLEmerick/bsl 8/24/70

Form 7
3)

OFFICIAL FILE COPY

Date	Surname	Code
8/24/70	Emerick	120
	Kirkemo	120
9/3	Martin	
9/8	L/S. App'd. Sol. Off.	
9/8	Gordon	
		220

SEP 8 1970

Mr. B. D. Fischer
1957 Holmby Avenue
Los Angeles, California 90025

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Fischer:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract.

This relates to the Lien and Subordination Agreements signed by you on September 16, 1968.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom, and to furnish this office with two true copies of such notice.

Sincerely yours,

Harold Kirkemo (bsl)

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

XXXXXXXXXXXXXXXXXXXX

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

WLEmerick/bsl 8/24/70

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/3/70	Emerick	120
		120
9/3	Cab	220
		120M

SEP 3 1970

Memorandum

To: Chief, Branch of Budget & Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Enclosed is a copy of the Field Officer's letter of August 27, 1970, forwarding a copy of the Report of Review issued in July 1970 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (bsl)
Harold Kirkemo

Enclosures

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

WLEmerick/bsl 9/3/70

FORM 9-1648
MARCH 1968

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

OK TWR
8/21/70

OPERATOR'S MONTHLY VOUCHER

For Month of APRIL THRU MAY 1970

Docket No. OME- E756
Contract 14-08-0001 2288
Contract Amount $ 18,000.00
Gov't. Participation % 75 $ 13,400

Operator's Name H AND E LIMITED
Address P.O. BOX 6 & 7 POTTER BUILDING
NEWARK 19820

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
		$		$		$		$
MOBILIZATION AND DEMOBILIZATION OF DRILL			1	150.00			1	150.00
BULLDOZING			16 hrs.	400.00			16 HRS	400.00
MOBILIZATION & DEMOBILIZATION OF DRILL RIG			1	200.00			1	200.00
MOVING BETWEEN HOLES			40 hrs	800.00			40 HRS	800.00
ROTARY DRILLING			3000'	12,450.00			3,000'	12,450.00
SUPERVISOR			2 mos	1,600.00			2 MOS.	1,600.00
INCIDENTAL EXPENSE			3,000	1,200.00			3,000'	1,200.00
TRANSPORTATION OF SAMPLES			200	200.00			200	200.00
ADMIN	200	1,000.00	200	1,000.00	200	1,000.00	200	1,000.00
TOTALS		$1,000.00		$18,000.00		$ 1,000.00		$ 18,000.00

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

Date 8-9-70 *Payee H AND E LIMITED

Per R. N. Budge Title GENERAL 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)

Approved as noted, subject to field examination and audit.

Signature H K Stager OME Field Officer 8-19-70 Date

(63) 14X0804

Approved for: $ 750.00
(SUBJECT TO AUDIT)

Signature mo

Date AUG 25 1970 Vou. No. E12034
(SEE OTHER SIDE)

Telephone 363-3302

Hand
Sample Serial ...17596-17621..

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine ....C. C. Huston & Assoc.
2001-80 Richmond Street West
Toronto, 110, Canada

RESULTS PER TON OF 2000 POUNDS

May 15, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Hg %	Hg lbs per ton
5057.8 SC-114 55.0-60.0										0.070	1.40
60.0-65.0										0.025	0.50
65.0-70.0										0.050	1.00
70.0-72.5										0.070	1.40
5055.3 SC-115 40.0-47.5										0.030	0.60
5052.1 SC-116 60.0-62.5										0.110	2.20
5083.1 SC-118 20.0-22.5										0.040	0.80
22.5-25.0										0.070	1.40
25.0-27.5										0.015	0.30
5119.1 SC-~~120~~ 15.0-20.0										0.170	3.40
5088.6 SC-121 10.0-15.0										0.010	0.20
5146.5 SC-122 5.0-10.0										None	None
10.0-15.0										None	None
5174.3 SC-123 35.0-40.0										0.035	0.70
5133.3 SC-125 22.5-27.5										0.020	0.40
27.5-32.5										0.015	0.30
32.5-37.5										0.020	0.40
5088.6 SC-126 10.0-15.0										0.015	0.30
15.0-20.0										0.025	0.50
20.0-27.5										0.015	0.30
5201.8 SC-127 115.0-120.0										0.015	0.30
5055.0 SC-128 7.5-10.0										0.025	0.50
30.0-35.0										0.040	0.80
5069.2 SC-129 20.0-25.0										0.0250	0.50
5117.8 SC-130 12.5-15.0										0.075	1.50
15.0-20.0										0.060	1.20

RECEIVED
MAY 22 1970
FILE:

Remarks.....

Charges $....156.00

G. P. Williams

Telephone 363-3302

Hand Sample Serial 17568-17595

ASSAY REPORT

UNION ASSAY OFFICE, Inc

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine .....C. C. Huston & Assoc.
2001-80 Richmond Street West
Toronto, 110, Canada

RESULTS PER TON OF 2000 POUNDS

May 15, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	~~Per Cent~~
									lbs	Hg %
SC-104 70.0-75.0									0.80	0.040
75.0-77.5									0.90	0.045
77.5-80.0									0.30	0.015
SC-105 70.0-75.0									1.50	0.075
SC-106 30.0-35.0									0.70	0.035
35.0-40.0									0.60	0.030
40.0-45.0									0.90	0.045
45.0-50.0									0.80	0.040
55.0-60.0									2.00	0.100
SC-107 50.0-52.5									2.40	0.120
52.5-55.0									1.30	0.065
55.0-57.5									0.80	0.040
SC-108 60.0-62.5									0.40	0.020
62.5-65.0									1.10	0.055
SC-109 57.5-60.0									0.60	0.030
60.0-62.5									1.50	0.075
62.5-65.0									1.30	0.065
SC-110 52.5-55.0									0.40	0.020
55.0-57.5									0.80	0.040
57.5-60.0									0.50	0.025
60.0-65.0									0.50	0.025
SC-111 47.5-52.5									0.30	0.015
52.5-57.5									0.30	0.015
57.5-60.0									0.30	0.015
SC-112 60.0-65.0									1.00	0.050
SC-113 55.0-57.5									0.80	0.040
57.5-62.5									0.40	0.020
62.5-65.0									0.40	0.020

Remarks.....

Charges $.....168.00

W. C. Wanlass

Telephone 363-3302

Hand Sample Serial 16172-16188

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

May 6, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	[illegible]
										Hg-%	Hg-lbs per ton
SC-97 5053.2											
55.0-60.0										0.030	0.60
60.0-62.5										0.080	1.60
62.5-65.0										0.070	1.40
65.0-70.0										0.050	1.00
70.0-75.0										0.030	0.60
SC-98 5053.8											
35.0-40.0										0.015	0.30
40.0-60.0										0.040	0.80
SC-99 5041.											
45.0-50.0										0.020	0.40
50.0-55.0										0.015	0.30
55.0-60.0										0.010	0.20
60.0-65.0										0.020	0.40
SC-100 5041.2											
20.0-22.5										0.010	0.20
22.5-27.5										0.010	0.20
35.0-37.5										0.015	0.30
37.5-40.0										0.025	0.50
SC-101 5049.2											
55.0-60.0										0.010	0.20
60.0-65.0										0.010	0.20

RECEIVED
MAY 14 1970
FILE:

Remarks

Charges $ 102.00

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 16997-17021

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto, 110 Canada

RESULTS PER TON OF 2000 POUNDS

May 13, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	[illegible]	[illegible]
										Hg %	Hg per
SC29 67.5-70.0										0.060	1.2
SC32 57.5-62.5										0.030	0.6
62.5-65.0										0.020	0.4
SC41 47.5-52.5										0.010	0.2
SC43 32.5-35.0										0.015	0.3
40.0-45.0										0.010	0.2
SC44 32.5-35.0										0.010	0.3
42.5-45.0										0.010	0.2
SC45 37.5-50.0										None	Non
SC46 52.5-55.0										0.025	0.5
SC87 50.0-55.0										0.010	0.2
55.0-60.0										0.010	0.2
60.0-65.0										0.040	0.8
65.0-70.0										0.030	0.6
SC92 72.5-77.5										0.035	0.7
SC94 45.0-47.5										0.015	0.3
47.5-55.0										0.020	0.4
55.0-57.5										0.130	2.6
57.5-60.0										0.050	1.0
5075.3 SC102 65.0-70.0										0.050	1.0
70.0-75.0										0.030	0.6
75.0-80.0										0.025	0.5
SC103 65.0-70.0										0.150	3.0
70.0-75.0										0.020	0.4
75.0-77.5										0.010	0.2

RECEIVED
MAY 15 1970
FILE:

Remarks

Charges $

G. P. Williams

Telephone 363-3302

Hand Sample Serial 15793-15809

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto, 110, Canada

RESULTS PER TON OF 2000 POUNDS

May 4, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Hg %	Hg lb per t
SC-83 65-70										0.030	0.60
70-72.5										0.090	1.80
72.5-75										0.050	1.00
75-77.5										0.045	0.90
77.5-82.5										0.020	0.40
SC-85 75-80										0.020	0.40
SC-88B 40-60										0.080	1.60
60-65										0.030	0.60
65-70										0.025	0.50
SC-89 65-70										0.030	0.60
70-72.5										0.025	0.50
SC-90 55-60										None	None
60-62.5										None	None
62.5-65										None	None
65-67.5										0.025	0.50
67.5-70										None	None
70-72.5										None	None

RECEIVED

Remarks

Charges $ 102.00

W. C. Wanlass

Telephone 363-3302

Hand Sample Serial 16143-16171

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Assoc.
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

May 6, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Hg %	Hg lb per t
SC-91 50.0-55.0										None	None
55.0-57.5										0.180	3.60
57.5-60.0										0.040	0.80
60.0-62.5										0.015	0.30
SC-92 57.5-62.5										0.025	0.50
62.5-65.0										0.055	1.10
65.0-67.5										0.040	0.80
67.5-72.5										0.020	0.40
SC-93 60.0-62.5										0.020	0.40
62.5-65.0										0.050	1.00
65.0-67.5										0.030	0.60
67.5-70.0										0.050	1.00
70.0-72.5										0.125	2.50
72.5-75.0										0.075	1.50
75.0-77.5										0.020	0.40
77.5-80.0										0.020	0.40
80.0-82.5										0.015	0.30
82.5-85.0										0.015	0.30
85.0-87.5										0.040	0.80
87.5-90.0										0.010	0.20
SC-95 45.0-50.0										None	None
50.0-52.5										None	None
52.5-55.0										None	None
55.0-57.5										0.035	0.70
SC-96 60.0-65.0										None	None
65.0-67.5										0.090	1.80
67.5-70.0										0.010	0.20
70.0-75.0										None	None
75.0-80.0										None	None

RECEIVED
MAY 0 1970
FILE:

Remarks

Charges $ 174.00

Glen P. Williams

X-RAY ASSAY LABORATORIES

LIMITED

45 LESMILL ROAD DON MILLS ONTARIO 445-5755

Certificate of Analysis

NO. 4564

TO. C. C. Huston & Associates,
80 Richmond Street West, Suite 2001,
TORONTO, Ontario.

RECEIVED May 1, 1970 INVOICE NO. 5570

SAMPLE(S) OF 9 crushed rock SUBMITTED TO US SHOW RESULTS AS FOLLOWS:

Sample No.	% Hg
SC-62-70-77.5	0.06
SC-78-45-57.5	0.08
SC-83-70-77.5	0.05
SC-90-60-72.5	0.02
SC-91-55-62.5	0.10
SC-93-65-75	0.09
SC-95-50-57.5	0.02
SC-96-65-75	0.03
SC-97-60-70	0.07

RECEIVED
MAY 05 1970
FILE

X-RAY ASSAY LABORATORIES LIMITED

DATE May 5, 1970 CERTIFIED BY

ASSAYERS – ANALYTICAL CHEMISTS – SPECTROGRAPHERS

Telephone 363-3302

Hand Sample Serial 15227-15247

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

April 29, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	[illegible]	[illegible]
										Hg %	Hg lbs per ton
SC-62 70-72.5										0.020	0.40
72.5-75										0.130	2.60
75.77.5										0.010	0.20
77.5-80										0.005	0.10
SC-64 40-42.5										None	None
SC-65 50-52.5										None	None
SC-70 10-15										None	None
15-20										0.015	0.30
20-25										0.020	0.40
SC-78 40-45										0.040	0.80
45-67.5										0.200	4.00
47.5-50										0.100	2.00
50-52.5										0.060	1.20
52.5-55										0.040	0.80
55-57.5										0.035	0.70
SC-79 70-75										0.035	0.70
75-80										0.025	0.50
SC-81 20-25										0.015	0.30
55-60										0.030	0.60
60-65										0.045	0.90
70-75										0.050	1.00

RECEIVED
MAY 04 1970
FILE:

Remarks

Charges $ 126.00

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 15202-15226

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

April 29, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	~~Zinc~~ Hg %	~~Manganese~~ Hg lbs per to
38795 #1										0.030	0.60
38796 #2										0.075	1.50
38797 #3										0.040	0.80
38798										0.110	2.20
38799										0.055	1.10
38800										0.110	2.20
SC-50 60-65										0.025	0.50
SC-55 55-60										0.020	0.40
62.5-65										0.035	0.70
SC-56 70-72.5										0.020	0.40
72.5-75										0.025	0.50
SC-57 72.5-75										0.110	2.20
75-77.5										0.020	0.40
SC-58 60-65										0.050	1.00
75-80										0.025	0.50
SC-60 60-65										0.025	0.50
65-70										0.020	0.40
70-75										0.030	0.60
75-80										0.025	0.50
80-82.5										0.030	0.60
SC-61 65-70										0.010	0.20
70-72.5										0.015	0.30
72.5-75										0.040	0.80
75.77.5										0.020	0.40
77.5-80										0.010	0.20

RECEIVED
MAY 04 1970
FILE

Remarks

Charges $ 150.00

Glen P. Williams

B. Dry

Telephone 363-3302

Hand
Sample Serial ....14777-14792.

ASSAY REPORT
UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS April 24, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
										Hg-%	Hg-lb per to
SC-84											
35.0-40.0										0.015	0.30
40.0-45.0										0.015	0.30
45.0-50.0										0.010	0.20
50.0-52.5										0.005	0.10
52.5-55.0										0.055	1.10
55.0-57.5										0.040	0.80
57.5-60.0										0.090	1.80
60.0-65.0										None	None
SC-86 B - dry											
20.0-22.5										None	None
22.5=25.0										None	None
25.0-27.5										0.010	0.20
27.5-30.0										0.010	0.20
30.0-32.5										0.015	0.30
32.5-35.0										0.015	0.30
35.0-37.5										0.015	0.30
37.5-40.0										0.035	0.70

RECEIVED
APR 27 1970
FILE

Remarks

Charges $ 96.00

G. P. Williams

C Wet

Telephone 363-3302

Hand Sample Serial 14793-14808

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS April 24, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	~~Per Cent~~ Hg-lbs per ton
SC-86B											
40.0-42.5										0.045	0.90
42.5-45.0										0.060	1.20
45.0-47.5										0.070	1.40
47.5-50.0										0.020	0.40
50.0-52.5										0.010	0.20
52.5-55.0										0.010	0.20
55.0-57.5										0.020	0.40
SC-86C											
20.0-25.0										0.020	0.40
25.0-30.0										0.010	0.20
30.0=35.0										0.005	0.10
35.0-37.5										None	None
37.5-40.0										None	None
40.0-42.5										0.015	0.30
42.5-45.0										0.210	4.20
45.0-47.5										0.080	1.60
47.5-50.0										0.050	1.00

RECEIVED
APR 27 1970
FILE:

Remarks

96.00

Telephone 363-3302

Hand Sample Serial 12823-12347

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS April 13, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	Hg-lbs per ton
SC-53											
52.5-55.0										0.020	0.40
55.0-57.5										0.115	2.30
57.5-60.0										0.050	1.00
60.0-62.5										0.020	0.40
62.5-65.0										0.015	0.30
65.0-67.5										0.025	0.50
SC-54											
55.0-57.5										0.015	0.30
57.5-60.0										0.010	0.20
60.0-62.5										0.120	2.40
62.5-65.0										0.030	0.60
65.0-67.5										0.040	0.80
SC-55											
60.0-62.5										0.015	0.30
65.0-67.5										0.010	0.20
70.0-72.5										0.105	2.10
72.5-75.0										0.060	1.20
SC-56											
62.5-65.0										0.020	0.4
80.0-82.5										None	None
SC-58											
70.0-75.5										None	Non
SC-59											
40.0-42.5										0.020	0.4
42.5-45 Black										0.010	0.2
42.5-45 Red										0.005	0.1
45.0-47.5										0.010	0.2
52.5-55.0										0.005	0.1
62.5-65.0										0.010	0.2
Potter #1										0.140	2.8

RECEIVED
APR 15 1970
FILE:

Remarks

Charges $ 150.00

Glen P. Williams

Telephone 363-3302

Hand
Sample Serial ...13959-13983..

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine ...C. C. Huston & Assoc.
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

April 21, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	~~Per Cent~~ Hg %	~~Per Cent~~ Hg lbs
SC-69											
65-70										0.025	0.50
70-72.5										0.025	0.50
72.5-75										0.025	0.50
75-77.5										0.010	0.20
77.5-80										0.010	0.20
80-82.5										0.015	0.30
82.5-85										0.010	0.20
SC-72											
85-90										0.010	0.20
90-95										0.015	0.30
SC-76											
35-40										0.010	0.20
40-42.5										0.020	0.40
42.5-45										0.020	0.40
45-50										0.010	0.20
SC-80											
22.5-25										0.015	0.30
25-30										0.010	0.20
30-35										0.010	0.20
SC-82											
60-62.5										0.015	0.30
62.5-65										0.100	2.00
65-67.5										0.040	0.80
67.5-70										0.020	0.40
70-72.5										0.030	0.60
72.5-75										0.015	0.30
75-80										0.010	0.20
80-85										0.010	0.20
85-90										0.005	0.10

RECEIVED
APR 24 1970
FILE:

Remarks

Charges $ 150.00

Glen P. Williams

X-RAY ASSAY LABORATORIES

LIMITED

45 LESMILL ROAD DON MILLS ONTARIO 445-5755

Certificate of Analysis

NO. 4453-A

TO: C. C. Huston & Assocaites,
80 Richmond Street West, Suite 2001,
TORONTO, Ontario.

RECEIVED April 8, 1970 INVOICE NO. 5481

SAMPLE(S) OF crushed rock SUBMITTED TO US SHOW RESULTS AS FOLLOWS:

Sample No.		% Hg
SC22	60-65	0.06
	65-67½	0.19
	67½-70	0.47
	70-72½	0.22
	72½-75	0.15
	75-77½	0.16
	77½-80	0.06

New Mercury
69 Partnership

X-RAY ASSAY LABORATORIES LIMITED

CERTIFIED BY E. J. Beecher

DATE April 15, 1970

ASSAYERS - ANALYTICAL CHEMISTS - SPECTROGRAPHERS

SKYLINE LABS, INC.
SPECIALISTS IN GEOCHEMICAL EXPLORATION
12090 WEST 50TH PLACE, WHEAT RIDGE, COLORADO 80033 TEL.: (303) 424-7718

REPORT OF ANALYSIS

Job No. M-459
April 2, 1970

C. C. Huston & Associates
Suite 2001
80 Richmond St. W.
Toronto, Ontario
Canada

5 drill cuttings

Item	Sample No.	Hg (ppm)	Hg (lb/ton)
1.	SC 43 30 - 32 1/2	14.	.028
2.	SC 43 35 - 37 1/2	460	.92
3.	SC 43 37 1/2 - 40	900	1.8
4.	SC 44 37 1/2 - 40	720	1.4
5.	SC 44 40 - 42 1/2	310	.62

RECEIVED
APR 08 1970
FILE:

Charles E. Thompson
Chief Chemist

Copy to: Mr. William Hill

'69 Partnership
Nevada Aurum

Telephone 363-3302

Sample Serial 10365-10384

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001 - 80 Richmond Street
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

Mar. 25, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	~~Per Cent~~
SC-32										Hg-%	Hg-lbs per ton
62½-65										None	None
65-67½										None	None
67½-70										0.020	0.40
70-72½										0.020	0.40
72½-75										0.020	0.40
75-77½										0.015	0.30
77½-80										0.025	0.50
SC-34										01.00 .020	.4 pds
47½-52½										0.020	0.40
52½-55										0.020	0.50
55-57½										0.020	0.40
57½-60										0.015	0.30
60-62½										0.010	0.20
62½-65										0.030	0.60
65-67½										0.025	0.50
67½-68½										0.025	0.50
SC-35											
62½-65										0.025	0.50
65-67½										0.020	0.40
67½-70										0.020	0.40
70-72½										0.015	0.30
72½-75										0.020	0.40

RECEIVED
APR 8 1970
FILE:

Remarks Sampling Charge: $3.00 per sample.

Charges $ 180.00

Glen P. Williams

New Hermosa

Telephone 363-3902

Hand Sample Serial 13649-13673

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Assoc.
2001-80 Richmond Street West
Toronto, 110, Canada

RESULTS PER TON OF 2000 POUNDS

April 17, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	~~XPS Per Cent~~	~~PoXCUR~~
										Hg %	Hg lbs per ton
SC-34 60.0-65.0										0.020	0.40
70.0-75.0										0.015	0.30
75.0-80.0										0.015	0.30
80.0-85.0										0.025	0.50
SC-51 45.0-50.0										0.025	0.50
50.0-55.0										0.020	0.40
55.0-60.0										0.030	0.60
SC-54 65.0-70.0										0.010	0.20
SC-63 25-30.0										0.025	0.50
30.0-32.5										0.010	0.20
SC-66 35.0-40.0										0.020	0.40
40.0-45.0										0.010	0.20
SC-67 45.0-50.0										0.015	0.30
50.0-52.5										0.165	3.30
52.5-55.0										0.200	4.00
55.0-57.5										0.035	0.70
57.5-60.0										0.035	0.70
SC-68 40.0-45.0										0.015	0.30
45.0-47.5										0.010	0.20
47.5-50.0										0.040	0.80
50.0-52.5										0.100	2.00
52.5-55.0										0.035	0.70
55.0-57.5										0.035	0.70
57.5-60.0										0.030	0.60
60.0-62.5										0.030	0.60

RECEIVED
APR 23 1970
BY

Remarks

Charges $ 150.00

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 10339-10364

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001 - 80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

Mar. 25, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	Per Cent Hg-lbs per ton
SC-30											
40-42½										0.030	0.60
42½-45										0.010	0.20
45-47½										0.015	0.30
50-55										0.015	0.30
55-57½										0.010	0.20
57½-60										0.005	0.10
60-62½										0.010	0.20
62½-65										0.010	0.20
65-67½										0.005	0.10
67½-70										0.010	0.20
70-72½										0.010	0.20
72½-75										0.005	0.10
75-77½										0.005	0.10
77½-80										0.010	0.20
80-82½										0.010	0.20
82½-85										0.020	0.40
SC-31											
52½-55										0.045	0.90
55-57½										0.025	0.50
57½-60										0.010	0.20
60-62½										0.015	0.30
62½-65										0.020	0.40
65-67½										0.025	0.50
67½-70										0.010	0.20
70-72½										0.015	0.30
72½-75										0.010	0.20
SC-36											
65-70										0.015	0.30

Remarks Sampling Charge: $3.00 per sample

Charges $ 234.00

Glen P. Williams

New Mercury

Telephone 363-3302

Hand Sample Serial 10311-10338

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001 - 80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS Mar. 25, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	Per Cent Hg-lbs per ton
SC-25											
120-122½										0.025	0.50
122½-125										0.025	0.50
125-127										0.020	0.40
SC-21											
52½-55										0.025	0.50
55-57½										0.030	0.60
57½-60										0.025	0.50
60-62½										0.015	0.30
62½-65										0.010	0.20
65-67½										None	None
67½-70										0.010	0.20
70-72½										0.010	0.20
72½-75										0.005	0.10
75-77½										0.015	0.30
77½-80										0.010	0.20
80-82½										0.005	0.10
82½-85										0.005	0.10
85-87½										0.010	0.20
SC-19											
60-62½										0.070	1.40
62½-65										0.120	2.40
65-67½										0.070	1.40
67½-70										0.040	0.80
70-72½										0.025	0.50
SC-29											
62-65										0.020	0.40
65-67½										0.040	0.80
70-72½										0.030	0.60
72½-75										0.020	0.40
75-77½										0.020	0.40
77½-80										0.025	0.50

RECEIVED MAR 31 1970 FILE:

Remarks Sampling Charge: $3.00 per sample

Charges $ 252.00

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 10214-10230

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mins C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

Mar. 23, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	Per Cent Hg-lbs. per ton
SC-26											
?-70.0										0.100	2.00
70.0-72.5										0.040	0.80
72.5-75.0										0.020	0.40
75.0-77.5										0.020	0.40
SC-24											
85.0-87.5										0.025	0.50
87.5-90.0										0.030	0.60
90.0-92.5										0.015	0.30
92.5-95.0										None	None
95.0-97.5										None	None
SC-20											
60.0-65.0										0.030	0.60
65.0-67.5										0.040	0.80
67.5-70.0										0.040	0.80
70.0-72.5										0.045	0.90
72.5-75.0										0.040	0.80
SC-35											
55.0-57.5										0.045	0.90
57.5-60.0										0.045	0.90
60.0-62.5										0.065	1.30

RECEIVED
MAR 27 1970
FILE

Remarks: Sampling Charge: $2.00 per sample

Charges $ 136.00

Nevada Mining

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 9357-9864

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary

P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 111, Canada

RESULTS PER TON OF 2000 POUNDS Mar. 19, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	~~xxxxxx~~ Hg-lbs per ton
SC-27											
62-65										0.015	0.30
65-70										0.025	0.50
70-72½										0.035	0.70
72½-75										0.035	0.70
75-77½										0.040	0.80
77½-80										0.020	0.40
80-82½										0.015	0.30
82½-85										0.025	0.50

RECEIVED
MAR 26 1970

Remarks Sampling charges: $2.00 per sample

Charges $ 64.00

New Mexico

Glen G. Williams

Telephone 363-3302

Hand Sample Serial 9865-9892

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

March 19, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	~~Per Cent~~
										Hg-%	Hg-lbs per ton
SC-22 60-65										0.060	1.20
65-67½										0.200	4.00
67-70										0.370	7.40
67½-70										0.390	7.80
70-72½										0.210	4.20
72½-75										0.160	3.20
75-77½										0.160	3.20
77½-80										0.080	1.60
SC-29 67½-70										0.070	1.40
SC-42 30-35										0.020	0.40
35-37½										0.010	0.20
37½-40										0.040	0.80
40-42½										0.030	0.60
42½-45										0.040	0.80
45-47½										0.030	0.60
47½-50										0.020	0.40
SC-43 30-32½										0.025	0.50
32½-35										0.040	0.80
35-37½										0.130	2.60
37½-40										0.130	2.60
40-42½										0.040	0.80
SC-44 32½-35										0.010	0.20
35-37½										0.010	0.20
37½-40										0.130	2.60
40-42½										0.040	0.80
SC-47 45-47½										0.015	0.30
47½-50										0.050	1.00
50-52½										0.020	0.40

Remarks

Charges $ 168.00

G. P. Williams

Telephone 363-3302

Hand Sample Serial 9692-9698

Mine C. C. Houston & Associates
2001 - 80 Richmont Street West
Toronto 110, Canada

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

RESULTS PER TON OF 2000 POUNDS

Mar. 16, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC. Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
SC-28										Hg-%	Hg-lbs per ton
65.0-67.5 Special										0.015	0.30
67.5-70.0										0.010	0.20
70.0-72.5										0.020	0.40
72.5-75.0										0.030	0.60
75.0-77.5										0.010	0.20
77.5-80.0										0.015	0.30
80.0-85.0										0.010	0.20

Remarks Sampling Charge: $2.00 per sample.

Charges $ 56.00

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 9506-9525

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine C. C. Huston & Associates
2001-80 Richmond Street West
Toronto 110, Canada

RESULTS PER TON OF 2000 POUNDS

Mar. 16, 1970

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent Hg-%	~~Per Cent~~ Hg-lbs per ton
SC-33 30.0-35.0										0.040	0.80
35.0-37.5										0.030	0.60
37.5-40.0										0.040	0.80
40.0-42.5										0.070	1.40
42.5-45.0										0.030	0.60
45.0-47.5										0.035	0.70
47.5-50.0										0.025	0.50
50.0-52.5										0.025	0.50
52.5-55.0										0.015	0.30
55.0-57.5										0.020	0.40
SC-23 60.0-65.0										0.080	1.60
65.0-67.5										0.015	0.30
67.5-70.0										0.015	0.30
70.0-72.5										None	None
72.5-75.0										0.010	0.20
75.0-77.5										None	None
77.5-80.0										0.010	0.20
80.0-82.5										0.025	0.50
82.5-85.0										0.015	0.30
85.0-90.0										0.010	0.20

RECEIVED FILE

Remarks Sampling Charge: $2.00 per sample.

Charges $ 160.00

Glen P. Williams

TOTAL 472 ASSAYS

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

August 27, 1970

Mr. Richard N. Pudge
P. and F. Limited
P.O. Box 699
Battle Mountain, Nevada 89820

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Pudge:

Enclosed is a copy, for your files, of a Report of Review on your OME contract prepared by the Office of Survey and Review in Washington, D. C. The facts as stated in the Report of Review agree with the information in the Field Office files and I concur in the report.

The Report of Review was made during July 1970 before submittal of the final voucher for the $1,000 in assaying done during the period of April through July. This voucher and the Operator's Final Report were received in the Field Office on August 18, 1970, and forwarded to Washington, D. C., for payment on August 19, 1970.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

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

HKStager:mkh

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

August 19, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 21 1970
INITIAL | CODE
1 | 30
Gal 1 | 20
WE 1 | 20

Memorandum

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

From: Field Officer
Region II

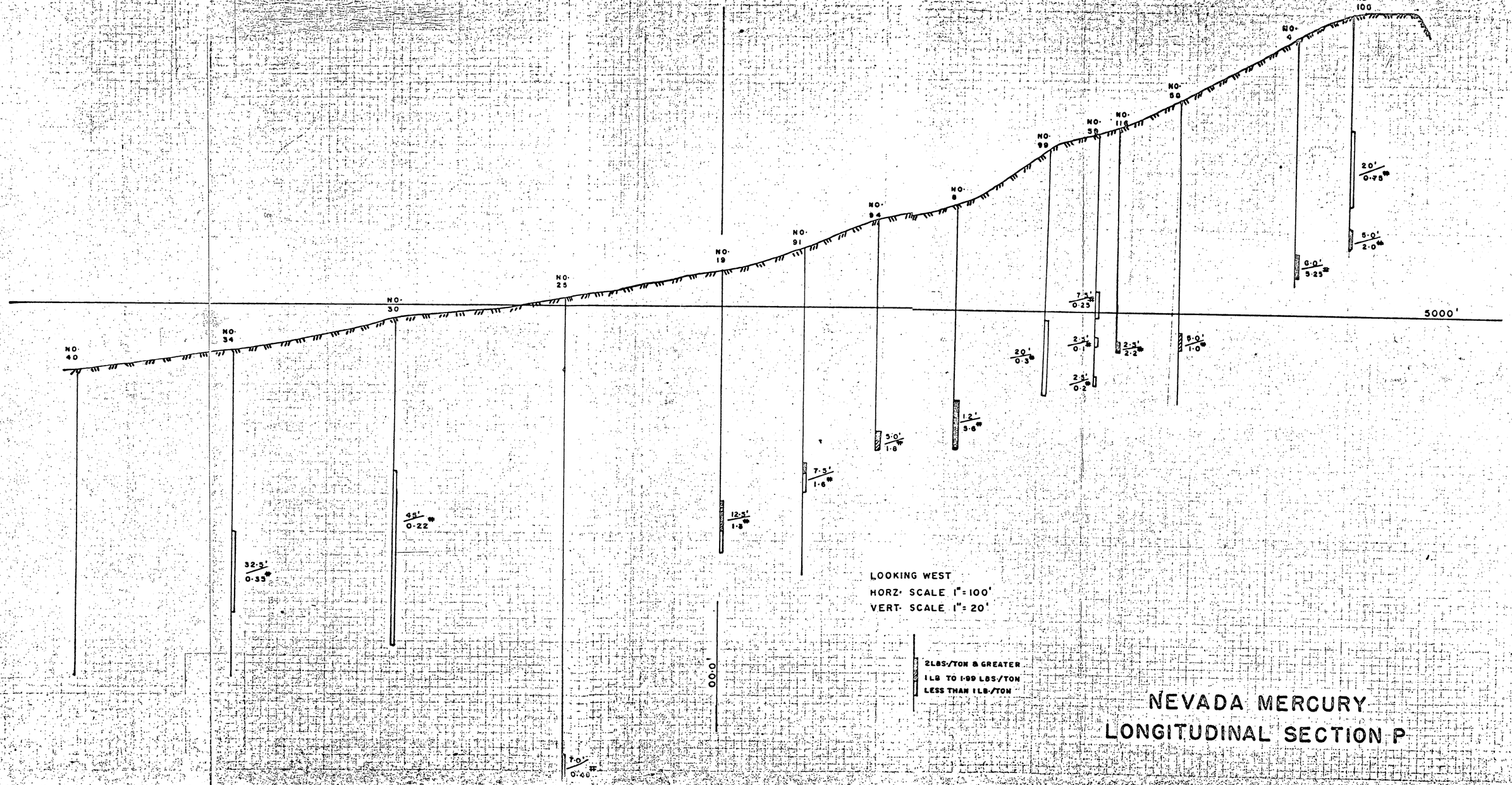
Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Enclosed are the Operator's final voucher, for April through July 1970, and the Operator's Final Report for the subject contract. I recommend that the Operator's Final Report be accepted and that a final cost review or audit be requested.

