FEB 4 1966

Memorandum

To: Chief Auditor

From: Chief, Office of Minerals Exploration

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Group
Crook County, Oregon
Contract 1137

Will you please prepare a Report of Review as requested by the Field Officer of Region I in his memorandum of January 14, 1966, copy enclosed.

On January 19, 1966, the Operator was informed, the deadline having passed, that the $700.00 being withheld from its account until an acceptable final report had been received would now be used in the preparation of such a report.

(SIGNED) FRANK E. JOHNSON

Frank E. Johnson

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
Budget & Finance
OME File
OME Reading File
Mr. Selfridge
CAAA
OME Region I

GCSelfridge/gia 2-3-66

JAN 1 8 1966

Mr. Fred Sepic
Acting President
Pacific Minerals & Chemical Co., Inc.
1301 South Kay Street
Tacoma, Washington 98405

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Group
Crook County, Oregon
Contract 2132

Dear Mr. Sepic:

On December 1, 1965, we informed you that $200.00 was being withheld in final settlement of the Operator's account until such time as an acceptable final report had been received, and at the same time set a deadline of thirty days for receipt of such a report.

To date, we have not received the requested report. In the circumstances, the $200.00 will be applied to processing the preparation of a suitable final report and accounting as stipulated by Article 5(e) of the contract and the account closed.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance, Rm. 5408
OME File
OME Region I
CA&A
OME Reading File
Mr. Selfridge

GCSelfridge/gla (1-18-66)

CA+A

EXTRA COPY O. M. E RECEIVED MAY 2[illegible] 1964		
DATE		CODE
		800

So. 157 Howard Street
Spokane, Washington 99204
May 22, 1964

Air Mail

To: Fiscal Section, Office of Management Operations
Office of the Secretary, Department of the Interior
Washington, D. C.

From: Acting Field Officer, Region I

Subject: OMR-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

There is enclosed the original of an Interim Report of Review dated May 18, 1964, for June 1962 to October 15, 1963, inclusive, covering a mercury project on the Mother Lode, Cobar, and Lookout Mountain Group of claims, Crook County, Oregon.

One copy of the report has been sent to the Operator and one copy retained in the Spokane office files.

The report indicates that a balance of $200.00 is due the Operator. It is requested that you continue to withhold this balance until work is resumed.

D. R. MacLaren

Enclosure

cc: OMR(2)
CA&A
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

C/1-4

EXTRA COPY O. M. E. RECEIVED MAY 26 1964		
DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane, Washington 99204
May 22, 1964

Mr. Fred Sapio, Vice-President
Pacific Minerals & Chemical Co., Inc.
1301 South Bay Street
Tacoma, Washington

Re: OMF-6141 (Mercury)
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Sapio:

There is enclosed one copy of an Interim Report of Review dated May 18, 1964, covering the period June 1962 to October 15, 1963, inclusive.

The Interim Report of Review indicates that a balance of $200.00 is due your company. However, we shall continue to withhold this balance until contract work shall have been resumed.

In reference to your requested amendment, we have not yet received the bids from three independent drilling contractors which were requested in our letter of May 8, 1964.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OMF
Region I

Enclosure

cc: OMF(2)
CA&A
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Pacific Minerals & Chemical Co., Inc.
1301 South K Street
Tacoma 5, Washington

pertaining to Exploration Contract 14-23-090-2132, OME No. 6141, including Amendments Nos. 1, 2, 3, 4, 5, and 6, for June 1962 to October 15, 1963, inclusive, covering a mercury project on the Mother Lode, Cobar, and Lookout Mountain Group of claims, Crook County, Oregon.

My review included an examination of the Monthly Vouchers (MME Forms 60) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of an audit of the Operator's accounts and records for the reasons given in the attached schedule.

The findings of this review are stated in the following summary and the attached schedule:

Total cost billed by Operator		$13,151.10
Exceptions:		
Prior to this review	$172.05	
Herewith	-0-	172.05
Total acceptable cost		$12,979.05

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$ 6,489.52
Paid to date	6,289.52
Balance due Operator	$ 200.00

E. D. Talbert, OME Auditor

May 18, 1964

Reasons for Report of Review in lieu of a final audit:

(a) a major portion ($9,483.75) of the acceptable costs covered work performed at unit rates under independent contract;
(b) the balance ($3,495.30) of the acceptable costs was under a contract provision for contribution by the Government on the basis of fixed unit costs for work performed;
(c) the Monthly Reports were supported by documentary evidence of the acceptable actual costs under the contract; and
(d) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further exceptions.

Exceptions prior to this review:

(a)	Bulldozing with Operator's D-9, not authorized by contract, 13 hrs. @ $12.50	$ 162.50
(b)	Excess of $20.65 claimed for sample sacks over acceptable 94 ea. @ $.15, or $14.10	6.55
(c)	Assay determination of 1 sample not in accordance with specifications	3.00
		$ 172.05

Acceptable cost:

Cat. (1)	Bulldozing, D-7, 18½ hrs. @ $12.50	$ 231.25*
	Mobilization of churn drill	250.00#
	Churn drilling, 1,385 ft. @ $6.50	9,002.50#
	Sub-total	$ 9,483.75
Fixed Unit Costs -		
	Phases 1 and 2	1,000.00
	Incidental allowance, 1,385 ft. @ $1.67	2,312.95
	Sample sacks, 94 ea. @ $.15	14.10
	Mercury determinations:	
	Soil samples, 65 ea. @ $1.25	81.25
	Drill samples, 29 ea. @ $3.00	87.00
	Total	$12,979.05

* Actual costs as invoiced by Shirley Quant, 2160 Melrose Drive, Prineville, Oregon.
\# Actual costs of holes 1, 2, 3, 4, and 6 as invoiced by Hansen Drilling, 6711 N. E. 58th Avenue, Vancouver, Washington.

MAY 1 8 1964

Memorandum

To: Acting Field Officer, Region I

(Signed) E. D. Talbert

From: Chief, Contract Administration and Audit Division

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain
Group of Claims
Crook County, Oregon
Contract 2132

As requested in your May 8 memorandum recommending revision of the remaining work under the subject contract, an Interim Report of Review has been prepared to cover the cost of work performed to date. The original and two copies are enclosed.

If you concur in the facts stated in this Interim Report of Review, please make the distribution authorized by section 4 of OME Circular 2 dated February 17, 1960. As evidence of your concurrence, a copy of your letter transmitting the Operator's copy of the Interim Report of Review should be furnished to this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Although this Interim Report of Review indicates that a balance of $200.00 is due to the Operator, it is suggested that the Department's Fiscal Section be requested to continue withholding that balance until contract work is resumed.

Enclosures
EDTalbert/ama 5-18-64

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

(2)

EXTRA COPY
O. M. E
RECEIVED MAY 11 1964
DATE | INITIALS | CODE
800

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
May 8, 1964

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Enclosed are two copies each of:

1. A letter with maps dated April 8, 1964, from Juan Munoz, geologist-engineer-supervisor for the Operator

2. A letter dated April 29, 1964, from Fred Sepic, acting president of the operating company

3. A letter dated May 8, 1964, which I have written to Mr. Sepic requesting bids for the proposed drilling

Munoz visited the Spokane office last March 24 to discuss the proposed changes he has so well presented in his letter. I might say at this point that two recent changes in personnel indicate that the execution of this project should be greatly improved. Munoz has had many years experience as an operator, whereas his predecessor did not. Both Sepic and his predecessor are business men with little, if any, practical operating experience. However, Sepic is content to leave operating details to Munoz, his predecessor with sincere intent to be helpful was often more of a hinderance.

Munoz last season and during the winter has made a detailed study of cinnabar occurrence both on the Mother Lode, et al., Groups and on neighboring properties that have been producers in the past. Based on this study, he has presented a plausible regional correlation. I believe that his proposed changes reflect the most sensible approach to exploring the potential of this property that has yet been offered by the Operator; also it is much less costly than the work presently

provided for in the contract and, when completed, should be equally conclusive, and probably more so.

In most of Zone A (N. 20° E.) the surface of the ground will rise to a maximum relief of 35-40 feet above the horizontal over the proposed holes; in most of Zone B (N. 60° E.) this increase in backs due to topography will be between 25 and 30 feet. Over the holes near the open pit the slopes are steeper and the maximum relief is somewhat greater. The horizontal width of Zone A is 140 feet; that of Zone B is 160 feet. If the holes are drilled at -30°, most of them will cross the indicated far limit of Zone A at a hole depth of about 160 feet under backs of about 122 feet and will cross the indicated far limit of Zone B at a hole depth of about 187 feet under backs of about the same amount. If the holes are drilled at -15°, they will cross the far limit of Zone A at a hole depth of about 145 feet under backs of about 77 feet and will cross the far limit of Zone B at a hole depth of about 165 feet under backs of about 72 feet. These figures are based on the false assumption that the zone walls are sharp and have been accurately located, and are offered only to show the relative amount of backs over the -15° and -30° holes. It is believed that -30° is better for most of the holes, the exception being possibly those from the southerly end of Zone A to the second hole northerly of the open pit. Therefore, some leeway should be given to the Operator to decide the hole inclination. Because of the same false assumption, it will be desirable to drill some of the holes to 200 feet although others may be shorter.

Based upon the current provisions of the contract and amendments plus items already vouchered and accepted by this office the present status of the contract is:

Actual Costs

Item	Allowed cost	Accepted cost	Balance available
Bulldozing drill sites	$ 896.00	$ 231.25	$ 664.75
Bulldozing trenches	4,800.00		4,800.00
Mobilization and demobilization	500.00	250.00	250.00
Churn drilling	39,000.00	9,002.50	29,997.50
Total	$45,196.00	$9,483.75	$35,712.25

Fixed Unit Costs

Item	Allowed cost	Accepted cost	Balance available
Phases 1 and 2	$ 1,000.00	$1,000.00	--
Incidental allowance	10,020.00	2,312.93	$ 7,707.05
Sample sacks	1,089.00	14.10	1,074.90
Assaying soil samples	295.00	81.25	213.75
Assaying drill hole and trench samples	5,400.00	87.00	5,313.00
Total	$17,804.00	$3,495.30	$14,308.70

Project Totals

Type costs	Allowed cost	Accepted cost	Balance available
Actual costs	$45,196.00	$ 9,483.75	$35,712.25
Fixed unit costs	17,804.00	3,495.30	14,308.70
Total Project Costs	$63,000.00	$12,979.05	$50,020.95

These figures are subject to audit which should be made before the recommended Amended Contract is set up. Because some of the work items now in the contract have been partially carried out, some will not be undertaken, some will be reduced, and some new ones will be added, and because the contract already comprises four phases, it is recommended that an Amended Contract be set up as follows:

Stage I. All work completed to date at a total cost of $12,979.05 of which the Government's share at 50 percent is $6,489.52 (subject to audit).

Stage II - Phase 1. Core drill eight X-ray-size holes at the approximate locations and in the directions indicated by I on the accompanying map 2. The holes shall be drilled at -15° to -30° to an average depth of 180 feet from the collar, the total combined depths not to exceed 1,440 feet including overburden.

Stage II - Phase 2. Where justified by the results of Phase 1 drilling, core drill five X-ray-size holes at the approximate locations and in the directions indicated by II on the accompanying map 2. The holes shall be drilled at -15° to -30° to an average depth of 180 feet from the collar, the total combined depths not to exceed 900 feet including overburden

Stage II - Phase 3. Where justified by the results of prior drilling, core drill four X-ray-size holes at the approximate locations and in the directions indicated by III on the accompanying map 2. The holes shall be drilled at -15° to -30° to an average depth of 180 feet from the collar, the total combined depths not to exceed 720 feet including overburden.

Stage II - Phase 4. Where justified by the results of prior drilling, core drill four X-ray-size holes at the approximate locations and in the directions indicated by IV on the accompanying map 2. The holes shall be drilled at -15° to-30° to an average depth of 180 feet from the collar, the total combined depths not to exceed 720 feet including overburden.

It is believed that Munoz may have been too conservative in his estimate that only 80 sample assays will be required; it is recommended that provision be made for assaying 200 samples.

