MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. 6861

Application
- [x] Denied
- [x] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] 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

United States Department of the Interior

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

December 1, 1971

OFFICIAL
COPY
O. M. E.
RECEIVED
DEC 3 1971

INITIALS	CODE
HK	

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Gold-Silver)
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

Enclosed is a new application received in this office on August 9, 1971, together with subsequent correspondence and documents needed to complete the application. Duplicate copies are retained in our files.

Most of the questions raised in our letter of August 10 to Mr. Delgado have been answered satisfactorily except 2(a)--which could be determined during a field examination--and 1(a), which requests additional bank letters. The letter from the First National Bank of Nevada is not acceptable, but it does complete the application.

R. M. Smith
for H. K. Stager

Enclosures

MME Form 40
(Revised Nov. 68)

Budget Bureau No. 42-R1368
Approval expires Dec. 1971

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

INITIALS CODE

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 3 1971

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.)*

Mr. Leo A. Delgado
840 Roosevelt Street
National City
California

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6861

DATE RECEIVED: 12-3

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $ 95,000.00

PROPERTY NAME	LOCATION COUNTY	STATE
POTOSI	MINERAL	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. II). 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 Department of the Interior, U.S. Geological Survey, Office of Minerals Exploration, Washington, D. C., 20242, or with the nearest OME Field Office.*

CERTIFICATION

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

7/28/71
DATED

Leo Delgado
BY (Signature)

x Owner
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 (1) true copies of your letters to credit sources which show date of loan request, amount and terms requested, and proposed use of loan funds and (2) true copies of 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 signed by owner on MME Form 52. If the agreements cannot be obtained, state reasons and whether you can furnish a performance bond.

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.

(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) 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. State your reasons for expecting to find ore.

(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, address, and telephone number 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 time and materials *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 price 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).]

Leo Delgado Roofing Company

840 Roosevelt
National City, California 92050
474-5554 474-5555

Nov.29,1971

Office of Mineral Exploration
U.S.Geological Survey
345 Middlefield Road
Menlo Park,Cal.94025

Att. Mr.H.K.Stager

Gentlemen:

Attached are correspondence which are self explanatory.

Needless to say,we are still very interested in getting this project started.

Thank you for your cooperation.

Sincerely yours,

Leo Delgado

Leo Delgado

RECEIVED

DEC - 1 1971

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

FIRST NATIONAL BANK OF NEVADA
SOUTHERN REGION · 300 EAST CARSON AVENUE
P. O. Box 190, Las Vegas, Nevada · 89101

R. J. BISSETT
VICE PRESIDENT

November 23, 1971

Mr. Leo Delgado
840 Roosevelt
National City, California 92050

Dear Mr. Delgado:

In the absence of Mr. Kibby I am answering your letter to him, dated November 18, 1971.

It is difficult to comment on your request for a loan in the amount of $71,000, without your financial statement. However, it is not our policy to make unsecured loans for the development of mining property. If your application is this type of request, we must respectfully decline it.

Yours sincerely,

R. J. Bissett
Vice President and
Southern Regional Administrator

RJB:mk

November 18,1971

First National Bank of Nevada
Mr. Minor Kibby
300 East Carson Avenue
Las Vegas, Nevada

Dear Mr. Kibby;

I am referred to you by Mr. C. P. Keegel.

I have an application in to the Government for a development loan on the Potosi mine near Mina,Nevada.

One of the requirements is that I apply to three private institutions for loans and if refused send the letters to them. I lack one such letter.

Accordingly, I wish to apply for a development loan from the First National Bank of Nevada in the amount of $ 71,000.00. Mr. [illegible] and provide you with a report on the prop[illegible] venture, [illegible] is not the policy to loan on [illegible] I will very much appreciate a letter from you [illegible] effect.

Very sincerely yours,

Leo Delgado
840 Roosevelt
National City, California
92050

COPY

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

November 16, 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Re: OME application (Gold-Silver)
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

Dear Mr. Delgado:

On August 10, 1971, we requested additional information needed to complete your OME application. Since then we have received from Mr. Keegel all of the data requested except for your letters to and from a bank (item 1(a) on the application form). Mr. Keegel, in his last letter, stated that "I presume that Mr. Delgado has forwarded letters from the First National Bank of Nevada at Hawthorne." Your letter to the bank requesting a loan of about $71,000 to explore the Potosi Mine, and the bank's reply, have not been received.

As stated in our request, we are not permitted to waive this requirement. If you need more time to submit these bank letters, please let us know. If we do not receive a reply from you within thirty days from the date of this letter, we must assume that you are no longer interested in proceeding with your application.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

RMSmith:mkh

KEEGEL ENGINEERING INC.
Mineral Appraisal • Production Management • Metallurgical Design
1721 SOUTH FOURTEENTH ST. • LAS VEGAS, NEVADA 89105
TELEPHONE (702) 735-8526

Mr. H. K. Stager
Office of Mineral Exploration
U. S. Geological Survey
345 Middlefield Road
Menlo Park, Calif.,94025

Dear Mr. Stager;

With reference to Mr. Delgado's Potosi mine, Mineral County, Nevada, you will please find herewith drilling bids from Daryl Drilling, Boyles, and Mr. Chaffin. We were delayed by not having a Longyear bid and I asked Chaffin to replace them, which he has done. You will note that his data has just been received.

Claim map for the Potosi has been filed and the location certificates are on file in the Mineral County Courthouse Book 12 of mining locations, page 400-401, for the Mountain Ridge,New Potosi, and New Potosi No.1. The Mt. Potosi Lode No.1, Lot 38 and the Potosi Quartz lode,Lot 40, are patented, No. 1516, G?L?O 6541.

I presume that Mr. Delgado has forwarded letters from the First National Bank of Nevada at Hawthorne.

Very sincerely yours,

C. P. Keegel

CPK:ar

RECEIVED
OCT 21 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

J. D. Chaffin
DRILLING COMPANY
VISUAL SAMPLE RECOVERY BY REVERSE AIR VACUUM
851 Haverford Ave., Pacific Palisades, Calif. 90272 (213) 454-4822 454-0462

October 18, 1971

Mr. C. P. Keegel
Keegel Engineering, Inc.
1721 South Fourteenth Street
Las Vegas, Nevada 89105

Dear Mr. Keegel:

I tried to get to the property Saturday but it was snowing and I had to turn around; however, as I told you, I drilled two or three holes for John Reynolds of El Paso Gas and found no real difficulties.

I will do this two ways--the first will be much cheaper if we don't encounter too much difficulty. It will be much faster and you get a 100% sample and don't have to haul water from Mina or Coaldale. Also I will have a hammer along in case we run into real hard rock, but I can put 20,000 lbs. on a 4 3/4 bit which will cut pretty hard rock.

I will move in two big trucks and three pickups, one for a pusher, and run 24 hours per day. I have lights all over this new rig.

Bid #1. $37.50 per hour for drill rig, pipe truck and pickup, plus $2.00 per foot of hole drilled, moving from hole to hole, $37.50 per hour, client to furnish drill bits at cost plus freight, bits approximately $65.00 for roller and hammer bits 4 3/4, contractor furnish small 6 x 10 inch sample bags, large 2-foot sample bags, 12 cents each.

Listed below is scale of footage cost with vacuum to water table and you furnish casing to seal off caving formation:

Cost Pr Hr	Plus Cost Pr Ft	No Ft Drilled Pr Hr	Cost Pr Ft	Cost Pr Hr	Cost Pr 8 Hrs
37.50	2.00	5	9.50	47.50	380.00
37.50	2.00	10	5.75	57.50	460.00
37.50	2.00	15	4.50	67.50	540.00
37.50	2.00	20	3.88	77.50	620.00

If we can drill it faster than 20 feet per hour it goes down lower.

Customer furnishes all cement. Standby time cementing, $37.50 per hour. Standby time waiting for cement to set, $25.00 per hour.

No cost if drill breaks down. If customer stops drill, standby time, $37.50 per hour.

Move in and out from Los Angeles, $50.00 per HR for all equipment for driving time only, or a flat $1,000.00.

Three days D8 cat and operator to build roads at $50.00 per hour, 8-hour days, $1,200.00; move in and out, $300.00; total cat work, $1,500.00.

Diamond drilling as per letter, 840 feet. $14.50 per foot; standby, $25.00 per hour. Driver for water truck, including all taxes, $5.75 per hour driving time, also 15 cents per mile for truck, no monthly charge for truck. Plus bits, using NQ wire line coring barrel.

Bid #2. Diamond drilling same as above.

Vacuum and hammer drilling, $7.00 per foot. You furnish all casing to seal off caving formation same as above. Move in and out the same.

The #1 is the cheaper. Unless we ran into real rough trouble, I wouldn't core anything. I will get you a better sample with this new drill than you can get with a core drill in dry formation. If I core I must case down to water table. This would not cast you extra because I recover the casing; however there is a slight rental cost of 10 cents per foot per week for the use of this casing.

Hope to hear from you soon. Thanks again for sending me your bid specs. on this drill job.