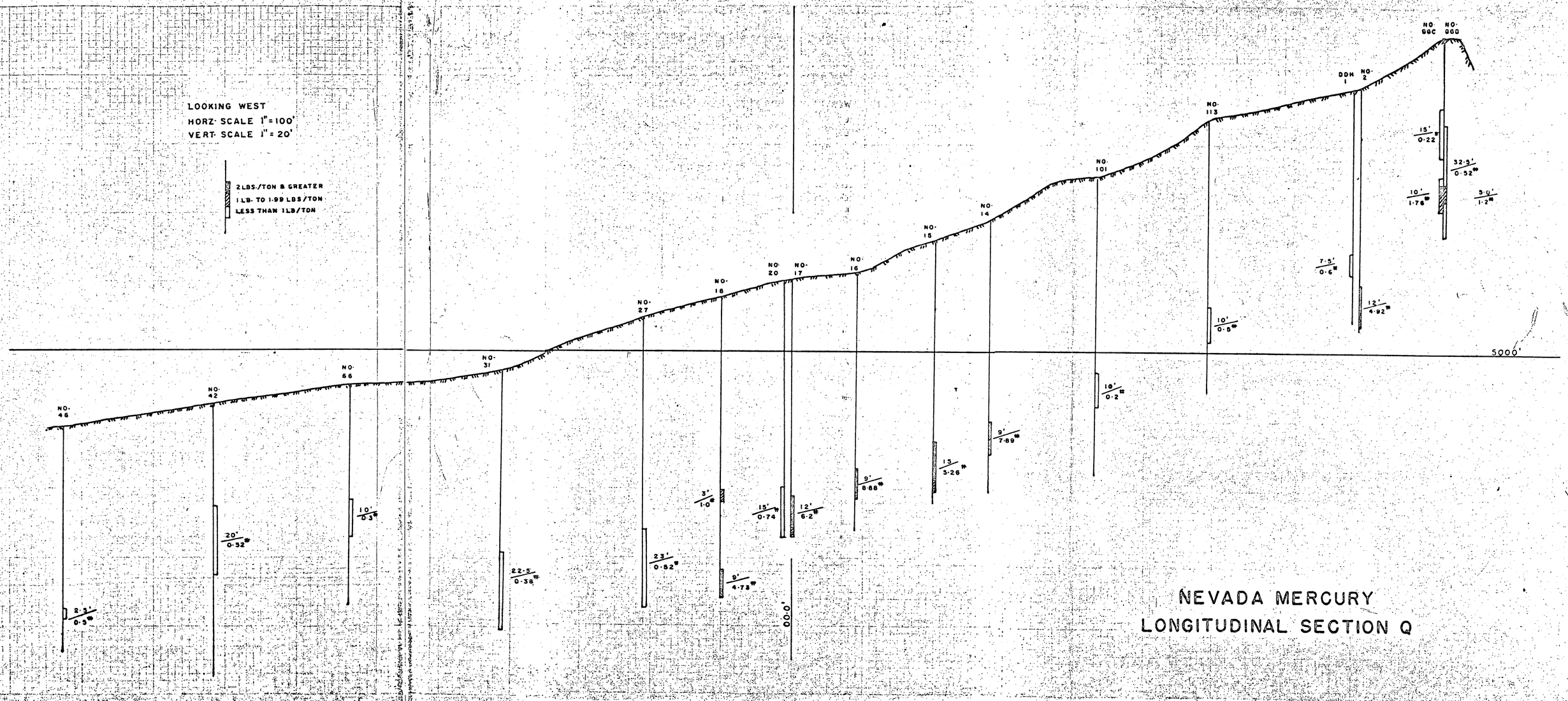
Certification of Possible Production is also recommended on the basis of the 500,000 tons of low-grade mercury-bearing material discovered by the contract work. Although the average grade of this material, calculated from assays of drill cuttings, is only 0.7 pounds of mercury per ton, additional testing by the Operator indicates that this grade is probably only about one-half or less of the actual mercury content. The average grade is probably closer to 2 pounds of mercury per ton with an average value of about $10 per ton. Value (in the ground) of the reserves is therefore about $5 million at the present price of mercury.

H. K. Stager

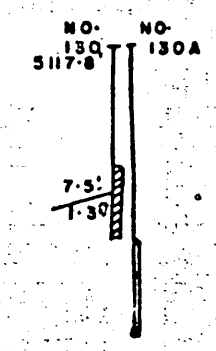
Enclosures

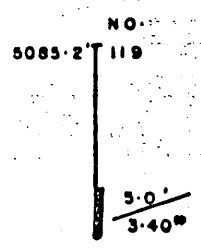


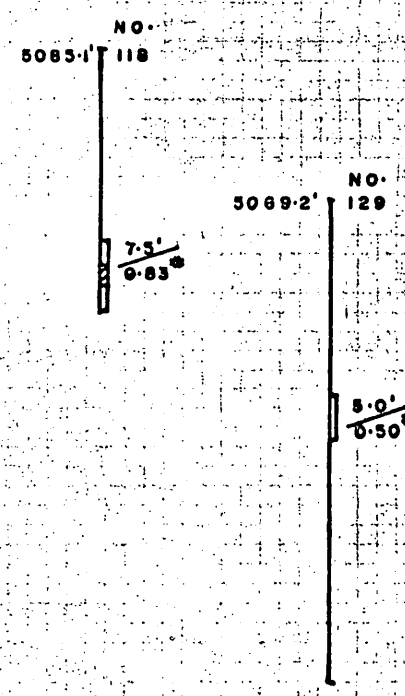
NEVADA MERCURY
LONGITUDINAL SECTION P



NEVADA MERCURY
LONGITUDINAL SECTION Q





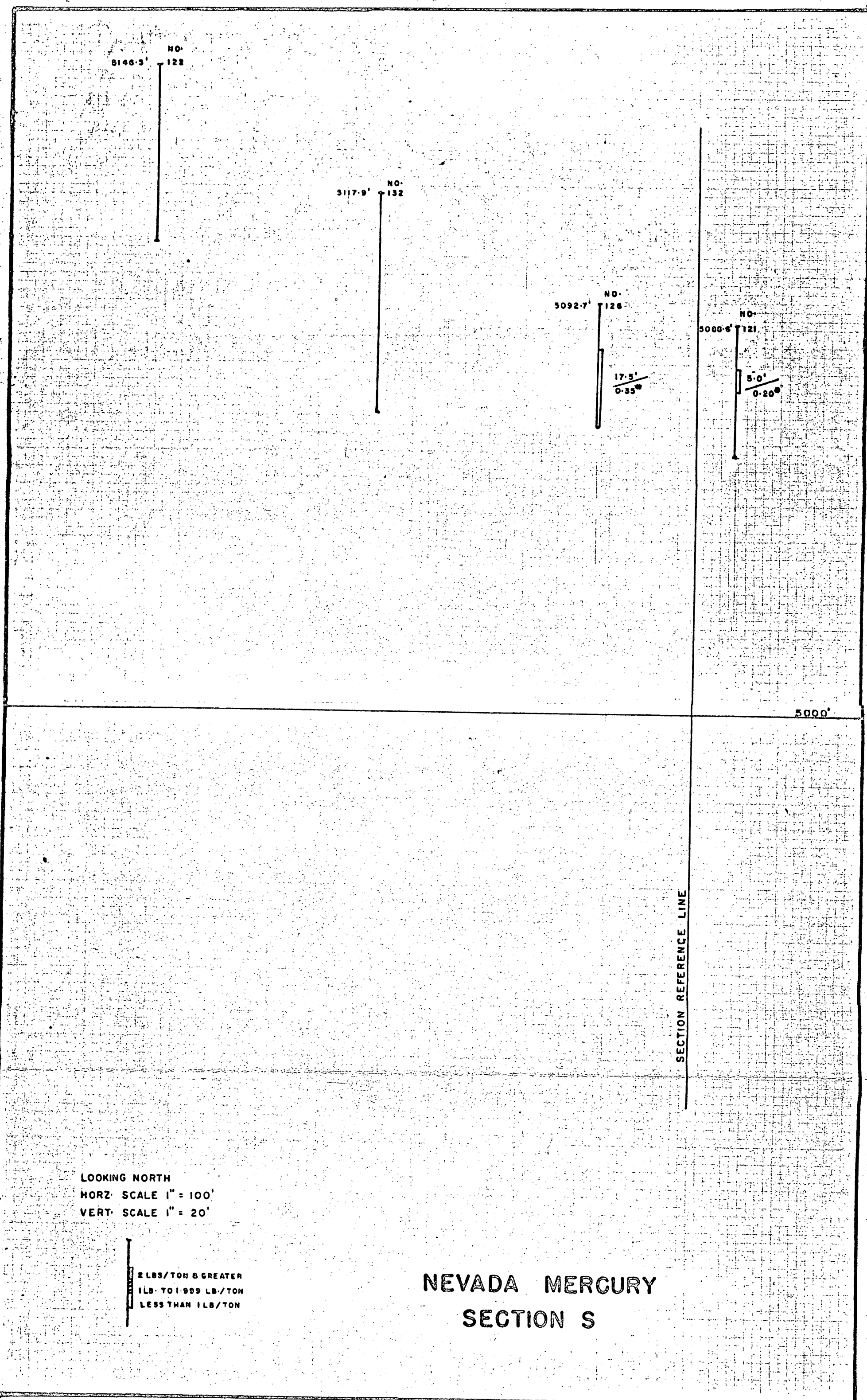


5000'

SECTION REFERENCE LINE

LOOKING NORTH
HORZ. SCALE 1" = 100'
VERT. SCALE 1" = 20'

NEVADA MERCURY
SECTION R

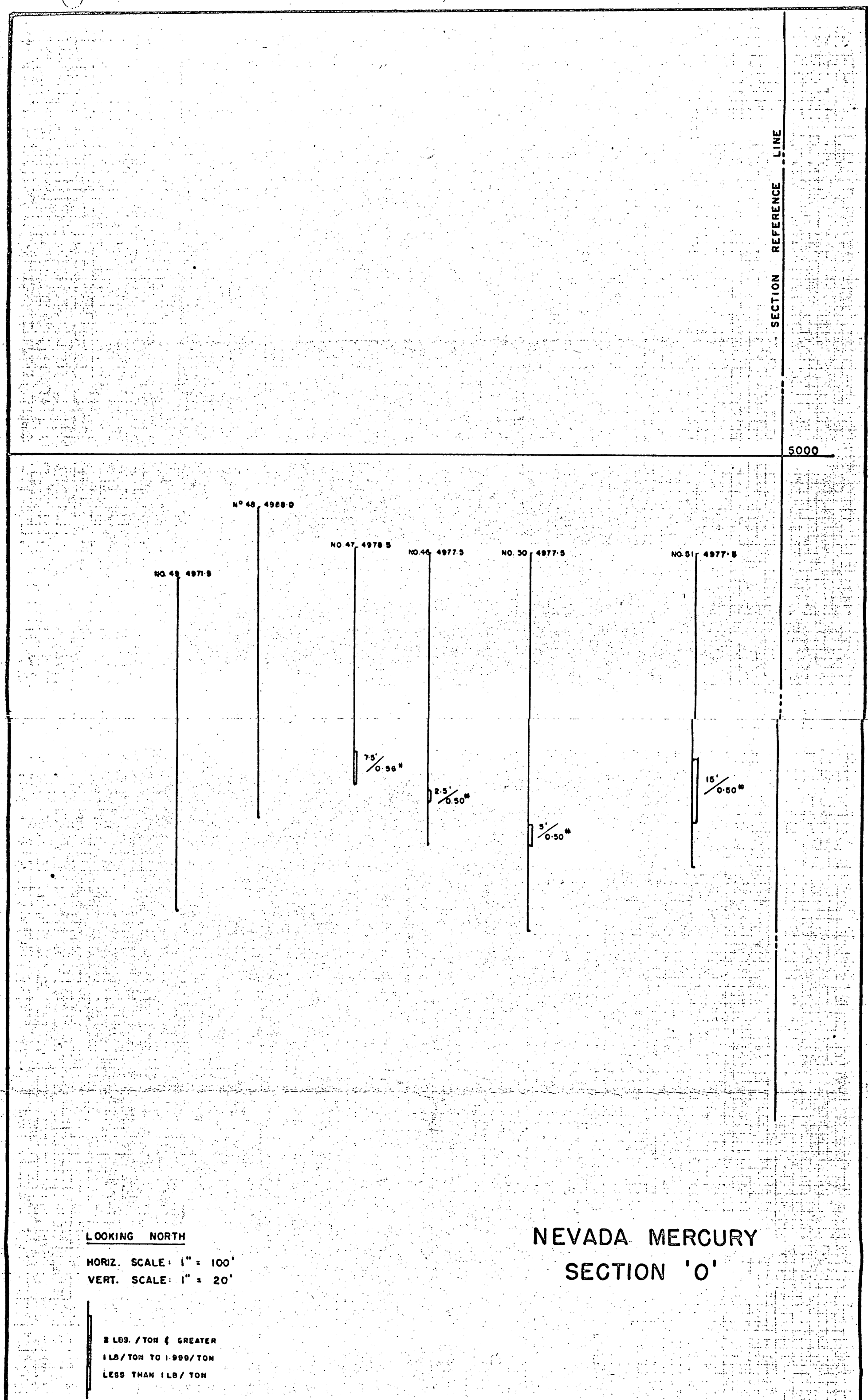


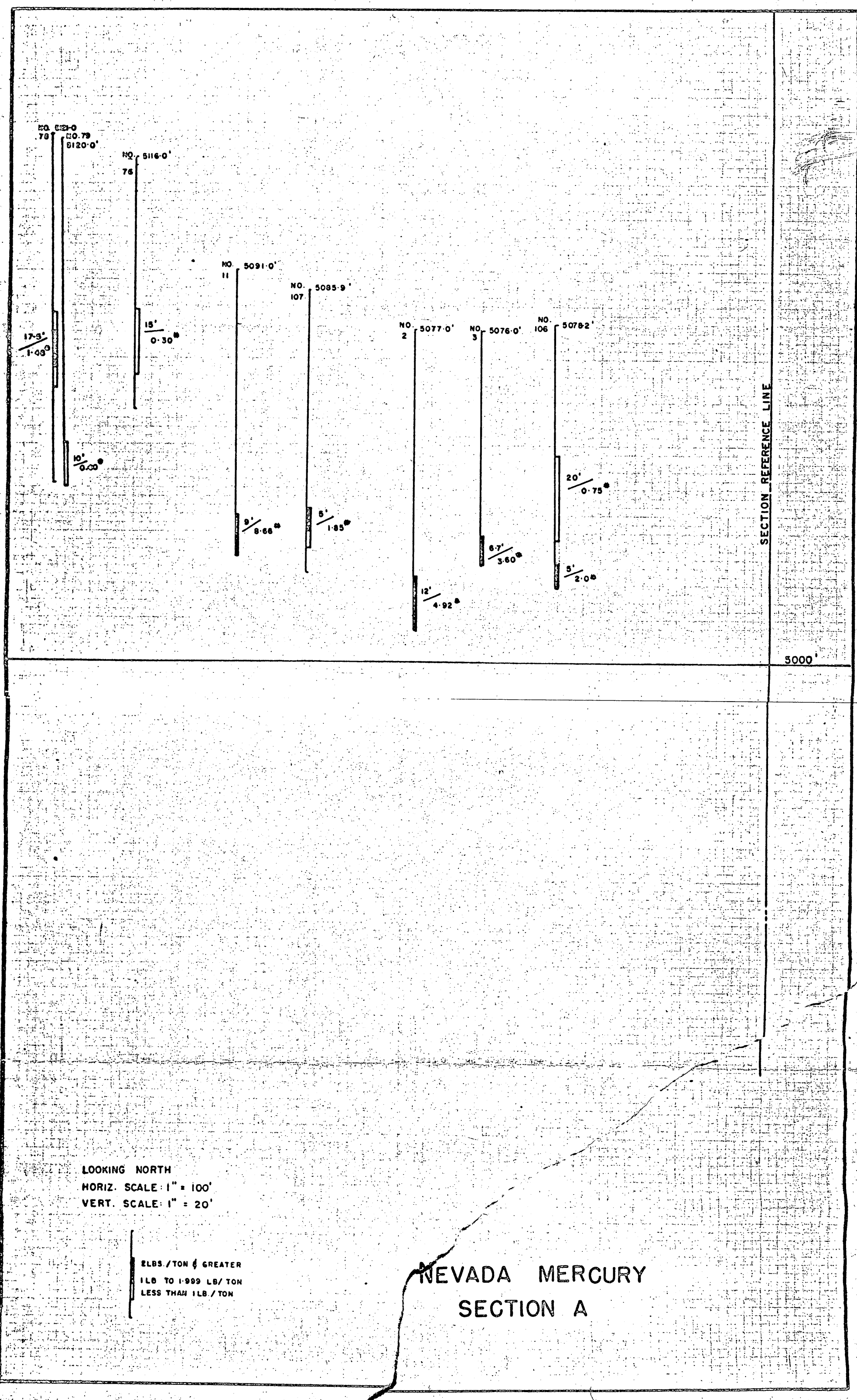
NEVADA MERCURY
SECTION S

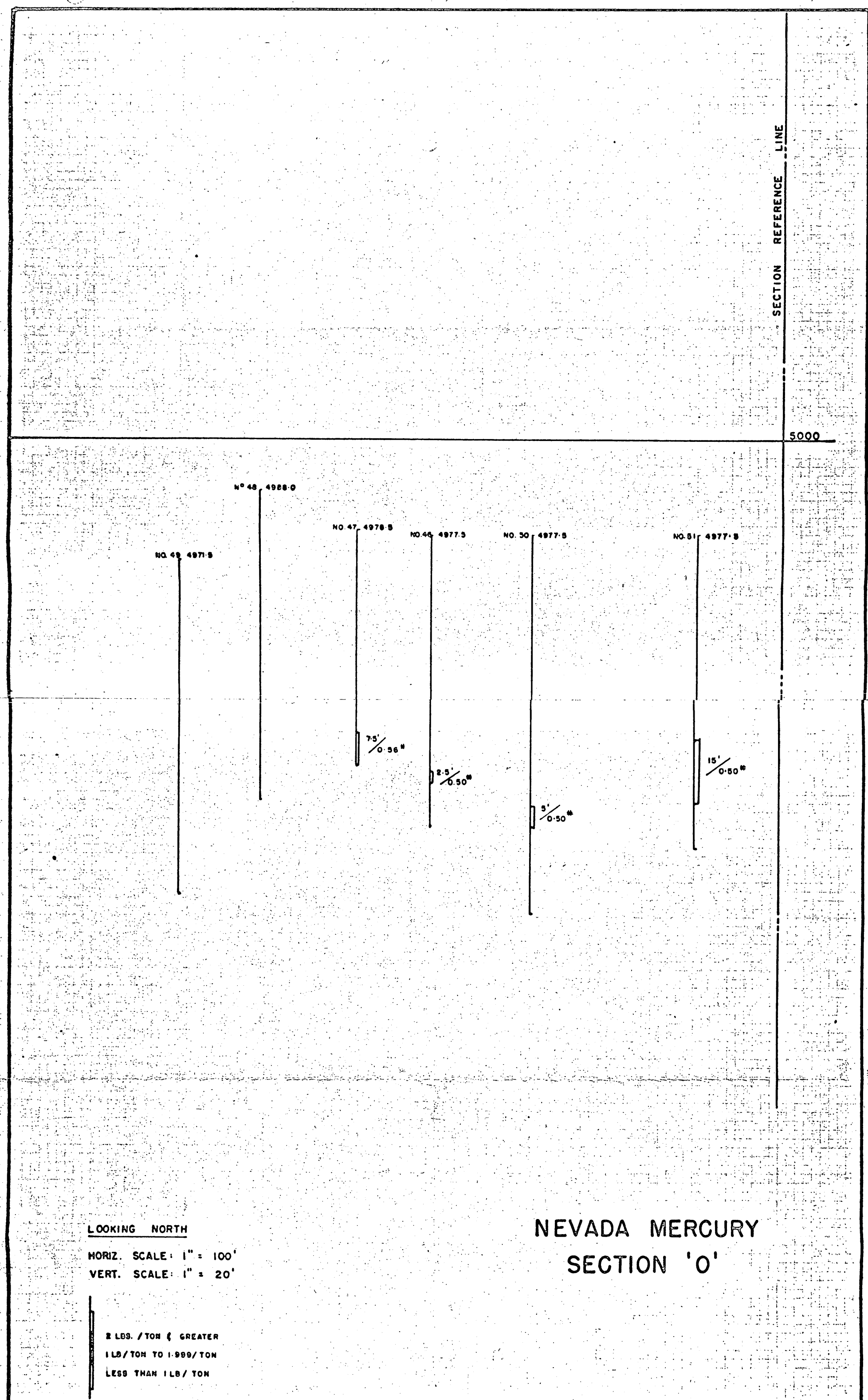
OME-6756 Plans and Sections

ANCHOR CLASP
95 10 x 12
MADE IN USA

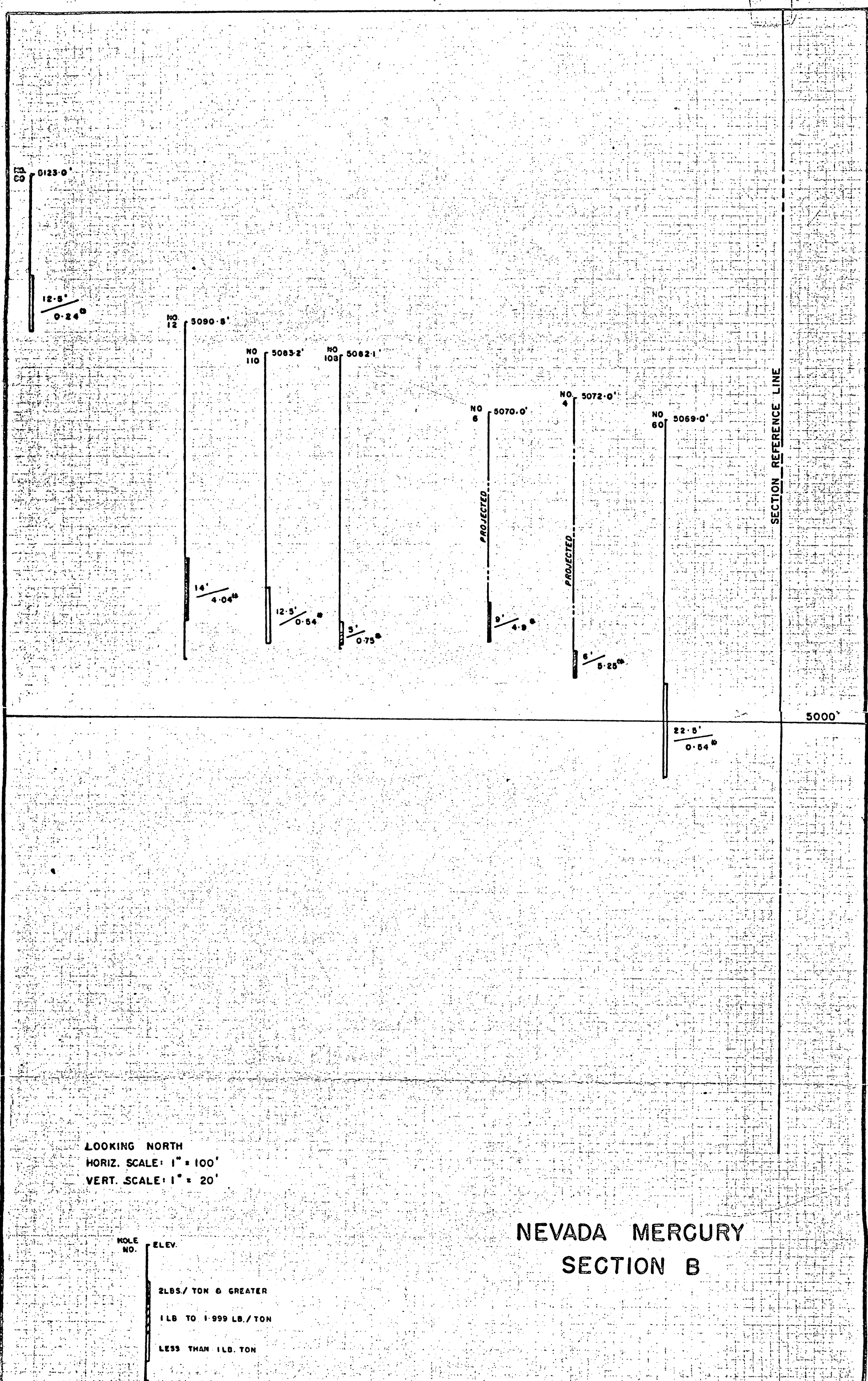
OME-6756
Plans & Sections

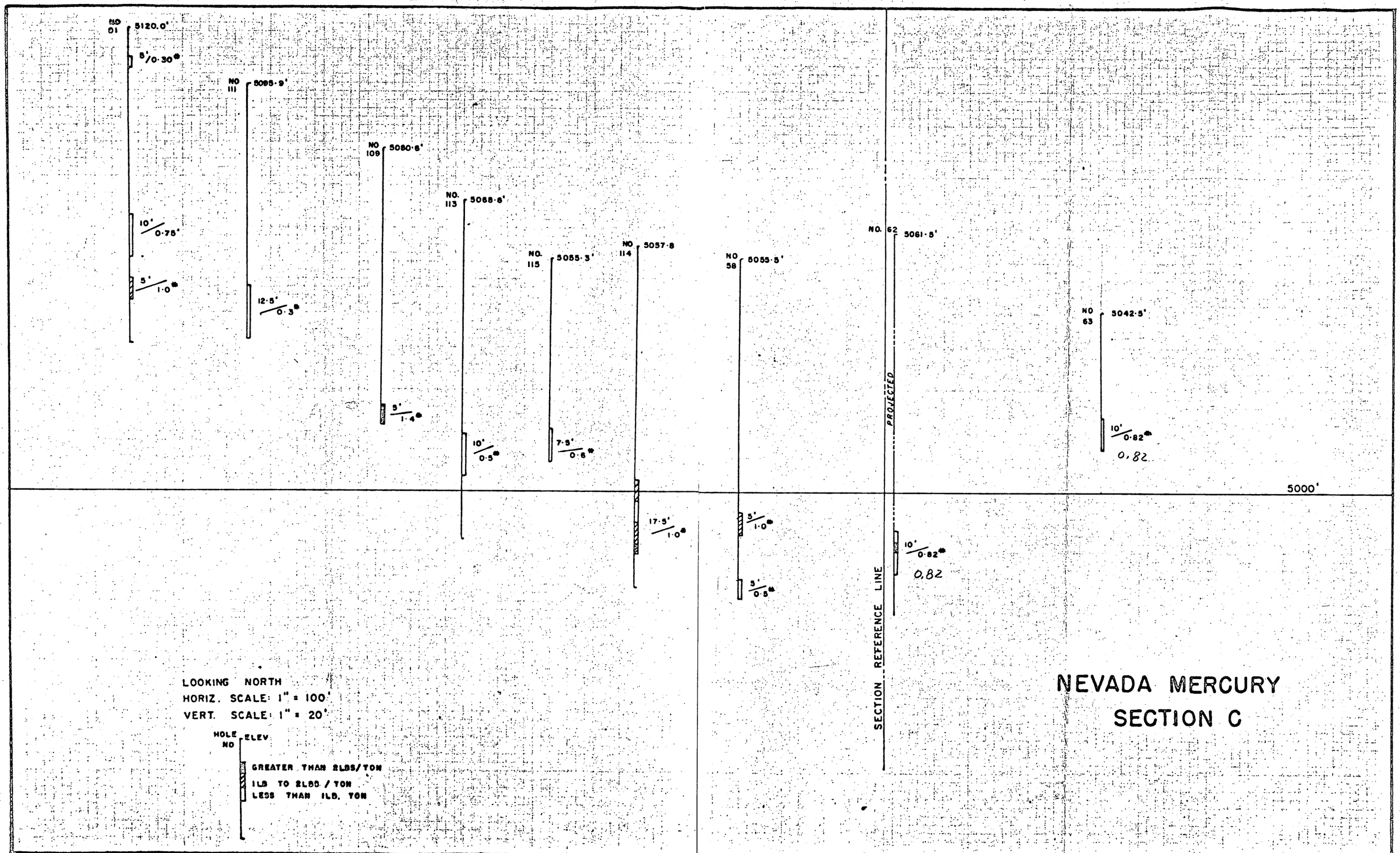

SECTION REFERENCE LINE
5000
NO. 48 4968.0
NO. 49 4971.5
NO. 47 4978.5
NO. 46 4977.5
NO. 50 4977.5
NO. 51 4977.5
7.5' / 0.56 %
2.5' / 0.50 %
5' / 0.50 %
15' / 0.50 %
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
2 LBS. / TON & GREATER
1 LB / TON TO 1.999 / TON
LESS THAN 1 LB / TON
NEVADA MERCURY
SECTION 'O'

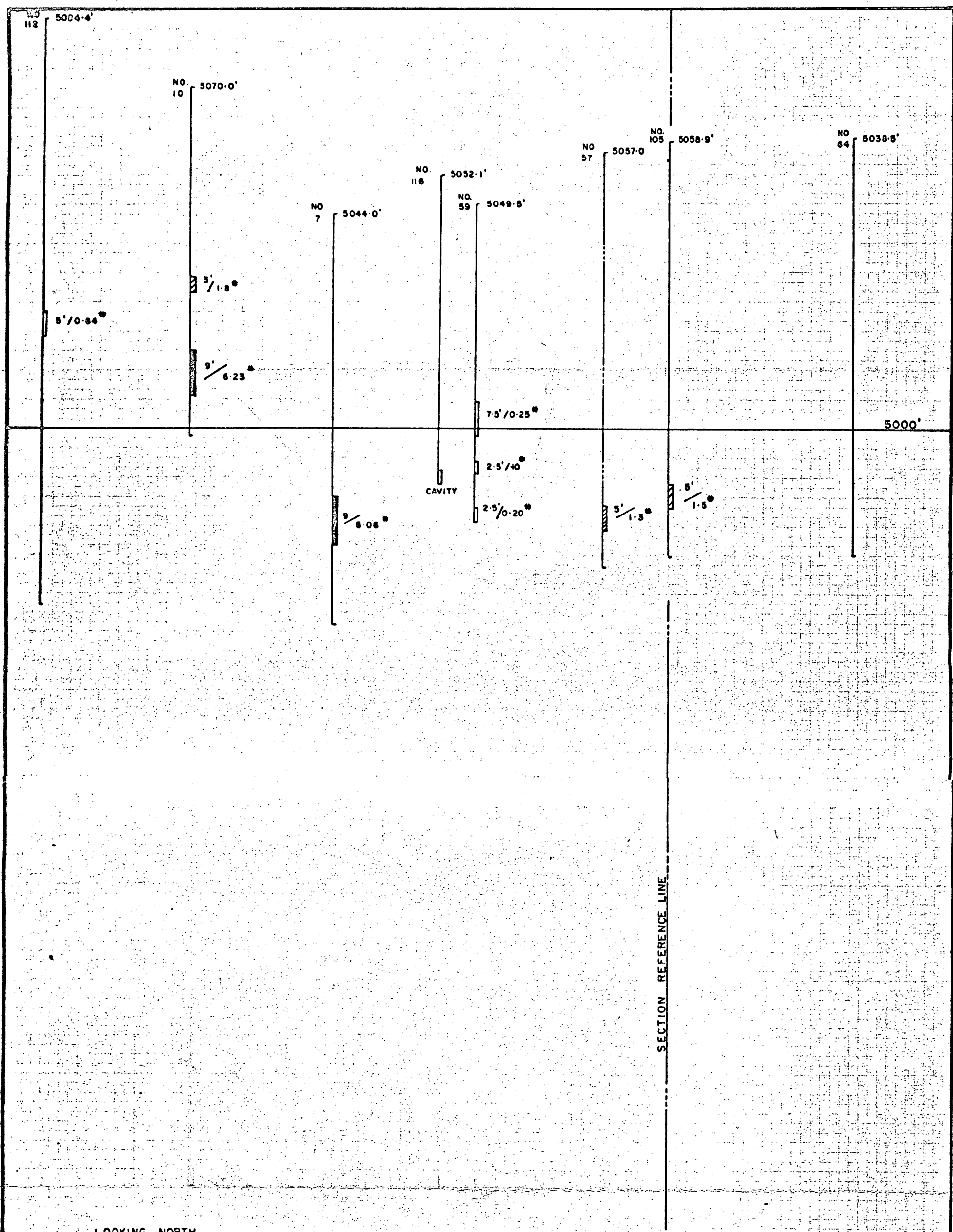

NO. 79
NO. 79
5120·0'
NO. 76
5116·0'
NO. 11
5091·0'
NO. 107
5085·9'
NO. 2
5077·0'
NO. 3
5076·0'
NO. 106
5078·2'
17·5'
1·43
10'
0.40
15'
0·30
9'
8·66
5'
1·85
12'
4·92
6·7'
3·60
20'
0·75
5'
2·0
SECTION REFERENCE LINE
5000'
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
2LBS./TON & GREATER
1LB TO 1·999 LB/TON
LESS THAN 1LB./TON
NEVADA MERCURY
SECTION A



NEVADA MERCURY
SECTION 'O'


NO. 69
0123.0'
12.5'
0.24%
NO. 12
5090.5'
14'
4.04%
NO 110
5083.2'
12.5'
0.54%
NO 108
5082.1'
5'
0.75%
NO 6
5070.0'
PROJECTED
9'
4.9%
NO. 4
5072.0'
PROJECTED
6'
5.25%
NO 60
5069.0'
22.5'
0.54%
SECTION REFERENCE LINE
5000'
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
HOLE NO.
ELEV.
2LBS./ TON & GREATER
1 LB TO 1.999 LB./TON
LESS THAN 1 LB. TON
NEVADA MERCURY
SECTION B


NO 01
5120.0'
5'/0.30*
10'/0.75'
5'/1.0*
NO 111
5085.9'
12.5'/0.3*
NO 109
5080.6'
5'/1.4*
NO. 113
5068.6'
10'/0.5*
NO. 115
5055.3'
7.5'/0.6*
NO 114
5057.8
17.5'/1.0*
NO 58
5055.5'
5'/1.0*
5'/0.5*
NO. 62
5061.5'
10'/0.82*
0.82
PROJECTED
SECTION REFERENCE LINE
NO 63
5042.5'
10'/0.82*
0.82
5000'
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
HOLE NO
ELEV
GREATER THAN 2LBS/TON
1LB TO 2LBS / TON
LESS THAN 1LB. TON
NEVADA MERCURY
SECTION C

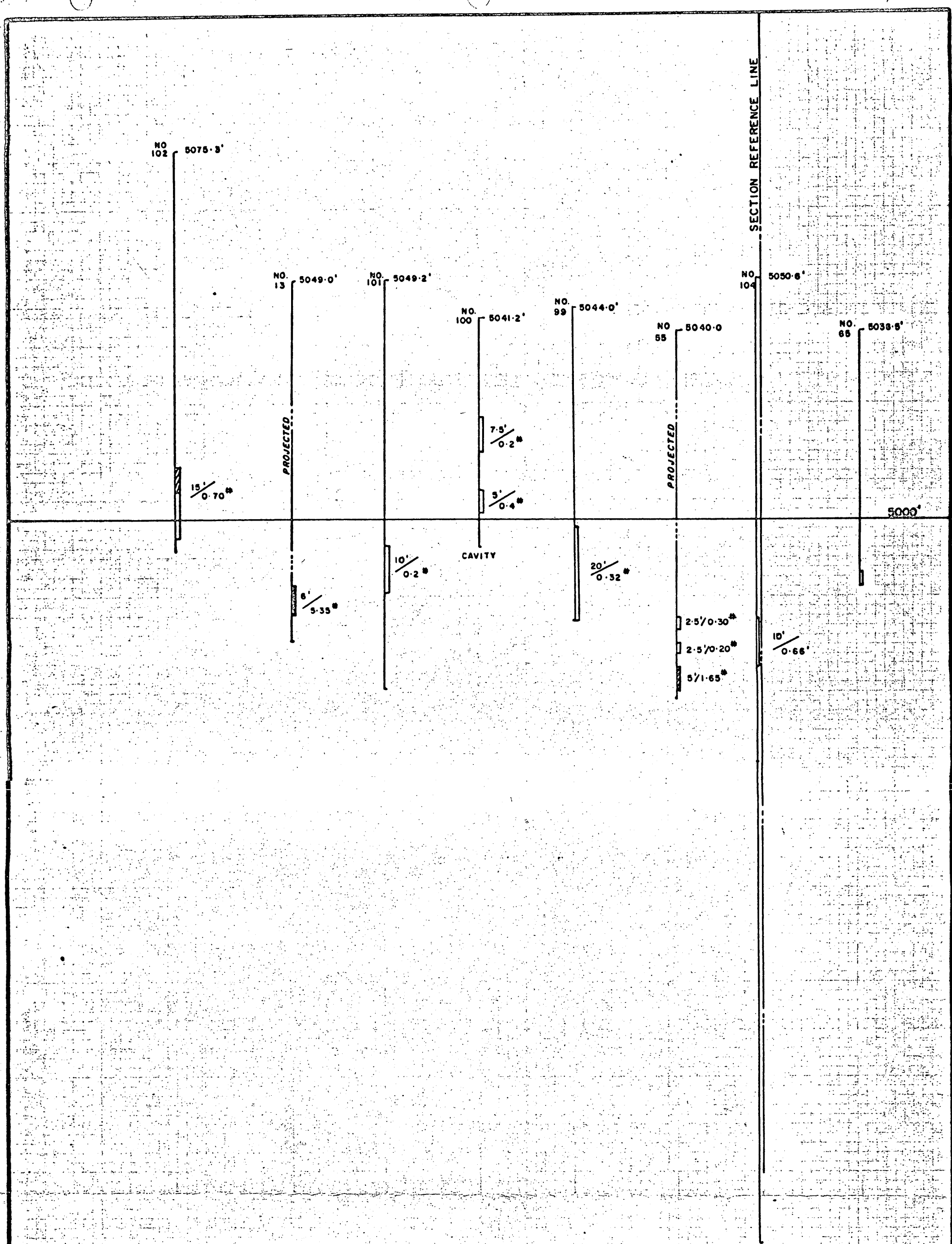


LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

HOLE NO. — ELEV.