The estimated costs for Stage II are:

Actual Costs

Diamond drilling

Mobilization and demobilization	$ 250.00 1/
420 ft casing through overburden at $7.50/ft	3,150.00
3,360 ft X-ray core drilling at $5.00/ft	16,800.00
500 ft of casing at $2.50/ft	1,250.00
Total Actual Costs	$21,450.00

Fixed Unit Costs

Incidental allowance 3,360 ft of drilling at $1.20/ft	$4,032.00
Sample sacks, 200 at $0.20 each	40.00
Core boxes, 27 core boxes at $2.50 each	67.50
Assay determinations, 200 at $3.00 each	600.00
Total Fixed Unit Costs	$4,739.50

1/ Munoz gives no estimate for this item; $250.00 remains from present contract.

RECAPITULATION

Stage I (completed)	$12,979.05
Stage II	26,189.50
Total Cost of Amended Project	$39,168.55
Government Participation at 50%	$19,584.27

A comparison of the costs of the present contract with those of the recommended Amended Contract are:

	Present contract	Recommended Amended Contract
Actual costs	$45,196.00	$30,933.75
Fixed unit costs	17,804.00	8,234.80
Total	$63,000.00	$39,168.55
Gov't. participation at 50%	$31,500.00	$19,584.27

The Fixed Unit Costs are reduced by nearly 54 percent and the total costs and Government participation are each reduced by nearly 38 percent. Therefore, the requested amendment is to the Government's advantage.

Although bids for the drilling have been requested, it is doubtful that any contract driller will underbid the prices proposed by Munoz and it is recommended that these be accepted. Provision for dozing access roads and preparing drill stations has been provided for by adding $0.35 per foot to the $0.85 per foot estimated by Munoz for incidental allowance under Fixed Unit Costs. Actually this item provides $1,176.00 for bulldozing and $2,856.00 for all engineering and geologic services, logging, and sampling drill holes, and any other costs.

Under Amendment No. 6, work is to be resumed on or before June 1, 1964. Possibly this should be changed to July 1 to allow time to get the Amended Contract to the Operator for his consideration.

D. R. MacLaren

Enclosures
Distribution:
OME(2) Director's Reading File
MacLaren Resources Research Branch Chief

MME FORM 60
SEPT. 1959

RECEIVED
MAR 23 1964
OME
SPOKANE, WASHINGTON

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

Period June 1963
For ~~Month of~~ to Oct. 15, 1963

Docket No.
Contract No.
14-23-090-
Contract Amount $
Gov't. Participation % $
Mineral(s)

Operator's Name Pacific Minerals & Chemical Co., Inc.
Address 1301 South Kay St., Tacoma, Washington

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	162.50	231.25	393.75	—	231.25	231.25
~~Drilling~~ Mobilization	0.00	250.00	250.00	—	250.00	250.00
~~Crossspring~~ Phase 1 & 2	0.00	1000.00	1000.00	—	1,000.00	1,000.00
~~Drilling~~ Churn Drilling	4940.00	4062.50	9002.50	4,940.00	4,062.50	9,002.50
Incidental @ 1.67	1269.20	1043.75	2312.95	1,269.20	1,043.75	2,312.95
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Sample sacks	7.75	12.90	20.65	1.20	12.90	14.10
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	27.00	144.25	171.25	24.00	144.25	168.25
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	6406.45	6744.65	13,151.10	6,234.40	6,744.65	12,979.05

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

Date March 21, 1964* Payee Pacific Minerals & Chemical Co. Inc.

Per [signature] Title Vice President

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 3,117.20

Signature [signature]
(Authorized Certifying Officer)

Date 3/27/64 Vou. No. 1287-1

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2132

Signature [illegible] Title Acting Field Officer, Reg. I Date MAR 23 1964

Approved by OME Executive Officer or Alternate:

Signature [illegible] Title Acting Field Officer, Reg. I Date MAR 23 1964

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

RECEIVED
MAR 23 1964
OFFICE OF THE SECRETARY
FISCAL SECTION

MME FORM 61
SEPT. 1959

RECEIVED
MAR 23 1964
OME
SPOKANE, WASHINGTON

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For ~~Month of~~ Period June '63 to 10/15/63 Docket No. _____

Operator's Name Pacific Minerals & Chemical Co., Inc. Contract No. 14-23-090- OME 6141
contract 2132

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
~~Drifting~~ Mobilization	1	0	½ job	250.00	—	½ job	250.00
~~Crosscutting~~ Phase 1&2	1	0	1	1000.00	—	1 unit	1,000.00
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn	6000	760	1385	9,002.50	760	1385	9,002.50
Percussion							
Miscellaneous							
Incidental allow.	6000	760	1385	2,312.95	760	1385	2,312.95
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work Bulldozing	356	13	31½	393.75	— [1]	18.5 hrs.	231.25
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases Sample sacks				20.65			14.10 [2]
Analytical Work				171.25			168.25 [3]
TOTAL TO DATE (per MME Form 60)				13,151.10			12,979.05 [4]

REMARKS

(Continue on back)

REMARKS
[1] Avg. Narrative Report states dozing done with D-9; contract provides for either D-7 or D-8, may be renegotiated later
[2] 86 sacks June-Dec 1962
8 sacks for 8 samples this period
94 sacks @ $0.15 ea = $14.10
(over)

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date March 21, 1964 Operator Pacific Minerals & Chemical Co., Inc.

Per [signature] Title Vice President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature [signature]

Title Acting Field Officer, Reg. I
Government Representative

Date MAR 23 1964

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

13 — of 10 samples listed in assay certificate, 290-310 ft exceeds 15-foot sample limit outside ore zone and in deadwood; 315-317½ and 317½-320 each less than 5-foot specified for samples in ore but combined they represent 5 feet; ∴ 1 assay only allowed for these 2 — label accepted = 9 assays @ $3.00

14 — Do not release $200 withheld from last voucher — work has not yet been resumed

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of the Secretary
Accounting Unit
Washington

ADMINISTRATIVE SUSPENSION STATEMENT March 27, 1964

Name and Address of Payee: Pacific Minerals & Chemicals Co., Inc.
1301 South Kay Street
Tacoma, Washington

Amount Claimed:	Differences (Explained Below)	Amount Approved
$6,406.45	$172.05	$6,234.40 (Gov't. Share $3,117.20)
Bu. Voucher No.	Payee's Invoice No.	Period
1287-1	OME Cont. #2132	June 1963 - 10/15/63

EXPLANATION

1. Amount claimed for bulldozing ..... $ 162.50
Not allowed as narrative states work done with D-9.
Whereas contract provides for either D-7 or D-8.

2. Sample sacks claimed $7.75
Sample sacks allowable 1.20
Amount disallowed 6.55

3. Of the 10 samples listed in assay certificates,
(a) 290-310 Ft. exceeds 15 foot sample limit outside ore zone. (b) 315-317½ and 317½-320 each less than 5 foot specified for samples in ore but combined they represent 5 feet; One assay only allowed rather than two as claimed 3.00
Total disallowed ..... $ 172.05

Any reclaim for items deducted must be supported by the original of this statement and submitted to the
Acting Field Officer
OME - Region I
Spokane, Washington

Suspension made by:

OPAL A. SHELTON
Signature

Opal A. Shelton
Chief, Accounting Unit
Title

74165

EXTRA COPY
O. M. E
RECEIVED MAR 3 1964
DATE

July 4, 1963

OPERATOR'S NARRATIVE REPORT, JUNE 1963
OMS CONTRACT No. 2452

MOHAWK LODE PROPERTY
CROOK COUNTY, OREGON.

During the month of June the first part of the month was spent rehabilitating the camp after the winter shutdown and preparing for the summer work.

Hanson Drilling Company arrived on the 12th of June, re-opening their camp and cleaning the hole in which they had been drilling (No. 5) to the previously reached depth of 110 feet. The drillers left on the 15th for additional supplies, returning the 17th to commence drilling.

Drilling continued in hole No. 5 from the 17th through the 31st of June and from the 24th through the 1st of July when hole No. 5 was completed to a depth of 550 feet.

The mineralized zone encountered in Hole No. 5 last year from a depth of 88 feet to 110 feet, continued to a depth of 150 feet. No further mineralization was encountered until a depth of 240 feet when the hanging wall of the Footwall Vein was pierced. Poor mineralization of cinnabar to purely pyritic mineralization continued to a depth of 415 feet where good cinnabar mineralization was encountered and persisted to a depth of 525 feet.

Excluding the last day of drilling on Hole No. 5 July 1st, Hole No. 5 had been advanced to a depth of 510 feet by the 30th of June. Having been resumed at a depth of 110 feet, an advance of 200 feet was made during a total of twelve drilling days. During that period the undersigned was engaged in supervision of this work and the 4 x 4 truck was used daily in this work.

A log of the drilling done on Hole No. 5 is enclosed as well as geologic notes on the property and the prospects for future work.

RECEIVED
MAR 9 1964
OMS
SPOKANE, WASHINGTON

Sincerely,

Owen Hanna
Pacific Minerals & Chemical Co.

July 4, 1963

Mother Lode Property
OMM contract M32
Crook County, Oregon.

Hole No. 3
Sheet No. 3
(Con't from Dec. 1962)

Feetage	Description
110-160	Gray, even granular matrix of quartz and plagioclase feldspar with less than 10% feldspar phenocrysts, up to 1/8" long. About 10% green long mineral, probably secondary epidote. Rock is altered to clay minerals throughout, at times with seams of clay or gouge. 2 foot seam of clayey gouge at 118 to 120 cut off ground water in hole after casing was advanced. 2% to 10% pyrite grains throughout, with cinnabar colors showing from 110 to 150 feet. Rock would probably be classed as Felsite.
160-165	Transitional from Felsite to a darker rock, classed as dolerite. Larger cuttings show both rock types together. 2% to 5% pyrite, no cinnabar.
165-330	Gray-green, fine but even granular rock with abundance of Fe-Mg minerals, minor quartz. Classed as dolerite as is more granular than basalt. 2% to 5% pyrite. Minor cinnabar colors from 240 to 255 Scarce cinnabar colors from 265 to 310. Very good cinnabar colors from 310 to 325. Nil cinnabar colors from 325 to 330.

Sent for assays:

5 feet sections from 110 to 150 feet.
5 feet sections from 240 to 265 feet.
5 feet sections from 310 to 315 feet.
2 1/2 feet sections from 315 to 320 feet.
5 feet section from 320 to 325 feet.

Juan Ramos
Pacific Minerals & Chemical Co

OPERATOR'S NARRATIVE
MOTHER LODE PROPERTY

July 1965

During the month of July, 20 days of actual drilling time were completed, with a total of three additional days spent moving the drill. This time was apportioned as follows:

July 1st: Last 20 feet of Hole No. 3.
July 2 & 3: Pulling pipe and moving from Hole 3 to Hole 4.
July 8, 9,10,11,12,15,16,17,18,19,22,23,24,25,26: Drilling Hole 4.
July 27: Moving from Hole 4 to Hole 5.
July 28,29,30 & 31: Drilling Hole Nol 5 (To a depth of 75 Ft.)

The only samples sent for assay were from Hole No. 3, as mentioned in the June report.

The total drilling footage for the month, including the last 20 feet of Hole No. 3 as reported in June was:

Hole No. 3: 20 feet
Hole No. 4: 210 feet
Hole No. 5: 75 feet

For a total footage of 305 feet.

The Drill Logs for Hole 4 and the first 75 feet of Hole 5 are enclosed; the log of the last 20 feet of Hole No. 3 which was reported in June is not repeated.

Sincerely,

Juan Manos
Pacific Minerals & Chemical Co.

Mother Lode Property

Churn Drill Hole Log
Hole No. 4

0 to 20 feet — Highly weathered, altered and oxidized andesite.

20 to 63 feet — Dense, fine grained black rock comprised largely of hornblende and other ferro minerals, grains too small to identify megascopically. Occasional hornblende phenocrysts with about 5% pyrite. Classed as a lamprophyre; probably a dike.