Very truly yours,

J. D. CHAFFIN DRILLING COMPANY, INC.

J. D. Chaffin
Chairman of the Board

JDC/ar

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

September 29, 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Re: OME application (Gold-Silver)
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

Dear Mr. Delgado:

We have had no reply to our letter of August 10, 1971, requesting additional information needed to complete your application.

Will you please inform us when we may expect the necessary data?

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

RMSmith:mkh

LONGYEAR COMPANY
308 EAST PIMA STREET
PHOENIX, ARIZONA 85004
PHONE 258-6543
GEN. OFFICE - MINNEAPOLIS, MINN.

September 28, 1971

Mr. C. P. Keegel
Keegel Engineering, Inc.
1721 South Fourteenth Street
Las Vegas, Nevada 89105

Dear Clyde:

Thanks very much for your letter of September 13, 1971, in which you invited us to bid on your planned drilling project near Coaldale Junction, Nevada.

I am forwarding a copy of your letter to our Assistant Operations Manager, Mr. Robert Capello, who makes his headquarters in Reno, Nevada and requesting that he contact you for the purpose of examining your drilling program.

After we receive Mr. Capello's report, we will forward a proposal to you promptly.

Thank you very much for the opportunity to make our drilling service available to you.

Sincerely,

LONGYEAR COMPANY

Jack

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:sis

CC: Mr. Robert Capello

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

P.O. Box 946 600 Industrial Way
SPARKS, NEVADA 89431

Phone (702) 358-5188

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone (801) 487-3671

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

September 24,1971

Mr. C.P. Keegel
Keegel Engineering Inc.
1721 South Fourteenth Street
Las Vegas, Nevada 89105

Dear Sir:

Your letter requesting prices for rotary and core drilling at the Potosi Mine, near Mina,Nevada has been forwarded to me by our Salt Lake City office. I have made an inspection of the mine and wish to submit the following prices for your consideration.

1. Mobilization - $500.00 for core drill and $500.00 for rotary drill.

2. Drilling rates:
   a. Rotary - 5" hole with down hole hammer to 20 feet from inclined vein or to water table - $4.75 per foot.

   b. Coring - NX size core in holes up to 1,500 feet in depth - $14.15 per foot.

3. Moving between holes - no charge will be made for moving rotary drill. Core drill will be charged at $20.00 an hour for moving between holes, setting up, cleaning and casing hole in preparation for coring.

4. Casing and pulling casing will be charged at $20.00 an hour. Casing lost in holes will be charged at list price f o b the job.

5. Cementing, if necessary, will be charged at $20.00 an hour plus cost of cement.

6. Drilling mud and additives will be charged at our list price f o b the job.

7. Water will be charged at $350.00 a month plus 15¢ a mile and drivers wages at $3.00 an hour with payroll taxes and insurance.

If these prices meet with your approval, we can start the work within ten (10) days after notification.

Thank you,

Yours truly,

Joe Fetterhoff

Joe Fetterhoff
District Manager

JF:sc

DARYL DRILLING COMPANY

P. O. BOX 1181

FLAGSTAFF, ARIZONA 86001

September 15, 1971

Mr. C. P. Keegelstein
Keegel Engineering, Inc.
1721 South 14th Street
Las Vegas, Nevada 89105

Dear Clyde:

Your interesting letter of September 14th received and read with interest. We want the job.

You are already familiar with our equipment, so I need not tell you that this entire job fits our capabilities very well. I do want to let you know about my driller, Mr. H. H. (Hefty) Baker, 52, with over 20 years of drilling experience in oil and mineral exploration fields. He is expensive, Clyde, but he is simply first-class.

We would plan to do 6" diameter hole and sub-contract the coreing.

Pricing as follows:

One-Time, One-Sum, Move-In Move-Out Charge ----------	$ 750.00
Per Foot of Downhole Hammer Drilling ----------	5.00
Site Preparation, Local Sub-Contracted Cat ----------	1,280.00
Coreing, 840 Ft. or as Required----------	Cost +15%

(We would estimate this to run in the neighborhood of $10-12/Ft. Cost; Our Responsibilty, Our Insurance, Our Nevada Contractor's License and Your Approval of the Sub-Contractor).

I am checking to determine where I can buy a Jones Riffle Splitter, and when I get that information I will supplement this quotation with a price for furnishing that item. Of course, if this is just the little half-splitting device that we commonly use, we will certainly supply at no additional charge.

We would expect also that you will furnish the sample bags and chemicals, if any, as required. I toss this latter in here because we may drill into some old drifts and extensive cementing could be required.

continued . . . . . .

We will supply everything in the drilling end including water as necessary.

Our insurance coverage is complete including Nevada Workman's Compensation and certificates of same can be furnished if you want them.

I think we would plan to headquarter our crew in Tonopah inasmuch as we now have a policy of crewmen's wives living with their husbands near the jobs and I also recall flying over (very high over) that fly-in resort of questionable virtue at Mina Junction! I don't want to lose my good driller through any domestic problems, so will put them up in Tonopah.

If there is anything in this quote that is not competitive in your opinion, please call collect and we will be grateful for the opportunity to discuss it with you. You know we will give you the best workmanship available.

Thanks very much for the bid invite and we shall look forward to hearing further from you soon.

Sincerely yours,

DARYL DRILLING COMPANY

D. R. Schwichtenberg

D. R. Schwichtenberg

DRS:sls

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

August 10, 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Re: OME application (Gold-Silver)
Potosi Mine
Mineral County, Nevada

Dear Mr. Delgado:

Your application for financial assistance in exploring the Potosi Mine, and your transmittal letter of August 8, 1971, have been received.

The report by Keegel Engineering, Inc., answers most, but not all of the numbered questions on the back of the application form. Will you please furnish the additional information needed to complete the application.

1. Financial Eligibility:

   (a) Only one set of bank letters--Bank of America, National City, California--was submitted with the application. We cannot waive the requirement for letters to and from at least two banks. The letters to and from the Bank of America may be acceptable, but I suggest that in your letter to another bank (preferably in Mineral County) you request a loan of $71,000, which would be the amount of the Government's contribution if a contract is approved.

2. Applicant's Rights in Land:

   (a) The transmittal letter refers to "... some associates." Please state if any of them have an interest in the land or in the mineral rights.

   (b) Recording data for the one patented claim (patent number) and the three unpatented claims (book and page numbers) are not listed.

5. Exploration Work:

(c) If an OME contract is executed, how soon thereafter would the work be started?

7. Estimate of Costs:

(a) Independent contracts. The drilling cost estimate in the Addendum (July 1971) to the Keegel report should be supported by bids from three contractors, if possible, for each type of drilling. Similarly, for the bulldozer work, please submit bids which specify the size and make of the bulldozer, the mobilization-demobilization cost, and the hourly rate.

This request for additional information should not be construed as a commitment by the Government to grant an exploration contract. When the information is received, we will forward the completed application to Washington, D. C.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

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

RMSmith:mkh

August 8, 1971

Department of the Interior
U.S. Geological Survey
Mr. H. K. Stager, Field Officer
Office of Mineral Exploration
345 Middlefield Rd.
Menlo Park, Ca., 94025

Dear Mr. Stager;

Herewith my application for a loan to explore the Potosi mine.

Enclosed are two copies of a report which covers the required information of location, access, development, estimated cost of the proposed development and the other data which is required.

You will also please find a copy of refusal for a bank loan. This is a formality. I have had the mine under lease in an effort to get it into operation and had an agreement with Leprechaun Mining and Chemical, Inc., 1830 Peyton Drive, Las Vegas, Nevada, who were going to undertake to properly develope the mine but failed to do so. Without larger reserves indicated, it is impossible to interest capital and I do not have funds for this purpose available.

I am the sole owner of the property and if a loan is granted and accepted by me will be able to provide the necessary 25% of costs, either directly or with some associates.

I shall appreciate your consideration. I have found it impossible to get anyone to operate the mine who is also willing to explore it. Should the property be found by you to merit a loan, the operation will be under the direction of Keegel Engineering, Inc., who are well experienced in the development and operation of properties of this type.

Very sincerely yours

Leo Delgado

Leo Delgado

RECEIVED
AUG 10 1971
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

BANK OF AMERICA

NATIONAL CITY BRANCH

July 28, 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City
California

Dear Mr. Delgado:

We have reviewed your application for the loan of $95,000.00 for the development of the Potosi mine under a budget proposed by Mr. C. P. Keegel in a report dated December 10, 1967, with an addendum dated July 1971.

I must advise you that we decline to make the loan.

Very sincerely yours,

F. M. Williams
Assistant Vice President

FMW:pt

LEO DELGADO ROOFING COMPANY
840 Roosevelt Street
National City, Calif. 92050
474-5554 ~~477-3200~~

PABCO ROOFING MADE FOR THE WEST

July 28, 1971

Bank of America
National City Branch

Gentlemen;

You will please find enclosed a report on the Potosi mine by C. P. Keegel of December 10, 1967 together with an Addendum of July 1971.

As noted therein, the Potosi mine, owned by me, and located in Mineral County, Nevada, has had a rather large production which can be substantiated by the smelter shipment records.

To profitably operate under present labor costs, it is necessary to enter into a drilling program to find whether or not there will be enough available ore to warrant the expenditures necessary to open the mine to production.