2 LBS. & GREATER
1 LB. TO 1·999 LBS/TON
LESS THAN 1 LB/TON

NEVADA MERCURY
SECTION D

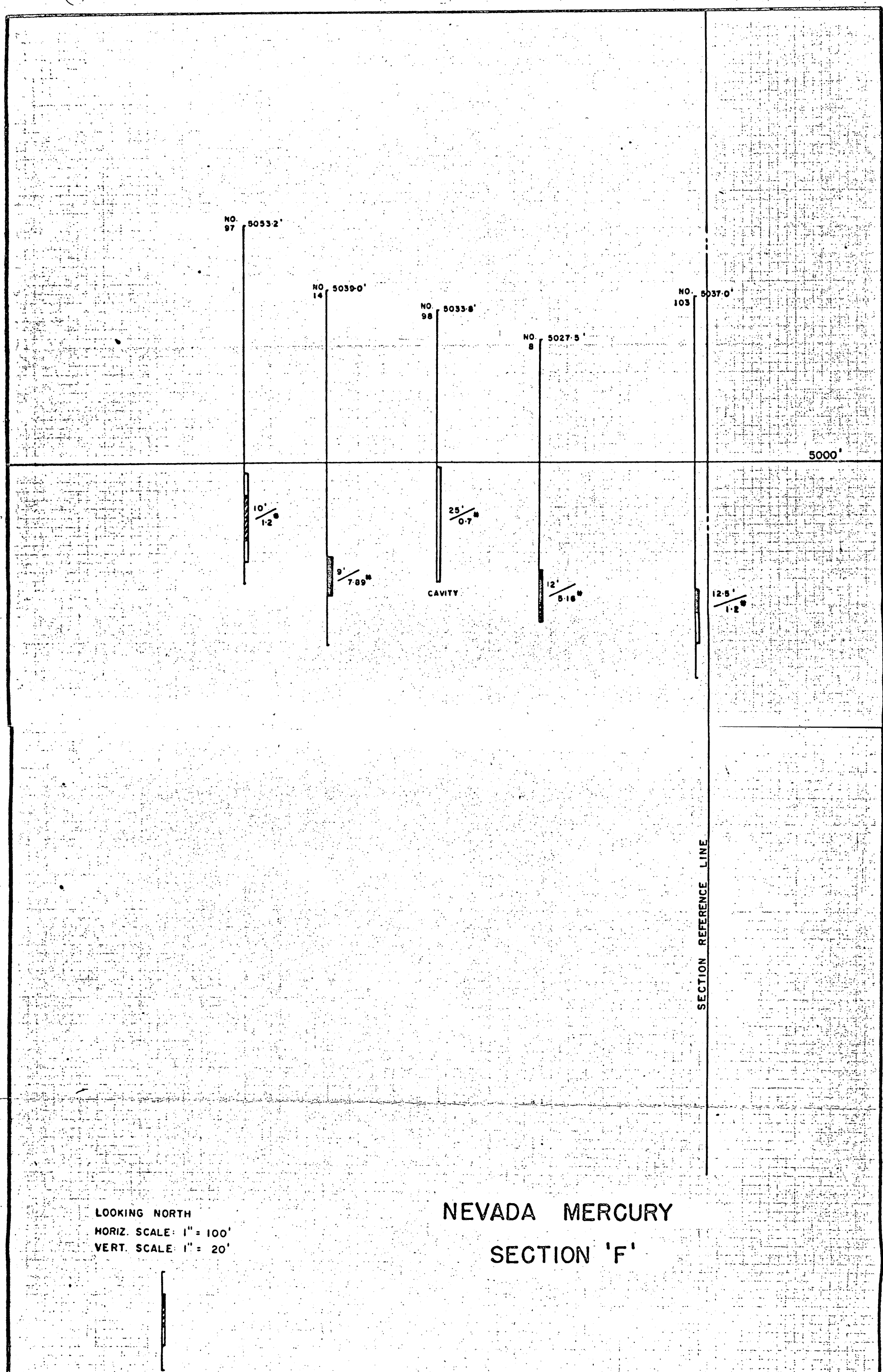


LOOKING NORTH
HORIZ. SCALE 1" = 100'
VERT SCALE 1" = 20'

HOLE NO
ELEV.

2 LBS./TON & GREATER
1 LB. TO 1·999 LBS/TON
LESS THAN 1LB/TON

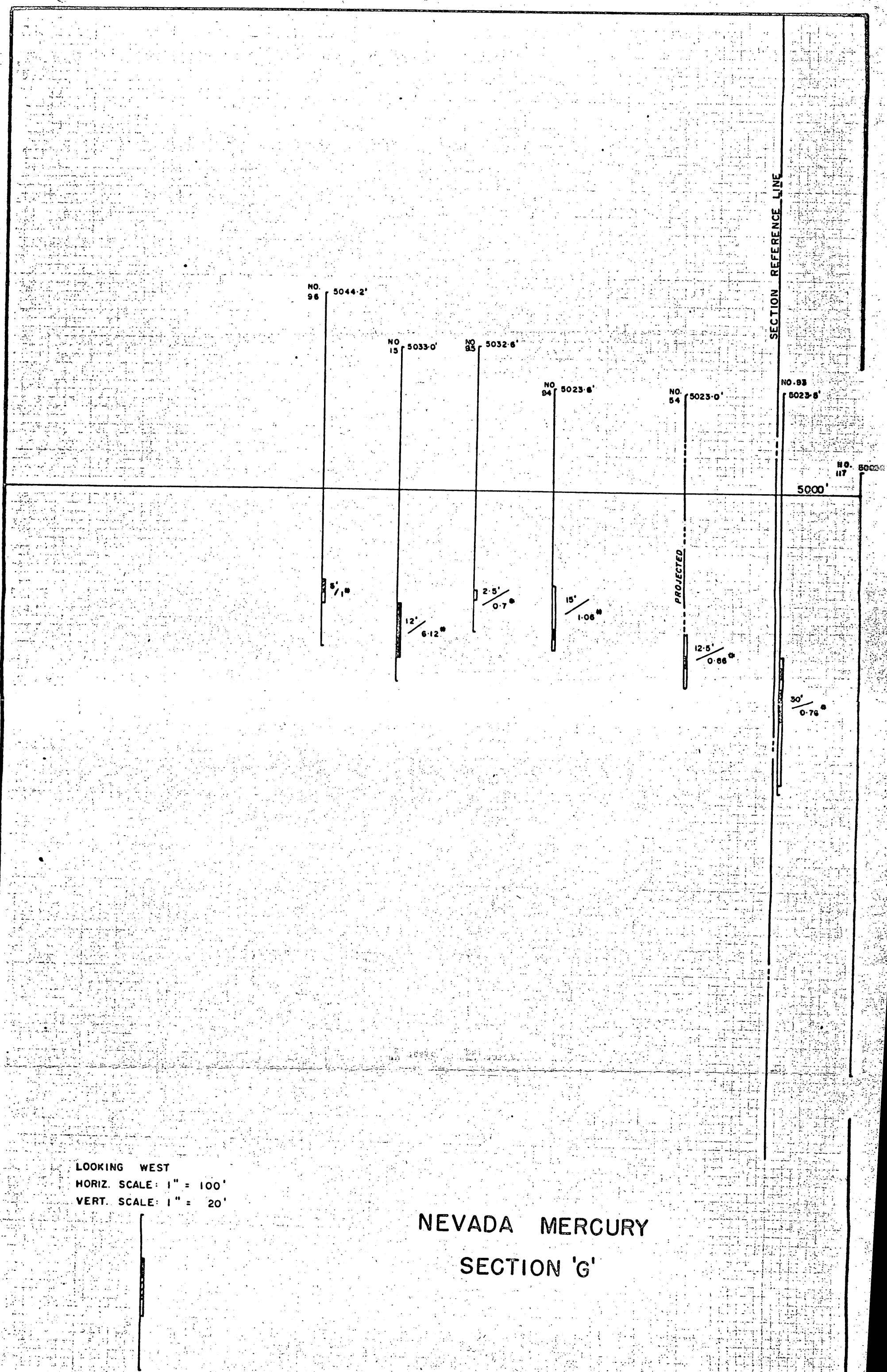
NEVADA MERCURY
SECTION E



LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

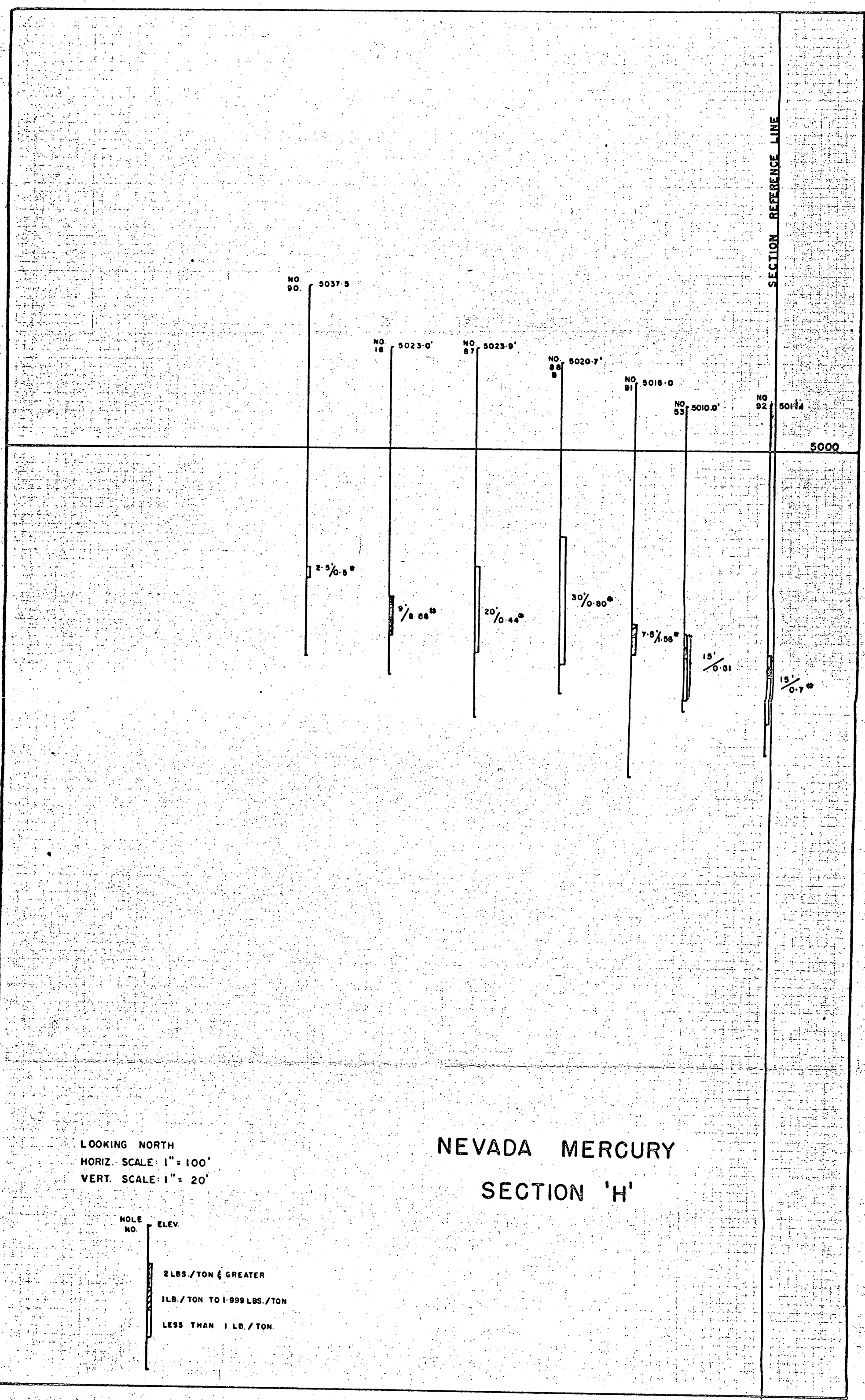
NEVADA MERCURY

SECTION 'F'



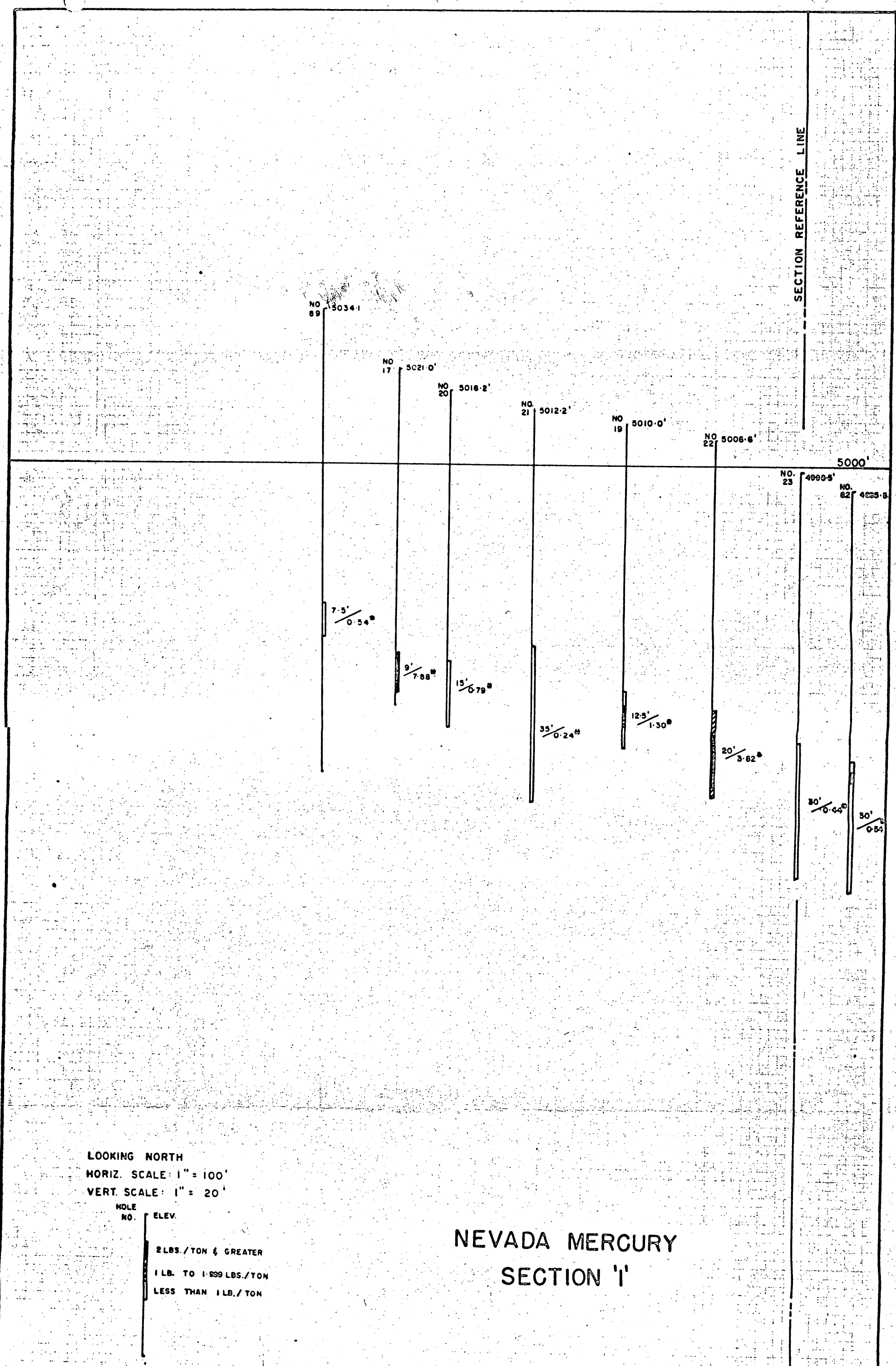
NEVADA MERCURY

SECTION 'G'

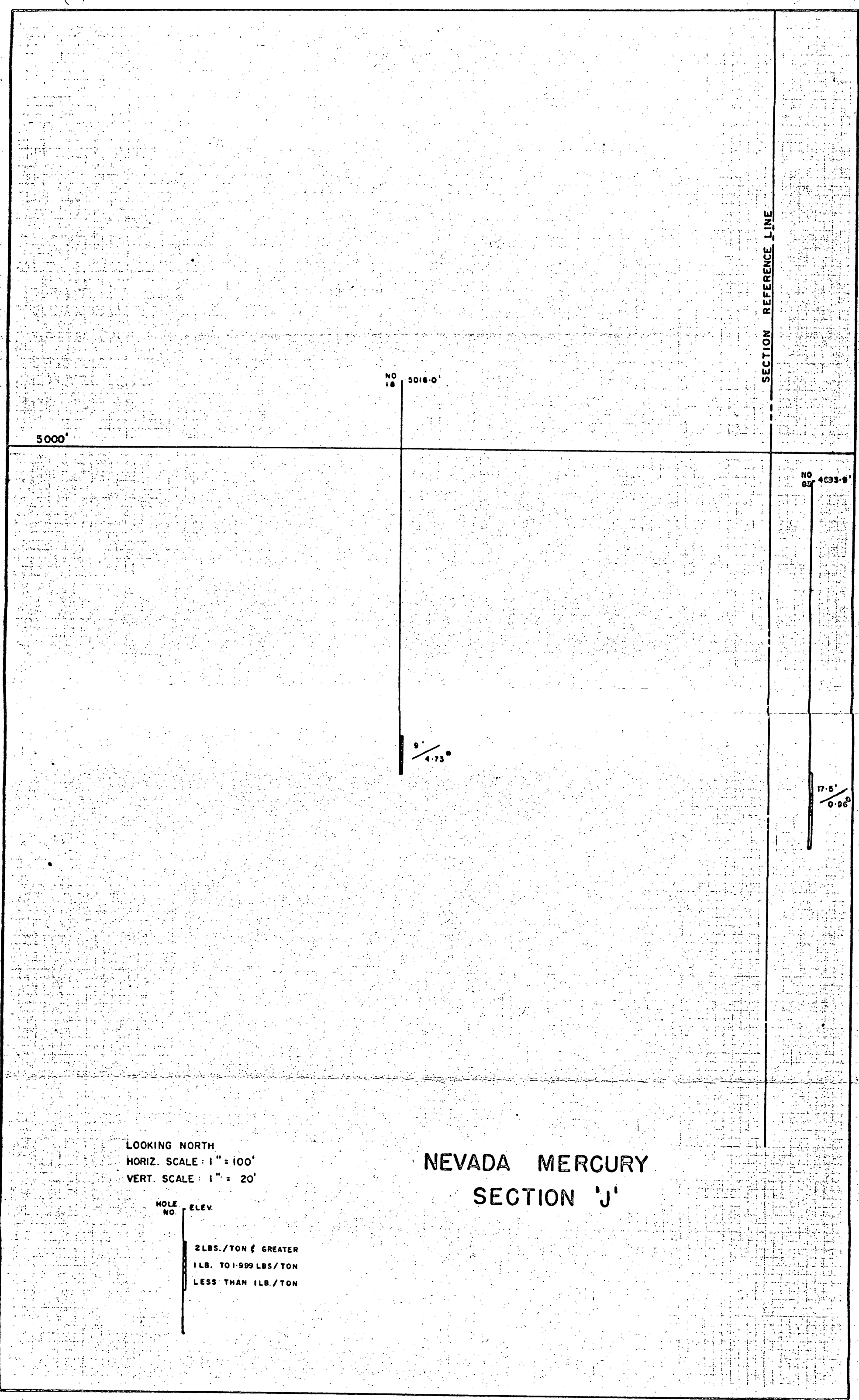


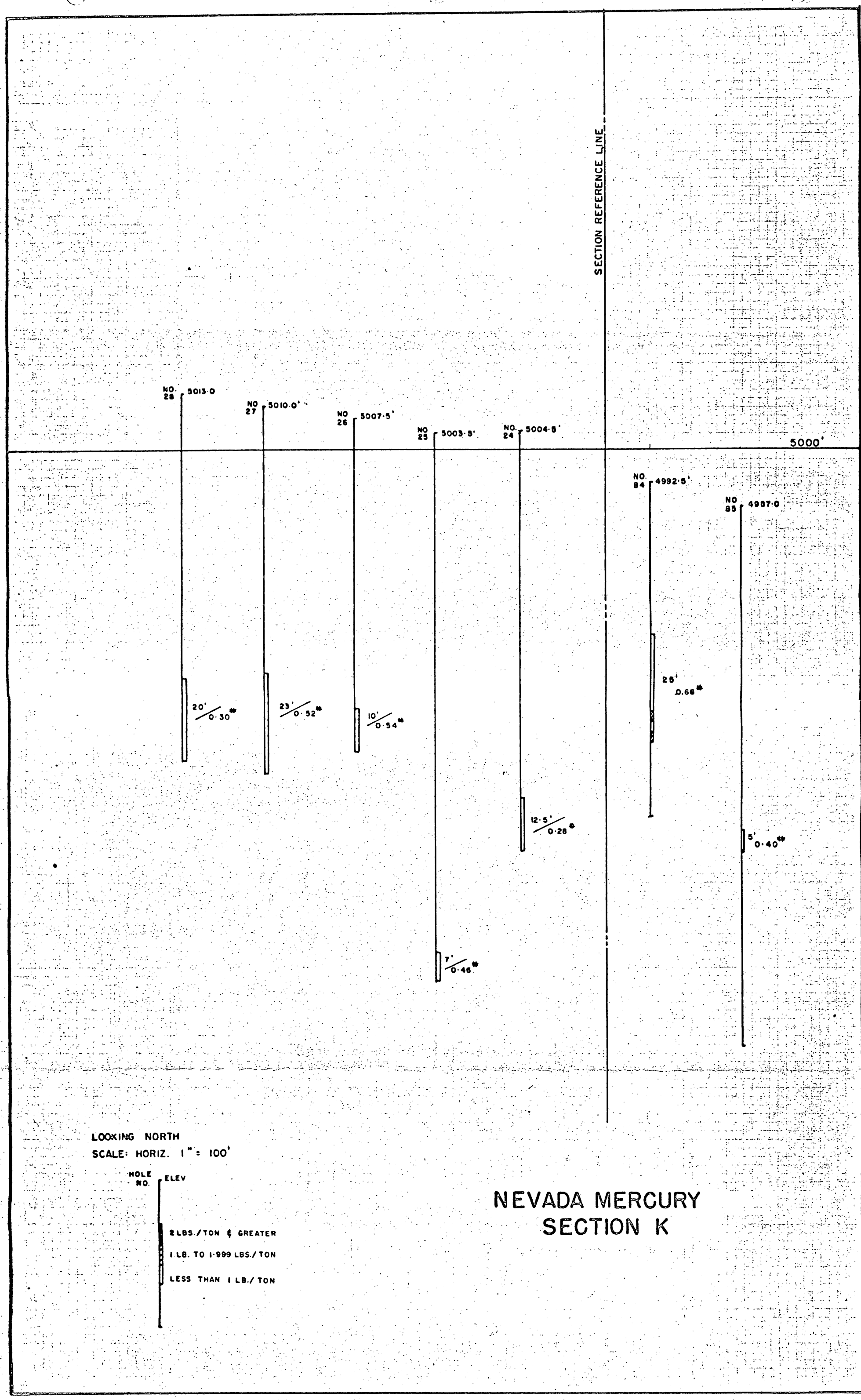
NEVADA MERCURY

SECTION 'H'

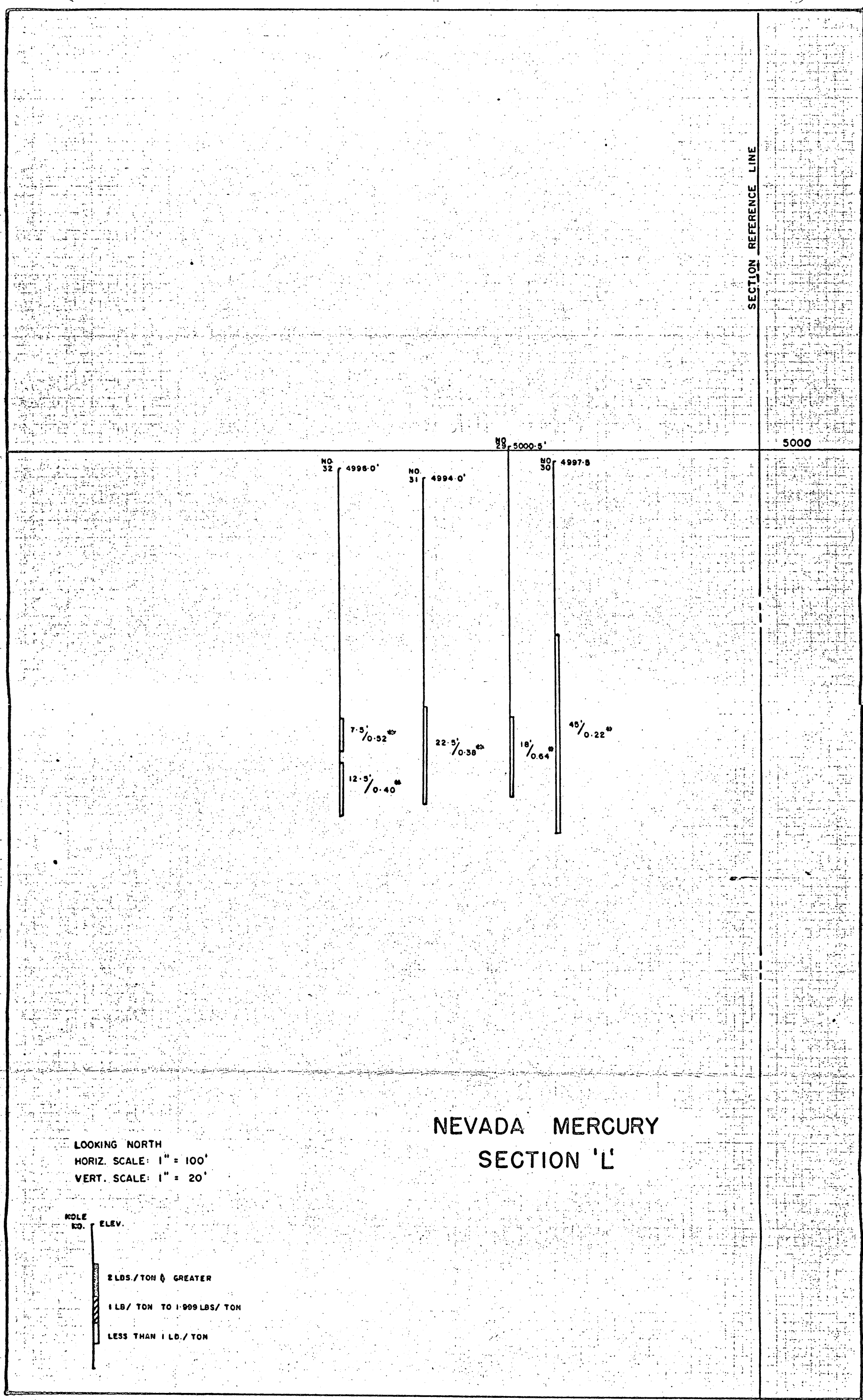


NEVADA MERCURY
SECTION 'I'