63 to 100 ft. — Medium gray, fine grained groundmass with distinctive hornblende phenocrysts, 1 to 5 mm x 1 mm in size, comprising 10 to 20% of the rock mass. Classed as hornblende basalt porphyry. Minor pyrite, minor alteration to clayey minerals, but with numerous clayey gouge seams.

100 to 125 ft. — Medium gray, fine grained groundmass, very similar to above (63-100 ft.) except hornblende phenocrysts were absent. Instead, rock carried about 20% plagioclase phenocrysts about 1 x 5 mm in size. Classed as basalt porphyry. Minor pyrite, clay alteration and gouge seams similar to 63 to 100 ft.

125 to 162 ft. — Dark green, fine grained serpentinized basalt, soft and highly altered. Many slickensided surfaces with some calcite and gouge seams. About 5% pyrite.

162 to 165 ft. — Same as 125 to 162 ft but harder and less altered.

165 to 170 ft. — Medium gray, fine grained basalt or dolerite. Highly altered to clayey minerals; very soft. About 5% pyrite.

170 to 180 ft. — Black, hard, dense lamprophyre with about 5% pyrite.

180 to 190 ft. — Gray-green, fine grained non-porphyritic basalt. Some alteration to clayey minerals with about 5% pyrite.

190 to 210 ft. — Dark green, fine grained, hard, unaltered hornblende basalt porphyry. Many calcite seams and slickensides. About 5% pyrite.

Logged by:

Juan Munos
Pacific Minerals & Chemical Co.

MOTHER LODE PROPERTY

OPERATOR'S NARRATIVE

Aug. 1963

During the month of August 1963, 200 Ft. of Churn Drilling was completed on Hole No. 5. This hole was stopped at a depth of 255 ft.

Drill site No. 6 was cut with the Company's D-9 bulldozer, including 75 Ft. of access road. Time required for this work totaled 12 hours.

Hole No. 6 was started and drilled to a depth of 105 Ft. 8" casing was advanced to this point when cinnabar mineralization was encountered.

Sincerely,

Juan Munoz
Pacific Minerals & Chemical Co.

Date_____

Mother Lode Property

CHUAN DRILL HOLE LOG

July 1963

Hole No. 5

0-15 Ft. Overburden

15-60 Ft. Light gray, fine grained highly altered and very soft andesite. Rare plagioclase phenocrysts. Considerable slickensiding and many gouge seams. Pyrite content is variable from 5% to 10% of rock. Pyrite impregnations are along seams, veinlets and fracture surfaces, in the numerous calcite seams and disseminated in the rock. 25 - 30 Ft. and 45 - 50 Ft. showed 3 or 4 cinnabar colors in the pan. Not sent for assay.

60-75 Ft. Similar to 15 - 60 ft but darker gray with occasional seams of nearly white rock that could be felsite or a differential alteration of the andesite.

Aug. 1963

75-85 Ft. Dark green, fine grained, hard, very slightly altered basalt with many fractures and calcite seams.

85-110 Ft. Intermittent bands of badly sheared, hard, dark green basalt as in 75-85, clayey fault gouge with breccia fragments of basalt, and medium gray highly altered basalt or andesite similar to 60-75. 2% pyrite.

110-255 Ft. Medium gray, medium to fine grained basalt or andesite, highly altered to clayey minerals with 2 to 5% pyrite. Rock varied from soft to very soft, but could always be scratched with the fingernail. Occasional seams of felsite were encountered which were less altered and harder.

Logged by:

Juan Amos
Pacific Minerals & Chemical Co.

Date:

MOTHER LODE PROPERTY

OPERATOR'S NARRATIVE

Sept. 1965

During the month of September 1965, only 100 Ft. of Churn Drilling was completed. This was largely due to a great deal of difficulty encountered in driving the 8" pipe through the mineralized zone: 165 Ft. to 195 Ft. There was also a breakdown of the drilling equipment, which lost 5 days of working time.

By September 30th, Hole No. 6 had been advanced to a depth of 205 Ft.

Sincerely,

Juan Munoz
Pacific Minerals & Chemical Co.

Date_____

Mother Lode Property

OPERATOR'S NARRATIVE

Oct. 1963

Only ten days of the month of October were needed to complete Hole No. 6 to a depth of 330 Ft, for a total of 125 Ft for the month.

On October 10, 1963, drilling ceased under the OME program for the year.

Sincerely,

Juan Munoz
PACIFIC MINERALS & CHEMICAL CO.

Date_____

Mother Lode Property

DIAMOND DRILL HOLE LOG

HOLE No. 6

NB: Drill pad cut to bedrock of weathered, fractured andesite. Three fractures with minor cinnabar "paint" noted in bank approximately 10 Ft. NE of hole collar.

0-25 Ft. Yellow-brown, medium grained rock, probably andesite, highly altered and oxidized. Rare pyrite.

25-80 Ft. Light gray, medium grained andesite, occasional plagioclase phenocrysts, minor calcite and agatized quartz seams. 2-5% pyrite.

80-120 Similar to, but darker gray than 25-80 Ft. Fewer phenocrysts. Fair to good cinnabar colors noted from 105 Ft. to 110 Ft.

120-155 Ft. Similar to 80-120 Ft. but with bands of unaltered dark green, fine grained basalt, probably dikes.

155-240 Ft. Dark gray, fine grained andesite with much alteration to clayey minerals; typical "zone" material with 3% pyrite. Cinnabar colors in varying amounts from 155-195 Ft.

240-270 Ft. Varying light and dark gray, fine grained andesite with some alteration to clayey minerals, calcite and quartz seams, with nil to 3% pyrite. No Hg S.

270-330 Ft. Dark green, medium grained dolerite or basalt, apparent unaltered, pyrite content variable from nil to 2%. Rare magnetite. No cinnabar.

END OF HOLE.

Logged by:

Juan Manos
Pacific Minerals & Chemical Co.

Date:

Chemical Analysis
Assaying Testing
Sampling Weighing
Checking
Inspecting
Cement Concrete
Aggregates

LEWIS E. JEKLIN
CHEMIST ASSAYER TESTING
117-118 Security Building MA 7-5772
TACOMA ASSAY OFFICE
TACOMA 2 WASHINGTON

Gold
Silver
Platinum
Mercury Amalgam
Buyer Refining

Assay Certificate

To: Pacific Minerals & Chemical Co.
1024 Biglow
Olympia, Wn.

DATE July 3, 1963

REPORT NO. 19,786-x

Report on: Samples for Mercury

Based on Sample TAKEN July 1, 1963 Drillings.

Marked: Hole # 3

110-115	-	MERCURY -----	0.385	%
		lbs per ton ---	7.7	lb.
115-120	-	MERCURY -----	0.10	%
		lbs. per ton ---	2.0	lb.
120-125	-	MERCURY -----	0.125	%
		lbs. per ton ----	2.5	lb.
125-130	-	MERCURY -----	0.065	%
		lbs. per ton ---	1.3	lb.

GOLD	AT $	PER OZ	
SILVER	AT $	PER OZ	
COPPER	AT $	PER LB	
LEAD	AT $	PER LB	
ZINC	AT $	PER LB	Signed:

Chemical Analysis
Assaying · Testing
Sampling · Weighing
Checking
Inspecting
Cement · Concrete
Aggregates

LEWIS E. JEKLIN

CHEMIST ·:· ASSAYER ·:· TESTING

517-518 Security Building · MA 7-5772

TACOMA ASSAY OFFICE

TACOMA 2, WASHINGTON

Gold
Silver
Platinum
Mercury · Amalgan
Buyer · Refining

Assay Certificate

For:— Pacific Minerals & Chemical Co.
1024 Biglow
Olympia, Wn.

DATE July 12, 1963

REPORT NO. 19,795-x

Report on: Core Drillings Hole # 3

Based on Sample TAKEN July 8, 1963

Marked -	260-265 ft.	- -	MERCURY	- - - - - - .6	lb.	ton
				- - - - - -0.03	%	
	X 290-310 ft.	- -	MERCURY	- - - - - - .8	lb.	ton
				0.04	%	
	310-315 ft.	- -	MERCURY	- - - - - - 2.6	lb	ton
				0.13	%	
	315-317½ ft.	- -	MERCURY	- - - - - - 9.2	lb.	ton
				0.46	%	
			Gold & Silver	- - TRACE Only		
	317½-320 ft.	- -	MERCURY	- - - - - -1.5	lb.	ton
				0.075	%	
			Gold & Silver	- - TRACE ONLY		
	320- 325 ft.	- -	MERCURY	- - - - 0.4	lb.	ton
				0.02	%	

GOLD	AT $		PER OZ.
SILVER	AT $		PER OZ.
COPPER	AT $		PER LB.
LEAD	AT $		PER LB.
ZINC	AT $		PER LB.

Signed: Lewis E. Jeklin

Chemical Analysis
Assaying - Testing

Sampling - Weighing
Checking

Inspecting
Cement - Concrete

Aggregates

LEWIS E. JEKLIN

CHEMIST -:- ASSAYER -:- TESTING

517-518 Security Buliding - MA. 5772

TACOMA ASSAY OFFICE

TACOMA 2, WASHINGTON

Gold
Silver
Platinum
Mercury - Amalgan
Buyer - Refining

Pacific Minerals & Chemical Co.
Olympia , Wn.

July ~~Aug.~~ 13, 1963

Report for assays # 19,786 - 7/3/63 - - - $ 20.00
19,795- 7/12/63 - - 37.00

$ 57.00

LEWIS E. JEKLIN
TACOMA ASSAY OFFICE
Chemists, Assayers, Testing, Samplers
518 Security Bldg. - Tacoma 2, Wash.

Hansen Drilling

6711 N. E 58th Avenue
VANCOUVER, WASHINGTON
Telephone OXford 4-6242

Date July 8, 1963

NAME Pacific Minerals & Chemicals, Inc.

ADDRESS 1024 N. Bigelow Street

Olympia, Washington

Well # 3 completed at 330 Feet
with 110 feet drilling paid Jan. 8, 1963

220 feet drilling at $6.50.....$ 1430.00

Aug. 2, 1963
Paid By Check # 254
Hansen Drilling Co. Inc
Joe Hansen

Hansen Drilling

6711 N. E. 58th Avenue
VANCOUVER WASHINGTON
Telephone OXford 4 6242

Date August 5, 1965

NAME Pacific Minerals & Chemicals Inc.

ADDRESS 1024 Bigelow St.
Olympia, Washington

Hole # 4	210 feet of drilling @ $6.50.....	$ 1365.00
Hole # 5	55 feet of drilling @ $6.50.....	357.50
		$ 1722.50

Hansen Drilling

6711 N. E. 58th Avenue
VANCOUVER, WASHINGTON
Telephone OXford 4-6242

Date August 30, 1963

NAME Pacific Minerals & Chemicals Inc.

ADDRESS 1024 Bigelow St.
Olympia, Washington

Balance due for July drilling
265 feet @ $6.50.....$ 1722.50

August drilling
Hole # 5..200 feet @ $6.50..... 1300.00
Hole # 6..105 Feet @ $6.50..... 682.50

July and August total $ 3705.00

Hansen Drilling

6711 N. E. 58th Avenue
VANCOUVER, WASHINGTON
Telephone OXford 4-6242

Date [illegible]

NAME [illegible]

ADDRESS [illegible] St.
[illegible], Washington

[illegible] 1973

[illegible]

Hansen Drilling

6711 N. E 58th Avenue
VANCOUVER, WASHINGTON
Telephone OXford 4-6242

Date October 26, 19[illegible]

NAME PACIFIC MINERALS AND CHEMICALS LTD

ADDRESS 1224 Bigelow St.

Olympia, Washington

Work completed in October 1963

Hole # 6 completed at 130 feet
125 feet of drilling @ $6.50.....$812.50

March 4, 1964

This is to certify, that as determined from the records of Juan Munoz, geologist at the mother lode property - OME contract #2132, Crook County, Oregon, 13 hours of bulldozing was done at hole #4 and hold #6.

FRED SEPIC, Vice President
PACIFIC MINERALS & CHEMICAL CO.

March 4, 1964

This is to certify, that as determined from the records of Juan Munox, geologist at the mother lode property - OME contract #2132, Crook County, Oregon, 55 sacks were used for sampling and analytical work.