I shall appreciate your consideration for a loan of $95,000.00 for this required work which is budgeted in the accompanying report addendum.

Very sincerely yours,

Leo Delgado

Leo Delgado

OFFICIAL
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POTOSI MINE ABSTRACT

The Potosi mine has a production record of some $ 1,000,000.00 continuing during the recent years of higher costs and using most inadequate shaft and hoisting equipment at small volume. Average of some 10,000 tons shipped was $ 52.20 per ton.

The Candelaria district, in which the mine is situated, has a production of some $ 20,000,000.00 with major activity stopping due to declining silver prices at the turn of the century.

Ore is exposed on the lowest level and remains in faces lateral y dlong the vein with excellent developement possibilities, both in depth and along the strike.

The most important feature is the exploratory possibility down dip and in the vicinity of the Candelaria fault. Geologic conditions and the known productivity in that area, in neighboring mines, lead to the conclusion that a good chance of larger ore bodies of sulfide ore relatively amenable to conventional processing exists.

Because the ores produced to date are of the oxide type, no separation of antimony values has been possible and an earlier report indicates that antimony values of some $ 1,000,000.00 contained were not paid because they could not be separated.

With sufficient ore indicated it is believed research on the treatment methods will be able to increase yield from the oxide zone with separation of antimony values.

Mapping, preparatory to planning a drilling program is recommended.

Successful exploratory drilling can lead to further acquisition and sonsolidation of additional properties in the district.

POTOSI MINE

1. Scope and Purpose

The Potosi mine was investigated for the purpose of determining 1. whether or not a profitable operation is likely from the property and, 2. If the general area offers other productive potential.

2. Location and Description

The Candelaria District in which the Potosi Mine is located is south west from Mina, Nevada, which is the nearest railroad shipping point on the Southern Pacific Railroad.

3. From Mina, the property is reached via U.S. paved highway 95, a distance of 8.5 miles south; thence 8.8 miles westerly on Nevada State highway 10, a paved highway; thence 5.6 miles on a good dirt road southeasterly. The total distance from Mina is 22.9 miles.

The nearest point of major supply is at Reno, Nevada, which is 171 miles from Mina.

A good, unsurfaced, airport suitable for light aircraft is located at Mina where telephone communication is also available.

General conditions of access are excellent with moderate haulage presently possible without road improvement.

3. Surface Equipment, Buildings, and Improvements

There are two small frame houses on the property suitable for temporary use and equipment shelter.

There is sufficient equipment on the property for small scale operation, including a 315 C.F. Compressor and an Eimco 12 B loader in very good condition.

4. Status of Title and Ownership

There are four mining claims formerly held by Mr. G. A. Petersen of Mina, Nevada, which were acquired by Mr. Leo Delgado of Las Vegas, Nevada in 1962. Mr. Delgado is the sole owner of this property now. The claims are: Mountain Potosi #1 (patented) and the possessorg claims, Mountain Ridge, New Potosi and Potosi Quartz, comprising about 60 Acres.

5. Climate, Vegetation, Water, Power

The property is at an elevation of 6350 feet above sea level, and therefore, subject to some freezing weather during the winter months. The precipitation is very little and the vegetation that is common to arid regions. There is no timber in the area.

There is no water or electric power in the vicinity of the mine, however, a small electric light plant is installed on the property.

The mine has been worked on a selection basis in small volume with production limited to $ 40.00 values and over. The shaft is equipped with a small air hoist and is without pockets. It is obvious, therefore, that even for lateral developement along the easterly continuation of the vein, improvement in facilities should be made.

In weighing the benefits of re-equipping the mine to permit the lateral developement or seeking to explore the "down dip" potential, using drilling methods, it is the judgement of the writer that the latter method is preferable for the following reasons:

1. It can be accomplished rapidly at the minimum of capital outlay under an O.M.E. loan which the property can without doubt fully justify.

2. If successful, a more comprehensive plan of developement can ensue with the possible complete re-entry with a new shaft and metallurgical testing and consequent higher yield.

Item two is particularly important. Mr. Roberts, in his report, has estimated some $ 1,000,000.00 in lost value due to the lact of payment for antimony values contained in the ore. While the writer has seen numerous test reports on these ores, all have taken a conventional approach and of these, some sort of heavy media treatment shows the most promise.

Taking the average values in the period 1948 to 1962, the metal content of the ore shipped is;

Gold	0.55 ounces
Silver	10.00 ounces
Lead	10.00%
Antimony	5.00%

If the "run of the mine" ore could be produced at half these values within the shoot zones with an 80% recovery and a reasonably good ratio of concentration, recovered values would be on the order of $ 30.00 per ton, including antimony values at smelter prices.

Two European plants have operated using a hot sulfidization of oxidized lead-zinc ores with a recovery in the above range by flotation. A method of this type may be worth testing.

Mr. Delgado has the mill plant near Sodaville and there is a hot water source neat it from natural springs and with modification, this mill would be suitable for treatment of these ores.

Until, however, sufficient reserves are developed to warrant an extensive metallurgical testing, this should not be undertaken. Again, if lateral developement was made, then the ore requirements would remain in the shipping grade range and production would have to remain relatively small scale and high cost to which any search process methods would add too much. Under this form of mining developement, complete rehabilitation of the mine shaft and a "gear up" in mechanical methods would have to be made.

6. History and Production

Silver was first discovered in the Candelaria District in 1863 by Spaniards. The Northern Belle, biggest Producer in the area was first located in 1865 and the first stamp mill was erected in 1873. This mine produced about 1 million dollars per year fo for almost ten years. The value of the ore averaged between $ 45.00 and $ 60.00 per ton.

The total production of the district in the early days exceeds $ 20,000,000.00 and over 2,000,000.00 were paid in dividends up to the year of 1883. The falling price of silver and the associated panic closed most of the mines around the turn of the century, but production from 1903 to 1937 still amounted to $ 1,122,500.00.

The largest producers in the area are:

The Northern Belle	6.7 million	average grade	$ 55.04/ton
The Mt. Diablo Mine	2.2 million	"	36.22/ton
The Columbus Mine	2.2 million	"	263.00/ton
The Holmes Mine	1.0 million	"	34.74/ton

The overall average grade of these four producers was $ 41.51 per ton. The total production from the Northern Belle was $ 10,000,000.00. The Potosi Mine, which is about 7500 feet South-West of the Northern Belle, was active during the height of the boom of the above mentioned mines, but production figures of that time are not known. The property was revived as the New Potosi Mine by Mr. G. A. Petersen and production resumed in 1948 as follows;

1948	2,175 tons	$ 87,543.00	$ 40.25 per ton
1949	877 tons	48,448.00	55.25 "
1950	1,889 tons	84,072.00	44.51 "
1951	1,218 tons	59,138.00	48.55 "
1952	1,637 tons	122,542.00	72.63 "
1953	1,351 tons	85,176.00	63.04 "
1954	1,366 tons	74,288.00	54.30 "
	10,765	Average	52.20 "

To this production of over $ 560,000.00 in seven years the production of the following years must be added, which is not yet published. Mr. E. S. Roberts in his report of 10/62 reports production of $ 1,000,000.00.

7. Developement

The mine has been developed on three levels below the main haulage tunnel, the level interval being about 100 feet along the dip of the vein. An inclined shaft is sunk in the footwall of the vein and short crossouts connect the same with the drifts on each level. This incline has a 5 x 8 dimension and an angle of 36 degrees. The vein dips at about 45 degrees and the cosscuts from the shaft to the drifts are, therefore, decreasing with depth, the distance on the 300 level being about 35 feet.

The drifts on each level extend to about 5 or 800 feet in an Easterly and about 100 feet in a Westerly direction. Little or no timbering is necessary in drifting.

Between the various levels there are a number of slopes with pillars of low and mill grade ore left in place. The area above the main haulage level is said to be 65% to 75% worked out. This is the part of the mine worked in the early days, and access into this area is limited.

There are a number of other small adits on the property, and above the main adit exact extent of which is not known to the author.

8. Geology

In general, there are about 4000 feet of Ordovician Limestones, Slates, and Cherts in the area, which are uncomformally overlain by from 100 to 400 feet of Permian Sandstones, Cherts, and a coarse grit of Quartz and Chert .

These rocks are overlain by about 3000 feet of Lower Triassic thin bedded Shales and Conglomerates called the Candelaria Formation. The Candelaria in turn is covered by Excelsior, volcanics and vesicular Greenstonr.

There are two periods of folding, one prior to the Permian, which folds the Ordovician with a trend and pitch to the Northwest. The Monte Christo Thrust then thrust Ordovician Slates and Cherts over Greenstone Breccia with a dip of the thrustplane to the West, thus separating Ordivician overlain by the Excelsior from Ordovician overlain by the Permian and the Candelaria.

Later faulting affected the area, the dips of the faults ranging from 60 degrees N to 80 degrees S with a WNW strike. Tertiary or Quatenary faults also displace the late lavas.

The ore deposits are highly oxidized manganiferous silver veins, mostly several hundred feet long and a few feet wide, broken up by complex fissures. The dips in general are high.