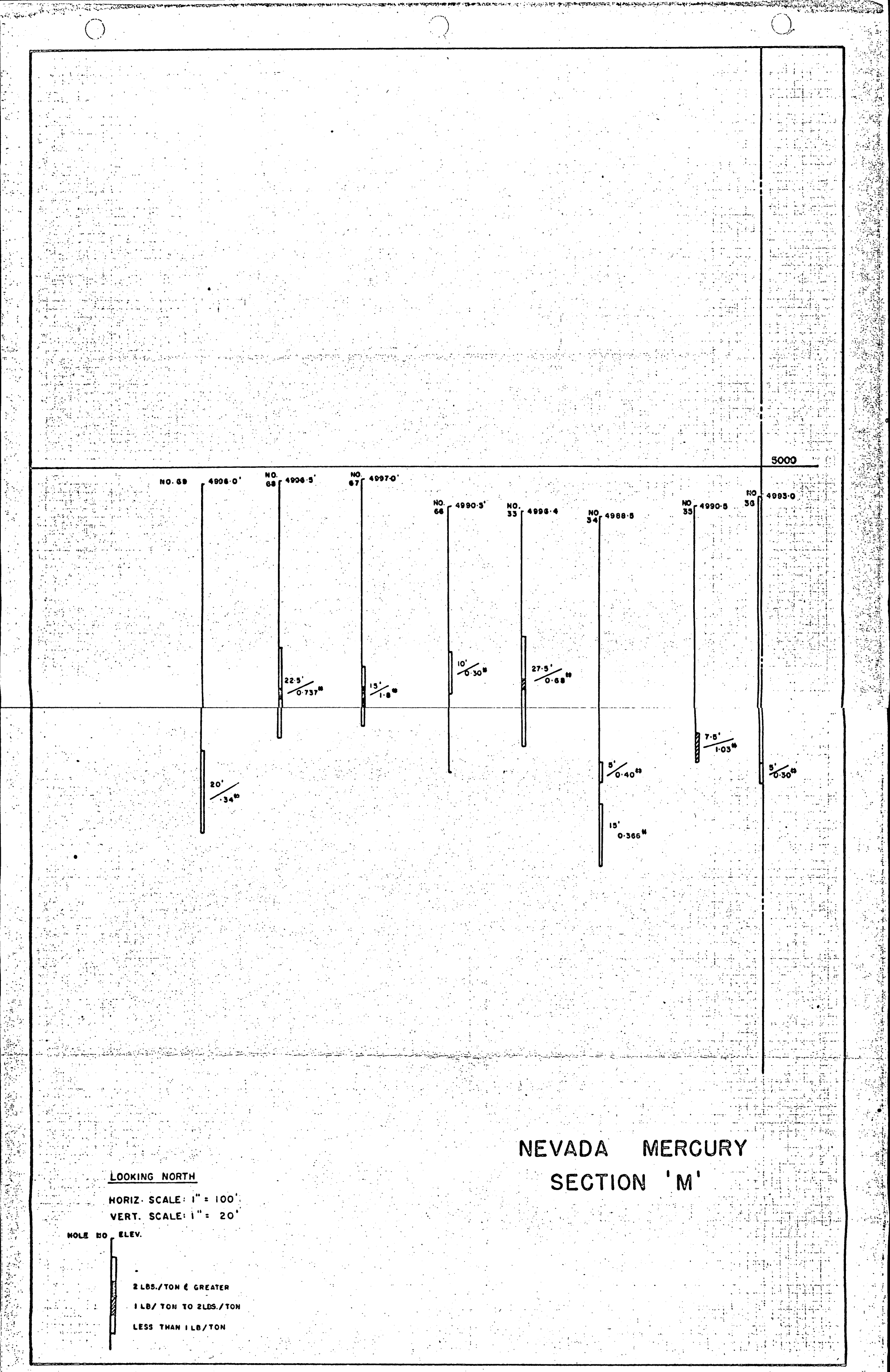

SECTION REFERENCE LINE
NO 18
5016·0'
5000'
NO 8
4993·8'
9'
4·73
17·5'
0·06
LOOKING NORTH
HORIZ. SCALE : 1" = 100'
VERT. SCALE : 1" = 20'
HOLE NO.
ELEV.
2 LBS./TON & GREATER
1 LB. TO 1·999 LBS/TON
LESS THAN 1 LB./TON
NEVADA MERCURY
SECTION 'J'



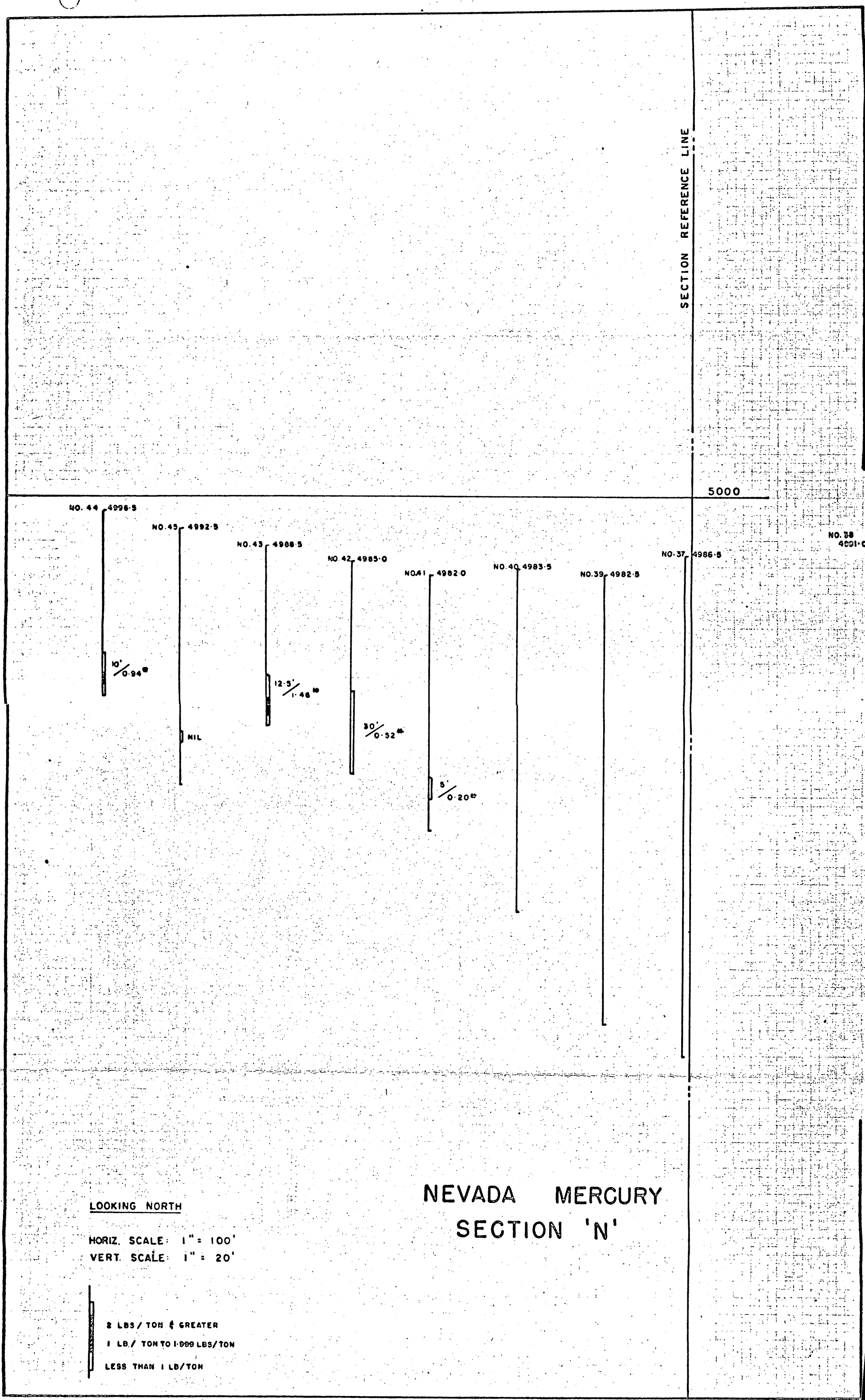
NEVADA MERCURY
SECTION K



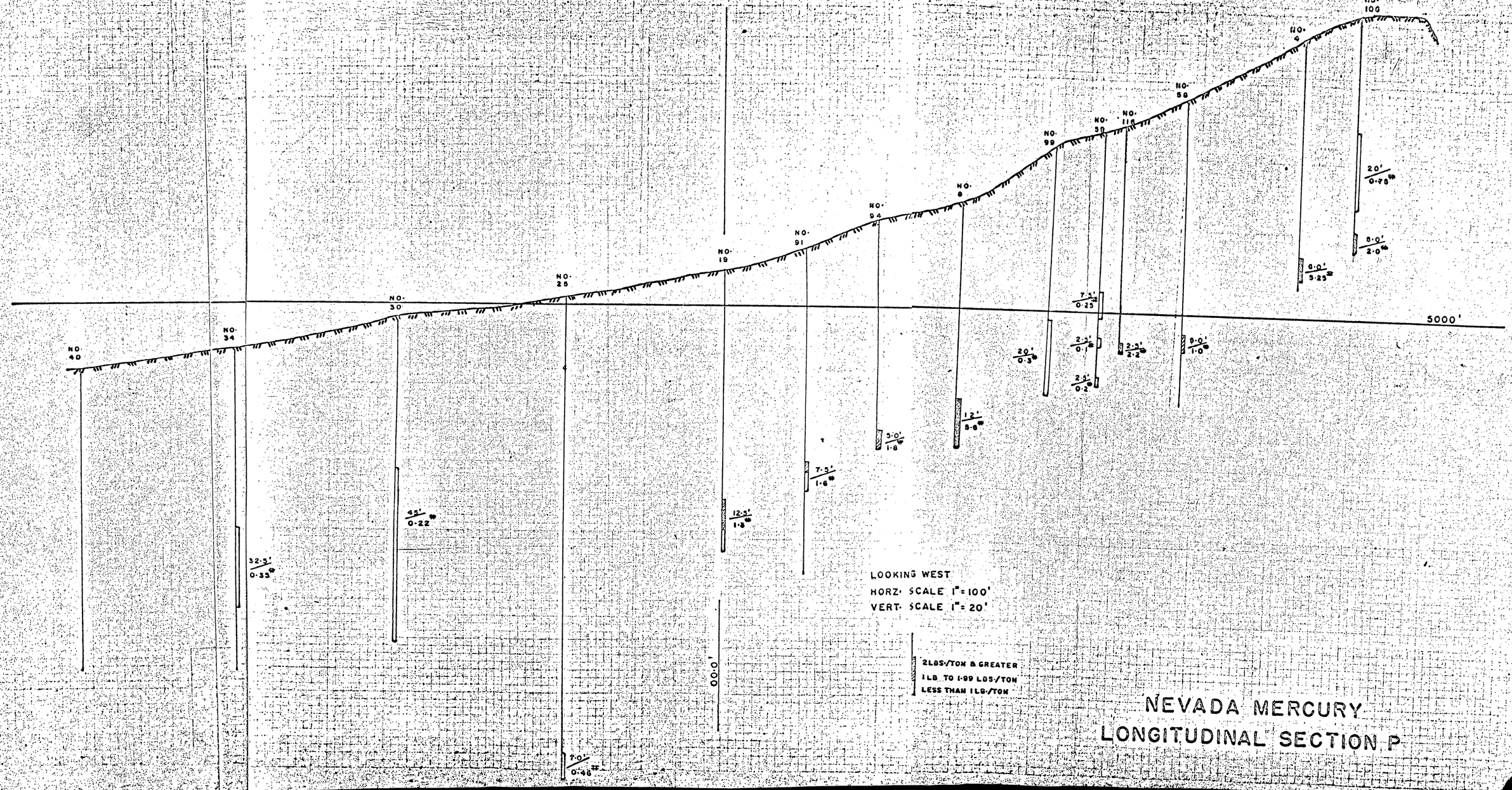
NEVADA MERCURY
SECTION 'L'



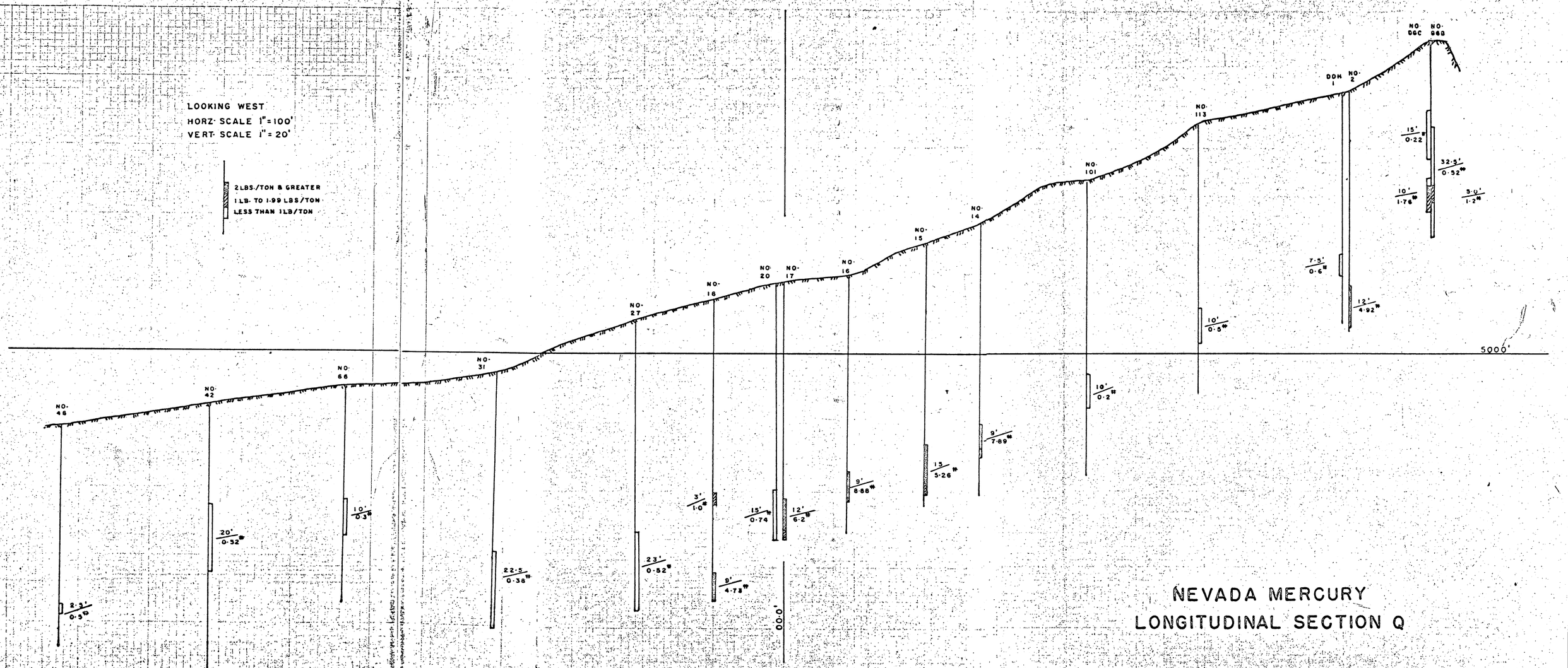
NEVADA MERCURY
SECTION 'M'



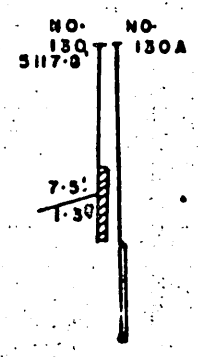
NEVADA MERCURY
SECTION 'N'

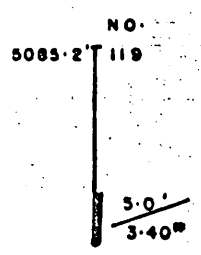


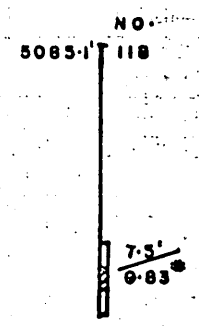
NEVADA MERCURY
LONGITUDINAL SECTION P

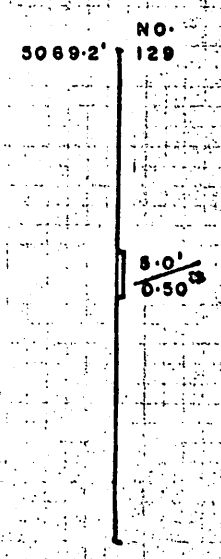


NEVADA MERCURY
LONGITUDINAL SECTION Q









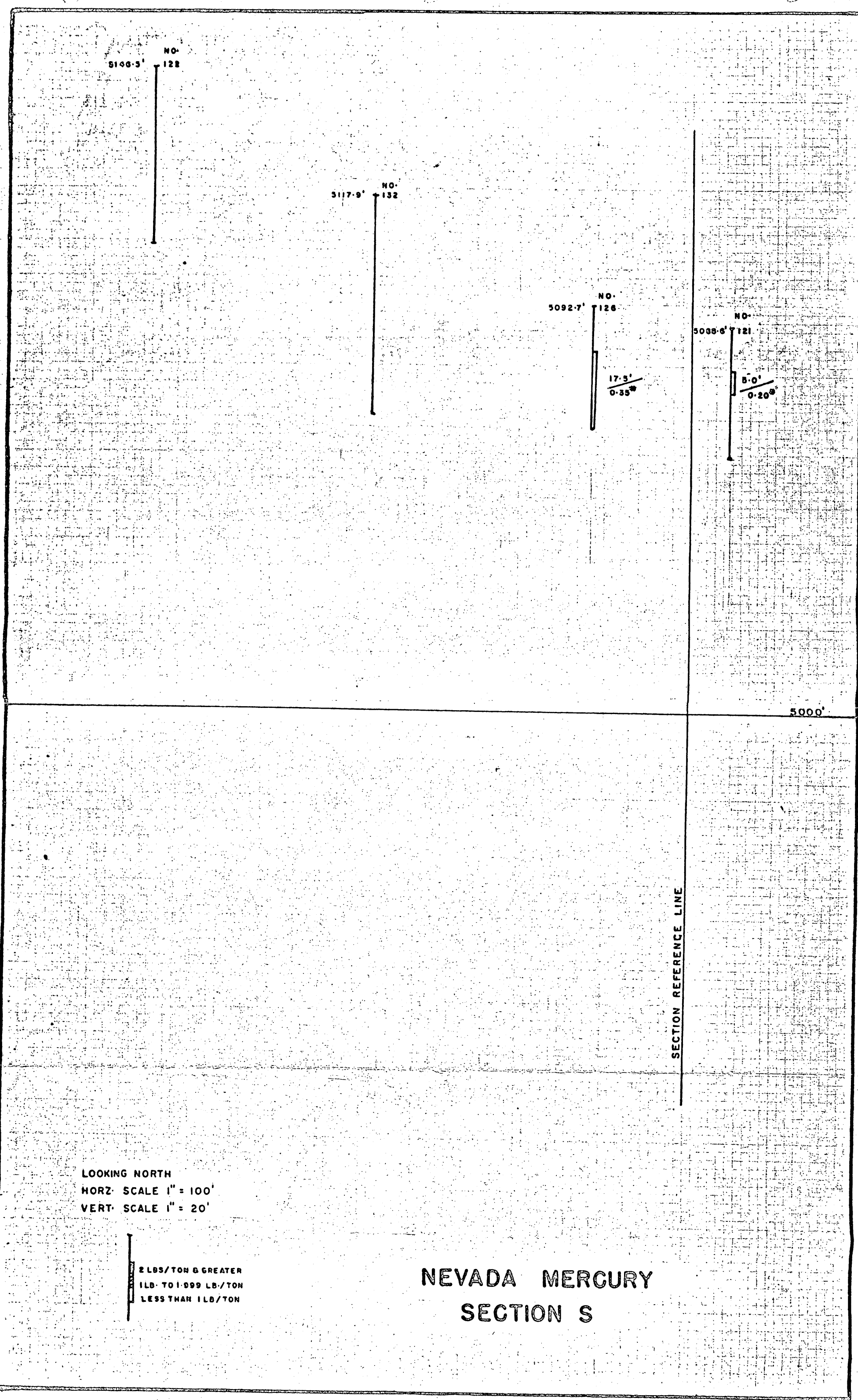
5000'

SECTION REFERENCE LINE

LOOKING NORTH
HORZ· SCALE 1" = 100'
VERT· SCALE 1" = 20'

2 LBS./TON & GREATER
1 LB· TO 1·999 LB./TON
LESS THAN 1 LB./TON

NEVADA MERCURY
SECTION R



NEVADA MERCURY
SECTION S

P & O Limited

PLANS & SECTIONS

OME- 6756

P. and F. Limited
P. O. Box 699
Battle Mountain, Nevada

August 7, 1970

U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Enclosed, please find our final report and voucher on OME contract No. 6756 (Mercury).

I am sorry to be so late in filing this data, but we have been making a serious effort to establish accurate metallurgical procedures for the subject materials.

Homestake Mining Company has taken an active interest in the property and they are presently preparing an evaluation. When such data is available, I will be pleased to submit it to you.

Thanking you for your courtesy, I remain,

Very truly yours,
P. and F. Limited

Richard N. Pudge
General Partner

RNP/llj

RECEIVED
AUG 18 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OPERATORS FINAL REPORT

OME #6756 (Mercury)
CONTRACT #14-08-0001-2288
OPERATED BY: P. and F. Limited, Battle Mountain, Nevada
PROPERTY: Silver Cloud Mine, Elko County, Nevada

Performance of the subject contract began March 3, 1970 and terminated June 6,1970; in all 41 holes, totalling 3,365 feet were drilled under the contract. Drill holes No. 1 through 18 were drilled previously, by P. and F. Limited and holes No. 62 through 140 were drilled after completion of the contract by C. C. Huston and Associates of Toronto, Canada. Information on areas covered by holes 19-140 is included herein. Data on holes 1-18 was previously submitted.

A categorical breakdown of work units is as follows:

Mobilization and demobilization of dozer	$ 150.00
Dozing of roads and drill sites	400.00
Mobilization and demobilization of drill rig	200.00
Rotary drilling 3,365 feet	12,450.00
Moving between sites and setting up	800.00
Incidental costs	1,200.00
Supervision, geologist, etc.	1,600.00
Assaying	1,000.00
Sample transportaion	200.00
Total	$18,000.00

The only condition not originally contemplated was the high moisture content of ash and opalitic sections drilled. This condition did not hinder drilling, but caused considerable sample preparation, drying etc. Due to the addition of water to facilitate cuttings flow some fines were lost and the concentration of native metal may have occurred in the holes.

The structure encountered was exactly as anticipated, being comprised of 40 to 65 feet of ash overburden and 6 to 20 feet of cinnabar bearing opalitic material. Only a few minor displacements of the bed were noted. (see sections). It is conservatively estimated that 500,000 tons of mercury bearing, contiguous opalite bed were blocked out on 100'x100' centers.

The average tenor of drill cuttings, by assay, fell to 0.7 pounds per ton; well below expected ore-grade.

Previous drilling, conducted by dry methods, showed

Operator's Final Report

an average value of 5.5 pounds per ton. Every effort was made to drill dry holes under the OME contract, but it was impossible.

Chip and channel samples, taken at underground exposures of the opalite bed varied in value from 1.9 to 12.0 pounds per ton. As a comparative check holes 86B and 86C were drilled near the wall of a stope; a small drift was run to intersect the holes and channel samples were cut on the sides of the drill holes. (samples 38799 through 38800) The channel samples showed an average value of 1.4 pounds per ton, while the drill cuttings revealed averages of 0.67 and 0.33 respectfully. The conclusion must be drawn that wet drilling causes substantial losses in the subject deposit.

Test pits or additional bulk sampling from existing underground workings appears to offer the best solution for determining the average grade of the deposit. Until additional information is available, it is most difficult to make an economic evaluation of the Silver Cloud property.

Drilling was performed with a CP-T650 drill rig using 5 1/8" rotary bits and a 5" down-the-hole machine. Sampling was by standard procedures.

Respectfully submitted,
P. and F. Limited

R. N. Pudge

R. N. Pudge
General Partner

P. and F. Limited
P. O. Box 699
Battle Mountain, Nevada

August 7, 1970

U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

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Thanking you for your courtesy, I remain,

Very truly yours,
P. and F. Limited

Richard N. Pudge
General Partner

RNP/llj

RECEIVED
AUG 18 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OPERATORS FINAL REPORT

OME #6756 (Mercury)
CONTRACT #14-08-0001-2288
OPERATED BY: P. and F. Limited, Battle Mountain, Nevada
PROPERTY: Silver Cloud Mine, Elko County, Nevada

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Sample transportaion	200.00
Total	$18,000.00

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Respectfully submitted,
P. and F. Limited

R. N. Pudge
General Partner

OFFICIAL FILE COPY

Date	Surname	Code
8/21/70	Emerick	120
8/21	CAC	220
		120M

AIRMAIL

Memorandum

AUG 21 1970

To: **Field Officer, Region II**

From: **Assistant Chief**
Office of Minerals Exploration

Subject: **OME-6756 (Mercury)**
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Enclosed are two copies of a Report of Review issued July 1970.

If you concur in the facts in the report, the Operator should be sent its copy with appropriate comments. 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 agree, both copies of the report should be returned to this office with your comments.

William L. Emerick

William L. Emerick

Enclosures

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

WLEmerick/bsl 8/21/70

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 16, 1970

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-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Final Inspection

A final inspection of the subject project was made on June 10, 1970, by the Field Officer accompanied by Mr. Richard N. Pudge, representing the Operator.

Although drilling under the OME contract was completed during March the Operator continued work, at its own expense, during April and May. A total of about 10,000 feet of drilling, in about 120 holes, has been completed and a large area of the deposit is covered by a grid of holes about 100 feet apart. Ore reserves of about 500,000 tons of cinnabar-bearing material containing between 2 and 3 pounds of mercury per ton are indicated and an equal amount of reserves is inferred. The Operator plans to mine several thousands of tons of the ore for test treatment in a rotary furnace to check assay results and recovery.

An Operator's Final Report is in preparation and will be submitted as soon as the drafting of maps and cross sections is completed and the assay data are tabulated.

Certification of Possible Production will be recommended when the Operator's Final Report is received.

H. K. Stager

FORM 9-1648
MARCH 1968

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

OFFICIAL COPY
RECEIVED
APR 27 1970
INITIALS

OPERATOR'S MONTHLY VOUCHER

For Month of ~~March 1970~~

Docket No. OME- 16756
Contract 14-08-0001 W 2288
Contract Amount $ 18,000.00
Gov't. Participation 75 $13,400.00

Operator's Name P. & F. Limited
Address P.O. Box 699, Battle Mountain, Nevada 89820

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
Mobilization & Demobilization of Bulldozer	½	75.00	1	150.00	½	75.00	1	150.00
Bulldozing	8 hrs.	200.00	16 hrs.	400.00	8 HRS.	200.00	16 HRS	400.00
Mobilization & Demobilization of Drill Rig	1	200.00	1	200.00	1	200.00	1	200.00
Moving between Holes, etc.	40 hrs	800.00	40 hrs	800.00	40 HRS	800.00	4 HRS.	800.00
Rotary Drilling	3,000	12,450.00	3,000	12,450.00	3,000'	12,450.00	3,000'	12,450.00
Supervision	1 mo.	800.00	2 mo.	1,600.00	1 Mo	800.00	2 MOS.	1,600.00
Incidental Allowances	3,000	1,200.00	3,000	1,200.00	3,000'	1,200.00	3,000'	1,200.00
Transportation of Samples	200	200.00	200	200.00	200	200.00	200	200.00
TOTALS		$ 15,925.00		$ 17,000.00		$ 15,925.00		$ 17,000.00

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

Date April 4, 1970 *Payee P. & F. Limited

Per R. M. Pudge Title General 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)

Approved as noted, subject to field examination and audit.

Signature H. K. Kager OME Field Officer Date 4-14-70

(63) 14X0804

Approved for: $ 11,943.75
(SUBJECT TO AUDIT)

Signature mas

Date APR 27 1970 Vou. No. 06360

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

069431

RECEIVED
U.S. GEOLOGICAL SURVEY
APR 20 9 54 AM '70

FOR GOVERNMENT USE

REMARKS

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

Richard N. Pudge
P.O. Box 699
Battle Mountain, Nevada

April 4, 1970

U.S. Geological Survey
Office of Minerals Exploration
Menlo Park, California

Attention: Mr. H.K. Stager

Gentlemen:

Enclosed herein, please find our voucher for the month of March.

Drilling of 43 holes, aggragating 3,365 feet of hole was completed March 21st. I can highly reccomend both the equipment and the contractor employed on this project.

Plotting of holes and elevations has been completed and the maps are presently being prepared. They should be completed within 3 weeks and will be submitted at that time, together with assay records and geologic data we have gathered.

Please use this letter as my March narrative as little can be verbally explained until the plats and assays are submitted.

Thanking you for your courtesy, I remain,

Very truly yours,
P.&R. Limited

Richard N. Pudge
General Partner

RECEIVED
APR 14 1970
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

April 14, 1970

OFFICIAL
COPY
O. M. E.
RECEIVED
APR 16 1970
INITIALS | DATE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Interim Inspection

An interim inspection of the subject project was made on April 8, 1970, by the Field Officer accompanied by Mr. Richard N. Pudge, representing the Operator.

Work at the property was started during February and drilling was started on March 5. By March 21 a total of 3,365 feet of drilling in 43 holes had been completed. Because of the favorable results obtained the Operator has continued drilling, at its own expense, and at the time of the inspection had completed about 7,000 feet of drilling in a total of 80 holes. These holes were drilled on the Clipper No. 2, Velvet, and Velvet Nos. 1, 2, and 3 Claims, southeasterly from the Silver Cloud Mine open pit. Although the assaying of samples is still in process, the drill cuttings indicate that the gently dipping ore horizon continues southeast from the mine for at least 3,000 feet; is about 1,500 feet in width, thinning on the west side and cut off by a fault on the east side; and averages between 5 and 10 feet in thickness. The depth of the ore horizon beneath the gently south dipping surface is from 35 feet to about 100 feet and averages about 60 feet.

The work has been done in a rapid and efficient manner. Vouchers have been submitted for all of the work but for the assaying of samples. The Operator

will submit a voucher for assaying during April and is preparing a final report to complete the OME project. Certification of Possible Production appears justified and will be recommended when assay results, maps, and cross sections are completed.

H. K. Stager

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

OPERATOR'S MONTHLY VOUCHER

For Month of FEBRUARY 1970

Docket No. OME- 6756
Contract 14-08-0001 2288
Contract Amount $ 18,000.00
Gov't. Participation % 75 $ 13,500.00

Operator's Name P. & F. LIMITED
Address P.O. Box 699, BATTLE MOUNTAIN, NEVADA 89820

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
MOBILIZATION & DEMOBILIZATION OF BULLDOZER	1/2	75.00	1/2	75.00	1/2	75.00	1/2	75.00
BULLDOZING	8 HRS	200.00	8 HRS	200.00	8 HRS	200.00	8 HRS	200.00
SUPERVISION	1 mo	800.00	1 mo	800.00	1 Mo.	800.00	1 Mo.	800.00
TOTALS		$ 1,075.00		$ 1,075.00		$ 1,075.00		$ 1,075.00

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

Date MARCH 2, 1970 *Payee P. & F. LIMITED

Per Richard N. Rudge Title GENERAL 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)

Approved as noted, subject to field examination and audit.

Signature H.K. Fagan OME Field Officer Date 3-3-70

14X0804

Approved for: $ 806.25 (SUBJECT TO AUDIT)

Signature mo

Date 3-10-70 Vou. No. 051324

(SEE OTHER SIDE)

REMARKS	FOR OPERATOR'S USE	REMARKS	FOR GOVERNMENT USE

040758
RECEIVED
U.S. GEOLOGICAL SURVEY
MAR 6 12 29 PM '70
BUDGET & FINANCE

OPERATOR'S MONTHLY REPORT

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SECOND, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Field Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

P. & F. Ltd.
P. O. Box 699
Battle Mountain, Nevada

NARRATIVE REPORT-FEBRUARY

Work at the subject property, during February, consisted of preparing a drill grid and drill sites on 5 claims, specifically Clipper #2, Velvet, Velvet #1, Velvet #2, Velvet #3.

Additionally, geologic reconnaisance was started, together with preliminary mapping and profiling.

Due to the amount of detail to be forthcoming, when drilling proceeds, maps are not included with this report.

The drilling contractors will be available by March 5th and we anticipate beginning at that time.

Respectfully submitted,
P. & F. Limited

Richard N. Pudge
General Partner

P. & F. Limited
P. O. Box 699
Battle Mountain, Nevada
March 2, 1970

U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California

Dear Mr. Stager:

Enclosed herein, please find our voucher for the month of February.

I am not enclosing any maps yet, as the amount of detail required later requires considerable planning and the originals are on the table. Further, there is no place nearby to print maps; they will have to be sent to Reno.

Drilling will begin March 5th; we will be using a CP-T650 rig, which seems to be setting the standards for the industry. Our contractor is widely experienced and was recommended by Homestake, Newmont and Amex.

After we drill for a few days, I will call you and report the rate of advance, so that you may plan accordingly for your field examinations.

Thanking you for your courtesy, I remain,

Very truly yours,
P. & F. Limited

R. N. Pudge

Richard N. Pudge
General Partner

RECEIVED
MAR - 3 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

January 26, 1970

OFFICIAL
COPY
O. M. E.
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JAN 27 1970
INITIALS CODE
HK
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HK 20
80 20 P

Mr. Richard N. Pudge
P.O. Box 699
Battle Mountain, Nevada 89820

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Dear Mr. Pudge:

The executed copies of the subject contract were received in the Field Office today and forwarded to Washington, D. C.

Enclosed is a supply of the new voucher form and a sample copy showing how it should be prepared. If you have any questions on the preparation of the voucher or the supporting report, etc., please call us.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

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

HKStager:mkh

United States Department of the Interior

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

January 26, 1970

OFFICIAL COPY
O. M. E.
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bal | 40
HK | 20
20 | 120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada
Contract 2288

Enclosed are the Government's copy and Budget and Finance's copy of the subject contract properly executed by the Operator on January 20, 1970. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures

See left side

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

OFFICIAL COPY
O. M. E.
DEC 30

December 22, 1969

Mr. Richard N. Pudge
P.O. Box 699
Battle Mountain, Nevada 89820

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada

Dear Mr. Pudge:

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 I (1 page), one Lien and Subordination Agreements, one Power of Attorney, Exhibit A (3 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 the Government's copy, Budget and Finance's copy, and Field Office's copy returned to this office. The Operator's copy should be retained for your files.

Please note that the 9-1/4 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, the original and all copies should be returned to this office together with the proposed changes for consideration.

If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

HKStager:mkh

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/8/69	S. Peterson	120
12/10/69	Kirkemo	120
12/12	Kilogaard	
12/17	cac	220
		120M

DEC 17 1969

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6756 (Mercury)
P. and F., Limited
Silver Cloud Mine
Elko County, Nevada

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 I (1 page), one Lien and Subordination Agreements, one Power of Attorney, Exhibit A (3 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 one of the partners. Thereafter, please distribute the copies as usual.

Please advise the Applicant that the 9-1/4 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.

Harold Kirkemo (fa)

Harold Kirkemo

Enclosures

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

Noted on cards

BSLong/1 12/8/69

120

120 NK.

120M

MME Form 51
July 1965

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

to legal 10/24

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6756	Mercury		Elko	Nevada

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

P. and F. Ltd., Limited, a partnership

_____,

whose mailing address is 4620 Beverly Boulevard, Los Angeles, California 90004, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 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 $ 18,000.00. The Government will contribute 75 percent of the total fixed unit costs of the work performed, not in excess of $ 13,500.00 in accordance with the provisions of Articles 4 and 5.