FRED SEPIC, Vice President
PACIFIC MINERALS & CHEMICAL CO.

EXTRA COPY
O. M. E
RECEIVED MAR 23 1964
DATE | INITIALS | CODE
800

So. 137 Howard Street
Spokane, Washington 99204
March 19, 1964

Mr. Fred Sepic, Vice-President
Pacific Minerals & Chemical Co., Inc.
1301 South Yay Street
Tacoma 5, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Sepic:

Enclosed are the original and two copies each of MME Forms 60 and 61, the third copy of each form is being retained with the supporting documentation and maps to facilitate further discussion should you find it necessary to call us. When the original and three copies of each form properly filled out are received, the copies we are holding will be destroyed.

As it is usually more satisfactory to explain the proper method of preparing the forms by conference, I telephoned you March 19, 1964, and in your absence, talked with Mr. Price. At his request, I will outline the proper procedure.

<u>MME Form 61 - Operator's Progress Report</u>

In the column headed "Operation," copy all typed entries shown in this form as submitted for the month of June/Dec. 1962." In the column headed "Units," enter opposite the various operations the total number of units provided for in the contract and any subsequent amendments. For example, opposite "Drilling, Churn," enter "6,000 ft;" opposite "Bulldozing," enter "356 hours," opposite "Phase 1 and 2," enter "1 unit;" opposite "Mobilization," enter "1 job."

In the column headed "Units this Month," enter opposite the various operations the number of units completed under the OME contract during the reporting month (in this case the period June/October 15, 1963). For example, opposite "Drilling, Churn," enter 760; opposite "Phase 1 and 2" and "Mobilization," enter "none," etc.

In the column headed "Units to Date" enter opposite the various operations the sum of the "Units this Month" and the "Units to Date" taken from the last report (June/Dec. 1962). For example, opposite

"Drilling, Churn," enter 1,385 (760 plus 625); opposite "Phase 1 and 2," enter "1 unit;" opposite "Mobilization," enter "½ job" (the other half will be vouchorable after the contract work has been completed), etc.

In the column headed "Cost to Date" enter the product of "Units to Date" times the unit cost.

<u>MSK Form 60 - Operator's Monthly Voucher</u>

The mechanics of filling out this form are basically the same as those for filling our MSK Form 61. In the column headed "Monthly Total" enter opposite the various cost categories the product of the "Units this Month" as shown on MSK Form 61 times the unit price for that cost category.

In the column headed "Previously Reported" enter from the MSK Form 60 last submitted the various amounts shown under "Totals to Date."

In the column headed "Totals to Date," enter the sum equal to the amount shown under "Monthly Total" plus the amount shown under "Previously Reported."

The total of the "Totals to Date" column on the MSK Form 60 should be entered where shown on the MSK Form 61 and should be the same as the sum of the "Costs to Date" on the latter form.

As the following operations are on an actual cost basis, the indicated "Monthly Total" must be supported by two copies of invoices from the bulldozing and/or drilling contractors:

Bulldozing (also see para. 3 of my letter 3/10/64)

Mobilization and demobilization

Churn drilling

All assays for which payment is claimed must be supported by two copies of the assayers' reports. These reports will also serve to support the number of sample sacks claimed.

Kindly refer to my letter of March 10, 1964. Access to and preparation of the No. 6 drill site apparently was work done with the company's D-9 dozer which does not comply with the contract terms and conditions. You may claim reimbursement for this work, but the claim will have to be disallowed certainly until the contract has been amended, and possibly permanently. Ordinarily, a request for an

amendment to permit work that has already been done is denied unless the conditions were such that the departure from the contract specifications were unavoidable and it was not possible at least to request the amendment before making the departure. If you contemplate further dozer work for company account rather than by an independent contractor or with other than a D-8 or a D-7 dozer, you should request a suitable amendment as soon as possible in order to avoid future disallowances for this operation.

I hope this has clarified the voucher and progress report requirements, but if you have any further questions, I will be happy to attempt to answer them.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OSE
Region I

Enclosures

cc: OSE(2)
Voucher file
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

[redacted] 1301 South Kay St.
[redacted], WASHINGTON Tacoma, Washington

Telephone ~~Hectwood 2-2996~~ Br2 0386

March 14, 1964

2132

D. R. MacLaren
Acting Field Officer
Office of Minerals Exploration
South 134 Howard Street
Spokane, Washington

Dear Mr. MacLaren:

Enclosed are forms MME 60 and MME 61, which are necessary to complete the OME work performed in 1963.

Mr. MacLaren, it would be appreciated if you would allow our geologist, Mr. Juan Munoz, to discuss with you certain ideas and opinions he has relative to approaching the exploration at the mother lode on a different basis. Because he understands the complete program I have, with the approval of the board, given him permission to review the matter with you. With your approval, he will contact you and report your decision to us.

Sincerely yours,

/s/ Fred Sepic

FRED SEPIC
Vice President
Pacific Minerals & Chemical Co.

Enclosures

800

So. 154 Howard Street
Spokane, Washington 99204
March 10, 1964

Mr. Fred Sapio
Vice-President
Pacific Minerals & Chemical Co., Inc.
1301 South Ray Street
Tacoma 5, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cohor, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Sapio:

We are returning herewith the original and two copies of the MME Form 60 for signature by the Vice President; the third copy is being retained with the supporting documentation and the maps which have also been received.

When you return the signed MME Form 60, you should also include the original and three copies of MME Form 61, Operator's Progress Report, which was not included with the material we received.

It is noted that the August Narrative Report states that access to and preparation of the No. 6 drill site was done with the company's D-9 bulldozer, whereas the contract provides for bulldozing only with a D-7 or D-8 or equivalent size by independent contract on an actual cost basis. Until an amendment to authorize dozing with a D-9 at a fixed unit cost has been requested and approved, this claim will have to be disallowed. Also, in future vouchers you should not include any cost that has been withheld pending resumption of work as this amount has already been claimed and approved and will be released automatically when the first voucher after resumption of work is paid.

Although claim is made for 35 sample sacks, returns for only 7 acceptable assays have been submitted for Hole 3 and none for Holes 4 or 6. Hole 3 assays that are not acceptable because they do not meet contract sampling specifications are:

290-310 feet which exceeds the 15-foot maximum for samples outside the ore zone.

315-317½ feet and 317½-320 feet are both less than the 5 feet of hole specified for samples within the ore zone. Possibly 1 assay could be approved for the 5-foot segment represented by these 2 assays.

Thus, at most, only seven sample sacks can be approved for this voucher.

If you have already prepared the NMX Form 61 and overlooked including it with the material you have sent us, it will not be necessary to prepare another set to make any of the above changes, so long as the totals of the two NMX Forms 60 and 61 agree. We can make the necessary disallowances.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, GMX
Region I

Enclosures

cc: GMX(2) w/cys incoming
Voucher file
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

~~1024 BIGELOW STREET~~ 1301 South Ray St.
~~OLYMPIA, WASHINGTON~~ Tacoma, Washington

Telephone ~~Hoodwood 2-2200~~ Br2 0386

March 4, 1964

D. R. MacLaren
Acting Field Officer
Office of Mineral Exploration
157 South Howard St.
Spokane, Washington

Dear Mr. MacLaren:

Enclosed are invoices, reports, maps, and other information necessary to complete the report and voucher for 1963. As near as I can determine I have assembled everything required to complete this report.

The total footage represents the balance of 110' of hole #3, and hole #4 and hole #6.

Everything at the mother lode has been secured pending our resumption of work on or before June 1, 1964.

Very truly yours,

FRED SEPIC, Vice President

FS:jp

Maps being forwarded under separate cover.

800

So. 157 Howard Street
Spokane, Washington 99204
December 19, 1963

Mr. Fred Sepic
Vice-President
Pacific Minerals & Chemical Co., Inc.
1301 South Kay Street
Tacoma 5, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Sepic:

On my last visit to the property October 12, 1963, it was determined that Holes 4, 5, and 6 had been completed.

A Work Authorization dated September 24, 1963, approved the drilling of Hole 4 at the location proposed by Juan Munoz, Geologist, in his "Notes on General Geology" dated July 4, 1963, and approved the drilling of Holes 6 and 7. However the Work Authorization stated that approval to drill Holes 5 and 7 would not be given unless or until justified by the then proposed trenches for which provision is made in Amendment No. 5. As Hole 5 was apparently drilled during July and August and Amendment No. 5 did not become effective until September 15, and furthermore as the trench upon the results of which drilling of Hole 5 depends has not yet been excavated, it does not appear that the Government can properly contribute to the cost of that hole.

It therefore appears that of the work done during 1963 only Holes 4 and 6 are properly vouchersable. No voucher has been received for any work done after December 1963.

Thank you for your prompt return of Amendment No. 6.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

DRMacLaren:mls

Director's Reading File
Resources Research Branch Chief

cc: OME(2) file MacLaren

MME FORM 60
SEPT. 1959

RECEIVED
OCT 16 1963

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No.
Contract No. 14-23-090-
Contract Amount $
Gov't. Participation % $
Mineral(s)

OPERATOR'S MONTHLY VOUCHER

For Month of June/Dec. 1962

Operator's Name PACIFIC MINERALS & CHEMICAL CO. INC
Address 1024 Bigelow St., Olympia, Wash

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	231.50		$ 231.50			
~~Drilling~~ Mobilization	250.00		250.00			
Crosscutting						
Drilling	4062.50		4062.50			
Phase 1 and 2	1000.00		1000.00			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Sample Sacks	28.20		28.20			
(188 @ 15¢ ea)						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	63.00		63.00			
Payroll Taxes						
Employee's Liability Ins.						
Determinations	81.25		81.25			
Incidentials						
625 Ft. @ $1.67	1043.75		1043.75			
TOTALS	$6760.20		6760.20	6,744.65		6,744.65

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

Date Oct. 2, 1962 Payee PACIFIC MINERALS & CHEMICAL CO. INC.

Per [signature] Title President

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 3,372.32
- 621.50 prev. vou
- 200.00 to Sempera
$ 2,550.82 to operator

Signature BAB
(Authorized Certifying Officer)

Date 12/2/63 Vou. No. 762-5

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2132

Signature D.R. MacKaren Title Acting Field Officer, Reg. I Date NOV 1 5 1963

Approved by OME Executive Officer or Alternate:

Signature D.R. MacKaren Title Acting Field Officer, Reg. I Date NOV 1 5 1963

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

MME FORM 61
SEPT. 1959

RECEIVED
OCT 16 1963

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of ~~June/Dec. 1962~~ Docket No. _____

Operator's Name PACIFIC MINERALS & CHEMICAL CO. INC Contract No. 14-23-090-_____

1024 Digelow St., Olympia, Wash

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn	6000'		625	$4062.50	625	625	$4,062.50
Percussion							
Miscellaneous Bulldozing				231.50	18.5 hrs	18.5 hrs	231.25
Mobilization				250.00	1/2 job	1/2 job	250.00
Roads and Trails							
Phase 1 & 2				1000.00	1 unit	1 unit	1,000.00
Sample Sacks				28.20	86	86	12.90
Test Pitting Incidentals							
Drilling (625' @ $1.67)				1043.75	625	625	1,043.75
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				144.25			144.25
TOTAL TO DATE (per MME Form 60)				$6760.20			6,744.65

REMARKS

(Continue on back)

REMARKS

It Operator claims 188 sample sacks but only the following are accounted for:
65 soil samples
21 chum drill samples
86 sacks @ $0.15 = $12.90

(Continue on back) (over)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Oct. 2-1963 Operator PACIFIC MINERALS & CHEMICAL CO. Inc.

Per [signature] Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature [signature]

Title Acting Field Officer, Reg. I
Government Representative

Date NOV 15 1963

(INSTRUCTIONS ON REVERSE)

REMARKS (Cont.)

REMARKS (Cont.)

L2 Deduct $1,243.00 approved and paid on unsupported voucher June-July 1962.

Withhold $200 pending resumption of work as recess has been requested

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

Amended Operator's Narrative Report, June thru December, 1962
Mother Lode Property, Oregon
OME Contract 2132(Mercury)

During the months of June and July, 1962, a grid pattern was laid out as a guide to the soil sampling, and soil samples of Phase I (35 samples) and Phase II (309 samples) were taken and analyzed, as well as some additional samples as shown on the attached map.