The key in the ore deposition is the Diablo formation, a grit bed in the lower part of the Candalaria formation. This serves as a marker horizon for the most favorable ore which occurs in the Candelaria shale near its lower member. The most productive veins are found in this zone and their attitude conforms, for the most part, with the bedding of the sedimentary rocks at or near the igneous intrusives though not local to them.

The ore is highly oxidized, manganifereous and ferrogenous. The hot supergene solutions caused replacement by tourmaline, sericite, and dolomite; high manganese-iron dolomite containing pyrite, sphalerite, and jamesonite to be deposited and these primary minerals were converted to pyrolucite, limonite, calamine, smithsonite and bindheimite (a hydrous antimonate of lead.

The Potosi property has been mined only to the 300 foot level with the ore shoots continuing. It is most important that from adjoining properties, the most valuable portions of these are masses are to be expected in the next two hundred feet in depth. This feature makes the property extremely attractive. There is also good chance that further lateral exploration along the present upper levels will disclose additional ore shoots.

Because of the displacement of the vein by dikes, now altered to serpentine, and the lack of exploration through these areas, the possibility of lateral discovery is quite reasonable.

9. Ore Reserves

No estimate of ore reserves remaining on the upper levels has been made. Since interest in this particular property centers only on ore suitable for smelter treatment and not in the lower grade material which requires processing prior to smelter reduction, "ore" here considered is of $ 40.00 per ton grade or more.

There are considerable quantities of low grade ore suitable for processing, possibly as much as 50,000 tons remaining in the upper levels. The figure is entirely a guess. The known eastwort developement exposing ore shoots is 1000 feet from the shaft.

10. Discussion

It is quite unusual for a mine of this type to have attained the production that this property boasts in the shallow depth so far developed. The Northern Belle, with a production record of some $ 10,000,000.00, lies to the east of the Potosi and was worked on the 19th level at an elevation more than 1000 feet below the adit level of the Potosi vertically. In general, the highest grade ores occur at a horizon which will correspond to the next 300' of depth in the Potosi.

Geologically, the Northern Belle and other major producers were in the vicinity of the Candelaria fault; The projected extention of this structure appears to be some 1,900 feet northerly in a horizontal plane from the Potosi vein at the adit and can be intersected by drilling, probably on the range of 1,000 foot holes. Down dip exploration below the 300 ft. level in the Potosi by drilling to the approximate 1,000 ft. level, appears to require drill hole depths in the range of 300 - 500'. It is very interesting to note that this intersection of the east-westerly Candelaria fault with the northerly dipping Potosi is entirely unexplored.

On the 300' level of the Potosi, developement has extended in an easterly direction only about 300 feet. Since this drift has intersected known shoots worked on the 200' level and because the shoots thus far appear to be quite uniform with a slight westerly rake, it is obvious that the easterly continuation of this level is most certain to encounter fine ore as it proceeds to the east.

The 200' level, at some 900' easterly from the shaft is reported by Roberts to be carrying good ore in the face; this level, therefore also offers good lateral developement possibilities.

Discovery of sulfide ore by drilling would virtually eliminate the metallurgical problems, since these ores are relatively easy to treat normally. The Northern Belle was in the sulfides, which at that time was a mineral type not amenable to treatment, and it would appear, therefore, that the chance of such an ore type here would be reasonably good.

Perhaps the major factor in the decline of this district was the continuous lowering of the silver prices which in 1875 was $1.38 per ounce, declining to $0.62 per ounce in 1900. Once closed, the major cost of re-opening the larger mines became prohibitive and only small high grade operations subject to easy access were maintained.

A most comprehensive review of this district may be found in Nevada State Bureau of Mines Bulletin No.56 (1959) by Mr. Ben Page.

Conclusions and Recommendations

While good ore is showing on this property, modernized operation can not be attempted without development proof by exploration of adequate reserves to justify the required capital expenditures needed to produce. Rather foolhardy attempts to beneficiate the developed oxidized ores have been made and considerable money wasted when it should have been readily apparent that the total known reserves could not possibly justify the capital requirement.

The undersigned believes that there is a good possibility of expanding the quantity of ore known by a systematic drilling program and that it is fully justified by the production record. The Potosi has produced about $ 1,000,000.00 to about 300' in depth where it has about another 300' needed to reach the most favorable ore horizon. Anticipating the ore extent at least 500' below this ore horizon contact, or a total distance of some 800' in depth, one could expect some $2.7 million dollars in production. Since the known production has by no means limited the strike extent of ore discovery possible, a hopeful potential would be in the range of $5.0 million, as psssible ore.

This is not to say that there is any more factual support for the above reasoning than the projection on the basis of known dimensional production; it is expressed only to show the order of magnitude of gross income with successful development and that, therefore, the projected expenditures for such purpose are reasonable.

The writer, therefore, recommends drilling development to explore down dip. A total of 13 holes and 9,205 feet are suggested. The depth and expected distance to ore contact is shown in Appendix "D" together with the approximate coordinates of the drill holes. Plan of the locations will appear on drawing No.1. Sections appear on drawings 3 and 4.

The drill holes 1,2,4,5, and 6 are designed to cut the Potosi vein at about 200 foot intervals down dip from the 300 foot level. The holes are intended to follow the ore shoot rake and are therefore alligned slightly northwest of the shaft bearing, progressing northerly. Hole No.3 is intended to cut the Potosi vein easterly on strike and on the rake of the shoots to the east of those near the shaft.

Drill holes 3,7,8,9,11,12,and 13 are designed to test for shoots along the strike in the vicinity of the acid intrusives mapped which suggest ineal position to the northeast and to the southwest. This pattern ranges a distance of from 400 to 700 feet southerly from the Candelaria fault as nearly as may be projected. Hole No. 10 is designed to cut a northeasterly dipping mineralized system about 400 feet horizontally from the mapped surface outcrop and near the acid intrusive; it would be expected to cut a possible extention on a 30° average dip at about 240 feet from the collar. Alternatively, this location could be shifted about 300 feet S 45° W at which point it would intersect the mapped exposure at about the same depth with the possibility of cutting mineralized structure mapped about 50' southwesterly from such location and to remain in the proximity of the acid intrusion.

Obviously, the pattern of these holes, in so far as ore mineral contact is concerned, is conjectural; it does represent the best exploratory program in the writers judgement, taking in a possible shift westerly in depth of the ore.

In checking the mapped positions by the state against those other surface and underground positions provided from maps at hand, certain disagreements were noted. A survey was made fom the north centerline of the Potosi claim, using a map prepared by Mr. Bernard York for the starting bearing. The main winze (shaft) from adit 1 was tied to this and the bearing noted. The remainder of the workings shown, with the vertical section of the shaft, were plotted in from existing maps and therefore are only suitable for preliminary dill site study. The development program should, in addition to surface drill hole locations, also include a survey of the shaft and levels 2 and 3. The drawins appended are not accurate..

Because core recovery from this area will be difficult due to the generally fractured nature of the rocks, it is recommended that all holes except No. 5 be made by blowout type drilling with samples collected at 10' intervals and beginning 20' above the projected ore contact at 5' intervals to a distance 40' below it, or 60' at the smaller interval. In order to test the relative accuracy of cutting samples, it is recommended that hole No.5 be cored. This hole is outside of the basalt flow area where circulation loss would be very probable and is located where structural information will be most valuable.

An estimate of drilling cost and attendant expense is shown in Appendix "E'. The total cost is, rounded, $65,200.00, or 7.20 per foot, average. It is estimated that engineering control will require a time expenditure of about 1/3 of the total. This estimate is based on the use of two rigs which decreases the drilling time and the consequent auxillary services cost; the time requirement will be on the order of 137 working days, or little over 6 calendar months with 10% delay time.

The drilling is intended to pass 50 to 75 feet through the hanging wall; probably at least one hole should be made to the grit marker.

Sample analyses allow for lead and antimony samples to be run on about 10% of the samples within the ore zone with gold and silver on all.

It is recommended that the program be applied as outlined and implemented as early as possible with competitive bids from 3 qualified drilling contractors.

C. P. Keegel, Mining & Metallurgical Engineer
Nevada No. 232.

12/10/67

APPENDIX D

Hole No.	Depth		Distance to Expected Ore	Approximate Coordinates N	E
1	410	Down Dip on Potosi Rake	350	890	825
2	560	Down Dip on Potosi Rake	500	1012	738
3	640	On strike From Above Line	580	1115	920
4	690	Down Dip on Potosi Strike	640	1150	655
5	840	Down Dip on Potosi Strike	780	1270	580
6	960	Down Dip on Potosi Strike	910	1398	505
7	870	Strike East	790	1410	795
8	900	Strike East	815	1540	1012
9	945	Strike East	940	1670	1215
*10	570	Special	240	1605	1410
11	830	Strike West	760	1142	375
12	800	Strike West	730	1010	165
13	690	Strike West	610	792	168

*Hole No. 10 is designed to cut a northeasterly dipping mineralized system about 400 feet horizontally from the mapped surface outcrop and near the acid intrusive it would be expected to cut a possible extension on a 30° average dip of about 240 feet from the collar. Alternatively, this location could be shifted about 200 feet S45° west at which point it would intersect the mapped exposure at about the same depth with the possibility of cutting mineralized structure mapped about 50 feet southwesterly from such location and still remain in the proximity of acid intrusives.