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

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

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

SEE ANNEX I

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

SEE ANNEX I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 14. Changes and added provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

P. AND F. LIMITED
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
Director, U. S. Geological Survey
~~Office of Minerals Exploration~~

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

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
P. AND F. LIMITED
OME-6756

ANNEX I

The land referred to in Article 2 of the contract consists of nineteen (19) unpatented lode mining claims in secs. 25 and 26, T. 37 N., R. 47 E., MDB&M, Ivanhoe mining district, Elko County, Nevada. The claims are shown outlined in green on Figure 1, entitled, "Property map, Silver Cloud mine, Elko County, Nevada," attached and made part hereof.

The claims are recorded in the Elko County Recorder's office at Elko, Nevada, as follows:

Name	Book	Page
Clipper #1 and Clipper #1 (amended)	29 and 3	318 and 463
Clipper #2	29	309
Velvet	64	269
Velvet #1	64	270
Velvet #2	64	271
Velvet #3	64	272
Velvet #4	64	273
Velvet #5	64	274
Velvet #6	64	275
Velvet #7, mill site	64	276

Velvet #8	64	277
Velvet #9	64	278
Velvet #10	64	279
Velvet #11	64	280
Velvet #12	64	281
Velvet #15	64	284
Velvet #16	64	285
Velvet #17	64	286
Velvet #18	64	287

The Operator is in possession of the claims under the terms of a Mining Lease Agreement dated August 9, 1968, from Dr. Philip F. Spooner and Virginia K. Spooner, husband and wife, owners of an undivided 75 percent interest in the land.

A Lien and Subordination Agreements executed September 16, 1968, by B. D. Fischer, owner of an undivided 25 percent interest in the land, and E. W. Morris, attorney in fact for Dr. Philip F. Spooner and Virginia K. Spooner is attached and made part hereof.

EXPLORATION CONTRACT
P. AND F., LIMITED
OME-6756

EXHIBIT A

The purpose of this project is to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies in volcanic rocks of Tertiary age occurring in a north-trending, gently south sloping, synclinal trough.

General Provisions

A bulldozer no smaller than a Caterpillar D-8 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be cased through the overburden.

Drill holes shall be drilled not less than 100 feet from the outer boundaries of the claims covered by the contract and shown on Figure 1.

Facilities shall be provided for recovering drill sludge and/or cuttings, and all such material shall be retained when drilling in significantly mineralized ground. The material shall be stored in suitable containers identified as to hole number and depth represented.

All significantly mineralized material from the drill holes shall be sampled, and no single sample shall represent more than 3 linear feet of hole. Each sample shall be split and one split assayed for mercury. All remaining splits shall be stored in suitable containers

properly identified as to hole number and depth represented. Stored splits of samples may be disposed of with prior Government approval.

All drill holes shall be logged and copies of the logs of completed holes together with plans and sections showing geology and assays shall be furnished monthly to the Government. Such logs shall be accompanied by true copies of assay certificates for all samples.

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

The Government will not contribute toward the costs of incomplete drill holes, or in the cost of casing left in place at the request of the Operator.

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

Description of the Work

The work shall consist of bulldozing access roads to the drill sites, levelling the sites, and drilling approximately 40 holes totalling approximately 3,000 feet. It is estimated that the drill holes will average 75 feet in length.

The approximate location of each hole is shown on Figure 2 entitled, "Map showing proposed exploration, Silver Cloud mine, Elko County, Nevada," attached and made part hereof.

Estimated Cost of the Work

Fixed Unit Costs

Mobilization and demobilization, one bulldozer	$150.00
Bulldozing access roads and drill sites, 16 hours @ $25.00/hour	400.00
Mobilization and demobilization, one drill rig.	200.00
Rotary drilling (minimum hole size 5"), 3,000 feet @ $4.15/foot	12,450.00
Moving between holes and setting-up, 40 hours @ $20.00/hour	800.00
Incidental allowances per foot of completed drilling for accounting, sampling, supplies, surveying, payroll taxes, F.I.C.A. and insurance 3,000 feet @ $0.40/foot	1,200.00
1-Supervisor-geologist-engineer, 2 months @ $800.00/month	1,600.00
Assaying 200 samples, mercury @ $5.00/sample	1,000.00

Transportation of samples

200 @ $1.00/each	200.00
Total Estimated Cost of the Project	$18,000.00
Government Participation @ 75%	$13,500.00

1/ The Government retains no equity in any of the materials used. bal

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O. M. E.
RECEIVED
NOV 10 1969
INITIALS CODE
Vol 120 M
HK 170
Gf 120 P

P. & F. Limited
14620 Beverly Blvd.
Los Angeles, California

November 3, 1969

OME-6756 (Mercury)

U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California

Attemtion: Mr. Harold K. Stager

Dear Mr. Stager:

Regarding our conversation of this date, concerning our leasehold on the Silver Cloud Mine, I wish to advise that P. & F. Ltd. has faithfully performed all of the covenants of that lease, including; payment of minimum royalty, exploration, at our own expense, during November and December of 1968 and the filing of an proper affadavit of assessment work with the Elko County Recorder.

Should you desire verification on any point, all such records are available at this office.

Thanking you for your courtesy and attention, I remain,

Very truly yours,
P. & F. Limited

R. N. Pudge
General Partner

RP/llj

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

IN REPLY REFER TO:

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

October 29, 1969

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada

We have prepared the attached contract for execution by the parties. However, we call the following facts to your attention:

(a) The lease involved was executed August 9, 1968.

(b) Paragraph number 1 of the lease requires the lessee to commence exploration operations on or before November 1, 1968.

(c) Paragraph 4 requires lessee to make payments of at least $500.00 per month.

(d) Paragraph 12 requires lessee to perform all necessary annual improvement and assessment work.

(e) Paragraph 14 gives lessor the option to terminate the lease in the event lessee fails to perform any of the above stated requirements. Also, the Lien and Subordination Agreements were executed September 16, 1968 so that they cannot be taken as any evidence that the lease is in good standing. Accordingly, in view of the time lapse, before

this contract is entered into the Government should obtain written assurances from the lessor that the lease has not been terminated.

Robert W. Long

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals Exploration

Enclosure

United States Department of the Interior

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

August 29, 1969

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CONTRACT CODE
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HK 20
SR 30 P

Memorandum

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

From: Field Officer
Region II

Subject: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada

Enclosed is an Application Report on the subject property recommending that a contract be approved consisting of 3,000 feet of rotary-hammer drilling, from surface sites, at an estimated cost of $17,880.00.

Also enclosed are extra copies of Figures 2 and 3 for your use if a contract is granted.

H. K. Stager

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

WALTER J. HICKEL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

On-site Exam Report

APPLICATION REPORT

OME-6756 (Mercury)
P. and E. Limited
Silver Cloud Mine
Elko County, Nevada

By

H. K. Stager
Field Officer
OME, Region II

August 29, 1969

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ILLUSTRATIONS

Figure 1. Index map of Elko County, Nevada

Figure 2. Property map of Silver Cloud Mine

Figure 3. Map showing proposed exploration, Silver Cloud Mine

INTRODUCTION

The partnership of P. and F. Limited, 4620 Beverly Boulevard, Los Angeles, California 90004, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6756, to explore for mercury at the Silver Cloud Mine, Elko County, Nevada. The Applicant infers the presence of a large, low-grade, blanket-like, ore body in beds of volcanic ash on the property and wishes to explore the deposit by rotary drilling from surface sites.

A field examination was requested by the Office of Minerals Exploration and was made by H. K. Stager, Field Officer, on July 16, 1969, accompanied by Mr. Richard N. Pudge, general partner. The Applicant's maps, cross sections, and assay and drill-hole data were examined and compared with surface and underground exposures in the mine area.

The property was included in a prior application, Docket DMEA-4264, that was denied mainly because the expected grade of the deposits was 4 to 6.5 pounds of mercury per ton which was marginal at 1956 prices.

SUMMARY

The Silver Cloud Mine has yielded about 900 flasks of mercury from a blanket-like deposit of cinnabar-bearing opalite in volcanic ash and tuff beds of Miocene age. The results of the Applicant's drilling and sampling and of the field examination indicate that the geologic probability of finding minable ore shoots as a result of the proposed exploration is good. The proposed exploration consists of 3,000 feet of rotary drilling in about 40 holes from surface sites. The program will require about two months to

complete and is acceptable to the Applicant. The project site is accessible and facilities for accomplishing the work are available.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with P. and F. Limited to provide 75 percent of the costs of the proposed program to explore the area of the Silver Cloud Mine. The program will require about two months to complete and the Government's share of the estimated total cost of $17,880.00 would be $13,410.00. To facilitate administration of the contract, the work should be based on unit costs rather than actual costs, insofar as is possible.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Silver Cloud Mine is in secs. 25 and 26, T. 37 N., R. 47 E., MDBM, Ivanhoe mining district, Elko County, Nevada (Fig. 1), in gently rolling desert topography, at an altitude of about 5,300 feet.

To reach the property, that is about 40 miles northeast of Battle Mountain (the closest town), drive north on the paved North Battle Mountain road 6 miles to the Western Pacific Railroad tracks, then continue northwesterly on the graded road for 14 miles, take right-hand fork and travel 4 miles to a windmill, take right-hand fork again and continue for 15 miles to the intersection of a cinder surfaced road, turn left over a small bridge and drive about 3 miles to the open pit of the Silver Cloud Mine. The road is passable to ordinary passenger vehicles except during rain or snow storms when a 4-wheel drive vehicle is necessary. The drive from Battle Mountain usually requires about one hour.

Mail, telephone, trucking, and railroad services are available in Battle Mountain as are labor, mining supplies, and timber. Water is available from wells, streams, and springs within about 10 miles of the property. Assay service is available in Salt Lake City, Utah (350 miles) or in Los Angeles, California (500 miles) at about $5 per sample for mercury.

PROPERTY

History and Production

Quicksilver was first discovered in the Ivanhoe district in 1915 by W. F. Roseberry and W. C. Davis. During 1916 and 1917 they recovered 50 flasks of quicksilver with a 6-pipe Rocca retort. Thereafter until 1929 little quicksilver was produced in the district. Between 1929 and 1940 the principal production came from the Butte Mine. During the same period the Governor Mine on the Pangborn and Hunt properties had a substantial production. In 1942 the Silver Cloud Mine was taken over and operated by the New Verde Mining Company, a subsidiary of the Newmont Mining Company. This property yielded considerable quicksilver during 1942 and 1943 by means of two rotary furnaces that had a combined capacity of about 100 tons per day.

The recorded production from the district through 1943 was 2,136 flasks of quicksilver. Records indicate that a few additional flasks of quicksilver were produced from the Silver Cloud Mine during January and February of 1944. Total production from the Silver Cloud Mine is probably about 900 flasks.

Ownership

The property consists of 19 unpatented mining claims owned 75 percent by Dr. Philip F. Spooner and Virginia K. Spooner, his wife, of P.O. Box 591,

Lovelock, Nevada, and 25 percent by Mr. B. D. Fischer of 1957 Holmby Avenue, Los Angeles, California. These claims are recorded in Elko, Nevada, as follows:

Claim Name	Book	Page
Clipper #1 and Clipper #1 (amended)	29 and 3	318 and 463
Clipper #2	29	309
Velvet	64	269
Velvet #1	64	270
" #2	64	271
" #3	64	272
" #4	64	273
" #5	64	274
" #6	64	275
" #7	64	276
" #8	64	277
" #9	64	278
" #10	64	279
" #11	64	280
" #12	64	281
" #15	64	284
" #16	64	285
" #17	64	286
" #18	64	287

The area covered by the claims is shown in Figure 2. A copy of a Mining Lease Agreement from the Spooners to the Applicant was attached to the application. Also attached were copies of a Lien and Subordination Agreements for the above-listed claims, signed by the owners.

Financial Eligibility

The Applicant furnished copies of letters to two banks 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 in cash.

Development

The property is developed by an open pit about 600 feet in width and 350 feet in length down the dip of the ore zone (about 10°) from the outcrop to a depth of about 40 feet at the face. Several underground stopes and winzes extend down dip and laterally from the open pit and at least one vertical shaft also connects these workings to the surface. Numerous pits, trenches, and prospect holes have also been put down but most of these workings are inaccessible. There are no surface installations or facilities in usable condition at this time.

The Applicant plans to construct a 250 tons-per-day furnace plant at the property if sufficient ore can be developed. The Applicant estimates that about 275,000 tons of ore with an average grade of 5.5 pounds of mercury per ton will be necessary to justify an economic operation.

GEOLOGY

Geologic Setting

The Ivanhoe district is an area of low rolling hills and the surface is almost completely covered by alluvium. The rocks exposed in the area are chiefly volcanic rocks of Tertiary age.

The geology and ore deposits of the district have been studied and mapped in detail by J. M. Nelson and R. J. Roberts[1/] and by E. H. Bailey and D. A. Phoenix.[2/] Much of the following description has been taken from these reports.

[1/] Nelson, J. M., and Roberts, R. J., Quicksilver deposits in the Ivanhoe district, Elko County, Nevada: U.S. Geol. Survey, unpublished manuscript.

[2/] Bailey, Edgar H., and Phoenix, David A., 1944, Quicksilver deposits in Nevada: Univ. of Nevada Bull., Vol. 38, No. 5, pp. 61-63.

The oldest rocks in the district are gray, thin-bedded to massive quartzite and chert of pre-Tertiary age. The Tertiary rocks (upper Miocene) are divided into two groups. The older group consists of platy-rhyolites, basalt, and rhyolitic ash, tuff, and fanglomerate. This group is from a few feet to 1,500 feet in thickness and is unconformably overlain by a younger group of quartz-rich rhyolite, ash, and tuff about 1,000 feet thick.

The older group of volcanic rocks dips from 10° to 30° east and the younger group is nearly horizontal. Normal faulting is the dominant structural feature of the district. Two sets of faults are prominent, one set trends northerly with displacements ranging up to 300 feet with the west block downthrown; the second set trends easterly and either the north or south block may be downthrown. Broad open folds are common and near some faults the rocks are sharply folded. Collapse and settling of the ash beds have resulted in the formation of numerous surface depressions from 1 to 10 feet deep and as much as 100 feet across.

Ore Deposits

All of the mercury deposits that have been mined in the district are of the opalite-type and they are confined to the rhyolitic ash and tuff beds of the older group of volcanic rocks.

The only ore mineral in the district is cinnabar. It occurs finely disseminated in opalite and coats the walls of open spaces in the rocks. Calomel and native mercury have been found in the district but they are rare. Gangue minerals are chiefly chalcedony and opaline material with some alunite and montmorillonite and rarely sulfur, barite, and quartz.

The only ore bodies of commercial size that have been mined in the district are blanket or tabular-shaped bodies of cinnabar-bearing opalite in ash and tuff beds of rhyolitic composition. The ore shoots range from 3 to 15 feet thick and more than 800 feet wide and 1,500 feet long. The shoots are controlled primarily by steeply dipping faults and by permeable beds that served as channelways for the ascending mercury-bearing solutions. Ore bodies were formed where folds in the beds caused restriction in the movement of solutions, or where prior silicification had reduced the permeability of favorable ash or tuff beds.

The mercury-bearing deposit at the Silver Cloud Mine occurs in a north-trending, gently south sloping, synclinal trough about 1,500 feet wide and about 5,000 feet long. The ore body, that has been partly mined, is about 800 feet wide and over 1,500 feet in length down a dip of about 10°. It is localized in an opalite and chalcedony bed in a thick section of alternating volcanic ash and tuff beds. The ore ranges from 2 feet to more than 15 feet in thickness and averages about 8 feet. The grade ranges from a trace to more than 20 pounds of mercury per ton and averages about 5 pounds. Exploration by the Applicant indicates that the deposit extends in a uniform blanket-like body at least 800 feet beyond the mine workings and is slightly thicker and higher grade than the ore previously mined in the open pit.

Exploration is proposed down dip, along the southerly trend of the deposit, for an additional 2,000 feet and will indicate the continuity of the ore body or test for additional similar ore shoots in the ore-bearing structural trough.

Sampling

No samples were taken during this examination. During the previous examination, in May 1956, two samples were taken in the Silver Cloud workings. The assays of these samples were as follows:

Sample No.	Thickness Feet	Pounds of Mercury/Ton	Description
321	4	2.1	Wall of inclined winze
322	6	0.3	West end of pit, in flat stope

The 18 holes drilled by the Applicant, Fig. 3, were logged and the mineralized sections assayed. Copies of these logs, and the assays of the 64 samples taken, are attached to this report. For the 46 samples of ore zone material assayed, the mercury content ranges from 2.0 pounds to 10.2 pounds and averages 6.2 pounds per ton over an average thickness of about 9 feet.

Ore Reserves

The application did not contain any ore reserve estimates. Ore is exposed in the pit face and in underground workings extending down dip to the south. The results of the drilling completed by the Applicant, after submitting the application, indicate an apparent uniform blanket-like ore bed about 9 feet in thickness, about 800 feet in width, and extending down dip at least 1,000 feet from the pit face. It appears reasonable to estimate at least 100,000 tons of ore in this block of ground with an average grade of about 6 pounds of mercury per ton. The area to be explored by the proposed exploration is inferred to contain an additional 300,000 tons of material of about the same average grade.

EXPLORATION

Applicant's Proposal

The Applicant originally proposed to explore the favorable area on the Clipper 2 and Velvet Claims by a project consisting of 41 holes from 50 to 150 feet in depth.

After submitting the application, and learning of the probable long delay in processing time, the Applicant decided to proceed at its own expense with part of the planned drilling in order to complete necessary assessment work and obtain some results before winter weather prevented easy access to the drill sites. A total of about 1,400 feet was drilled in 18 holes, as shown on Fig. 3. These holes were from 52 to 179 feet in depth and 16 intersected ore grade material averaging about 6.2 pounds of mercury per ton over an average thickness of about 9 feet. It was also indicated that only a single ore horizon is present that warrants testing and that additional deep holes are not necessary.

As a result of this completed work the original close-spaced grid pattern of drilling has been modified to a line of holes about 200 feet apart down the apparent strike of the deposit with lines of holes across the strike about every 400 feet. Some modifications of this plan may be required by topography or the results obtained as drilling progresses. The dip of the ore horizon is about parallel to the slope of the surface, at a depth of about 60 to 70 feet.

Examiner's Proposal

A single stage rotary hammer drilling project is proposed consisting of 40 holes, ranging in depth from 50 to 100 feet, and totaling 3,000 feet.

This project should be adequate to prove the existence of minable mercury-bearing ore bodies in the favorable zone extending south from the open pit area. Approximate drill hole locations are shown on Figure 3, in addition to the 18 holes already completed by the Applicant. These locations should be regarded as tentative and subject to change as the drilling progresses. All holes will be drilled vertically by down-the-hole rotary hammer drill with a tool diameter of 5 inches. Samples will be in hole depth increments of 3 feet. Provision should be made, if a contract is approved, for the utilization of any excess footage in additional holes to further test particularly favorable areas discovered by the planned holes.

Proposed Exploration Costs

The Applicant presented detailed estimates based upon bids from bulldozing and drilling contractors. Work done, at the Applicant's expense, after submitting the application indicated that some reductions in estimated costs were possible and that the originally proposed deeper drill holes could be eliminated in favor of additional shallow holes. Bulldozing time for access roads and drill sites was less, drill set-up time was less, and no casing was required. An average of one drill hole, moving, and set-up per day is possible and allows sufficient time for proper sampling procedures. It is estimated that 20 holes per month is reasonable and allows for equipment breakdowns, drill maintenance, and delays due to weather. A period of two months should be ample to complete the project. A program based on these estimates is as follows:

Cost Estimate

Actual Costs

Mobilization and demobilization of bulldozer D-8 size or larger	$ 150.00
Bulldozing drill sites and access roads, 16 hours at $25 per hour	400.00
Mobilization and demobilization of drilling rig	200.00
Rotary drilling, 5" diameter holes, about 40 holes 50 to 100 feet each, 3,000 feet at $4.15 per foot	12,450.00
Moving between holes and setting-up time, 40 hours at $20 per hour	800.00
Total estimated actual costs	$14,000.00

Fixed Unit Costs

Supervisor, 8 weeks at $200 per week	1,600.00
Helper, 8 weeks at $100 per week	800.00
Sample bags, 200 at 35¢ each	70.00
Survey stakes, 200 at 7¢ each	14.00
Assays for mercury, 200 at $5 each	1,000.00
Transportation of samples, 200 at $1 each	200.00
Payroll taxes, etc	196.00
	$ 3,880.00
Total estimated costs	$17,880.00
Government's participation at 75 percent	$13,410.00

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6756
(Mercury)

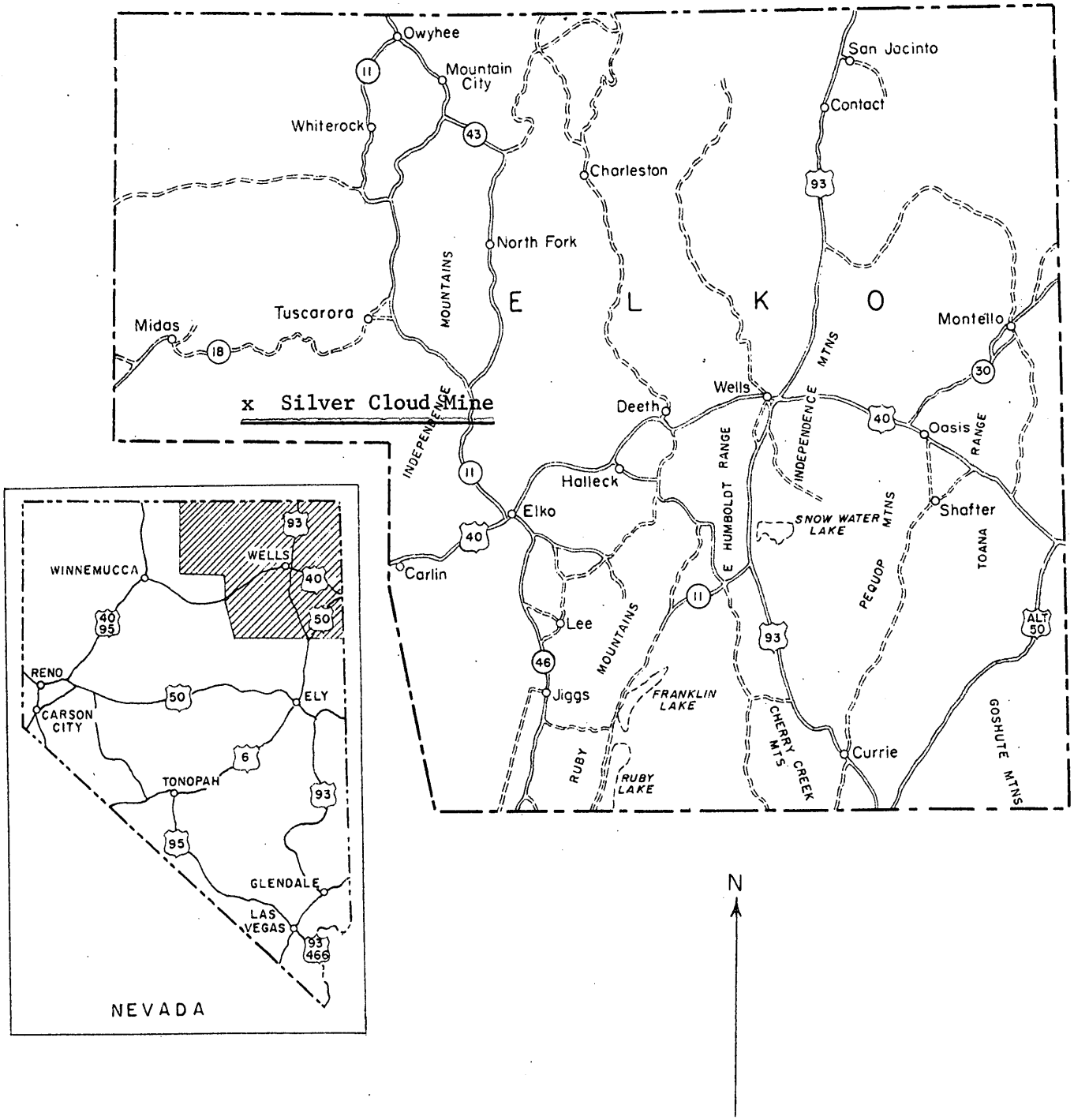


Figure I. INDEX MAP OF ELKO COUNTY, NEVADA

0 25 50 75 MILES

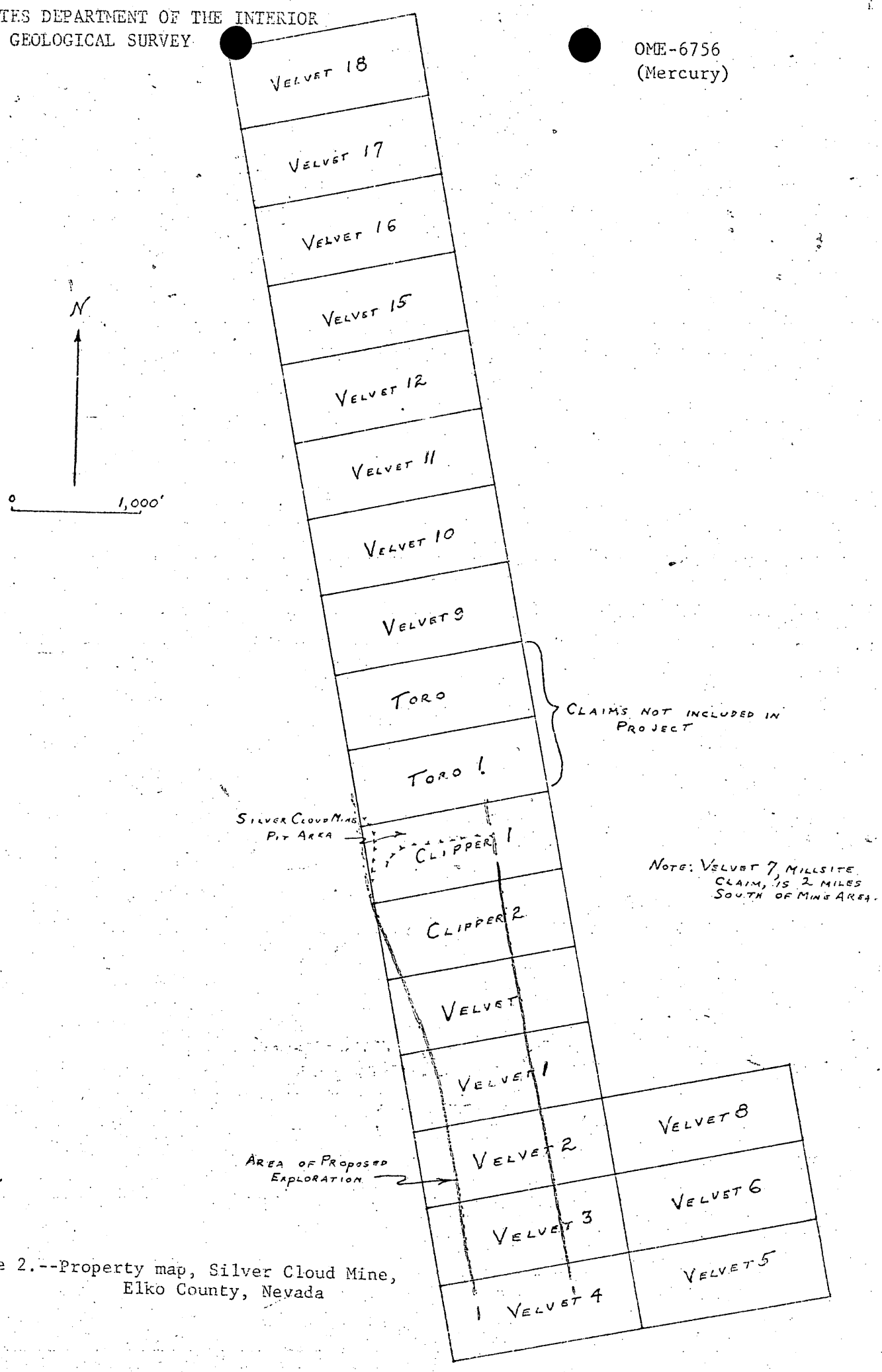


Figure 2.--Property map, Silver Cloud Mine, Elko County, Nevada

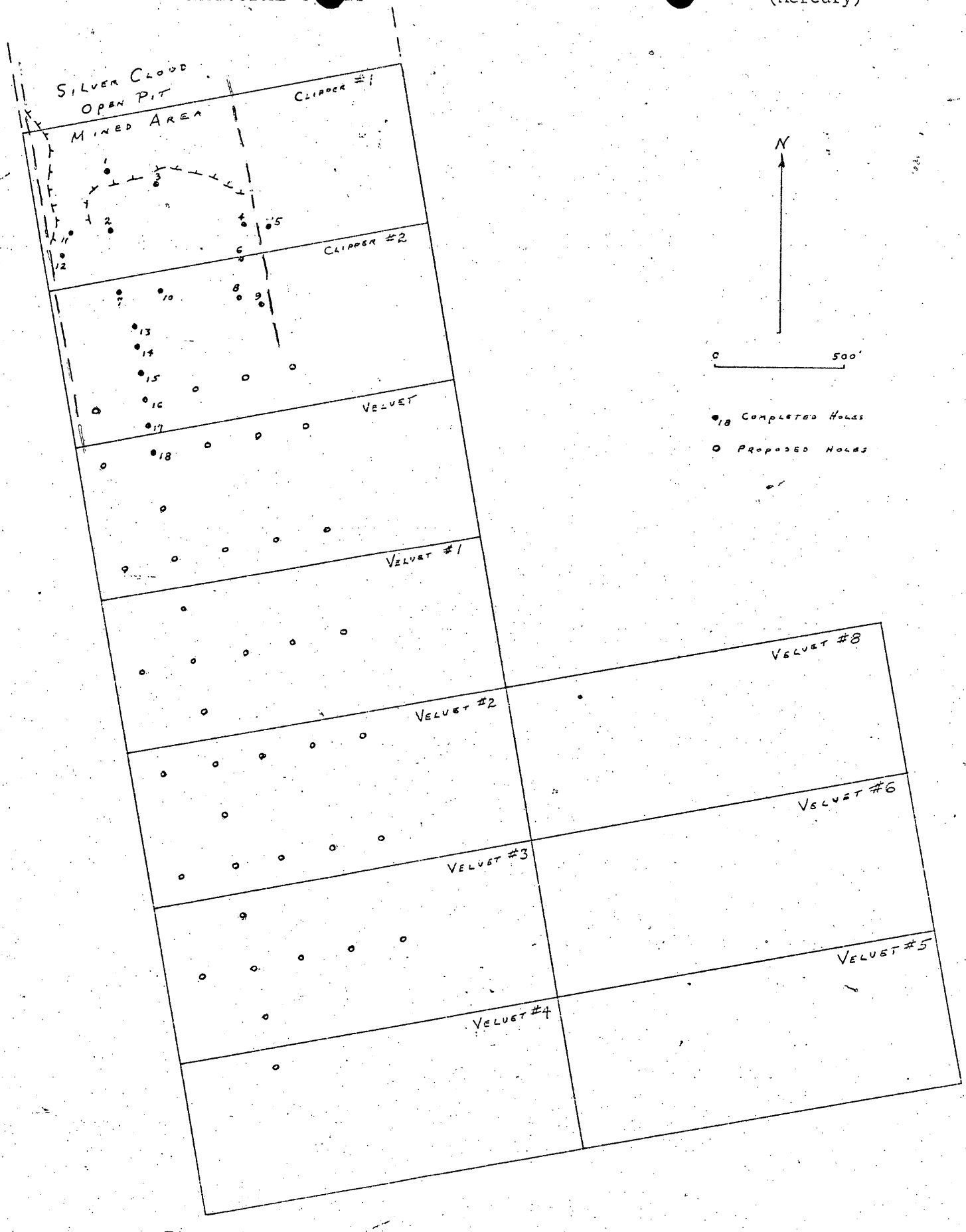


Figure 3.--Map showing proposed exploration, Silver Cloud Mine, Elko County, Nevada

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. SC #1
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5 1/8 ROTARY
STARTED: 12-5-68
FINISHED: 12-6-68
TOTAL DEPTH: 179'
MINERAL: MERCURY
SAMPLE INTERVAL: VARIOUS
ASSAYER: NONE

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	VALUES
0-20	CLEAR OPALITE & CHARCED.	- o -	TRACES
20-25	OPAL WITH H_2S	- o -	"
25-80	ASH & OPALITE ALTERNATING	- o -	"
80-83	" " " "	- o -	BARREN
83-89	" " " "	- o -	TRACES
89-91	ORANGE OPAL & CHALCEDONY	- o -	BARREN
91-101	WHITE & CREAM OPALITE	- o -	"
101-111	WHITE ASH	- o -	"
111-113	TAN TUFFA	- o -	TRACE
113-116	LIGHT OPALITE	- o -	BARREN
116-122	ASH & OPALITE	- o -	"
122-150	ASH WITH H_2S	SC #1-F	TRACE NOT ASSAYED
150-162	LIGHT ASH	- o -	BARREN
162-163	LIGHT ASH	- o -	TRACE
163-166	" "	- o -	"
166-169	ASH WITH OPALITE LENSES	- o -	"
169-172	SULPHUR IN ASH	- o -	"
172-179	ASH WITH OPALITE LENSES	- o -	"

REMARKS: This hole was started in the floor of the old pit area as a geologic probe; pan analysis was made the entire distance. Caving of the hole below 170 feet made it unwise to continue and the hole was stopped. Percussion drills should be used in this section.