During the months of August and September, a few remaining soil samples were analyzed and the preperation of Churn Drill Site Nos. 1, 2 & 3 were completed by the bulldozer. Churn Drilling commenced on September 27, 1963.

During the months of October, November and December, Hole No. 1 was completed to a depth of 305 feet, Hole No. 2 to a depth of 210 feet, and Hole No. 3 was begun and carried to a depth of 110 feet, before weather conditions forced a shutdown for the winter. During these months, a total of 625 feet of Churn Drilling was completed.

Sections of highly altered, pyritized andesite were encountered in all three holes, accompanied by sparce to fairly good cinnabar mineralization. The best mineralization encountered appeared to be in Hole No. 3 from 85 to 110 feet.

The above data represents a summary of the monthly Operator's Narratives compiled by W.G. Johnston for the month's of June thru December, 1962.

Prepared by:

[illegible]

[illegible] 1963

PROPERTY Pacific Minerals & Chemical Co. Inc.,

SHEET NUMBER 1

[redacted] DRILL RECORD

SECTION FROM Hole #1 TO

LOCATION: LAT. 4900
DEP. 0 , 1E

ELEVATION OF COLLAR ?

DATUM

DIRECTION AT START: BEARING
DIP

STARTED September 26, 1962

COMPLETED November 7, 1962

ULTIMATE DEPTH 365'

PROPOSED DEPTH

DEPTH FEET	FORMATION	SAMPLE No	WIDTH OF SAMPLE	GOLD $	SILVER OZ/T	
0-6	fill					
6-25	gray, porphyritic, massive andesite, no noticeable variation in composition or texture, appears to be slightly altered and kaolinized and where it has in cases have more fine pyrite cubes some of which were deposited along fractures					
6-15	very few cinnabar colors about one per pan					
18	out of oxidized zone					
65-70	cinnabar in thin seams about 1 mm thick hydrocarbon like mineral associated with the cinnabar and at least one colorless nonmetallic mineral 0.6 #/ ton/mercury					
70-75	one color noted in four pans					
25-170	grey porphyritic andesite considerably coarser grained than above may be coarser phase of the same flow as 6 to 25 and possibly corresponds to rock mapped as diabase, softer than 6 to 25 and disintegrates with slight pressure of fingers and with a few hours exposure to air, impregnated with pyrite and appears much more highly altered than 6 to 25, clay seams + some in excess of 2" thick, some veinlets or seams of white carbonate at 168-165 seems 1 mm thick					
105-115	thin seams of cinnabar as at 65-70 difference here is that fine cube pyrite on seams later? filled by cinnabar					
105-110	0.2 # ton/mercury					
110-115	0.44 # ton/ mercury					
150	clay alteration					

NORTHERN MINER PRESS LIMITED TORONTO-STOCK FORM No 901 REV 9 44

DRILLED BY Hansen Drilling, Vancouver, Wash.

SIGNED [illegible]

PROPERTY CHURN

HOLE NUMBER 1

SHEET NUMBER 2

SECTION FROM TO

[redacted] DRILL RECORD

LOCATION: LAT. DEP.

ELEVATION OF COLLAR

DATUM

DIRECTION AT START: BEARING DIP

STARTED

COMPLETED

ULTIMATE DEPTH

PROPOSED DEPTH

DEPTH FEET	FORMATION	SAMPLE No	WIDTH OF SAMPLE	GOLD $	SLUDGE GOLD	
Near 178	highly altered cuttings almost white (mud), first water, could not lower water					
	by bailing - fault lot of difficulty to keep hole straight, tools hung up					
178-257	felsite dike					
182	structures than could be vesicles but very uniform appearance, texture and grain					
	size, strongly suggest dike, lot of pyrite uniformly impregnated throughout					
182.5	Au $11					
185-243	lot of carbonate veinlets 1.5 to 5.0 feet apart give trouble in drilling					
250-255	poor cinnabar colors					
257-305	grey porphyritic andesite, same as 86 to 178, coarser grained at 305, seams 300 to					
	305, 1 cm thick white carbonate with pyrite					
305	end hole					

NORTHERN MINER PRESS LIMITED, TORONTO- STOCK FORM No 501 REV 8/44

DRILLED BY Hansen Drilling, Vancouver, Wash.

PROPERTY Mother Lode near Prineville, Oregon
Pacific Minerals & Chemical Co. Inc.,

HOLE NUMBER 2
SHEET NUMBER 1
SECTION FROM ..... TO .....

[redacted] DRILL RECORD

LOCATION: LAT. 3000
DEP. 99 e
ELEVATION OF COLLAR
DATUM ?
DIRECTION AT START: BEARING
DIP

STARTED
COMPLETED November 9, 1962
December 14, 1962
ULTIMATE DEPTH 210'
PROPOSED DEPTH

DEPTH FEET	FORMATION	SAMPLE No	WIDTH OF SAMPLE	GOLD	SILVER		
0-20	Fill						
20-97	Massive medium to coarse grained, greyish dark green, relatively fresh, porphyritic andesite						
10-40	Fair amount colors lot of clay seams, andesite chlorite and biotite but apparently same as that below						
40-45	Cuttings still fuzzy but just from seams as rock not chlorite, very chlorite pyrite noticeable						
45	out of chlorite zone						
45-50	No clay seams, sparse pyrite						
50-55	white quartz veinlets						
55-95	Increase in clay seams and more pyrite than usual						
95-100	Hardly any pyrite						
97-100	Fine contact V some zones extremely fine grained grey andesite with clear pyrite, extremely hard drilling						
100-210	andesite V grey massive, porphyritic, some dark phenocrysts in addition to the feldspars relatively coarse grained for lava, very soft, probably altered on exposure to air and water slakes, possibly corresponds to rock mapped as diabase, same as 86-100 hole 1, more pyrite and clay seams than 10-97 , change from above rocks to unit at 100-210 is very sharp and there is no perceivable gradual increase in grain size at the top of the 100-200 unit as would be expected, in a flow						

PROPERTY ..... CHURN

HOLE NUMBER 4

SHEET NUMBER 2

SECTION FROM ..... TO .....

[redacted] DRILL RECORD

LOCATION: LAT. .....
DEP. .....

ELEVATION OF COLLAR .....

DATUM .....

DIRECTION AT START: BEARING .....
DIP .....

STARTED .....

COMPLETED .....

ULTIMATE DEPTH .....

PROPOSED DEPTH .....

DEPTH FEET	FORMATION	SAMPLE No	WIDTH OF SAMPLE	GOLD	SILVER GOLD	
108	sudden increase in clay and pyrite and also white seams which are probably largely quartz					
125-135	less altered					
145-150	took nearly a week to drill this 5 feet, rock is the same as above, fault might be explanation for difficult drilling, some slickensided fragments but probably only minor structure					
150-155	hard slow drilling as above					
155-170	veinlets containing hydrocarbon-like mineral					
170-175	more clay lumps than above					
175-185	considerable quartz and chert much more pyrite than usual 2 or 3%					
185-210	considerable quartz seams and 6 to 8% pyrite					
185-210	noticeable gas, green resembles H_2S					
195-200	about 10% pyrite and few cinnabar seams					
210	end hole					
	To be assayed					
	~~18 to 48 feet (6 samples)~~					
	~~195 to 200 feet (1 sample)~~					

RECEIVED
FEB 18 1963

NORTHERN MINER PRESS LIMITED, TORONTO—STOCK FORM No 501 REV 9/44

Mother Lode, Prineville, Oregon

PROPERTY Pacific Minerals & Chemical Co. Inc.,

HOLE NUMBER 3

SHEET NUMBER 1

SECTION FROM TO

[redacted] DRILL RECORD

LOCATION: LAT. 330N DEP. 0 , 1 East

STARTED December 19, 1962

COMPLETED at 110' when drilling suspended

ELEVATION OF COLLAR 29.5' above Hole 2, 13.5' above Hole 1

DATUM

ULTIMATE DEPTH for winter months December 30

DIRECTION AT START: BEARING DIP

PROPOSED DEPTH

DEPTH FEET	FORMATION	SAMPLE No	WIDTH OF SAMPLE	GOLD $	SILVER ~~GOLD~~	
0-54	uniform porphyritic andesite, coarse grained for lava, feldspar phenocrysts up to ¼" long and black pyroxene phenocrysts slightly larger, quite a distinctive rock and different from any encountered in previous Holes					
0-5	fairly good cinnabar colors					
5-10	about half the colors of above					
10-15	a few colors					
15-20	lot of clay alteration in this interval much more than 0-15					
20-25	no clay alteration					
25-30	fair cinnabar colors, lot of clay alteration					
30-35	fair colors					
45	out of heavily oxidized and bleached zone, first pyrite (unoxidized) seen 40-45					
50-55	very sparse colors					
54-110	massive uniform medium grained acid rock apparently same as 170-257 Hole 1 designated felsite dike, grain size uniform and no sign of side chilled zones on passing from 0-54 into this rock which suggests dike.					
55-60	one color noted					
60-65	about 1% pyrite and clay alteration					
65-70	pyrite more abundant than sections with cinnabar below					
70-75	very sparse colors					

*No instrument is available to determine elevations of Holes, the Company decided expenditure for purchase or rental of a hand level is not justified

PROPERTY

HOLE NUMBER 3

SHEET NUMBER 2

SECTION FROM TO

CHURN

[redacted] **DRILL RECORD**

LOCATION: LAT.
DEP.

ELEVATION OF COLLAR

DATUM

DIRECTION AT START: BEARING
DIP

STARTED

COMPLETED

ULTIMATE DEPTH

PROPOSED DEPTH

DEPTH FEET	FORMATION	SAMPLE No.	WIDTH OF SAMPLE	GOLD $	SILVER OZ.	
80-85	clay alteration and felsite green, altered?					
85-100	fairly good cinnabar colors accompanied by minor pyrite, cinnabar in clay alteration product, first time this has been seen, this cinnabar slimes, probably around 1 cinnabar in clay rest in accompanying, very thin veinlets (up to 1/8" thick) like mineralization encountered in previous holes, it does not slime					
100-105	fair colors					
105-110	some colors more pyrite than any of the above sections, no noticeable slimes of cinnabar here					
	(To be assayed)					
	0-5 feet 85-90 feet ✓					
	5-10 feet 90-95 feet ✓					
	10-15 feet 95-100 feet ✓					
	25-30 feet 100-105 feet ✓					
	30-35 feet 105-110 feet ✓					

RECEIVED
FEB 13 1953

NORTHERN MINER PRESS LIMITED, TORONTO STOCK FORM No 801 REV 9 44

DRILLED BY Hansen Drilling, Vancouver

Chemical Analysis · Assaying · Testing
Sampling · Weighing
Sampling
Importing
Cement · Concrete
Aggregates

LEWIS E. JEKLIN

CHEMIST -:- ASSAYER -:- TESTING

117-118 Security Building · MA 7-9773

TACOMA ASSAY OFFICE

TACOMA 1, WASHINGTON

Gold
Silver
Platinum
Mercury · Amalgam
Buyer · Refining

Assay Certificate

For:- Pacific Minerals & Chemical Co. Inc.
1004 Higley St.
Olympia , Wa.

DATE Nov.5,1962

REPORT NO. 19,473-x

Report on: Drill Samples

Based on Sample TAKEN received Nov.1,1962 by mp .

Marked :

Hole # 1 [illegible]-70 ft.

MERCURY - - - - - - - - - - - - [illegible]
lbs.per ton - - - 0.6

Hole # 1 105-110 ft.

MERCURY - - - - - - - - - - - - 0.04 %
lbs.per ton - - - - 0.2

Hole # 1 110-115 ft.

MERCURY - - - - - - - - - - - - [illegible] %
lbs.per ton - - - [illegible]

Hole # 1 [illegible]-5 ft.

Gold & Silver - - - - - - - TRACE ONLY

PAID by Mr. Kleingson 11/2/62 $[illegible]

GOLD	AT $	PER OZ.
SILVER	AT $	PER OZ.
COPPER	AT $	PER LB.
LEAD	AT $	PER LB.
ZINC	AT $	PER LB.