SAMPLES

Sample No.	No. of Samples	Sample No.	No. of Samples
1	47	8	106
2	62	9	100
3	70	10	63
4	75	11	88
5	20 Estimate	12	86
6	102	13	75
7	93		

APPENDIX E

Estimate Drilling Cost - Based on Two Rigs.

9,705 feet
840 Hole #5 core
8,865 Blowout

Drilling.

Advance blowout @ 50'/day, 8,865 feet	180 days	
Core @ 25'/day, 840 feet	34 days	
Moving and setup, 1 day per hole	13 days	
Est. Total Time, using 2 Rigs, 113 - 114 da.	5.1 mo.	
Est. Cost Coring @ $8/ft. AX 840'	$ 6,720.00	
Est. Cost Blowout @ 3½" dia, 8,865' @ $3.50	30,997.50	
Mobilization costs, 250 ea. rig	500.00	
Demobilization	500.00	
Standby time at request, or other delay @ 10% of 227 days = 22.7 days, 181.6 hr. @ $20 ea.	3,632.00	
Total Drilling		$42,349.50

Surveying

Predrilling survey of mine, section of shaft, mapping of 2 and 3 levels:

4 days field @ $125	500.00	
4 days office @ 75	300.00	
Expenses field 3 men 4 da., 12 man da. @ $16	192.00	
Travel, 800 miles @ $0.10 mi.	80.00	1,072.00

Engineering Control

Engineering Services, field, 38 da. @ $125	4,750.00	
Travel @ $0.10 mi.	1,600.00	
Living Costs 45 @ $16	720.00	
Office Time, 10 da. @ $125	1,140.00	8,320.00

APPENDIX E, continued

Sampling and Control		
Samples, 113 da. @ $3/hr. + 15%, 912 reg. hrs. @ $3.45	$ 3,146.40	
Subsistence allowance @ $8/da.	912.00	
Samples: 912		
Analyses		
Gold and silver, 912 @ $3.50 ea	3,912.20	
Additional analyses, 90 lead, $2.25 ea., Antimony, $5 ea.	652.50	
Cost of mailing, @ $0.80 ea.	729.60	$ 9,352.80
Drill Site Access and Preparation		
D-8 Cat, 2 da. @ $25/hr.	400.00	
One 105 CFM Comp. & jackhammer (rental)	250.00	
Mobilization, 300 mi. @ $0.25, total 600 @ $0.25	150.00	
Driller, $3.50; helper, $2.50 = $6/hr. + 15% = $6.90, 32 regular hours	220.00	
Material and Supplies	55.00	1,075.80
***Bookkeeping and Payroll**		
5 mo. @ $150.00	750.00	
Communication, telephone $25/mo., 5 mo.	125.00	
Office and Secretarial, 5 mo. @ $50/mo.	250.00	1,125.00
TOTAL EXTIMATED EXPENSE		$ 63,294.80
Contingencies @ 3%		1,898.85
TOTAL ESTIMATED COST, 9,075 feet		$ 65,193.64
Cost per Foot, Total		7.195

*Assumes these costs are added to normal existing administrative facility.

ADDWNDUM TO REPORT ON THE
POTOSI MINE

Following reports written November 14,1964 and as revised to propose drilling development and estimate costs thereof in a revision December 10,1967, it was necessary to revise cost estimates due to the very strong escalation trends.

Accordingly, the figures have been adjusted in the accompanying tabulation increasing the costs from 67,200.00 to 95,000.00. The escalation rates are more than previously supposed due principally to the cost of drilling. This was previously taken as $1.00 per inch foot based on a 3.5" diameter hole. To use a down the hole hammer and thereby reduce the costs of delay and the chances of non-completion, it is concluded that a larger drill rig and a 6" hole would be advisable. This has increased the estimated blow out drilling cost from $31,000.00 to $53,000.00. It is possible, in view of the amount of drilling proposed that a lower rate can be obtained, but this will depend on bids.

Actually, the work done should be in two phases with the earlier work directed to completion of holes 1,2,4,5,and 6, some 3,180 ft. At the pro rata cost shown, this would probably range in cost from $31,000.00 to $35,000.00.

Actually, conditions have improved to some extent and the gold price is now about $ 41.00 per ounce and it is quite possible that extractive processes can be developed to get recovery on antimony and other metals using the electrolytic oxidation process. The necessity to discover and determine the approximate quantity of ore potential is still very much indespensible if this mine is to become a producer.

C. P. Keegel
Nevada 232

July, 1971

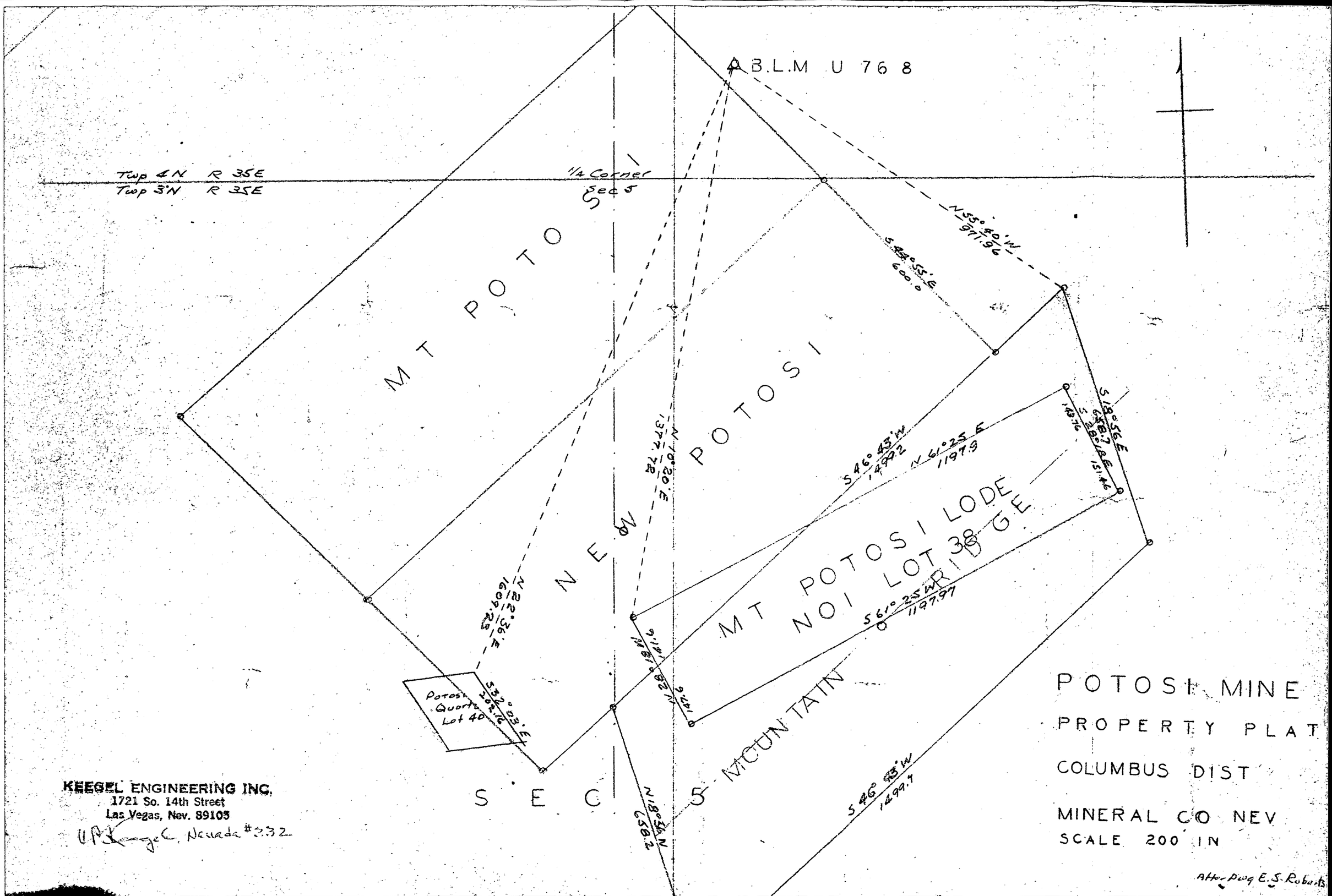
ADDENDUM
Potosi Mine, Report 12/67
Revised July 1971

Estimated Cost of Drilling Development, Based on two rigs.

840' core and 8,865 blowout. Total footage 9,705 ft.