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 2
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5½ ROTARY
STARTED: 12-6-68
FINISHED: 12-6-68
TOTAL DEPTH: 70 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	48-TON VALUES Hg
0'-21'	DETRITAL & ASH	— o —	— —
21-24	ASH & TUFFA	— o —	— —
24-27	" "	— o —	— —
27-30	" "	— o —	— —
30-33	" "	— o —	— —
33-36	" "	— o —	— —
36-39	" "	— o —	— —
39-42	" "	— o —	— —
42-45	" "	— o —	— —
45-48	" "	— o —	— —
48-51	" "	— o —	— —
51-54	" "	— o —	— —
54-57	" " OPALITE AT 56'	— o —	TRACE
57-60	OPALITE WITH H_2S	SC-2A	7.00
60-63	" " "	SC-2B	6.50
63-66	" " "	SC-2C	5.50
66-69	" " "	SC-2D	0.70
69-70	" " "	SC-2E	— o —

REMARKS:

STOPPED AT 70', WAITING FOR DOWN-THE-HOLE MACHINE!

9' ORE-ZONE AVERAGE 6.33#

PER TON VALUE @ $7 — $44.31

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 3
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5½" ROTARY
STARTED: 12-6-68
FINISHED: 12-7-68
TOTAL DEPTH: 53'-8"
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES
0'-9'	DIRT & OVERBURDEN	- o -	- -
9-12	PALE RED ASH	- o -	TRACE
12-15	" " "	- o -	1.50
15-18	" " "	- o -	"
18-21	ASH & TUFFA	- o -	"
21-24	OPALITE WITH H_2S		"
24-27	OPALITE & ASH WITH H_2S	3 A	.60
27-30	" " " "	3 B	.90
30-33	" " " "		
33-36	ASH-TUFFA	- o -	- -
36-41	" "	- o -	- -
41-44	ORANGE OPALITE & ASH	- o -	- -
44-47	" " "	3 C	
47-50	OPALITE WITH H_2S	3 D	2.50
50-53	" " "	3 E	4.25
53-53'8"	" " "	3 F	4.25

AVERAGE

HOLE TERMINATED SHORT OF MAIN ORE ZONE

RMO

REMARKS:

9' ORE-ZONE AVERAGE 3.66

VALUE PER TON @ $47 $25.62

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 4
CONTRACTOR: BOHÆS BROS.
TYPE DRILL: 5½" ROTARY
STARTED: 12-9-68
FINISHED: 12-10-68
TOTAL DEPTH: 62 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES Hg
0'-8'	RED TUFFA	— o —	— —
8-14	" "	— o —	— —
14-21	WHITE ASH	— o —	— —
21-35	" "	— o —	— —
35-37	ASH WITH OPAL LENSES	— o —	TRACE
37-41	" " " "		
41-44	" " " "		
44-47	" " " "		
47-50	" " " "		
50-53	" " " "		
53-56	" " " "		
56-59	OPAL WITH HgS	4-A	5.90
59-62	" " "	4-B	4.60

AVERAGE

REMARKS:

6'X' ORE-ZONE AVERAGE 5.25

VALUE PER TON @ $7.- $36.75

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 5
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5 1/8" ROTARY
STARTED: 12-10-68
FINISHED: 12-10-68
TOTAL DEPTH: 70 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: NONE TAKEN
ASSAYER: NONE

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	VALUES
0-21	CLAYEY OVERBURDEN	— o —	— —
21-25	ASH AND TUFFA	— o —	— —
25-52	RED TUFFA - VERY WET	— o —	— —
52-64	RED & WHITE TUFFA - WET	— o —	— —
64-70	DARK GRAY ASH - WET	— o —	— —
70 +	OPALITE	— o —	TRACE

REMARKS:

NO SAMPLES CUT

9' ORE-ZONE AVERAGE

VALUE PER TON @ 7

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 6
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5½" ROTARY
STARTED: 12-10-68
FINISHED: 12-10-68
TOTAL DEPTH: 52 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB. TON VALUES Hg
0'-7'	DIRT OVERBURDEN		
7-21	ASH & GRAL WITH H_2S		
21-24	" " " " "		
24-27	" " " " "		
27-30	" " " " "		
30-33	" " " " "		
33-36	" " " " "		
36-39	" " " " "		
39-42	" " " " "		
42-45	HARD GRAL WITH H_2S	6A	5.00
45-48	" " " "	6B	2.00
48-52	" " " "	6C	7.75

REMARKS: LOST CIRCULATION AT BIT AT 53' - FELL INTO 20' DEEP WATER COURSE. STOPPED.

9' ORE-ZONE AVERAGE 4.91#

VALUE PER TON @ $7 $34.37

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: Silver Cloud
DRILL HOLE NO. 7
CONTRACTOR: Bowers Bros.
TYPE DRILL: 5½" rotary
STARTED: 12-11-68
FINISHED: 12-13-68
TOTAL DEPTH: 85 FEET
MINERAL: Mercury
SAMPLE INTERVAL: 3 FEET
ASSAYER: J.B. Illo

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	VALUES LB TON
0-6	2' TAILINGS - 4' SOIL		
6-9	SOIL OVERBURDEN		
9-10	RED TUFFA		
10-21	" "		
21-41	" "		
41-51	" "		
51-56	WHITE ASH - TRACE HgS		0.30
56-59	DENSE ASH WITH HgS		
59-62	" " " " "	7A	5.50
62-65	CINNABAR	7B	5.50
65-68	SOME ASH - SOME HgS	7C	7.20
68-72	BROWN ASH		
72-75	RED TUFFA & ASH		
75-78	" " " "		
78-81	" " " "		
81-85	" " " "		

AVERAGE

REMARKS:

9' ORE-ZONE AVERAGE 6.06#

PER TON VALUE @ 7-42 $42

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CROWN
DRILL HOLE NO. 8
CONTRACTOR: BYLES BROS
TYPE DRILL: 5" ROTARY
STARTED: 12-16-68
FINISHED: 12-17-68
TOTAL DEPTH: 63
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J.B. IRRO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES 16
0-21	SOIL & ASH OVERBURDEN		
21-24	ASH & TUFFA		
24-27	RED TUFFA		
27-30	" "		
30-33	" "		
33-51	" "		
51-54	CHARTS & ASH WITH HgS	E A	5.30
54-57	" " " "	E B	5.00
57-60	" " " "	E C	5.20
60-63	" " " "	E D	4.50

AVERAGE

REMARKS:

9' ORE-ZONE AVERAGE 5.16#

VALUE PER TON @ $7 — $36.12

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 9
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5 1/8" ROTARY
STARTED: 12-16-68
FINISHED: 12-16-68
TOTAL DEPTH: 70 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES 1/6
0-3	SOIL OVERBURDEN		
3-6	WHITE ASH		
6-9	" "		
9-12	RED ASH - FUME TUFFA		
12-15	" " " "		
15-39	" " " "		
39-42	" " " "		
42-45	" " " "		
45-48	" " " "		
48-51	" " " "		
51-54	" " " "		
54-56	" " " "		
57-60	OPALITE WITH H2S	9A	4.30
60-63	" " "	9B	9.00
63-66	" " "	9C	3.60
66-69	ASH WITH SOME H2S		
69-70	RED ASH - RUBBER		

AVERAGES

REMARKS:

9' ORE-ZONE AVERAGE 3.63#

VALUE PER TON @ $7 - $25.41

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 10
CONTRACTOR: ROLLER BROS.
TYPE DRILL: 5 1/4" ROTARY
STARTED: 12-16-68
FINISHED: 12-17-68
TOTAL DEPTH: 70 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 5 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES Hg
0-10	OVERBURDEN & DARK ASH		
10-15	LIGHT ASH WITH LENSES		
15-21	" " " HGS	10-A	
21-24	" " " "	10-B	
24-27	" " " "	10-C	
27-30	" " " "	10-D	
30-33	" " " "	10-E	
33-36	" " " "	10 F	
36-39	LIGHT ASH - LEAN	- " -	- " -
39-42	" " "	10-J	1.8
42-45	" " "	10-K	
45-48	RED & OXI - HGS	10-L	
48-51	" " " "		
51-54	OOLITE WITH HGS	10-L²	
54-57	" " "	10-M	
57-60	" " "	10-N	5.50
60-63	" " "	10-O	6.20
63-66	" " "	10-P	7.00
66-70	ASH WITH TRACE HGS		
66-70	" " " "		

AVERAGE

REMARKS:

9' ORE-ZONE AVERAGE 6.23#

VALUE PER TON @ $7 — $43.61

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 11
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5½" RITAN
STARTED: 12-17-68
FINISHED: 12-17-68
TOTAL DEPTH: 66 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J.B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES 40
0-21	PALE ASH & TUFFA		
21-24	" " "		
24-27	" " "		
27-30	" " "		
30-33	" " "		
33-36	" " "		
36-39	" " "		
39-42	" " "		
42-45	" " "		
45-48	LENSES OF OPALITE IN ASH		
48-51	" " " " " "	# A	
51-54	" " " " " "	# B	
54-57	" " " " " "	# C	
57-60	" " " " " "	# D	8.88
60-63	" " " " " "	SH E?	10.20
63-66	" " " " " "	CPE?	6.90

AVERAGE

REMARKS: LOST CIRCULATION AT 63'- STOPPED AT 66' STILL IN ORE.

9' ORE-ZONE AVERAGE 8.66#

VALUE PER TON @ 7 - #60.62

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 12
CONTRACTOR: TICKLES BROS.
TYPE DRILL: 5 1/2" ROTARY
STARTED: 12-18-68
FINISHED: 12-18-68
TOTAL DEPTH: 77 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES HG
0-18	SOIL (3') BROWN TUFFA		
18-21	TAN ASH (TUFFA ?)		
21-33	DARK GREY ASH		
33-39	LIGHT GREY ASH		
39-42	" " "		
42-45	TAN TUFFA WITH H2S		
45-48	" " " "		
48-51	" " " "		
51-54	" " " "		
54-57	OPALITE-ASH-H2S	12-A	6.00
57-60	" " "	12-B	6.60
60-62	" " "	12-C	6.40
62-65	" " "	12-D	
65-68	LIGHT ASH WITH SOME H2S	12-E	2.00
68-72	" " " NO H2S		
72-75	BARREN LIGHT ASH		
75-77	" " "		

AVERAGE

REMARKS:

9' ORE-ZONE AVERAGE 6.30#

VALUE PER TON @ $7 - $44.10

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: Silver Cloud
DRILL HOLE NO. 13
CONTRACTOR: Bowles Bros.
TYPE DRILL: 5 5/8" Rotary
STARTED: 12-15-68
FINISHED: 12-17-68
TOTAL DEPTH: 75 FEET
MINERAL: Mercury
SAMPLE INTERVAL: 3 FEET
ASSAYER: T. B. Iaro

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	VALUES LB. Ton HG
0-21	Soil (3') TUFFA & ASH		
21-39	ORANGE ASH - TUFFA		
39-42	" " "		
42-62	BUFF ASH - TUFFA		
62-66	OPALITE WITH H_2S	13A	4.00
66-69	" " "	13B	6.75
69-72	BARREN BUFF OPALITE		
72-75	" " "		

REMARKS:

6' ORE-ZONE AVERAGE 5.35#

VALUE PER TON @ $7- $37.45

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 14
CONTRACTOR: ROLLET BROS.
TYPE DRILL: 5½" ROTARY
STARTED: 12-19-68
FINISHED: 12-19-68
TOTAL DEPTH: 80 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB. TON VALUES HG
0-21	ASH & TUFFA		
21-24	" " "		
24-27	" " "		
27-30	" " "		
30-33	" " "		
33-36	" " "		
36-39	" " "		
39-42	ASH WITH OPALITE LENSES		
42-45	" " " "		
45-48	RED TUFFA & ASH		
48-51	" " " "		
51-54	" " " "		
54-57	ASH & OPALITE LENSES		
57-60	" " " "		
60-63	OPALITE WITH H_2S	14 A	7.90
63-66	" " "	14 B	8.98
66-69	" " "	14 C	6.90
69-71	ASH & TUFFA - TRACE H_2S		
71-74	" " " "		
74-77	ASH - BARREN(?)		
77-80	" " "		

AVERAGE

REMARKS:

9' ORE-ZONE AVERAGE 7.89#

VALUE PER TON @ $7- & $5.23

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: Silver Creek
DRILL HOLE NO. 15
CONTRACTOR: Rainer Bros
TYPE DRILL: 5 1/8" ROTARY
STARTED: 12-21-68
FINISHED: 12-21-68
TOTAL DEPTH: 77 FEET
MINERAL: Mercury
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. Lillo

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES Hg
0-9	2' SOIL - ASH -		
9-18	ASH - (LIGHT)		
18-21	" "		
21-30	ASH & TAN TUFFA		
30-50	" " " "		
50-53	" " " " W/OPALITE		
53-56	" WITH TRACES H2S		
56-59	" " " "		
59-62	OPALITE - ASH WITH H2S	15-A	7.10
62-65	" " " "	15-B	6.60
65-68	" " " "	15-C	7.80
68-71	" " " "	15-D	3.60
71-74	" " " "	15-E	11.80
74-77	" " " "		

AVERAGE

REMARKS: STOPPED AT 77' IN BARREN ASH - LAST 3' QUITE WET.

9' ORE ZONE AVERAGE 7.16#

VALUE PER TON @ $7 - $50.12

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 16
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5 1/2" ROTARY
STARTED: 12-21-68
FINISHED: 12-23-68
TOTAL DEPTH: 75 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES
0-21	ORANGE ASH & TUFFA		
21-30	" " " "		
30-36	" " " "		
36-42	" " WITH OPALITE		
42-45	" " " "		
45-48	" " " "		
48-51	OPALITE & LIGHT ASH		
51-54	" " " "		
54-57	" " " " HgS		
57-60	OPALITE WITH HgS	16-A	9.78
60-63	" " "	16-B	10.20 AVERAGE
63-66	" " "	16-C	6.66
66-69	" " " (FAULT)		
69-72	OPALITE WITH ORANGE TUFFA		
72-75	" " " "		

REMARKS:

9' ORE-ZONE AVERAGE 8.88#

VALUE PER TON @ $7 - $62.16

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 17
CONTRACTOR: BOYLES BROS.
TYPE DRILL: 5 3/4" ROTARY
STARTED: 12-2-48
FINISHED:
TOTAL DEPTH: 85
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: J. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB - TON VALUES /HG
0-21	5' SOIL OVERBURDEN		
21-42	ASH - TUFFA - OPALITE LENSES		
42-52	" " " "		
52-55	" " " "		
55-58	" " " " TRACE		
58-61	" " " "		
61-64	RED ASH & TUFFA		
64-67	" " " "		
67-70	TAN ASH & TUFFA		
70-73	" " " "		
73-76	" " " " WITH OPALITE & HGS	17C	4.99
76-79	OPALITE & ASH WITH HGS	17B	8.88 AVERAGE
79-82	" " " " "	17A	9.78
82-85	" " " " "	17D	4.10

REMARKS:

9' ORE ZONE AVERAGE 7.88#

VALUE PER TON @ $7 - $55.16

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California

DRILL HOLE RECORD

PROPERTY: SILVER CLOUD
DRILL HOLE NO. 18
CONTRACTOR: FOLLIS BROS.
TYPE DRILL: 5# rotary
STARTED: 12-24-68
FINISHED: 12-27-68
TOTAL DEPTH: 89 FEET
MINERAL: MERCURY
SAMPLE INTERVAL: 3 FEET
ASSAYER: T. B. ILLO

FOOTAGE	STRUCTURE ENCOUNTERED	SAMPLE NO.	LB-TON VALUES Hg
0-21	2' SOIL - 19' ASH-TUFFA		
21-24	OPAL LENSES IN ASH		
24-49	" " " " & TUFFA		
49-56	" " " " "		
56-59	OPALITE LENSES - ASH - H_2S		1.00
59-64	" " " "		0.25
64-69	" " " -0-		
69-72	ASH & OPAL		
72-75	" " "		
75-77	" " "		
77-80	" " " TRACE H_2S		
80-83	OPALITE - H_2S (?)	18-A	5.28
83-86	" " "	18-B	4.50
86-89	" " "	18-C	4.50

AVERAGE

REMARKS: STOPPED DRILLING DUE TO WEATHER -

9' ORE-ZONE AVERAGE 4.73#
PER TON VALUE @ $7.33 1/2

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/2/68	Peterson	120
10/2/68	Kisbemo	120
		110
		220
		120M

OCT 2 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6756 (Mercury)
F. and F. Limited
Silver Cloud Mine
Elko County, Nevada

The subject application is referred to you for further consideration, a field examination if warranted, and recommendations.

Although the assay data furnished indicate mercury mineralization occurring in the vicinity of the open pit, no evidence has been included to identify specific geologic targets on the Velvet and Clipper #2 claims where most of the work is contemplated. Perhaps this information can be obtained during a field examination.

FRANK E. JOHNSON (glc)

Frank E. Johnson

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
130
Mr. Peterson

ECPeterson/bsl 10/2/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/2/68	Peterson	120
10/2/68	Kiberno	120
		110
		220
		120M

OCT 2 1968

AIRMAIL

P. and F. Limited
Attn: Mr. B. D. Fischer
4620 Beverly Blvd.
Los Angeles, California 90004

Re: OME-6756 (Mercury)
P. and F. Limited
Silver Cloud Mine
Elko County, Nevada

Gentlemen:

Your application for exploration assistance has been reviewed in our Washington office and referred to Mr. Harold K. Stager, Field Officer, Region II, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

Mr. Stager will notify you if additional information concerning the application is needed, and possibly to make arrangements for a field examination.

Sincerely yours,

FRANK E. JOHNSON (glx)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region II
130
Mr. Peterson

ECPeterson/bsl 10/2/68

September 27, 1968

P. and F. Limited
4620 Beverly Blvd.
Los Angeles, California 90004

Attn: Mr. B. D. Fischer

Gentlemen:

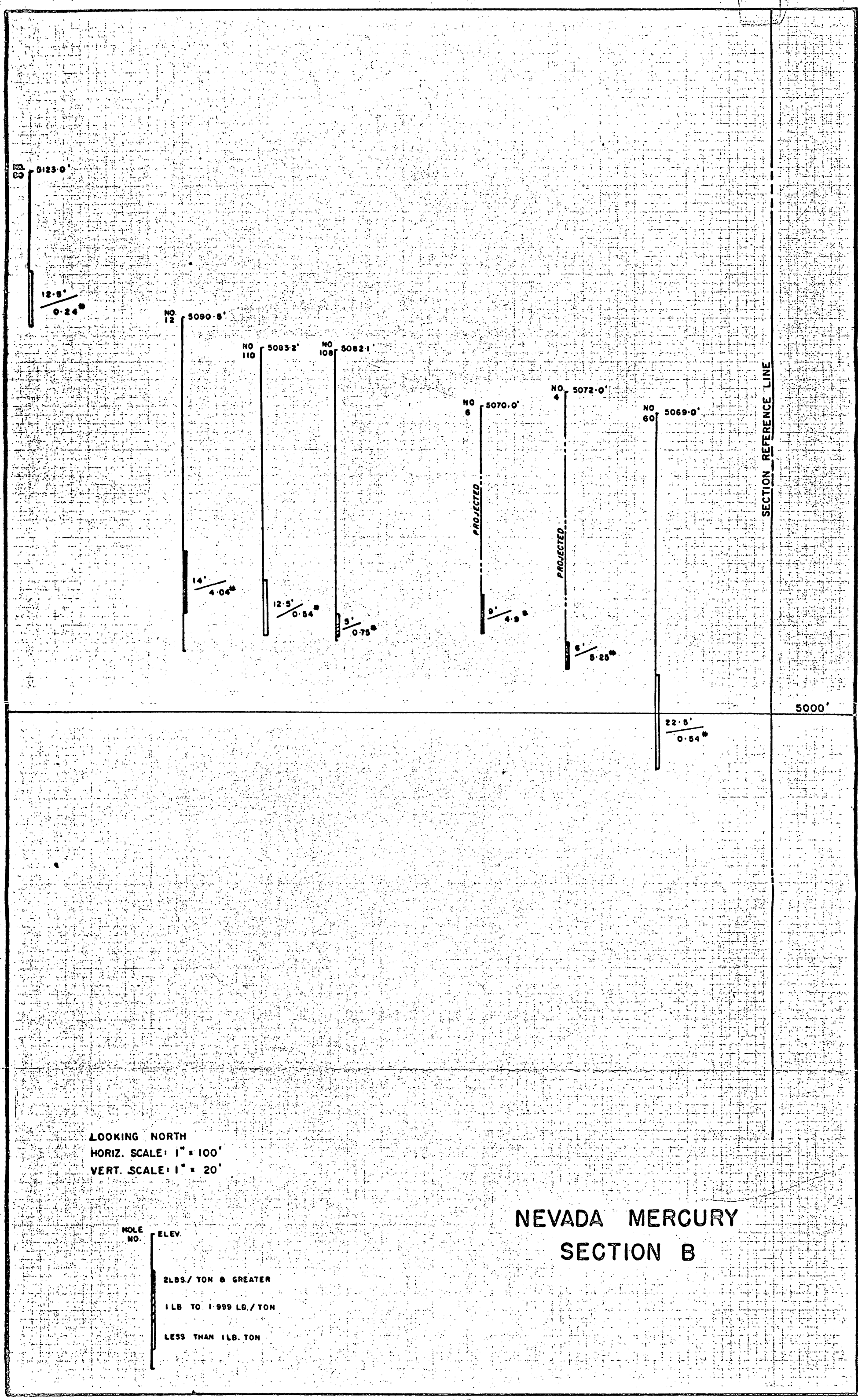
Your application for exploration assistance, dated September 17, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. 6756.

Please identify all future correspondence relating to your application by this docket number.

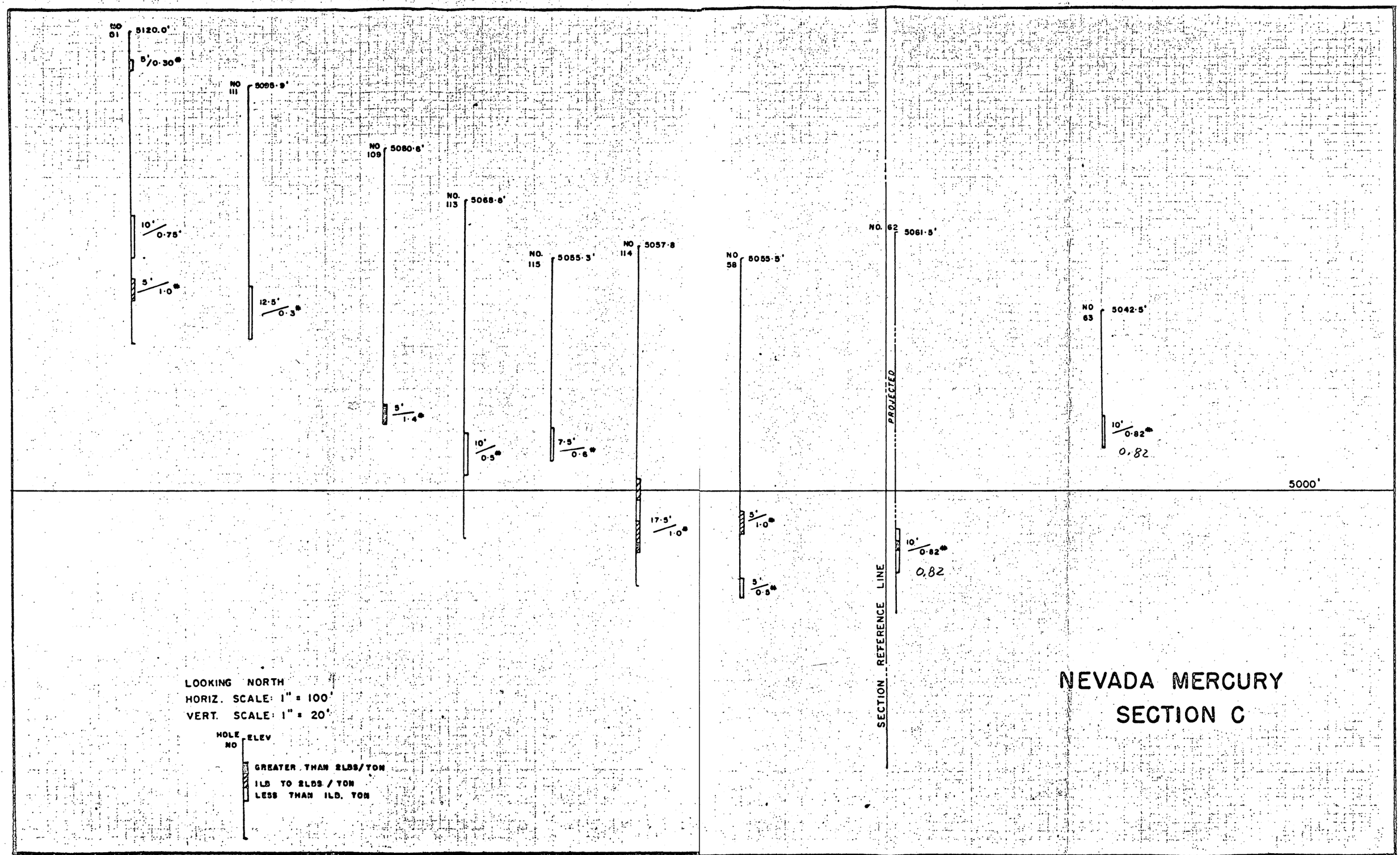
Sincerely yours,

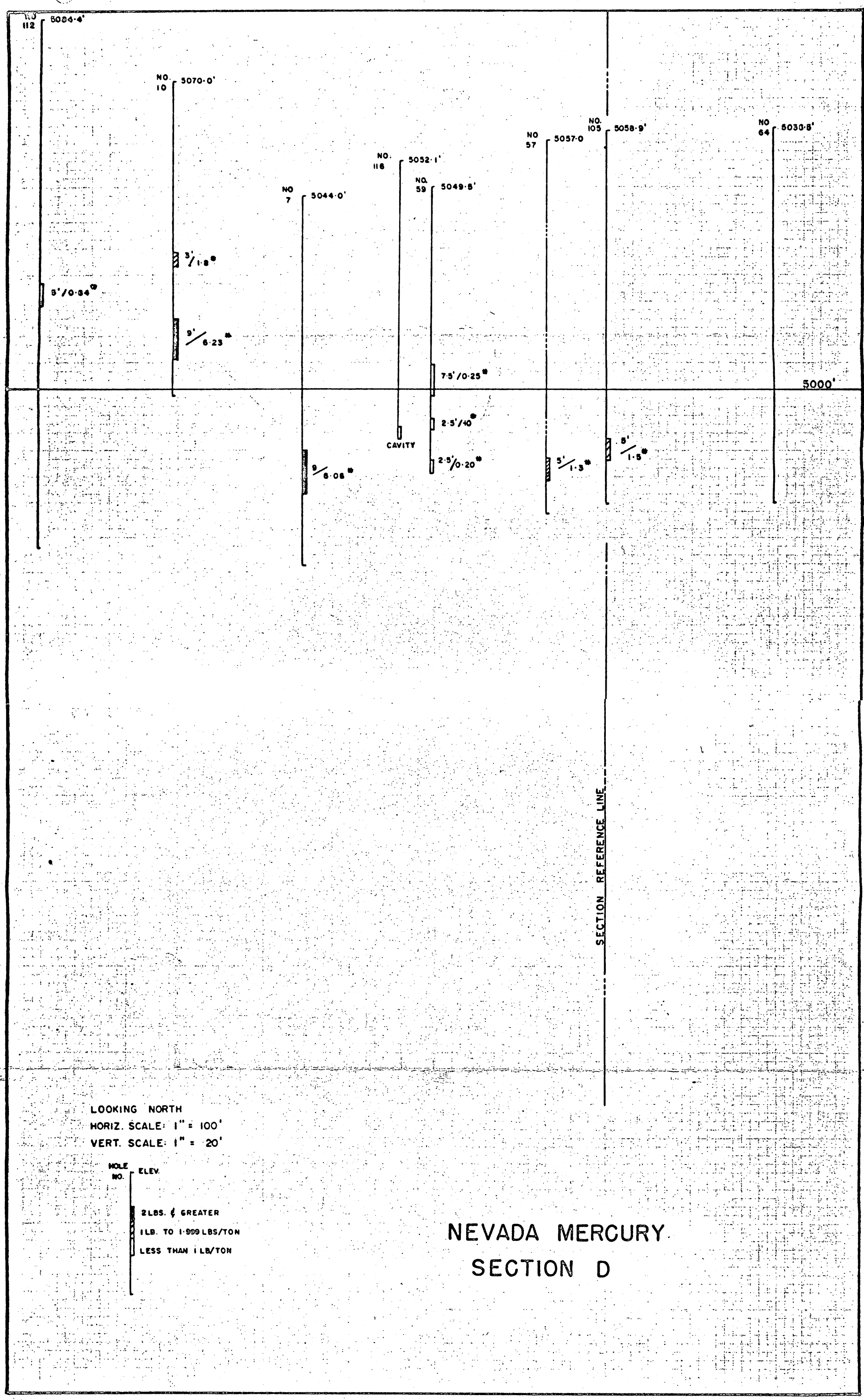
Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region II

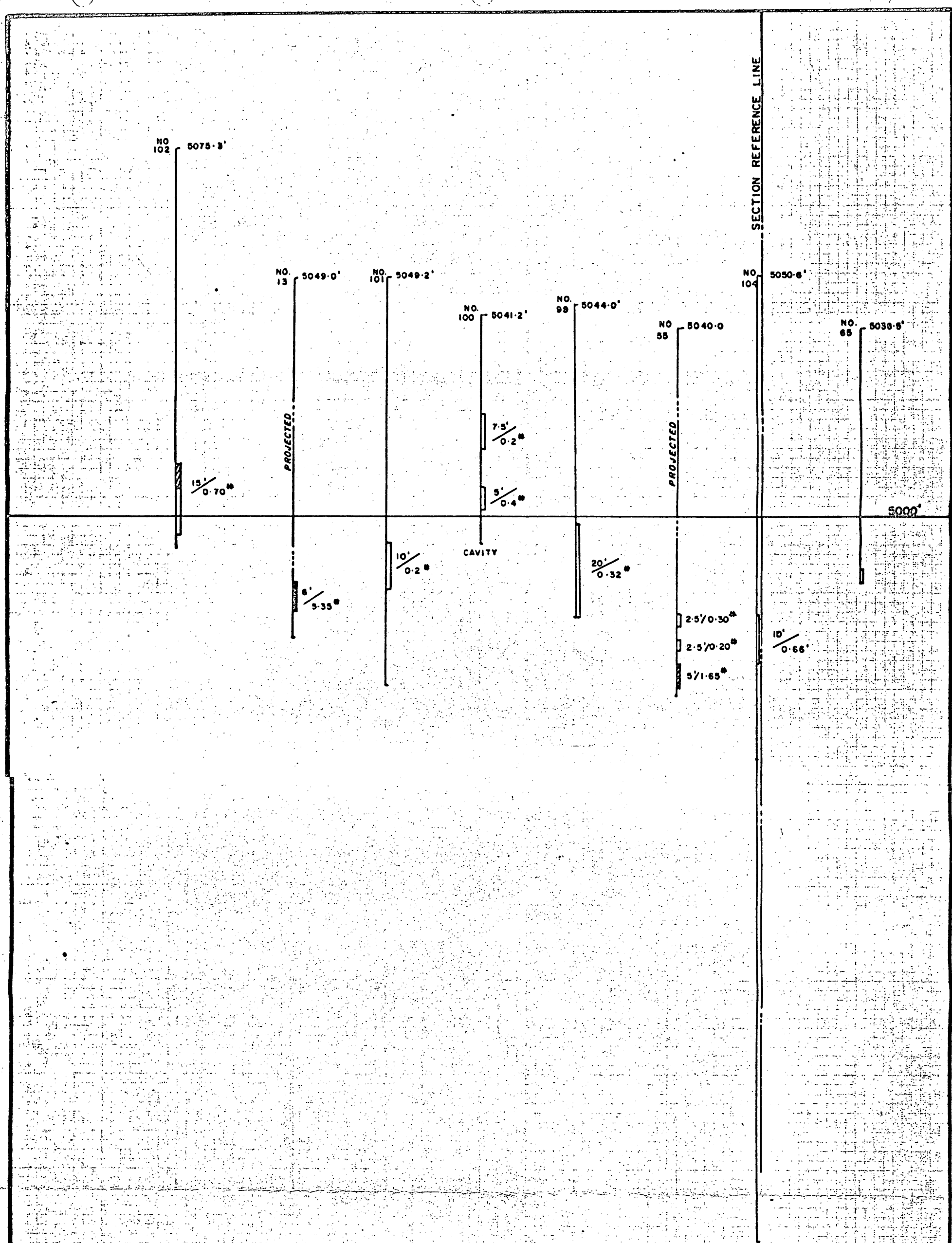


NEVADA MERCURY
SECTION B


NO 01
5120.0'
5'/0.30*
10'/0.75'
5'/1.0*
NO 111
5095.9'
12.5'/0.3*
NO 109
5080.6'
5'/1.4*
NO. 113
5068.8'
10'/0.5*
NO. 115
5055.3'
7.5'/0.6*
NO 114
5057.8
17.5'/1.0*
NO 58
5055.5'
5'/1.0*
5'/0.5*
NO. 62
5061.5'
10'/0.82*
0.82
PROJECTED
SECTION REFERENCE LINE
NO 63
5042.5'
10'/0.82*
0.82
5000'
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
HOLE NO
ELEV
GREATER THAN 2LBS/TON
1LB TO 2LBS / TON
LESS THAN 1LB. TON
NEVADA MERCURY
SECTION C



NEVADA MERCURY
SECTION D

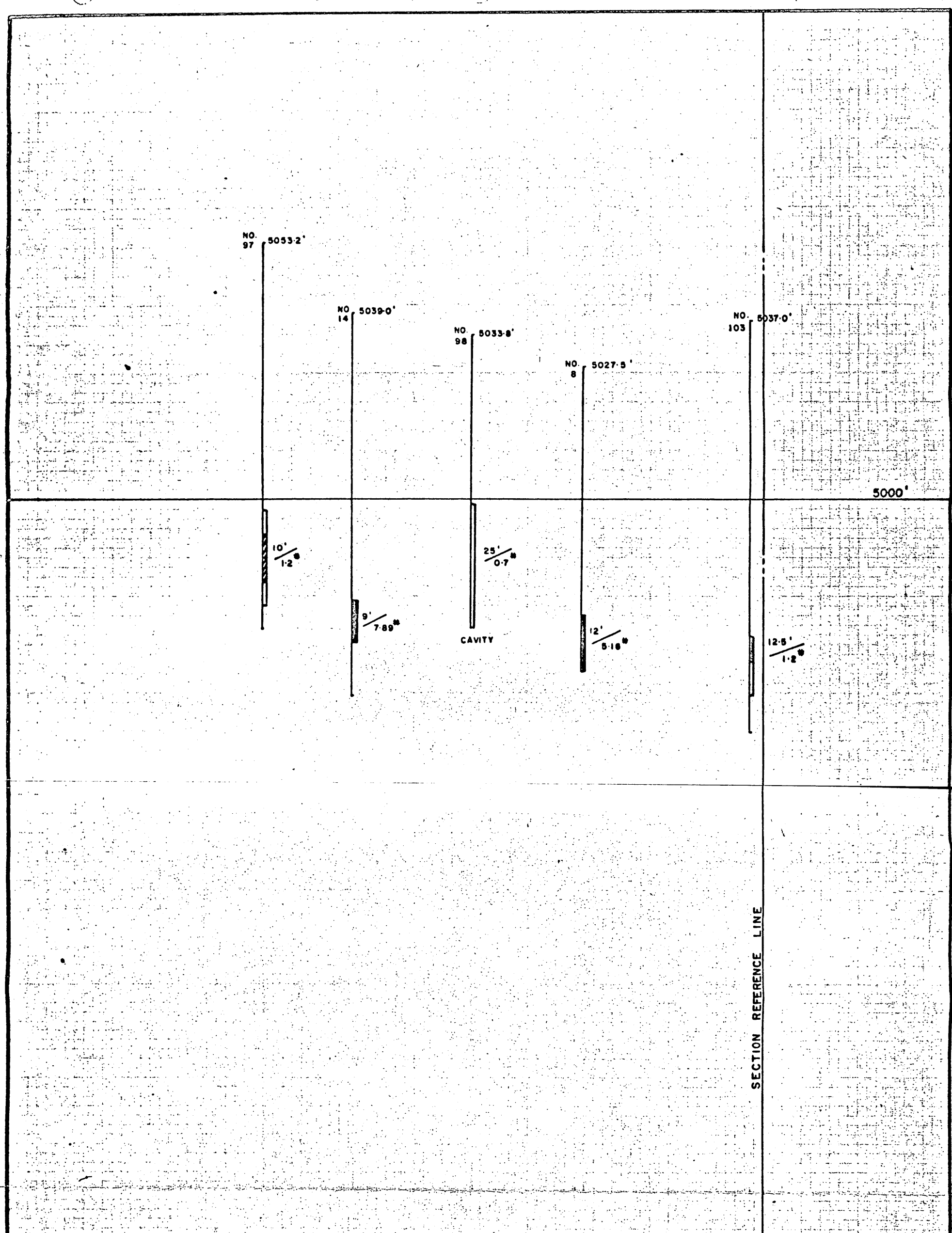


LOOKING NORTH
HORIZ. SCALE 1" = 100'
VERT SCALE 1" = 20'

HOLE NO — ELEV.