Signed

Chemical Analysis
Assaying · Testing
Sampling · Weighing
Checking
Inspection of
Cement · Concrete
Aggregates

LEWIS E. JEKLIN

CHEMIST ·:· ASSAYER ·:· TESTING

917-916 Security Building · MA 7-7772

TACOMA ASSAY OFFICE

TACOMA 1, WASHINGTON

Gold
Silver
Platinum
Mercury · Antimony
Buyer · Refining

Assay Certificate

For:— Pacific Minerals & Chemical Co.
c/o Mr. C. H. Ellingson
1004 Higley St.
Olympia , Wa.

DATE Jan.2,1963

REPORT NO. 19,538-x

Report on:

Based on Sample TAKEN Drill Fines

Dec.27,1962 recieved .

Marked :

# A - - -	MERCURY	- - - - - - - -	0.02	%
	Pounds per ton	- - -	12.4	lb.
HOLE #2 -				
10-15 ft -	MERCURY	- - - - - - - -	0.005	%
	Pounds per ton	- - -	0.9	lb.
15-20 ft -	MERCURY	- - - - - - - -	NIL	
20-25 ft.-	MERCURY	- - - - - - - -	0.02	%
	Pounds per ton	- - -	0.4	lb.
25-30 ft. -	MERCURY	- - - - - - - -	NIL	
30-35 ft. -	MERCURY	- - - - - - - -	NIL	
35-40 ft. -	MERCURY	- - - - - - - -	TRACE	
195-200 -	MERCURY	- - - - - - - -	0.03	%
	Pounds per ton	- - -	0.6	lb.
HOLE # 1				
250-255 ft.-	MERCURY	- - - - - - - -	0.33	%
	Pounds per ton	- - -	6.6	lb.
HOLE # 3				
0 - 5 ft.	MERCURY	- - - - - - -	NIL	
5-10 ft.	MERCURY	- - - - - - -	NIL	
10-15 ft.	MERCURY	- - - - - - -	NIL	
25-30 ft.	MERCURY	- - - - - - -	NIL	
30-35 ft.	MERCURY	- - - - - - -	NIL	

RECEIVED

GOLD	AT $	PER OZ
SILVER	AT $	PER OZ.
COPPER	AT $	PER LB.
LEAD	AT $	PER LB.

Signed

Chemical Analysis
Assaying · Testing
Sampling · Weighing
Checking
Inspecting
Cement · Concrete
Aggregates

LEWIS E. JEKLIN

CHEMIST · ASSAYER · TESTING

517-518 Security Building · MA 7-9772

TACOMA ASSAY OFFICE

TACOMA 2, WASHINGTON

Gold
Silver
Platinum
Mercury · Amalgam
Buyer · Refining

Assay Certificate

For:-

Pacific Minerals & Chemical Co. Inc.
1084 Miglow St. c/o Mr. Ellingsen
Olympia, Wa.

DATE Jan. 11, 1963

REPORT NO. 10,545-m

Report on:

Drill Core Samples, fines.

Based on Sample TAKEN

Jan. 10, 1963

Marked: Hole # 3

85-90 ft. -	MERCURY	- - - - - - - - -	0.19	%
		pounds per ton-	3.8	lb.
90-95 ft. -	MERCURY	- - - - - - - - -	0.16	%
		pounds per ton -	3.2	lb.
95-100 ft.-	MERCURY	- - - - - - - - -	0.105	%
		pounds per ton -	2.1	lb.
100-105 ft.-	MERCURY	- - - - - - - - -	0.09	%
		pounds per ton -	1.8	lb.
105-110 ft.-	MERCURY	- - - - - - - - -	0.04	%
		pounds per ton -	0.8	lb.

GOLD	AT $		PER OZ
SILVER	AT $		PER OZ
COPPER	AT $		PER LB
LEAD	AT $		PER LB
ZINC	AT $		

Pacific Minerals & Chemical Co., Inc.

Mining and Developing
1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone Fleetwood 2-2226

October 1, 1963

Mr. D. R. MacLaren
Office of Minerals Exploration
U.S. Dept. of Interior
So. 157 Howard Street
Spokane 4, Washington.

Re: OME Const. 614 (Mercury)
Pacific Minerals & Chemical Co
Mother Lode, Sober & Lookout
Mountain Group, Grant County
Ore. Cont. $132

Dear Mr. MacLaren:

This is to advise that 186 Sample sacks were used for OME contract from June through December 1962.

Yours very truly

PACIFIC MINERALS & CHEMICAL CO.

By /s/ C. M. Ellingsen

CME/E

RECEIVED
OCT 16 1963

No. 137 Howard Street
Spokane, Washington 99204
November 20, 1963

800

Mr. Joe E. Hansen
Hansen Drilling
6711 N. E. 58th Avenue
Vancouver, Washington

Re: OMM-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cohar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Hansen:

I have delayed replying to your letter of November 5, 1963, pending receipt of clarification of certain points from our Washington office.

Article 4 of the OMM contract provides that the Government may make payments "for the account of the Operator" directly to independent contractors. It has been the practice of OMM to make such payments only on the specific authorization of the Operator.

No such authorization or request that payment be made directly to you has been received from Pacific Minerals and Chemical Company, Inc.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OMM
Region I

cc: OMM(2)
Voucher file
MacLaren

Director's Reading File
Resources Research Branch Chief

So. 157 Howard Street
Spokane, Washington 99204
November 15, 1963

EXTRA COPY
O. M. E
RECEIVED NOV 18 1963
DATE
800

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

I visited the subject property October 12, 1963, at which time the driller was preparing to leave the next day. I believe Munsen said drilling of hole 6 had been completed the day or so before my visit. The recess should therefore start October 11, 1963.

D. R. MacLaren

NOV 13 1963

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cebar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Your November 6 memorandum states that Holes 4 and 6 under the subject contract are acceptable and, "if the trenching authorized by Amendment No. 4 justifies it," Hole 5 will be acceptable. Your memorandum also asks if the drilling contractor may be paid one-half of the approved costs of these holes.

Amendment No. 5, rather than Amendment No. 4, authorizes the Phase 4 trenching and is effective September 15, 1963. This amendment further provides that unused drilling footage under Phase 3 "may be used to explore mineralized areas indicated by the trench work." Inasmuch as the November 5 letter from Hansen Drilling states that Hole 5 was drilled during July and August, such drilling before the effective date of the amendment does not appear to be properly acceptable.

Regarding payment to the drilling contractor, Article 4 of the contract does provide that the Government may make payments "for the account of the Operator" directly to independent contractors. Our practice, accordingly, is to make such payments only on the specific authorization of the Operator. Incidentally, it appears that the driller had a cure available but failed to use it. He states that his contract provides for payment on or before the 10th of each month, yet he alleges that he performed four months' work without payment.

George C. Selfridge

EDTalbert/mm
11/12/63
cc: Director's Reading File
Review Committee
CA&A Division
Docket

EXTRA COPY		
RECEIVED NOV 1963		
DATE		800

No. 157 Howard Street
Spokane, Washington 99204
November 6, 1963

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cedar and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

The enclosed copies of a letter dated November 5, 1963, from Joe E. Hansen are self-explanatory.

The Operator's voucher for the period June-December 1962 involving Drill Holes 1, 2, and 3 is being processed. Holes 4 and 6 when vouchered will be acceptable, and if trenching authorized by Amendment No. 4 justifies it, Hole 5 will be acceptable when vouchered. When that time comes, can the driller be paid directly in the amount of one-half the approved costs of Holes 4, 5, and 6? Is the Operator's concurrence necessary?

D. R. MacLaren

Enclosures

Hansen Drilling

6711 N. E. 58th Avenue
VANCOUVER, WASHINGTON
Telephone OXford 4-6242

Date [illegible]

NAME [illegible]

ADDRESS [illegible] 157 [illegible] St.

[illegible] 4, [illegible]ington

[illegible]

[illegible] anything that may [illegible] I may [illegible] getting all or part of the [illegible] under our contract with Pacific Minerals and Chemical [illegible] of 1024 Bigelow St., Olympia, [illegible]ington. The following is the [illegible]ization of the amount they [illegible] for drilling done on the [illegible] on Lookout Mt.

[illegible]rk compl[illegible]ted in July 1963...	hole #4 ...210 feet.....	$ 1365.[illegible]
	hole # 5... 55 Feet.....	357.[illegible]
[illegible]ork completed in August 1963..	hole # 5..200 feet.....	1300.[illegible]
	hole # 6..105 feet.....	682.[illegible]
[illegible]ork completed in September 1963..	hole # 6..100 feet.....	650.[illegible]
[illegible]ork completed in October 1963....	hole # 6 125 feet.....	[illegible]

Under our contract the Com[illegible] was to make [illegible]ment on or b[illegible] [illegible]th of [illegible]ch month, for [illegible]rk compl[illegible]ted the previous month. [illegible] [illegible]ciate [illegible] to give [illegible].

Sincerely

[illegible] Hansen

UNITED STATES
DEPARTMENT OF THE INTERIOR
[illegible]

Memorandum

To: Acting Field Officer Region 1

From: Chief, Division of Field Operations

Subject: [illegible]
Permit [illegible]
Mother Lode [illegible] Mountain Chrome
Crook County, Oregon
[illegible]

This is with reference to your memorandum of November 1, 1963.

With regard to the soil sample and [illegible] showing all the locations [illegible] will be satisfactory.

With reference to the last paragraph [illegible] indication of the samples, metrotro [illegible] the map can be considered "soil sample [illegible]" [illegible] that the soil samples [illegible] reserve [illegible] development.

So. 157 Howard Street
Spokane, Washington 99204
October 23, 1963

EXTRA COPY
O. M. E
RECEIVED OCT 25 1963
DATE | INITIALS | CODE
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Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: Interim inspection report
OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2152

The property was visited October 12, 1963, and about an hour was spent discussing the project with Juan Munoz, Engineer-Geologist-Supervisor. The last inspection was made August 18, 1963.

Since the last inspection DDH's No. 4, 5, and 6 have been completed; a copy of the logs is enclosed.* A Work Authorization dated September 24, 1963, advised the Operator that Hole 1 will now be approved, that Holes 4, 6, and 7 could be drilled, and that Holes 5 and 8 would not be approved unless a pending contract amendment providing for trenching is approved and the trenching justified them.

The driller was getting the last of his equipment together preparatory to leaving the property October 13. He has not been paid for the drilling he has done since July 1. Munoz also advised me that he has not been paid since August 15 and that the claim owners have not been paid for the last 5 months. He asked if OME could pay him and the driller directly their portion of any funds due the Operator. I told him that, as the driller was an independent contractor and the drilling was on an actual cost basis, it might be possible to pay him directly, but I was not sure whether the request had to come from the Operator or could come from the independent contractor. I suggested that if the driller would submit a request giving the circumstances and the amounts involved, I would forward it to your office for consideration. As for Munoz, I told him I did not think that he could be paid directly by OME.

As far as Munoz knows, the claim owners have not yet made any move toward lease cancellation, but the driller and possibly Munoz may start Labor Lien proceedings.

*Logs were to be furnished by Munoz but have not yet been received.

Since this information came from an "unhappy" employee, although I do not doubt its accuracy, I believe that for the present, with nothing more to go on, it is best not to mention the situation to Ellingsen. However, I have written him regarding the necessity of a recess, since the drilling has stopped and even though the pending amendment has been approved, it is late in the year to accomplish much trenching.

D. R. MacLaren

[redacted]
Distribution:
OME(Orig.&2)
Docket
MacLaren

800

So. 157 Howard Street
Spokane, Washington 99204
October 23, 1963

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cober and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

I was rather surprised when I visited the Cober property October 12, 1963, to learn that the driller was getting his equipment together preparatory to leaving the property the following day. It may be too late in the season to complete much of the trenching, or even to start it. In the event that you do not plan to do any more work this fall, you should request an amendment granting a period of recess. The request should state why it is necessary to recess, the date the recess is to begin and the date on or before which work will be resumed. Amendment No. 4 provides that the work shall be completed by December 15, 1964.