Drilling		
Coreing 840' @ 11.00 ea.	9,240.00	
Blowout 8,865 @ 6.00 ea.	53,190.00	
Mobilization	1,000.00	
Standby	3,632.00	
		$ 67,062.00
Surveying Locations		
4 field days 2 $175.00	700.00	
4 Office @ $87.50	350.00	
Expenses, 3 men 4 days @ 16.00	192.00	
Travel, 800 miles @ 0.12	96.00	
		1,338.00
Engineering Control of Project		
38 days at $175.00 each	6,650.00	
Travel, 4,000 mi/mo,=480.00 x 5	2,400.00	
Living costs 45 days at $16.00	720.00	
Office time, reports and maps	1,750.00	
		11,520.00
Sampling and Sample Preparation		
113 days @ 3.00/hr + 15%, 912 reg hr equiv @ 3.45	3,146.40	
Sustienence at $8.00 x 113 =	904.00	
		4,050.00
Sample Analyses		
912 samples gold and silver at $5.00	4,560.00	
90 Lead @ 2.25	202.50	
90 Antimony at 7.00	630.00	
Mailing	73.00	
		5,465.00
Drill Site Preparation		
D-8 dozer at $25.00/hr for 16 hrs	400.00	
Compressor and Jackhammer rental	250.00	
Mobilization	150.00	
Driller @ 3.75 hr, helper 3.25 hr + 17.00% 8.20 hr, 32 reg hr	263.00	
Msc. tools and supplies, fuel	50.00	
		1,113.00

Book Keeping, Payroll & Acctg 5 mo @ 250.-	1,250.00	
Communication (telephone) 50/mo	250.00	
Msc. Office and secretarial 50/mo	250.00	
		1,750.00
Total	92,298.90	
Contengencies at 3.0%	2,768.97	
TOTAL ESTIMATED COST (Rounded)		$ 95,000.00



POTOSI MINE

PROPERTY PLAT

COLUMBUS DIST

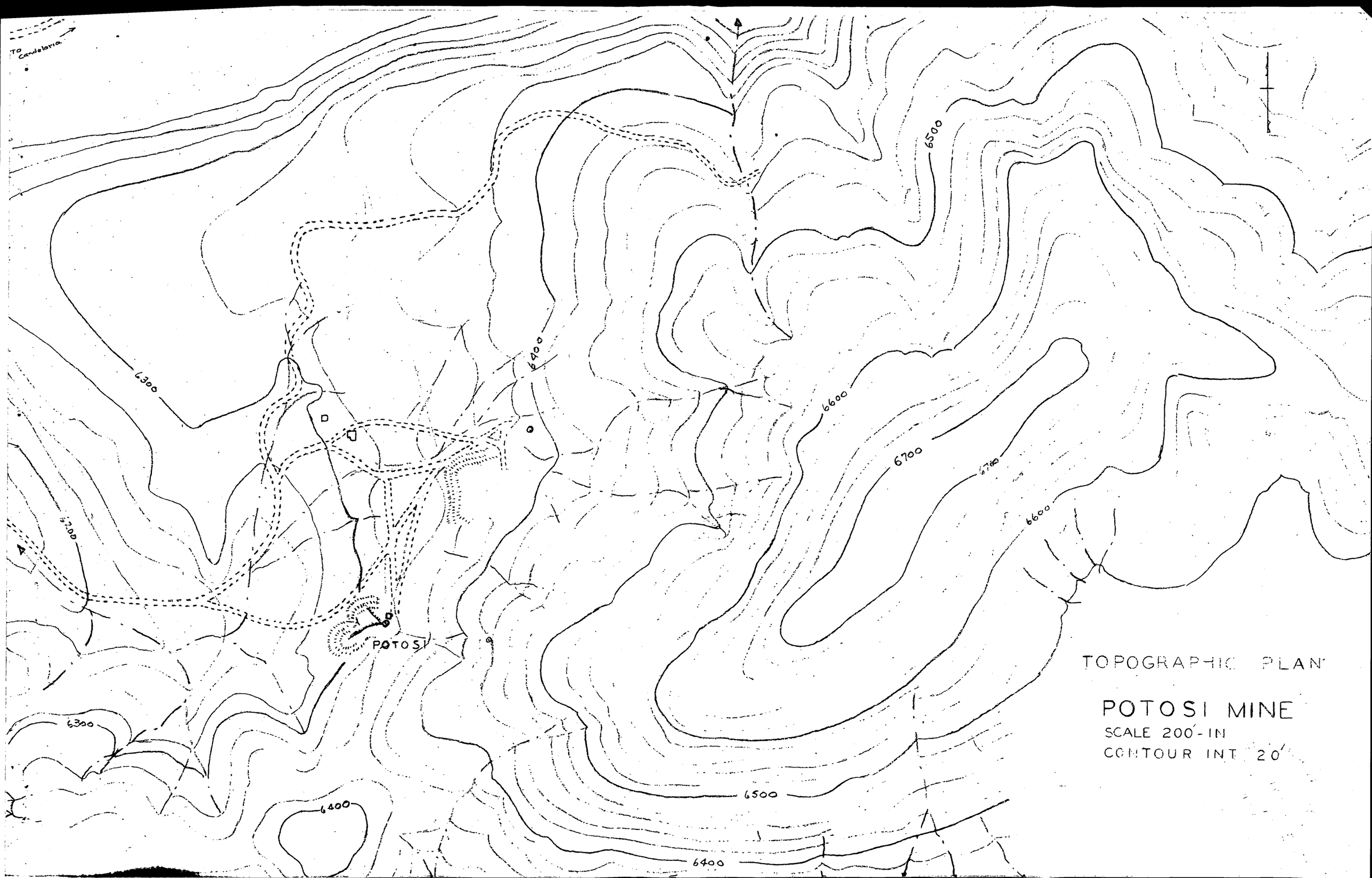
MINERAL CO NEV

SCALE 200 IN

After Pwg E.S. Roberts

KEEGEL ENGINEERING INC.
1721 So. 14th Street
Las Vegas, Nev. 89105

U.P. Kegel Nevada #332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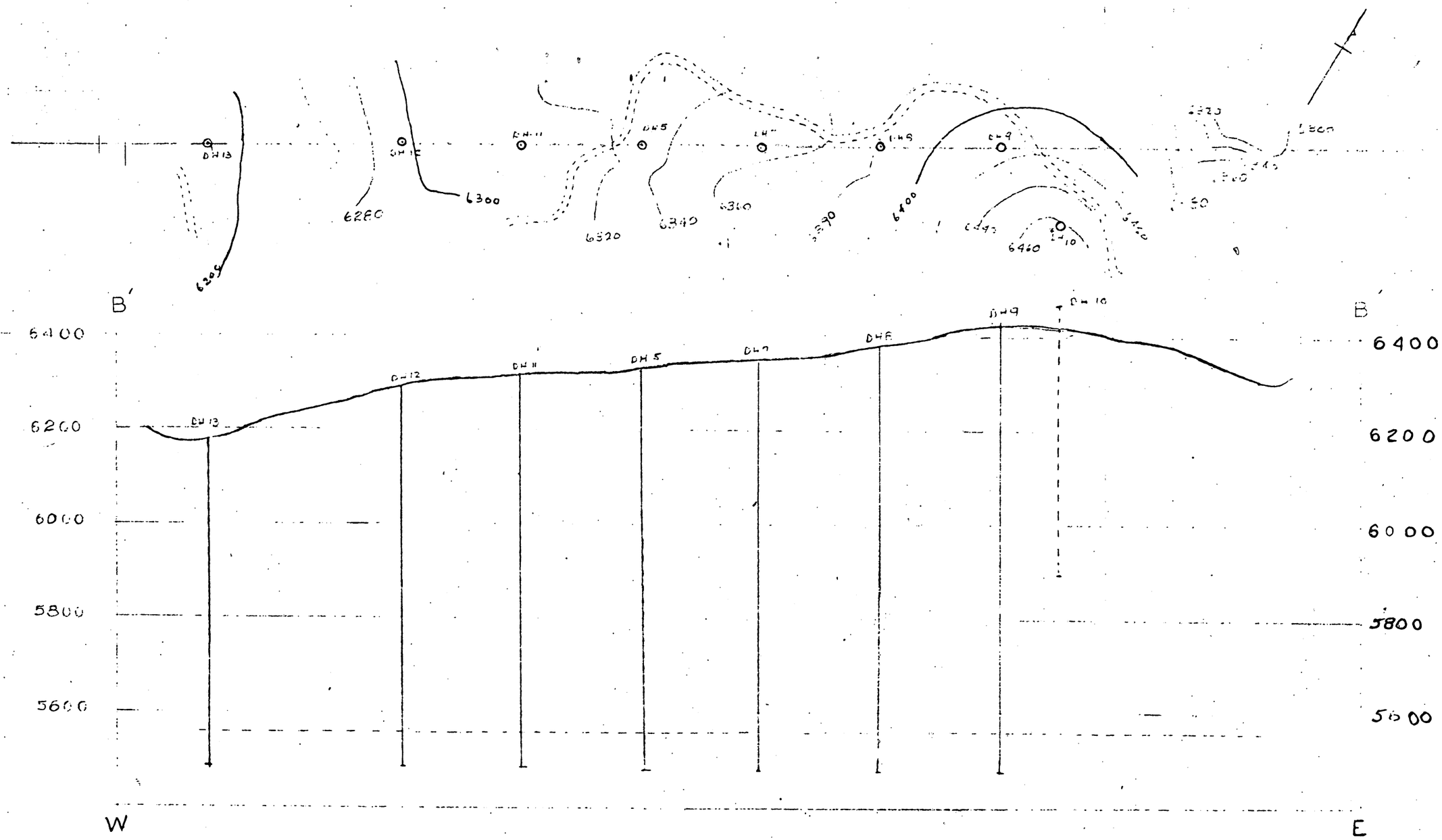
POTOSI
TOPOGRAPHIC PLAN
POTOSI MINE
SCALE 200'-IN
CONTOUR INT 20'