.2 LBS./TON & GREATER
1 LB. TO 1·999 LBS/TON
LESS THAN 1LB/TON

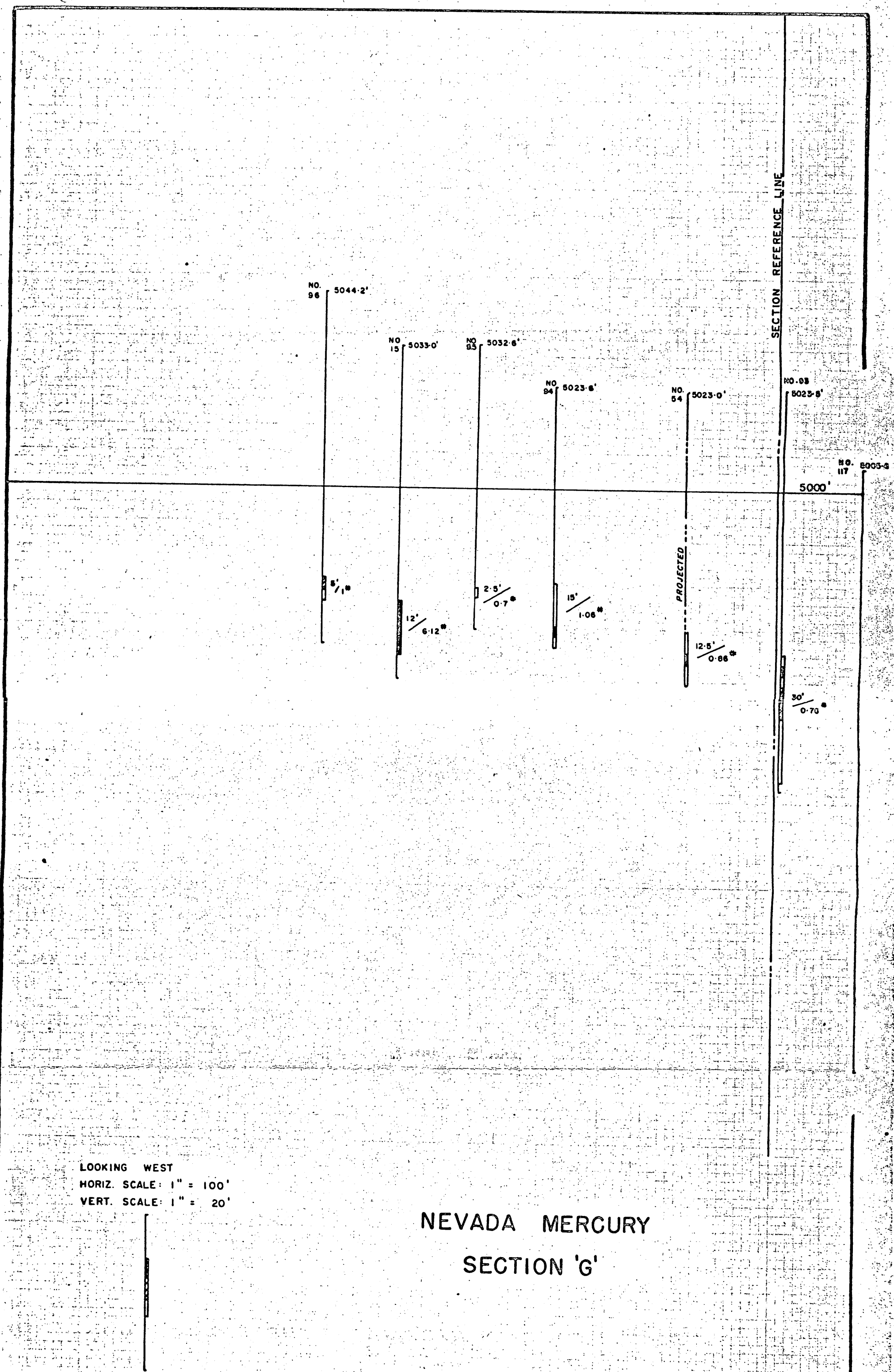
NEVADA MERCURY
SECTION E



LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

NEVADA MERCURY

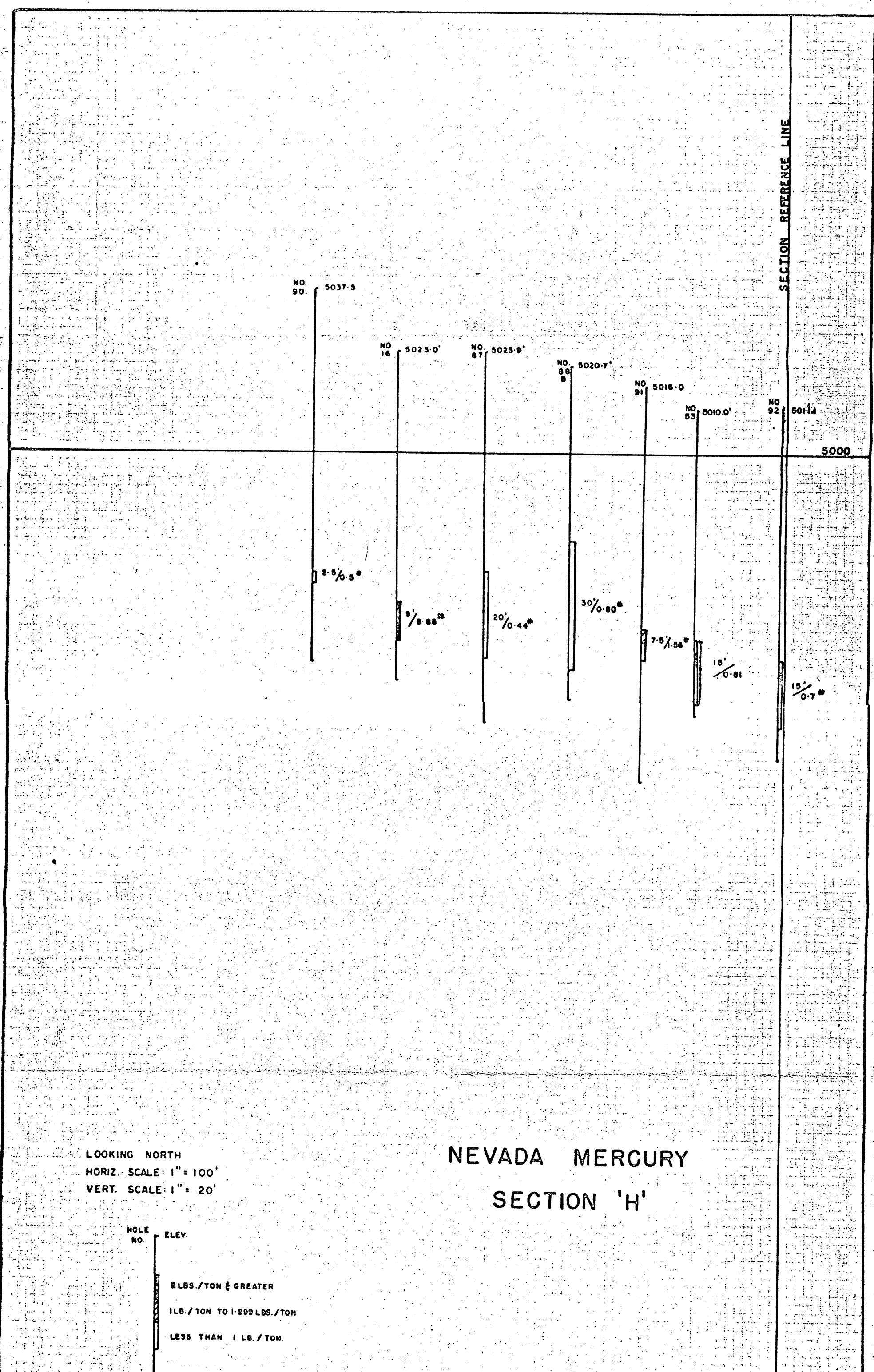
SECTION 'F'



LOOKING WEST
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

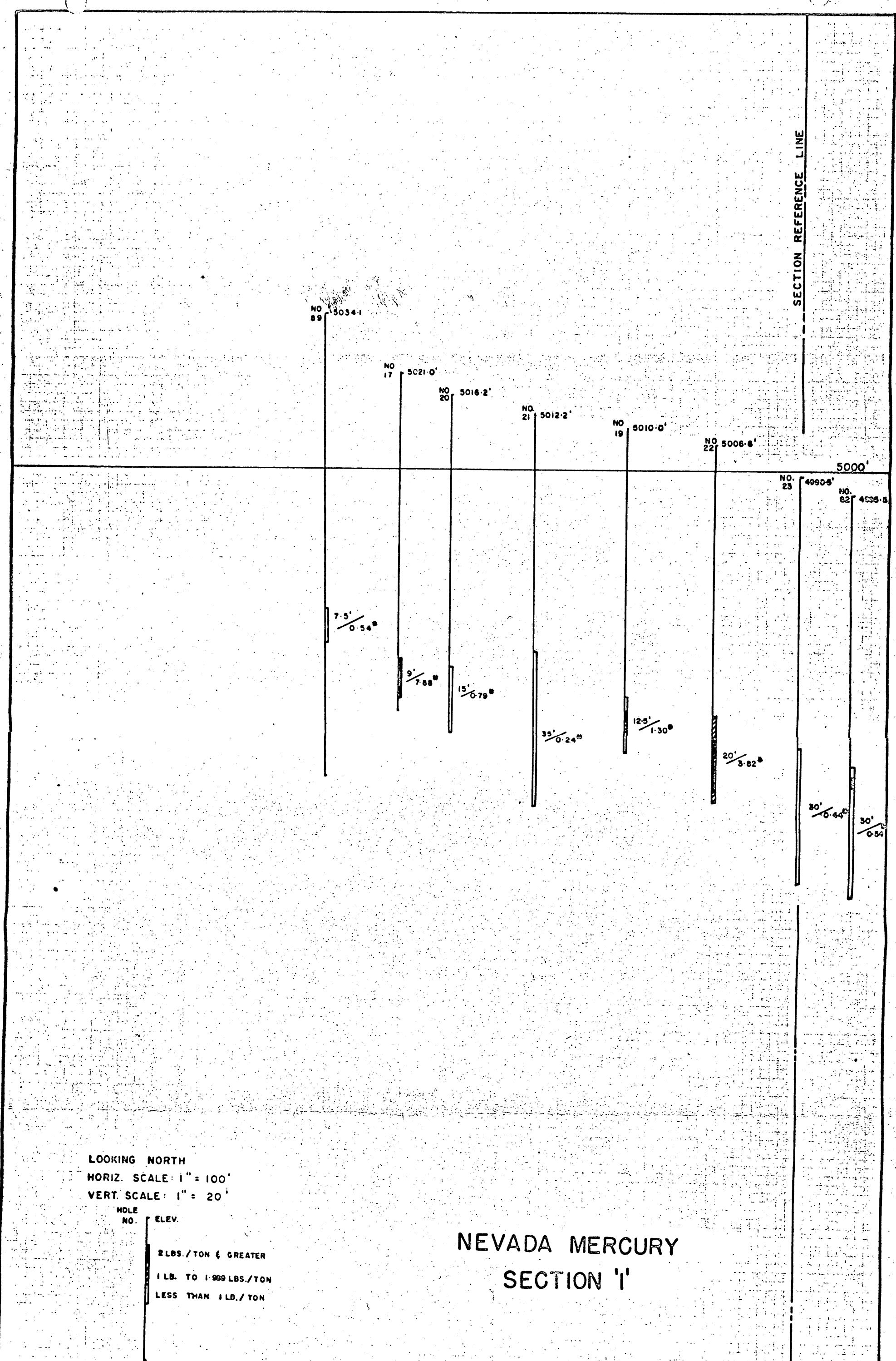
NEVADA MERCURY

SECTION 'G'

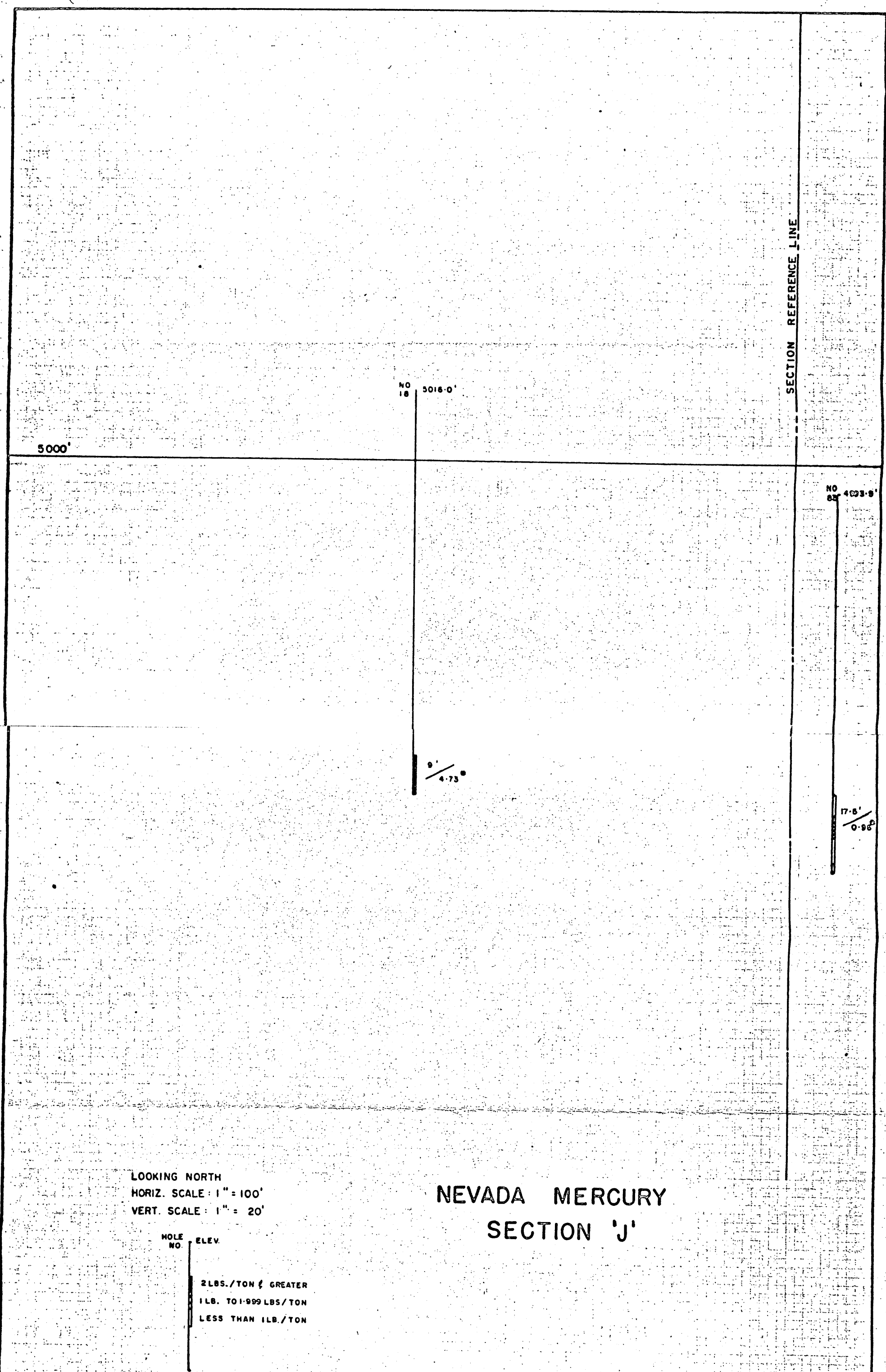


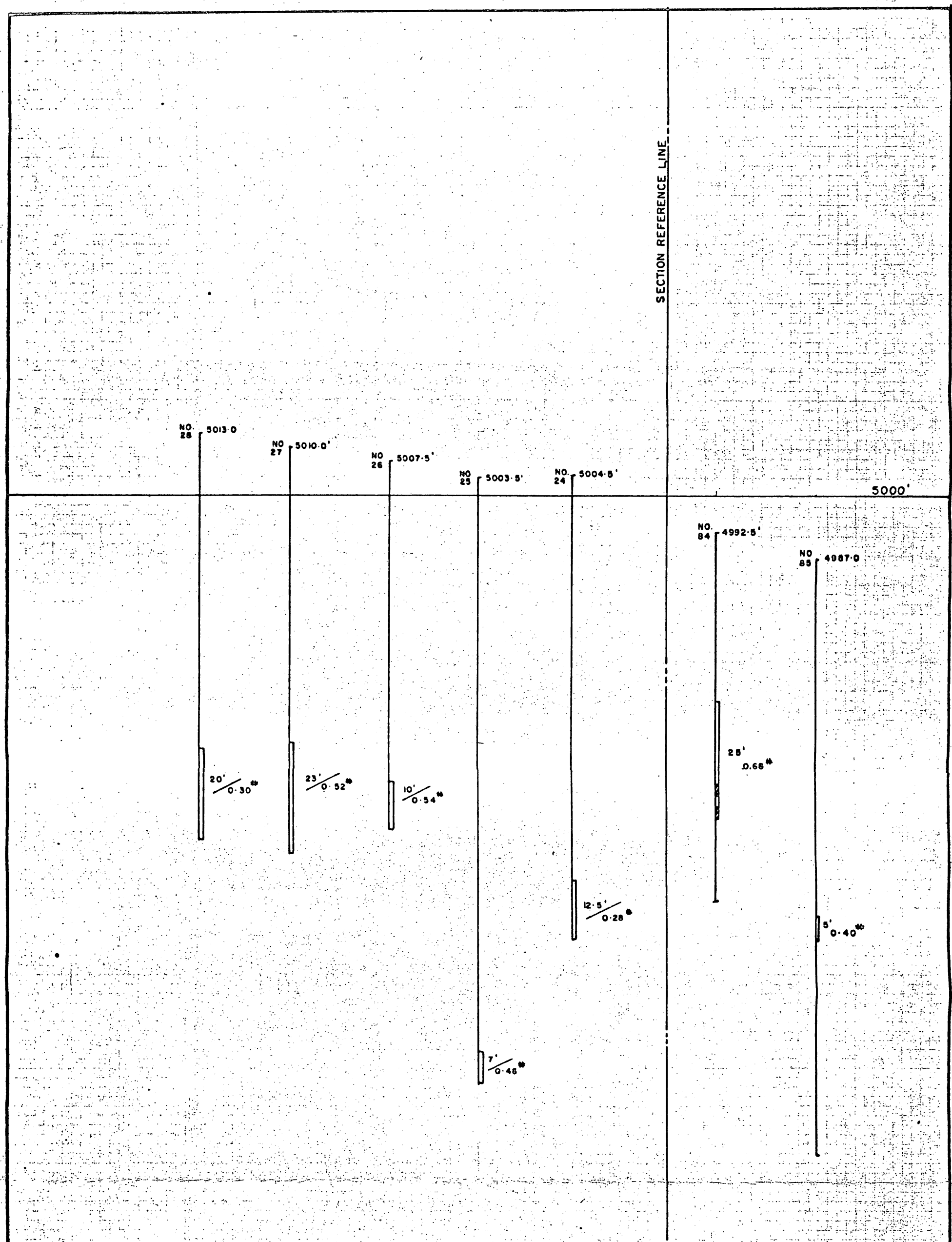
NEVADA MERCURY

SECTION 'H'



NEVADA MERCURY
SECTION 'I'


SECTION REFERENCE LINE
NO 18
5018·0'
5000'
NO 82
4993·9'
9'
4·73%
17·6'
0·96%
LOOKING NORTH
HORIZ. SCALE : 1" = 100'
VERT. SCALE : 1" = 20'
HOLE NO.
ELEV.
2 LBS./TON & GREATER
1 LB. TO 1·999 LBS/TON
LESS THAN 1 LB./TON
NEVADA MERCURY
SECTION 'J'



LOOKING NORTH

SCALE: HORIZ. 1" = 100'