Under separate cover, Amendment No. 5 requested in your letter of September 1, 1963, is being sent to you.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: OME(2)
MacLaren
Voucher file

Director's reading file
Resources Research Branch Chief
DRMacLaren:mls

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

EXTRA COPY
O. M. E
RECEIVED NOV 18 1963
DATE | CODE
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October 7, 1965

Mr. D. R. MacLaren, Acting Field Officer
U.S. Dept. of Interior
Office of Minerals Exploration
157 South Howard Street
Spokane 4, Washington (99204)

OMX 6141 Mercury
Pacific Minerals & Chemical Co
Mother Lode, Cedar & Lookout
Mountain Groups, Creek County,
Oregon Cont. 8182

Dear Mr. MacLaren:

Referring to that part of your letter of September 24th relating to the vouchers from June through December 1962, we have prepared a single voucher, as requested by you, in accordance with Amendment No. 4 and we enclose herewith original and three copies each of forms MMX 60 and 61 with the following supporting invoices and other data required:

Bulldozing invoice -	1 copy
Drilling & Mobilization	1 "
Sample sacks used	1 "
Drill assay certificates	2 copies
Geologist's Narrative	2 "
Drill Log	2 "
Johnston's map (colored)	1 "

We also enclose two additional copies of Mr. Mamos' base map, as requested by you.

Our geologist is completing the map requirements and also checking the assay reports of the soil samples, drill logs and combining Johnston's narratives, which we have been expecting from day to day.

Page 2, Paragraph 1. You show a total drilling of 845 Ft; Johnston's narrative shows 650 Ft. but we are vouchering 625 Ft. of drilling as supported by the invoices from Hansen Drill Company.

Page 2, Paragraph 2. referring to the breakdown of the actual cost of bulldozing access to and preparation of drill sites 1, 2 and 3. This is impossible for us to determine, as you will recall from your examination to these sites, holes 1, 2, 3, and 4 were included in one billing from the dozer contractor, so we are vouchering according to the supporting invoice for dozer work on holes 1, 2, 3 and 4.

Page 2, Paragraph 6. We are not vouchering hole #4 for drilling at this time as drilling did not start until July 1965 and will,

therefore, appear in subsequent voucher. There will be no charge for dosing hole No. 4 at that time, nor will there be any dosing charge for holes 5 and 6 as we were able to do this work quite conveniently with our own small cat which was available at that time.

Trusting you find the enclosed in order, we are,

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By /s/ C M Ellingsen

CME/E
Encl.

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

October 7, 1963

800

Mr. D. R. MacLaren, Acting Field Officer
U. S. Dept. of Interior
Office of Minerals Exploration
157 South Howard Street
Spokane 4, Washington. (99204)

OMX 6141 Mercury
Pacific Minerals & Chemical Co
Mother Lode, Cobar & Lookout
Mountain Groups, Creek County
Oregon, Cont. 8152

Dear Mr. MacLaren:

Replying to your letter of September 24th with regard to the present quotation of $20.00 per hour for a D-8 Cat, which is the best price we were able to obtain at the present time, as mentioned in our letter of Sept. 19th.

After reviewing the Cat dozing as projected, it would be impossible to offer a Cat operator a contract for any given amount of work and for any specific time period as each dozing cut will be dependent upon the success of preceding cuts.

The contract provides for the use of either a D-8 cat at $16.00 per hour or a D-7 at $12.50 per hour. Since the contract was written the cost of rental equipment has increased somewhat, however, the Company would absorb the difference above OMX contract price rather than be committed to subcontract for work that may not be necessary.

In view of the foregoing, we are agreeable that the Cat schedule remain as it now stands and believe it will ultimately work to our mutual benefit as the work progresses.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By /S/ C. M. Ellingson

CMX/E

EXTRA COPY
C. M. E
RECEIVED
DATE
1963
CODE
800

No. 157 Howard Street
Spokane, Washington 99204
September 24, 1963

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: GME-6141 (Mercury)
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Thank you for your letters of September 19, with which you returned Amendment No. 4, and September 20 clarifying the items relative to your proposed changes in project procedure. The reason for my question regarding dozing cost is that originally the contract called for dozing with a D-8 cat at $16.00 per hour, but the first claim for dozing was supported by an invoice showing that the work had been done with a D-7 cat for $12.50 per hour. You mention that the best figure you have been able to obtain for the rental of a D-8 cat is $20.00 per hour but give no figure for a D-7 cat. I do not know whether GME would consider the D-8 cat at $20.00 per hour or any increase in the D-7 cat price without first receiving three independent bids, but I doubt it. However, I will forward your request for trenching in lieu of underground long hole drilling with a copy of your letter.

As the contract has now been put on a unit cost basis, except for bulldozing and churn drilling, I am returning herewith all copies of your vouchers for August through December 1962, along with all the supporting data including narrative reports. There has been a partial payment made on the June-July voucher and therefore I must keep our file copies of that material except for a Thermofax copy of the narrative which is also enclosed for your use.

In view of the results of Churn Drill Holes 2 and 3, Hole 1 will be approved in accordance with the Work Authorization dated September 5, 1962. The reasons for moving Drill Hole 4 to the site of actual drilling justify acceptance of that hole also.

You should prepare a single voucher covering all approved contract work completed since the start of the contract as provided for in Amendment No. 4. "For Month of June through December 1962," this would comprise the following items on MME Form 61:

Soil sampling - 35 under Phase 1 and 30 under Phase 2 have been taken in accordance with contract specifications. No more Phase 2 soil samples will be approved, and these phases are considered as completed.

Churn drilling - With Hole 1 now considered as meeting the provisions of the Work Authorization, Holes 1, 2, and 3 should be included. From logs and narrative reports these appear to total 845 feet.

Mobilization - is now vouchersble.

Incidental allowance - Vouchersble for Holes 1, 2, and 3 totaling 845 feet.

Analytical work - 65 soil samples at $1.25 each, plus 21 churn drill samples at $5.00 each, total $144.25.

Bulldozing - The actual cost of bulldozing access to and preparation of Churn Drill Sites 1, 2, and 3.

As Churn Drill Hole 4 will be approved at the new location, you may wish to vouchsr the period from June 1962 through the month in which Hole 4 was completed. In this event of course the footages for drilling and incidental allowance shown above would be augmented.

When the single voucher is processed, the amount already paid on the June-July 1962 voucher under the original actual cost contract will be deducted.

This voucher and all future ones should be accompanied by the following documents:

Bulldozing and churn drilling invoices -- original or certified copies (1 copy each)

Drill logs (2 copies)

Drill assay certificates (2 copies)

Map (2 copies)

Narrative (2 copies)

There should be no problem in preparing a single Narrative Report by combining into one report the information given in each of Johnson's monthly narratives. The soil sample reports should be copies of Johnson's laboratory assay report sheets that should show the sample numbers, locations, and assays in parts per million,

supplemented by the map which has been requested in several letters starting with my letter of September 6, 1962, to you and clarified in my letter of September 25, 1962, to Johnson. To help you color Phase 1 and Phase 2 holes I am enclosing a duplicate of the map I sent Johnson with my letter of September 25, 1962. This, with copies of Hanon' latest map (2 more prints needed) will satisfy the map requirement. However, if Johnson left no soil samples reports or laboratory record, the claim for soil sample assay costs may not be approved. All drill assay certificates, drill logs, and various bulldozing and shaft drilling invoices which we have received since the June-July voucher are included in the material being returned.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosures

cc: OME(2)
Voucher file
MacLaren
Remaining copies to:
Nolan
Killaguard

SEP 5 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Enclosed are the subject Operator's NME Forms 60 and 61, together with supporting documents, for August-September, October, November, and December 1962. All of these materials were forwarded with your August 27 memorandum to this Division.

Your memorandum and a review of these claims of the Operator have confirmed the indications of prior correspondence that the actual costs of acceptable contract work, other than that performed by independent contractors, cannot be adequately documented or, for that matter, even reasonably determined. This situation is due to the concurrent performance of non-contract work, the failure of the Operator and his supervisor to keep either time or cost distribution records, and the present non-availability of the Operator's supervisor.

This situation has been discussed with the Director and the Chief of the Division of Minerals and it was agreed that an amendment to place all costs, except the independent contract bulldozing and drilling, on a fixed unit cost basis is the only apparent solution. Such an amendment is now being prepared.

It is suggested that, when and if the amendment is executed, all of the enclosed documents be returned to the Operator with instructions to prepare a single revised voucher and progress report covering all contract work performed during the entire period of June 1962 to date. This voucher should be supported by the bulldozing and churn drilling invoices, the drill logs, drill assay certificates, soil sample reports, a map, and a narrative.

In the payment of this consolidated voucher the Department's Fiscal Section will make an appropriate adjustment for the $621.50 heretofore paid to the Operator on its June-July 1962 MME Form 60.

Enclosures

EDTalbert/ama 9-5-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section
Mr. Talbert

So. 157 Howard Street
Spokane, Washington 99204
September 4, 1963

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: Interim inspection report
OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

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O. M. E
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The morning of August 18, 1963, was spent in the motel at Prineville, Oregon, with C. M. Ellingsen, President, going over vouchers, discussing voucher and contract requirements, and clarifying the impression given by Juan Munoz, Technical Supervisor, that program changes requiring contract amendment might be forthcoming. The proposed changes will be submitted. The property was visited for about 1½ hours during the afternoon accompanied by C. M. Ellingsen, Juan Munoz, Mah Sup Kim and Se In Change, the two last named being Korean Trainees. The last inspection was made November 14, 1962, at which time Churn Drill Hole 1, although not yet authorized, had been drilled to a depth of 303 feet and Hole 2 to a depth of 10 feet. That evening and the following morning about 3 hours were spent with Ellingsen and Johnston discussing in considerable detail the necessity for and the nature of documentary support of vouchers.

Since the last inspection Churn Drill Hole 2 has been drilled to a depth of 210 feet and was stopped because the drill site was starting to slide as described in Munoz' letter of July 22, 1963, a copy of which has been forwarded. Access to the drill site was made by deepening to grade an old trench about 110 feet long. Apparently the material from this cut was pushed out on the hill side and leveled off for the drill site. The hole passed through a mineralized hanging-wall zone from which samples were taken. The mercury content was fairly persistent in the zone although the grade was low. The hole would have to be deepened to something over 400 feet to cross the footwall zone which has been cut and sampled in Hole 3. It is concluded that another hole farther south and collared closer to the hanging-wall zone will be of more value than redrilling Hole 2; deepening Hole 2 is not possible as spring rains have

so washed the drill site and caved the collar that it cannot be located with certainty.

Drill Hole 3 has been completed to a depth of 330 feet and has cut both the hanging-wall and footwall zones. Assays of samples from Holes 1, 2, and 3, a section through Holes 2 and 3, and a section through Holes 1 and 3, have been sent to E. D. Talbert. The sections as well as the enclosed map were prepared by Juan Munoz. Had Holes 2 and 3 been completed and the data been available prior to the drilling of Hole 1, that hole would have been authorized. However, Munoz pointed out, and I concur, that the provisionally approved site of Hole 4 will be too far westerly of the footwall to cut both walls unless it is drilled considerably deeper than the authorized approximate depth of 300 feet.

Comparison of the assays from Hole 2 with those from Hole 1 suggest that the mineralization is weaker in the latter area. Munoz has mapped a N. 55° W. shear in the Wet Cut that shows some mercury and has proposed a new Hole 4 to be drilled to cut this shear and the strong hanging-wall shear near their intersection. There is also some topographic evidence of a N. 60° E. striking shear, which may be a continuation of the mineralized zone that passes through the Amity, Blue Ridge, and Westbrook properties. Munoz is currently collecting and mapping evidence to show this and will discuss it when he requests an amendment to change the work.

D. R. MacLaren

Enclosure (None)
Distribution:
OMR (Orig.&2)
Docket
MacLaren

*Only two copies available and so distributed.

Pacific Minerals & Chemical Co. Inc.

Mining and Developing
1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

800

August 31, 1953

Mr. D. R. MacLaren
Acting Field Officer
U. S. Department of Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington.