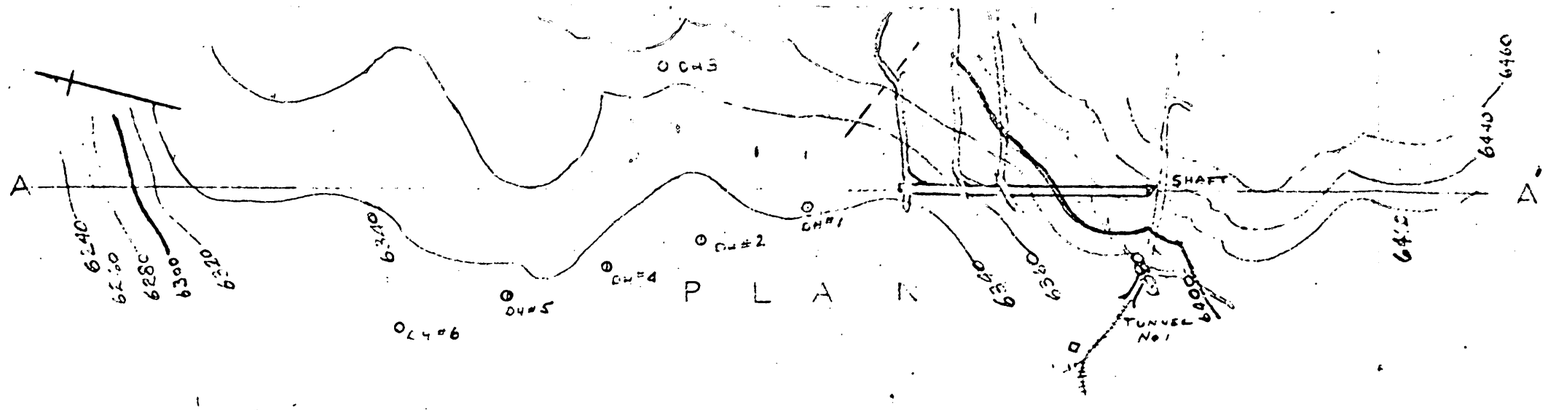
P O T O S I M I N E

VERTICAL SECTION B - B'

HOR VERT SCALES 200' = 1 IN

DWG 3

KEEGEL ENGINEERING INC.
1721 So. 14th Street
Las Vegas, Nev. 89105



POTOSI MINE VERTICAL SECTION A-A'

SCALE: 1" = 200' = 1 in.

KEEGEL ENGINEERING INC.
1721 So. 14th Street
Las Vegas, Nev. 89105

DWG 2

MMS Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

March 27, 1972

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6861 Gold-Silver
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

The Applicant has not replied to our letter of February 14, 1972. Accordingly, the subject docket is referred to the inactive file and the application considered as having been withdrawn.

Harold Kirkemo

Harold Kirkemo

cc: Director's reading file
Mineral Resources
OME reading file
Region II
Mr. Kirkemo

HKirkemo/cac 3/27/72

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/11	cac	120 M

FEB 14 1972

AIRMAIL

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Re: OME-6861 (Gold-Silver)
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

Dear Mr. Delgado:

On December 27, 1971, we wrote to you and explained that we could not offer financial assistance in the amount requested, and suggested that you consider withdrawing the application. To date, we have not heard from you on this matter.

The outlook for additional OME funding has not improved since we last wrote to you, so unless we hear from you within 30 days of the date of this letter, we will consider your application as withdrawn.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: DRF
Mineral Resources
OME reading file
Region II
Mr. Kirkemo

HKirkemo/cac 2/14/72

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/27	cac	12071

DEC 27 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Re: OME-6861 (Gold-Silver)
Leo A. Delgado
Potosi Mine
Mineral County, Nevada

Dear Mr. Delgado:

Your proposal to explore the Potosi mine at a total estimated cost of $95,000, if approved for financial assistance under the Geological Survey's Office of Minerals Exploration, would require $71,250 in Government funds. This amount exceeds the balance of funds available for the remainder of the fiscal year ending June 30, 1972. Because of the lack of funds to consider your request for the full amount, we are not completing our review of the application at this time.

Budget constraints are expected to continue in fiscal year 1972, beginning July 1, 1972, and will restrict the OME program to the point where only modest assistance will be offered to a very few of the more promising proposals.

Under these circumstances you may wish to withdraw the application. Should sufficient funds become available at a later date, you may reapply by referring to the docket number of the present application, and furnishing information necessary to up-date the bank letters and estimates of costs. Please advise us as to your decision about withdrawing the application.

If you decide to continue with your application at this time, a much less extensive project than the one originally proposed should be considered. Any revised proposal would be reviewed within the limitations mentioned above.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo

cc: Director's reading file
Mineral Resources
OME reading file
Region II

Mr. Kirkemo
HKirkemo/cac 12/27/71

December 3, 1971

Mr. Leo A. Delgado
840 Roosevelt Street
National City, California 92050

Subject: OME - 6861

Dear Mr. Delgado:

Your application for exploration assistance, dated July 28, 1971, submitted to our office at Menlo Park, California, has been assigned Docket No. OME 6861.

Please identify all future correspondence relating to your application by this docket number.