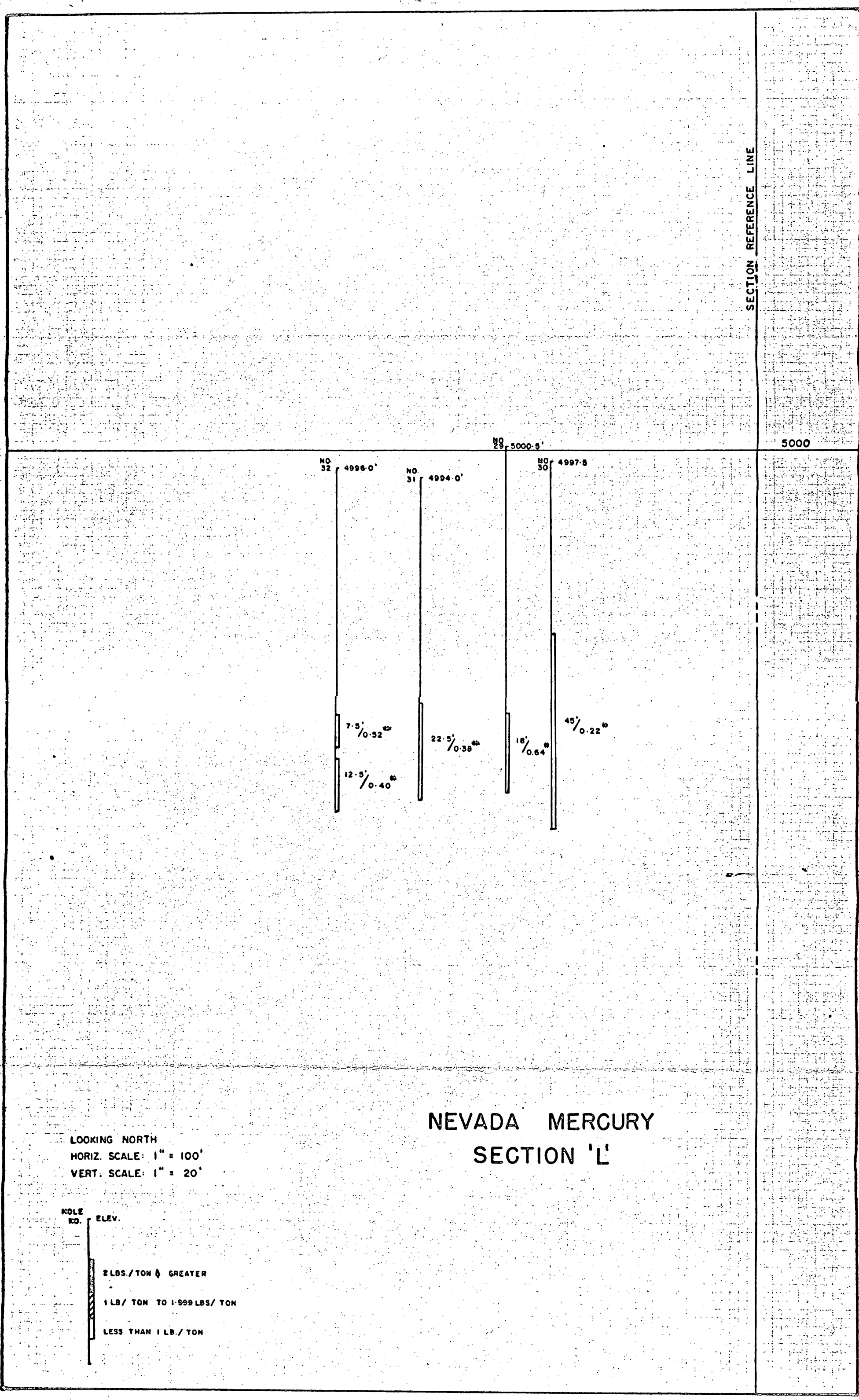
HOLE NO. ELEV

2 LBS./TON & GREATER

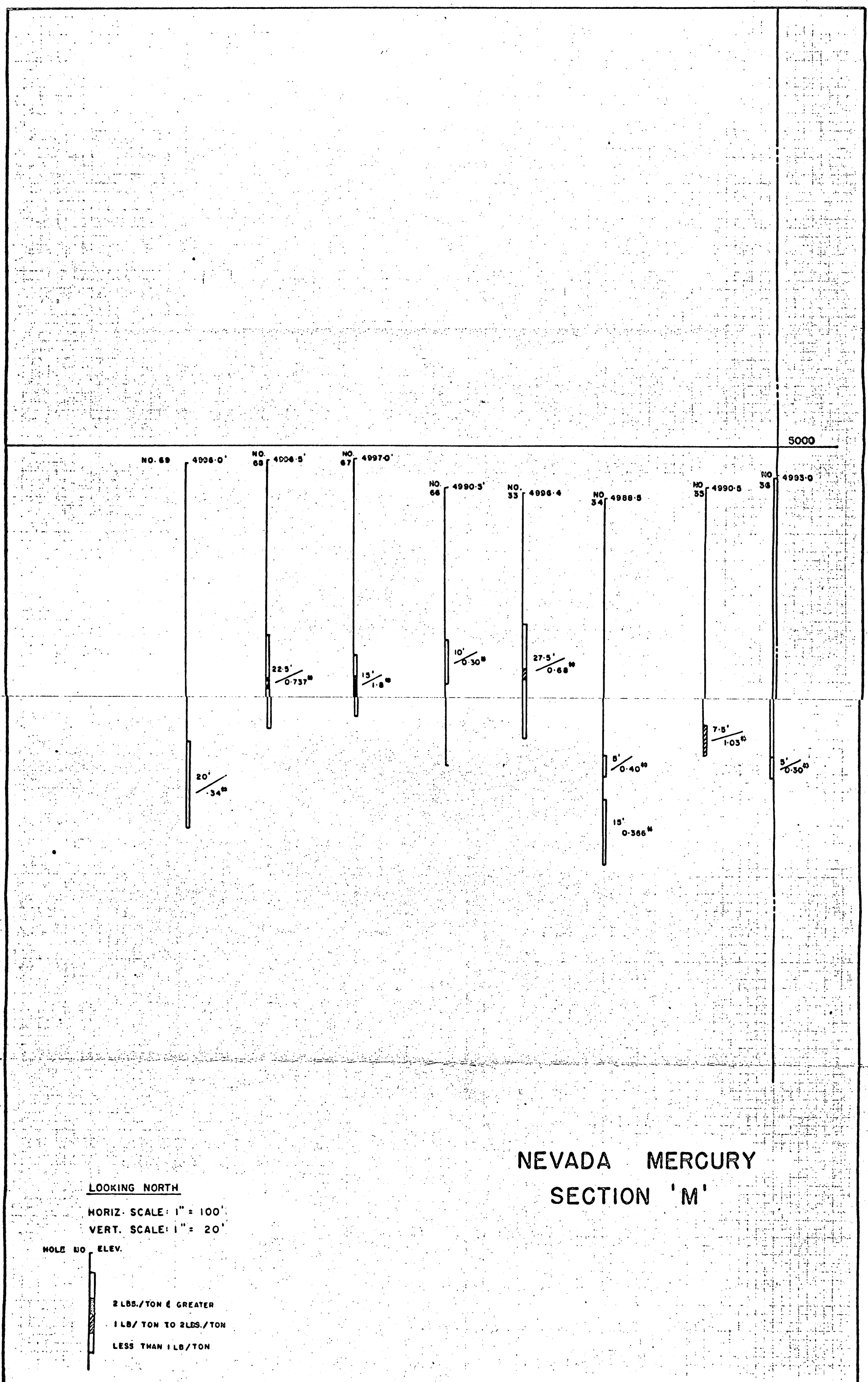
1 LB. TO 1·999 LBS./TON

LESS THAN 1 LB./TON

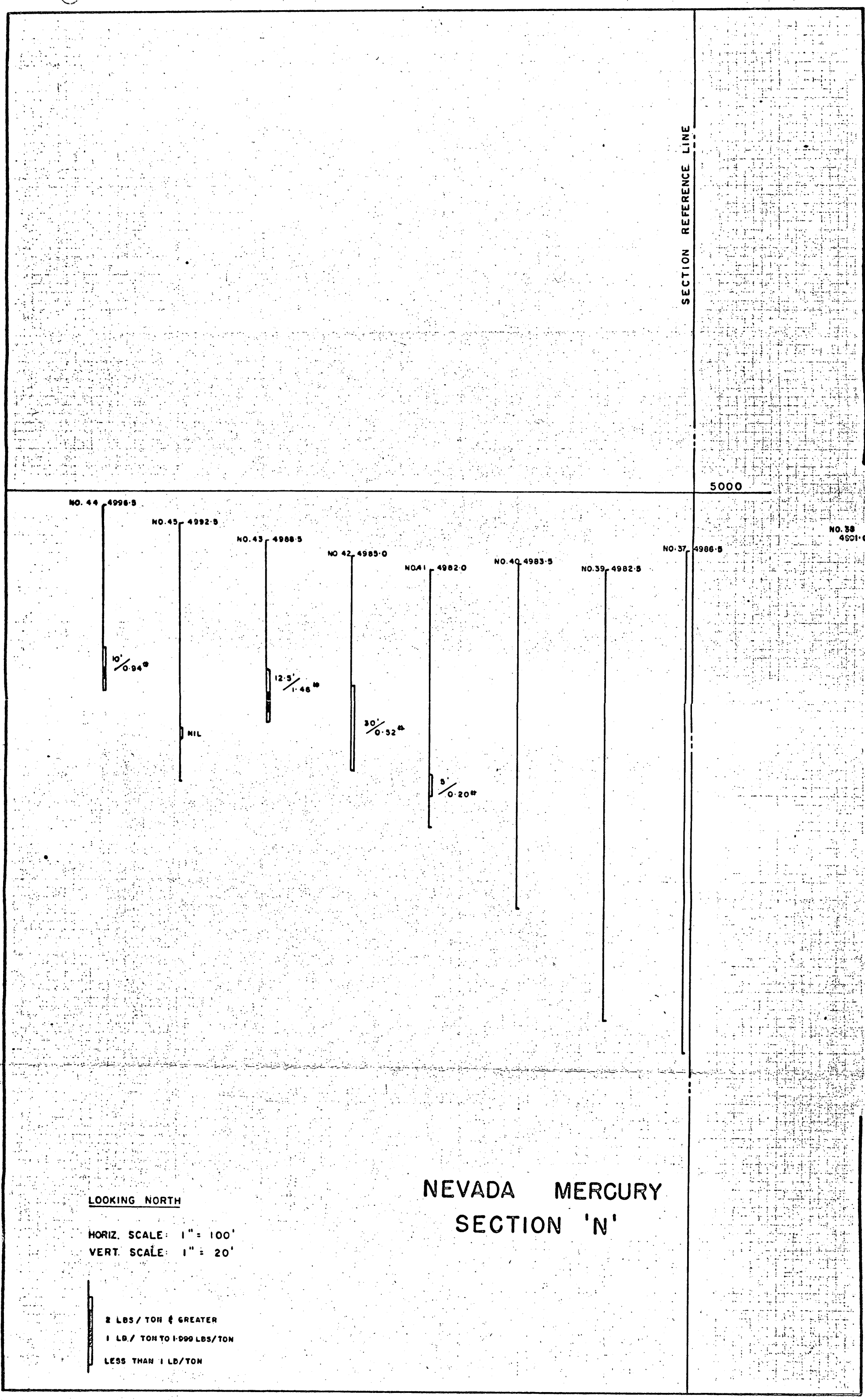
NEVADA MERCURY
SECTION K

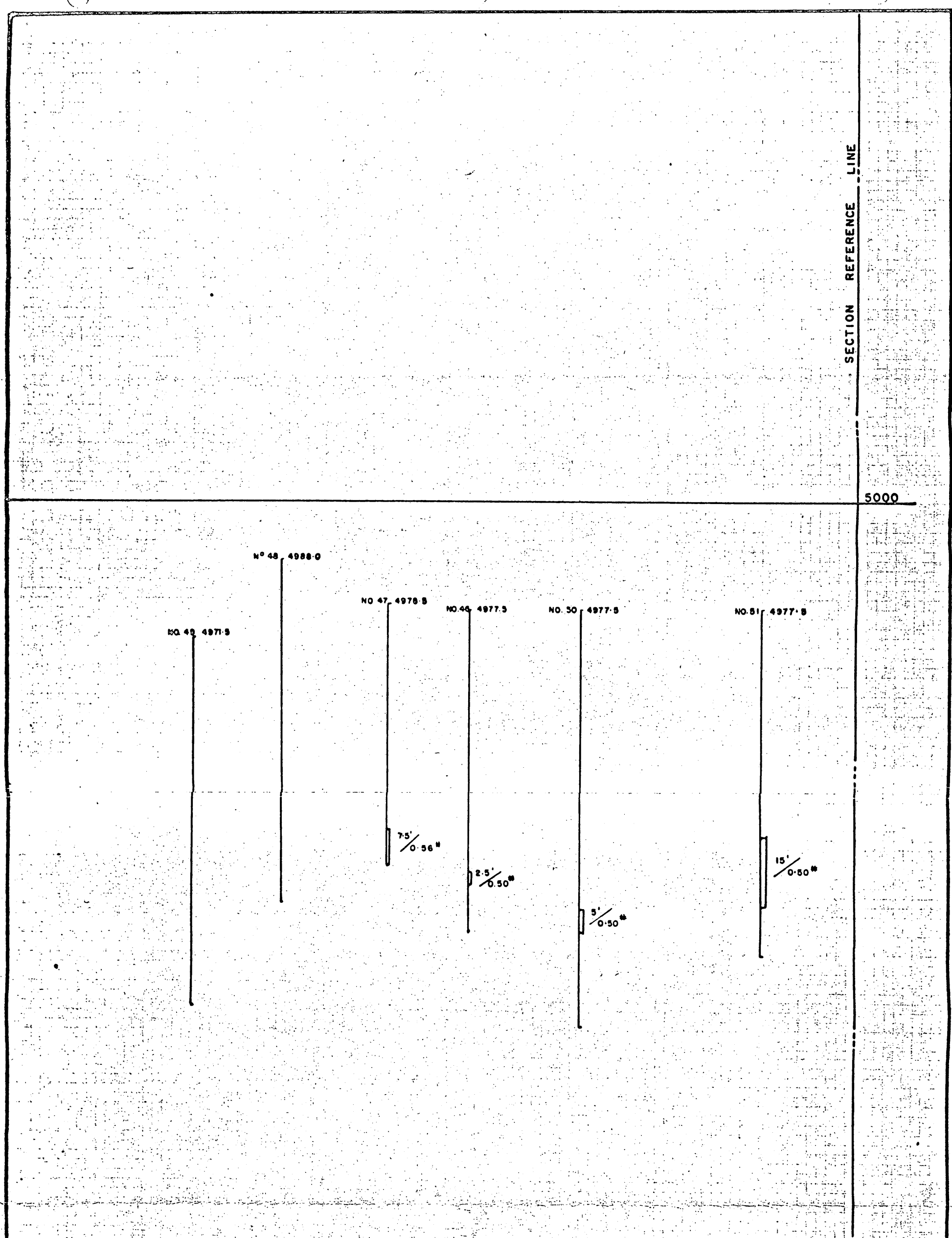


NEVADA MERCURY
SECTION 'L'



NEVADA MERCURY
SECTION 'M'


SECTION REFERENCE LINE
5000
NO. 44 4996·5
10' / 0·94#
NO. 45 4992·5
NIL
NO. 43 4988·5
12·5' / 1·46#
NO 42 4985·0
30' / 0·32#
NO 41 4982·0
5' / 0·20#
NO. 40 4983·5
NO. 39 4982·5
NO. 37 4986·5
NO. 38 4991·0
LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'
2 LBS / TON & GREATER
1 LB. / TON TO 1·999 LBS/TON
LESS THAN 1 LB/TON
NEVADA MERCURY
SECTION 'N'

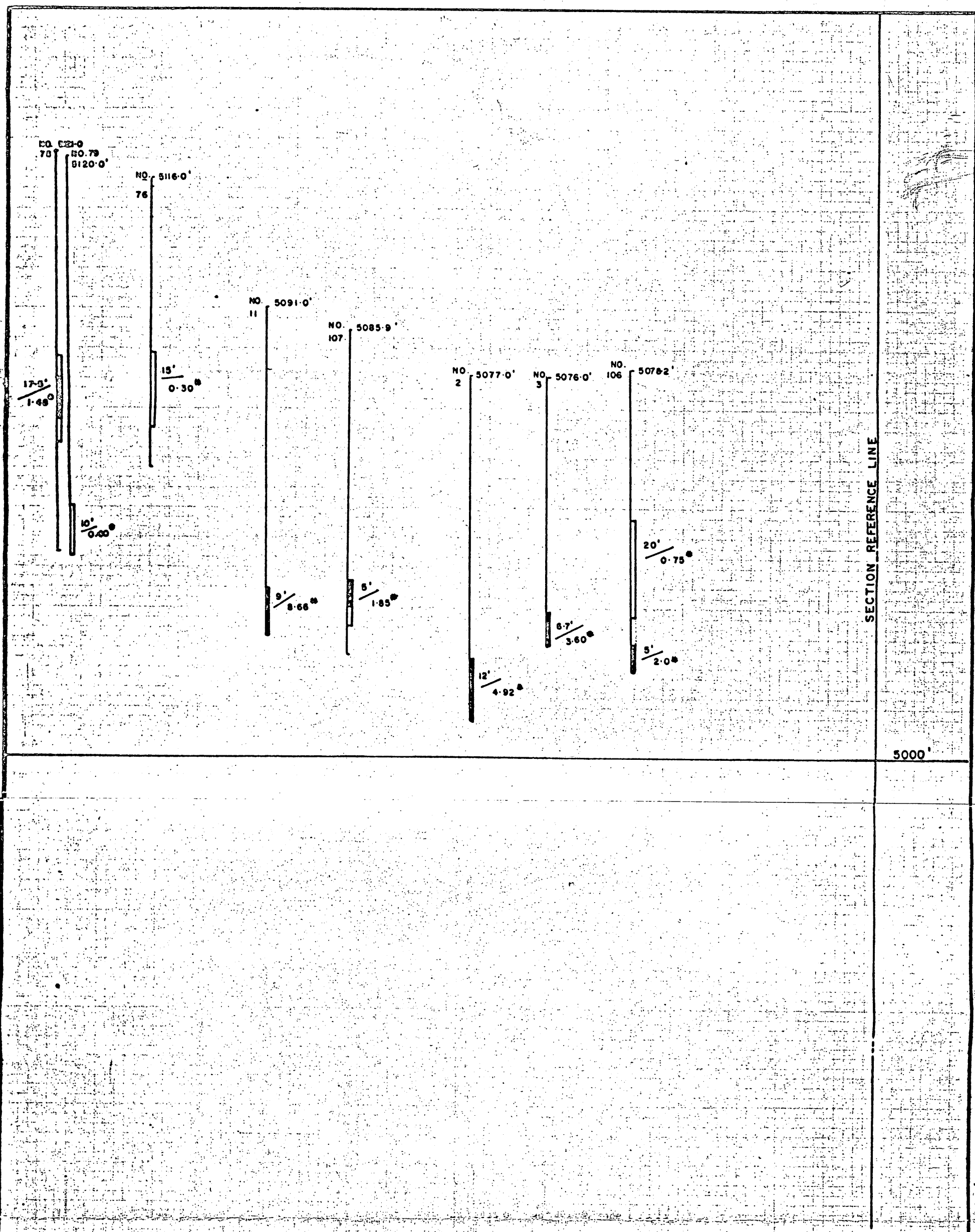


LOOKING NORTH

HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

2 LBS. / TON & GREATER
1 LB/TON TO 1.999/TON
LESS THAN 1 LB/ TON

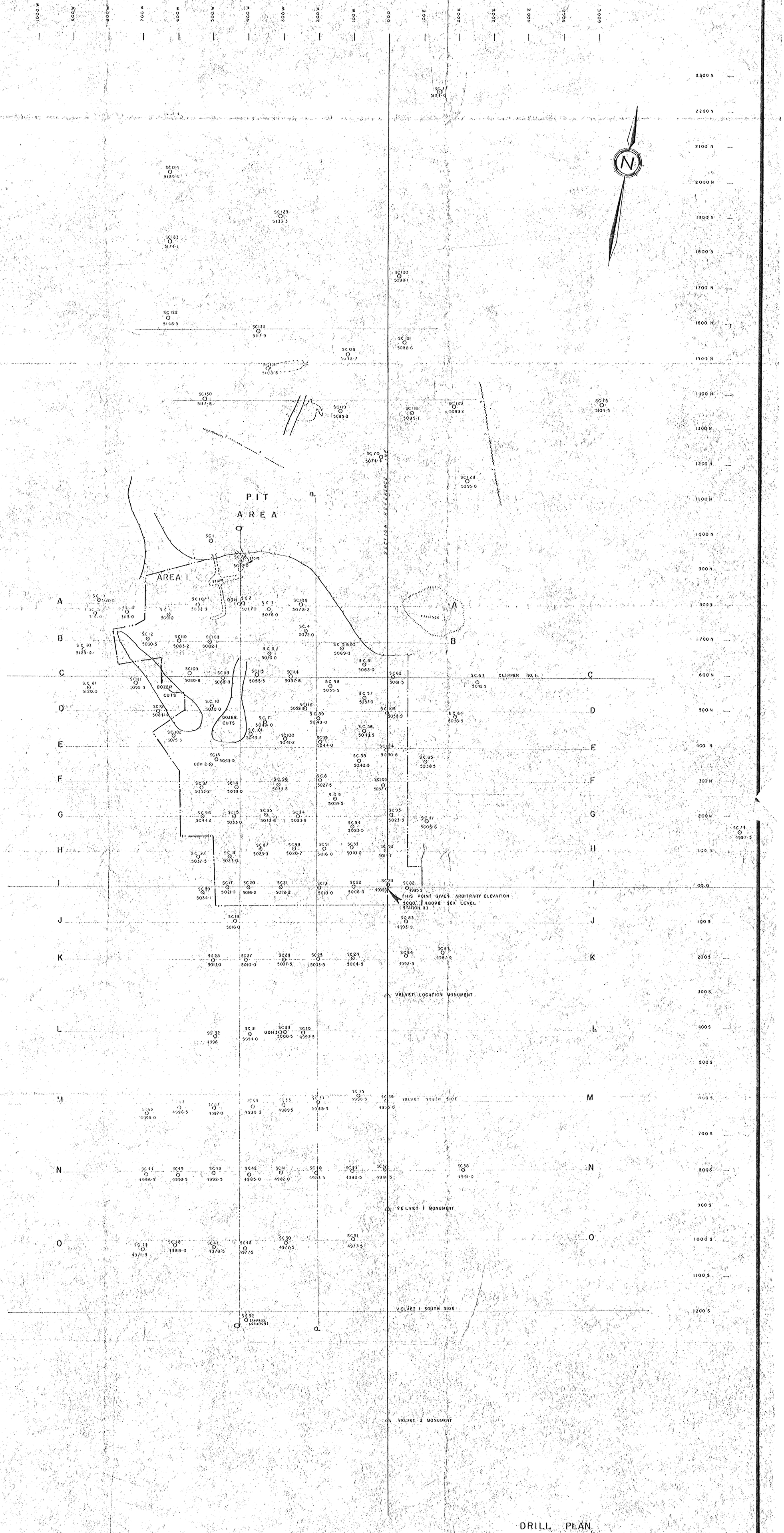
NEVADA MERCURY
SECTION 'O'



LOOKING NORTH
HORIZ. SCALE: 1" = 100'
VERT. SCALE: 1" = 20'

2LBS./TON & GREATER
1LB TO 1·999 LB/TON
LESS THAN 1LB./TON

NEVADA MERCURY
SECTION A

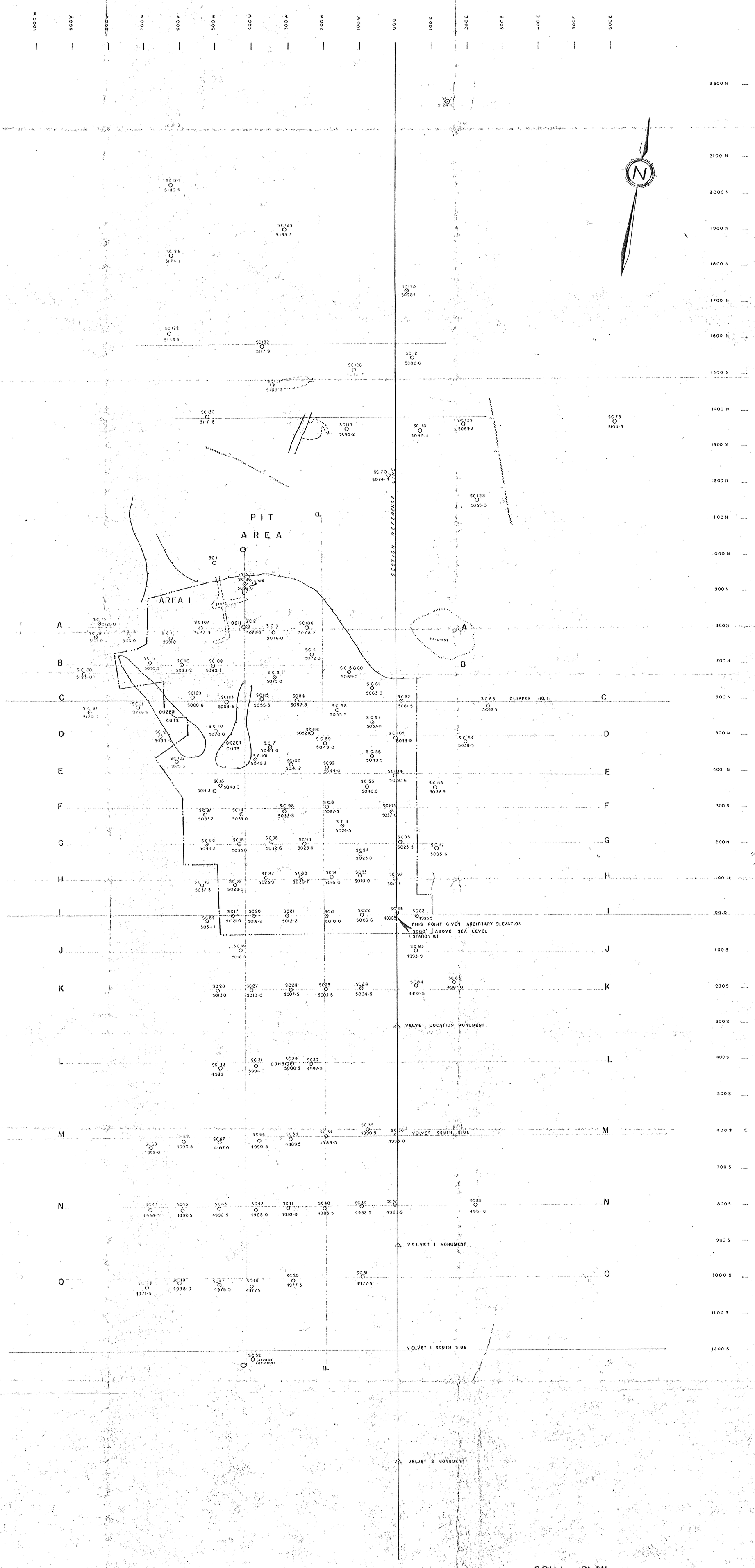


DRILL PLAN

NEVADA MERCURY PROSPECT

ELKO COUNTY, NEVADA

Scale: 1" = 100'

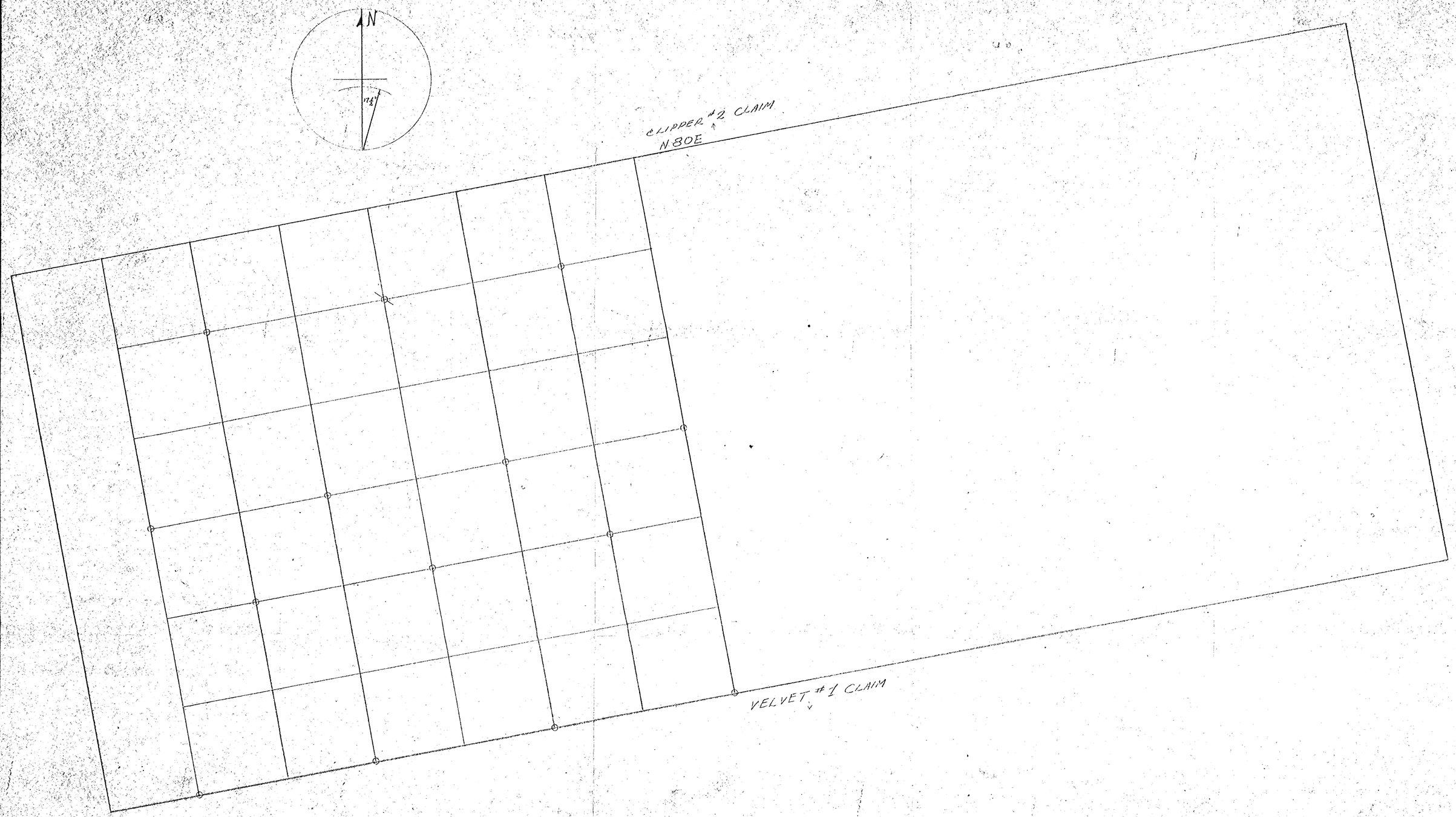


DRILL PLAN

NEVADA MERCURY PROSPECT

ELKO COUNTY, NEVADA

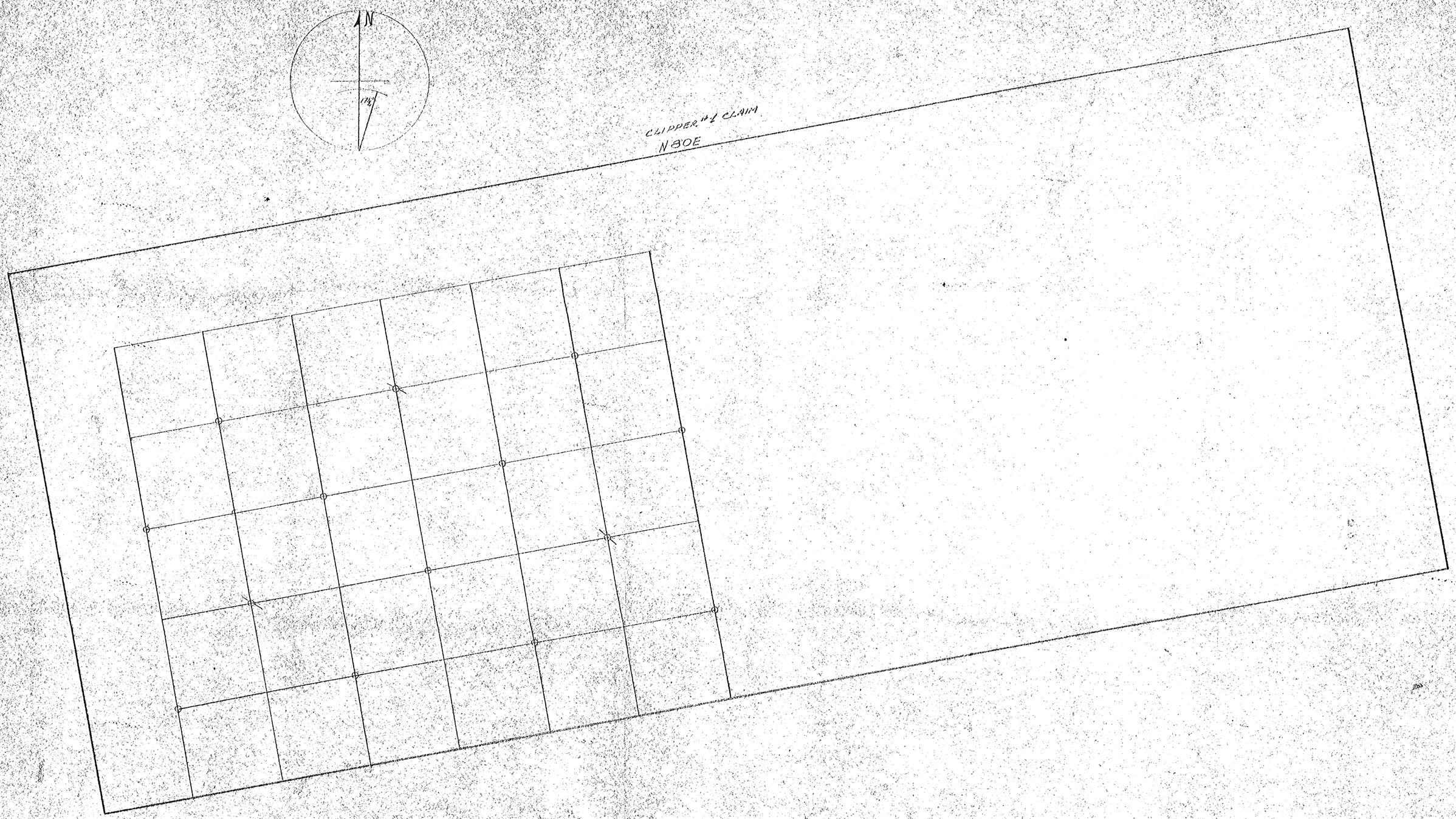
Scale: 1" = 100'



VELVET CLAIM		
SCALE: 1" = 50'	APPROVED BY: E.W. MORRIS	DRAWN BY R.N.P.
DATE: 7-16-68		REVISED —
SILVER CLOUD GROUP		
		DRAWING NUMBER #3

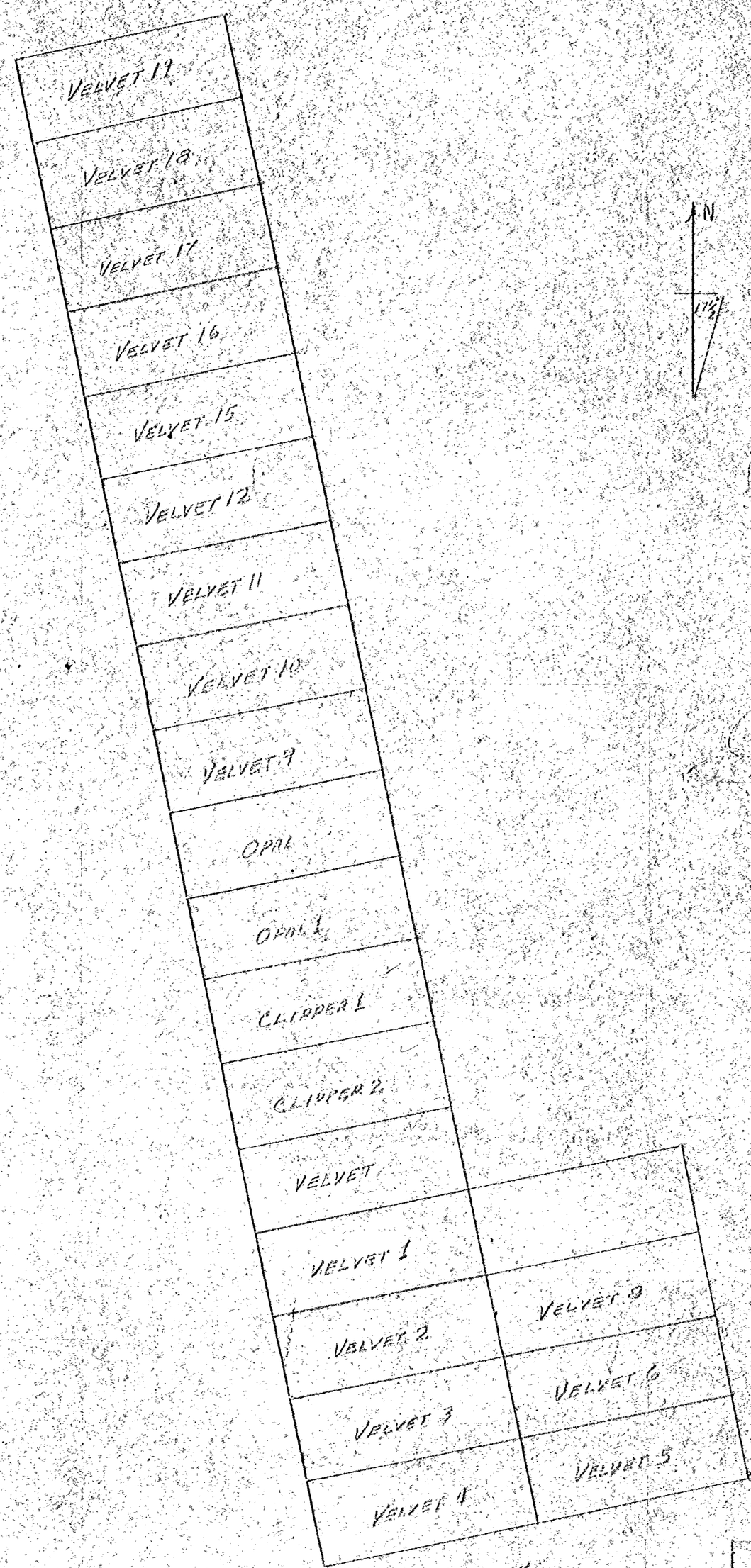
22X34 PRINTED ON NO. 1000R CLEARPRINT

ORIGINAL



CLIPPER #2 CLAIM		
1" = 50' 9-14-68	E.W. Morris	RND
SILVER CLOUD GROUP		
		#2

ORIGINAL

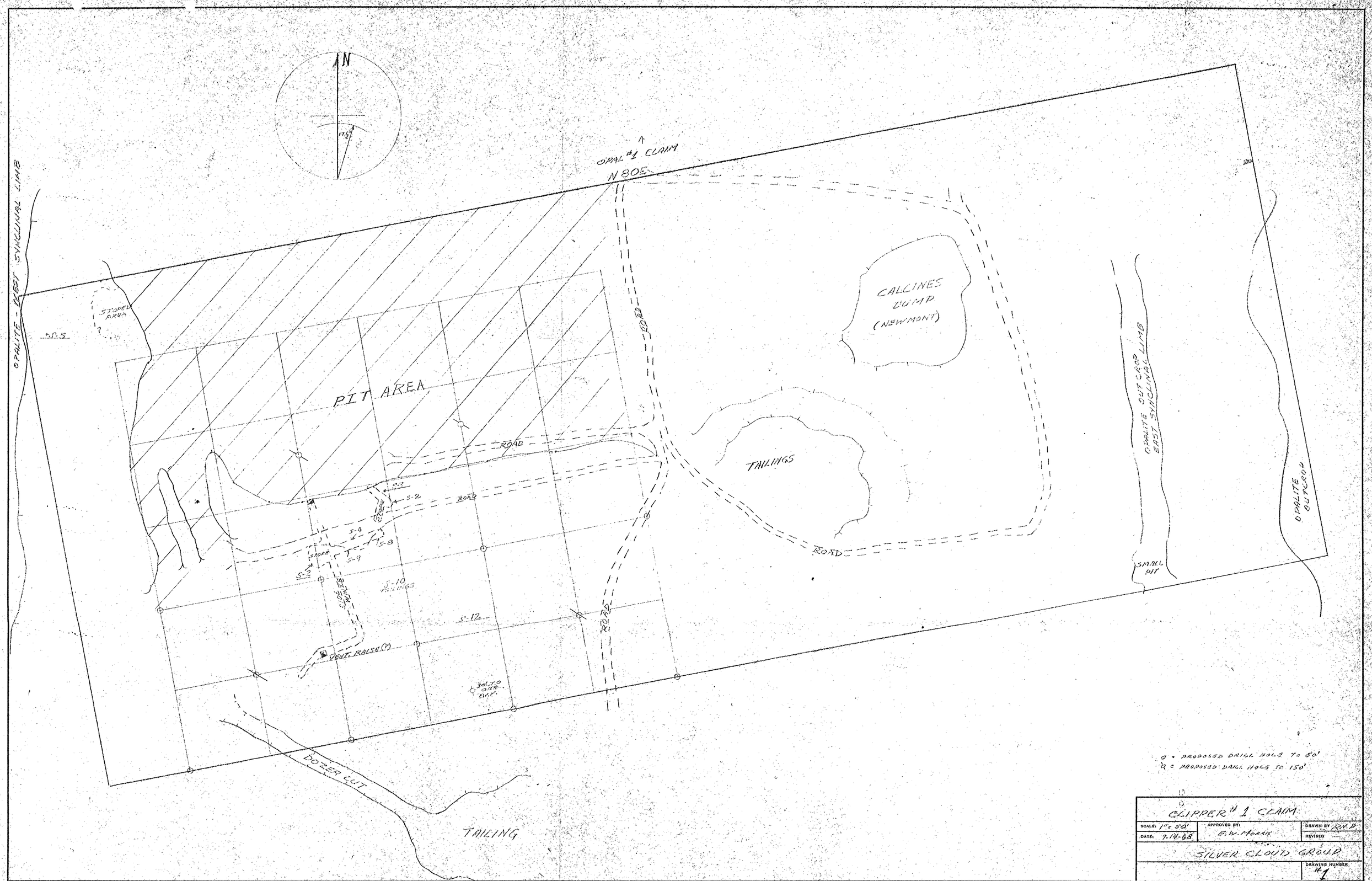


NOTE: VELVET #1, MILLSITE CLAIM LIES 2 MILES SOUTH FROM MINE AREA

SILVER CLOUD MINE
SECS. 25 & 26
T. 31-N R. 47-E
ELKO COUNTY, NEVADA
9-5-68 | 1" = 600' | RNP

GROUND ARRANGEMENT

ORIGINAL



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ORIGINAL