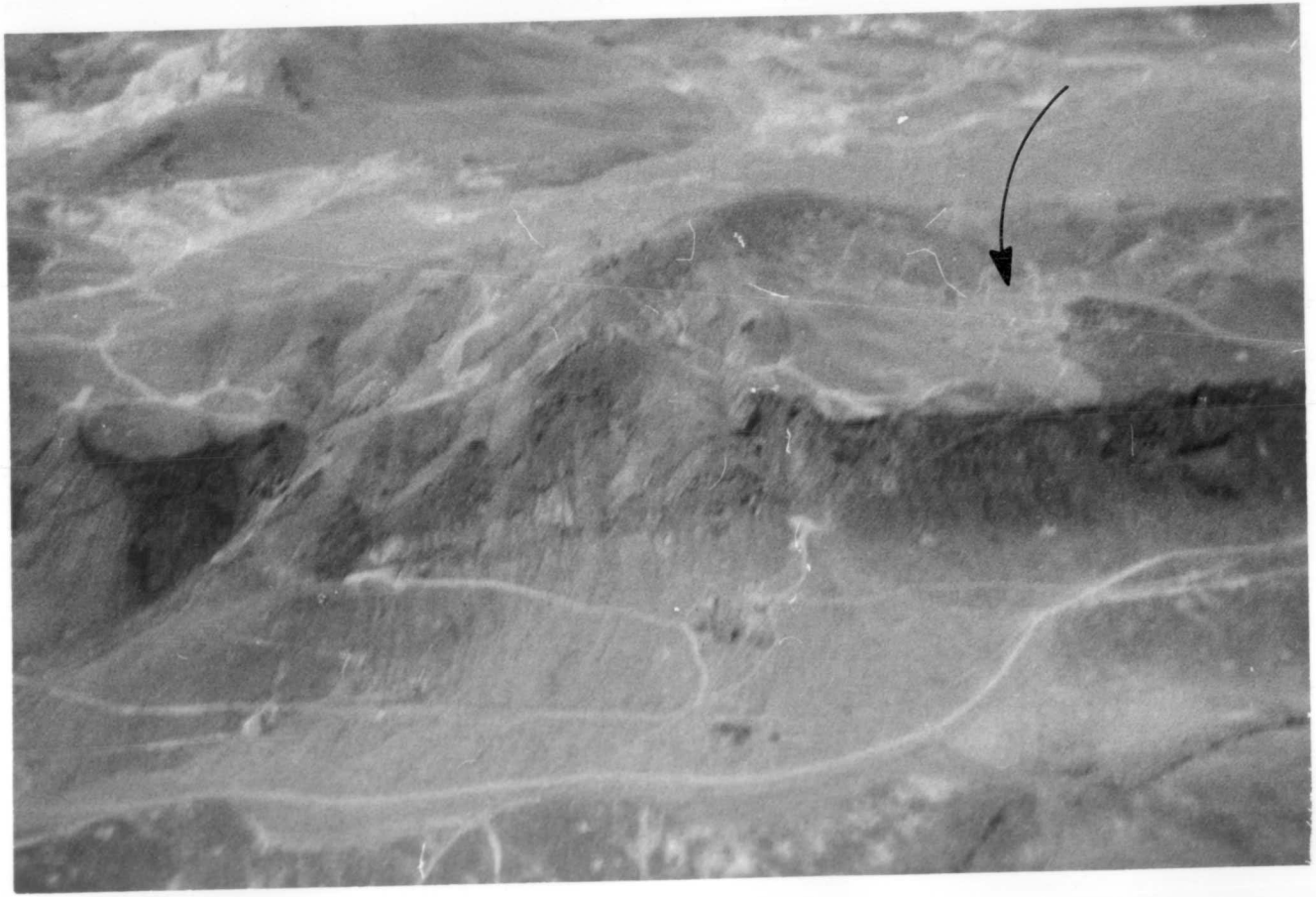
Sincerely yours,

Harold Kirkemo
Chief, Office of
Minerals Exploration

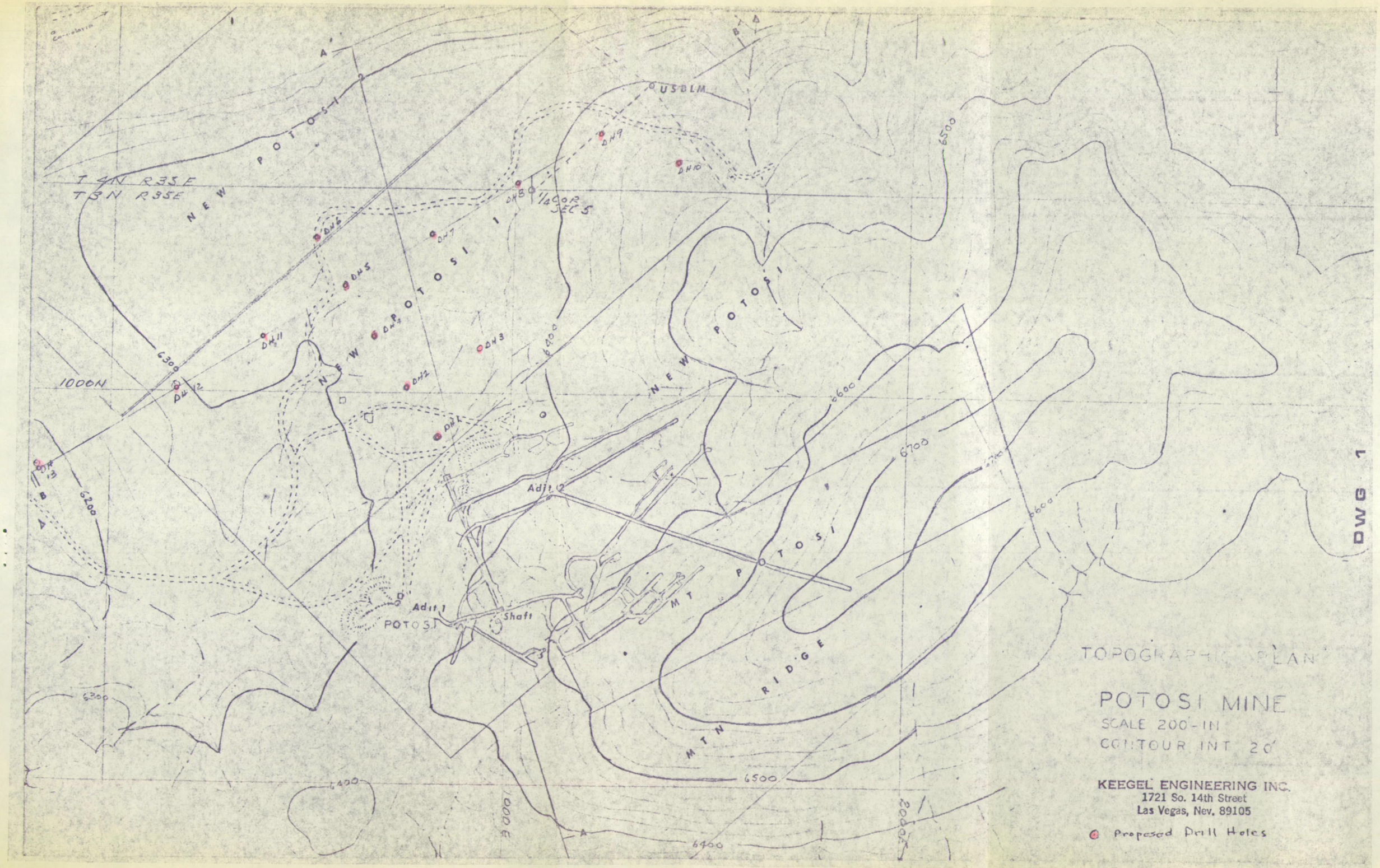
Copy to Region II

Oblique airphoto northerly
Arrow = Potosi dump, road to
Candelaria diagonal w fault

Oblique airphoto from the
northeast. Arrow = Potosi
Note prominent fault scarps



Low angle oblique airphoto to southweat showing relative elevations. Arrow = Potosi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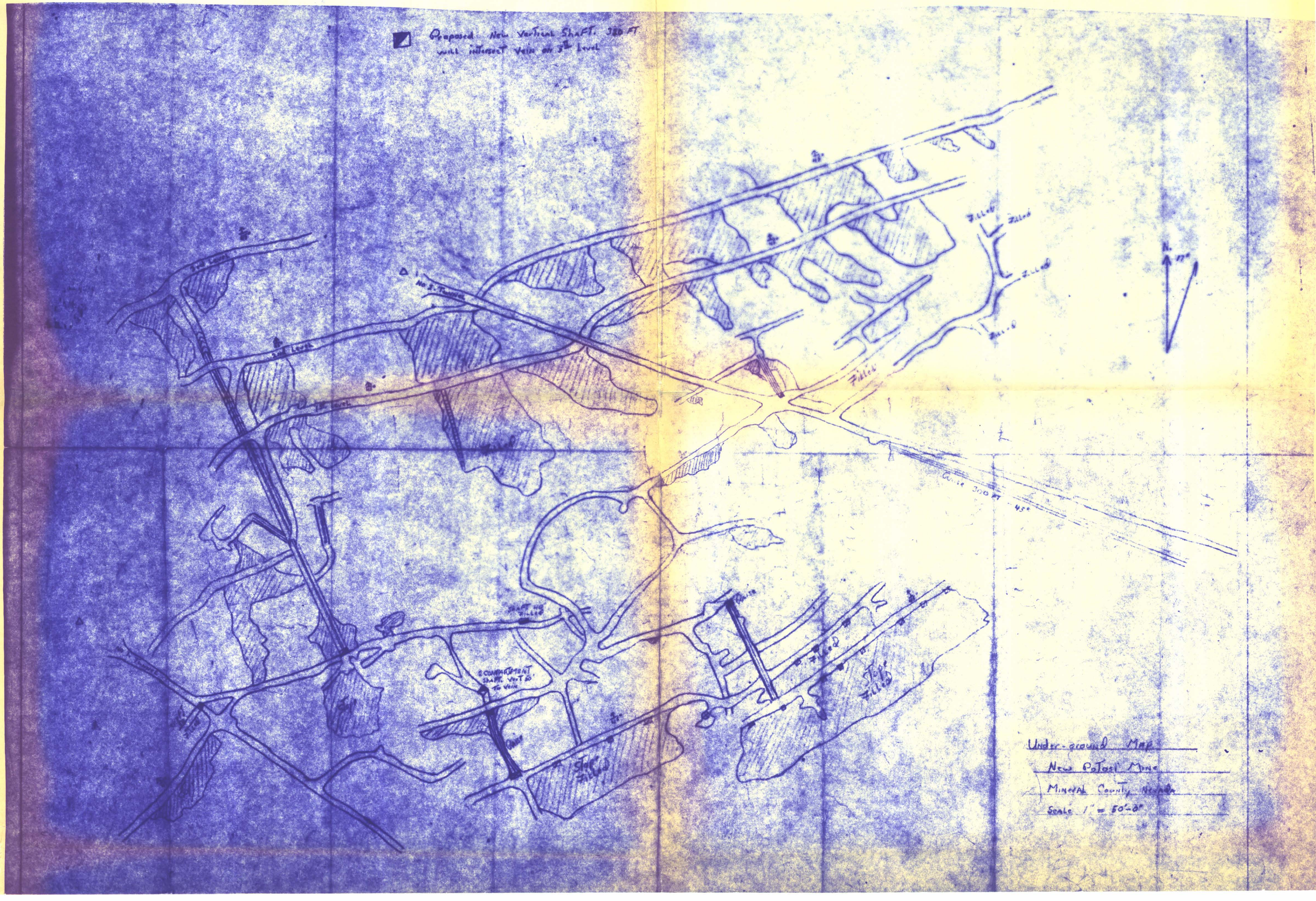
MTN RIDGE
USBLM
1/4 COR SEC 5
Adit 2
Adit 1
Shaft
POTOSI
1000N
1000E
2000E
6300
6200
6400
6500
6600
6700
DH1
DH2
DH3
DH4
DH5
DH6
DH7
DH8
DH9
DH10
DH11
DH12
DH13
A
A'
B
B'
TOPOGRAPHIC PLAN
POTOSI MINE
SCALE 200'-IN
CONTOUR INT 20'
KEEGEL ENGINEERING INC.
1721 So. 14th Street
Las Vegas, Nev. 89105
Proposed Drill Holes
DWG 1

PTOSI MINE
GEOLOGIC PLAN

Scale 200' = 1"
From Stanford Geological Map 1949


Proposed New Vertical Shaft. 380 FT
will intersect Vein on 3rd Level
No 3 Tunnel
3rd Level
2nd Level
Filled
Curve 300 FT 45°
2 COMPARTMENT
SHAFT 100 FT
TO VEIN
N.
Under-ground Map
New Potosi Mine
Mineral County, Nevada
Scale 1" = 50'-0"