OME 6141 Mercury
Pacific Minerals & Chemical Co.
Mother Lode, Cobar & Lookout
Mountain Groups, Crook County
Oregon Cont. 2132

Dear Mr. MacLaren:

Referring to our letter of August 24th, we were able to obtain the original sketch of Mr. Johnston's surface map, from which we had prints made and herewith enclose three copies and in addition, two copies of another surface map by Johnston and trust these maps will be adequate to support the vouchers in question.

In our letter of July 29th we mentioned the mailing to you of three of these maps and are wondering if they were ever received.

When we were together in Prineville August 17th among items discussed was our voucher for the month of October relating to Mr. Johnston's time wherein he has verified twelve days were spent by him on OME contract work. We have reread and analyzed Mr. Johnston's verification of his time and the only interpretation we can arrive at as to his time for the month of October is, as he states, twelve days.

We have also been in contact with Mr. Johnston and he reaffirms that twelve days were devoted by him to OME contract work, as stated in his October report.

We refer to the second paragraph of his time report in which he states the drill experienced considerable difficulty at two points and for a period of ten days it required only two hours of his time per day for supervision and he explains this to us, stating that he calculated two days for this period, in addition to ten full days on OME work or a total of twelve days.

We regret we were unable to get these maps to you sooner.

RECEIVED SEP 1 1953

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.
By /s/ C. M. Ellingsen

OME/E
Washington • Oregon • Idaho

EXTRA COPY
O. M. E
RECEIVED AUG 29 1963
DATE | INITIALS | CODE

No. 157 Howard Street
Spokane, Washington 99204
August 27, 1963

Air Mail

Memorandum

To: Chief, Contract Administration and Audit Division

From: Acting Field Officer, Region I

Subject: OMR-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Enclosed are copies of the subject Operator's vouchers with supporting data for August-September, October, November and December 1962. An Interim Report of Review is requested as suggested in your memorandum of June 27, 1963. The June-July 1962 voucher with supporting data has been forwarded.

I have delayed making this request until I could visit the property and meet with C. M. Killingsen, president of the company, to attempt to solve certain problems relative to processing the vouchers. I can now certify as to the work that was completed during each voucher period, but the prorating and approval of acceptable costs, on which I have spent a full day leaves me completely confused due to certain inconsistencies between the Narrative Reports, days worked, and dates of gas purchases, etc., all of which were prepared for, or submitted to, the Operator by the technical supervisor. This individual, as noted in the second paragraph of my June 19 memorandum to you, is no longer with the company and has left nothing in the way of office records, maps, time book, etc., that might help to straighten things out. Johnston may be well qualified for work in the general field of geology, but he certainly has shown that he is no operator. As usual in such cases, this fact was not at once evident to the Operator but manifested itself only after a period of several months during which an excuse here and a delay there began to form a pattern.

In an attempt to get things straightened out, perhaps the best thing for me to do is to leave blank on the various MMX Forms 61 all columns under "For Government Use" giving in this memorandum by voucher periods the work completed in accordance with the contract

and a statement of the points relative to supporting documents and allowable costs that for me are completely confusing.

June-July: Taking 65 soil samples, 35 under Phase 1 and 30 under Phase 2 are acceptable.

The enclosed map showing soil sample locations is our office copy on which I have indicated the acceptable Phase 1 samples in red and the Phase 2 samples in blue. This map showing locations of sample stations is the subject of the second paragraph of my September 25, 1962 letter to Johnston and is the only map relative to soil samples received from the company. The assay values were put on in September. I believe that copies were forwarded to D.C. but am enclosing this one as I cannot be sure the acceptable Phase 1 and Phase 2 locations were indicated.

August-September:

Bulldozing - 12 hours to prepare drill sites 2 and 3 and 1 day's supervision laying out these sites are acceptable. Drilling was confined to hole 1 not authorized until the end of December and possibly not until the end of July 1963 when final data from holes 2 and 3 became available. The balance of time claimed for supervision will eventually be chargeable to drill hole 1. Similarly, mobilization will not be allowable until the November voucher when hole 2 was started.

Sample sacks - Cost of 65 sacks used in June-July and cost of sewing on tie strings are both invoiced. I believe this is an acceptable charge as the sacks were used for Phase 1 and Phase 2 soil sampling.

Assaying - Johnston, Technical Supervisor, made the soil sample determinations on the property. Costs for 65 determinations at $1.25 each are claimed. Johnston furnished no assay certificates but entered the assay results on the enclosed map mentioned under June-July. Exhibit A is not clear as to whether assaying must be done by a commercial assayer other than the requirement that assay certificates be submitted with the voucher. There is no doubt that 65 determinations were made, but there is a question as to the validity of the claim without the assay certificates. If they are accepted, I presume the supervisor's time spent on assaying is included in the $1.25 per determination. If an amendment to delete the requirement for assay certificates for soil sampling would be proper, please advise me so I can request it. I have not been able to account for past claims under "Miscellaneous" and "Other Surface Work;" combined, I imagine they should properly include approved cost of soil sampling.

Gasoline purchases will be discussed in a separate paragraph after "December" below, as will jeep depreciation.

October: The only work claimed is for continued drilling of hole 1 and assays of 3 samples from that hole. An assay certificate but no assayer's invoice are furnished. There appears to be nothing that can be approved for this voucher as hole 1 cannot be authorized until the end of December. The same problem of gas purchases on non-OMS work days appears and will be taken up later as mentioned above.

November:

Churn drilling - 150 feet in hole 2 is acceptable.

Soil sampling - Claimed cost to date has been reduced to conform to the amount previously accepted as properly documented in June-July voucher. Analytical work includes assays of 65 soil samples and 3 samples from drill hole 1, the latter as yet not authorized. The allowability of the soil sample assays is mentioned under "August-September" above. If and when assaying cost is approved, three additional sample sacks should be allowed. Again, the percentage of supervisory time allowable for hole 2 is questionable. Possibly, it should be proportional to the as yet unallowable 65 feet drilled in hole 1 and the allowable 150 feet drilled in hole 2.

December:

Churn drilling - 60 feet in hole 2 and 110 feet in hole 3 are acceptable.

Analytical work - In addition to the 65 soil sample assays vouchered in August September, if they are acceptable, an assay certificate and an assayer's invoice account for only 13 drill hole samples at $3.00 each, totalling only $120.25 for this item. Thirteen additional sample sacks appear to be allowable.

Man days, jeep depreciation, and gasoline purchases - Whether or not the man days spent on assaying soil samples are a part of the $1.25 per assay, it appears from the June-July narrative that the $650.00 maximum for supervision allowed in Phase 1 and Phase 2 was used up during the June-July period. During the August-September period the only supervision allowable is at most only 1 day to lay out the location of drill sites 3 and 2. At best, 2 more days, 1 each month, would be reasonable for going to Prineville for supplies. The remaining time certified for that period is reasonable for continual sampling at hole 1 when it becomes authorizable after the results of holes 2 and 3 become available. For October, the man

days are reasonable for a supply trip, sampling and logging hole 2 and eventually sampling and logging hole 1 when it becomes authorized. Man days for November and December are reasonable except for prorating the time chargeable to hole 1 as suggested under the November heading above.

The dates shown on gas purchase slips that do not conform to days worked on OMK are probably the result of misunderstanding on Johnston's part. If he made a trip for gasoline on days when most of his time was on noncontract work, he charged the trip to non-OMK work. Some of the gas so purchased was undoubtedly used for OMK work, some for non-OMK work, but how to divide it up is pure speculation as records of gas consumption are nonexistent.

Jeep depreciation is even more difficult to price fairly. Proximity of the drill sites to the assay office suggests that on the days the jeep was used for OMK work, other than going for supplies, it probably made 2 round trips from Johnston's quarters to a drill site and possibly 1 round trip from the drill site with samples. In any case as far as OMK work is concerned, it was probably not in actual use more than 2 hours per day at the most.

It is my considered belief that in the case of Johnston's time on OMK work and also of jeep use on the project, parts of every day were spent on OMK and non-OMK work and that the dates given were an attempt to express the respective times in terms of full days. This cannot be verified as apparently Johnston did not keep a detailed time book.

I believe all these bits of information and side lights should be available to you in attempting to make a reasonable audit and trust they will not further confuse things for you as they have for me. If you can come up with an audit, I would appreciate it if you would pencil in the items on each MMK 61 that can be approved -- units of work and costs. I will then prepare my side of the forms and submit them to the Finance Office referring to your Interim Report of Review for changes between "Claimed" and "Approved."

In summary, the following contract work has been completed as of the end of December:

65 soil samples have been taken

685 feet of churn drilling has been completed as follows:

Hole 2: 210 ft.

Hole 3: 110 ft. (completed at 330 ft. during 7/63)

Hole 1: 305 ft.

65 soil samples have been assayed

16 churn drill samples have been assayed (3 more assays not invoiced)

Churn drill hole 2 was collared in a bulldozed dump which, during the late fall snows and melts last year, began to slide necessitating removal of the drill. In view of the assays and the cross section through holes 2 and 3 prepared during July 1963 by Johnston's successor, Jean Manes, it is concluded that sufficient information is available to justify authorizing hole 1 and that to attempt to re-enter or redrill hole 2 is not justified. As this information was not available until July 1963, I am in doubt as to whether hole 1 can be properly accepted as of December 1962. Manes has also prepared by transit survey a map showing the locations of the three drill holes as follows:

	Approximate authorized location		Actual location	
Hole 1	450N	0E	440N	10W
2	300N	99W	280N	90W
3	350N	0E	290N	10W

A copy of this map is also included.

D. R. Maclaren

Enclosures

MME FORM 60
SEPT. 1959

OPERATOR'S MONTHLY VOUCHER

For Month of [illegible] 19[illegible]

Operator's Name [illegible]
Address 102[illegible]

APPROVAL ONLY

COST CATEGORIES				TOTALS TO DATE
Fixed Unit Costs and				
(1) Independent Contracts				
Bulldozing				
Drifting				
Crosscutting				
Drilling Chuck	1105.0	[illegible]	[illegible]	
Mobilization		[illegible]	[illegible]	
(2) Personal Services				
Supervision & Technical	[illegible]	[illegible]	[illegible]	
Outside Consultants				
Labor		12[illegible].14	[illegible]	
(3) Operating Mat'ls. & Supplies				
Timber				
Explosives				
Pipe				
Rail				
Gasoline	[illegible]	70.46	[illegible]	
Pick-up Main-tenance	[illegible]	[illegible]	[illegible]	
Sample Sacks	[illegible]	[illegible]	[illegible]	
(4) Operating Equipment				
Rental				
Purchase				
Depreciation	[illegible]	[illegible]	[illegible]	
(5) Initial Repairs & Repairs				
Buildings, Fixtures, etc.				
Operating Equipment				
(6) New Buildings, Fixtures, etc.				
(7) Miscellaneous				
Repairs to Equipment				
Analytical Work	[illegible]	90.25	[illegible].25	
Payroll Taxes	[illegible]	[illegible]	[illegible].01	
Employee's Liability Ins.				
TOTALS	1539.96	5478.07	[illegible].13	

I certify that the above bill [illegible] has not been received. [illegible] authority vested in me, I certify [illegible] correct and proper for payment

Date Feb. 14, 1967 Payee [illegible]

Per [illegible] Title [illegible] $ [illegible]

* When a voucher is signed [illegible] the person writing the company [illegible] must appear. For example "[illegible] turer," as the case may be.

[illegible] Signature

(Authorized Certifying Officer)

A willfully false statement [illegible] Date [illegible] Vou. No. [illegible]
[illegible] as to any matter within [illegible] ec. 1001.)

(SEE OTHER SIDE)

MME FORM 61
SEPT. 1949

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month ~~December 1968~~ Docket No. _____

Operator's Name PACIFIC [illegible] Contract No. 14-23-090-

OPERATION	UNITS	FOR OPERATOR USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	COSTS THIS MONTH	FOR GOVERNMENT USE: APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn		170	675	[illegible]			
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
T[illegible] Soil Sampling			66	217.18			
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				144.25			
TOTAL TO DATE (per MME Form 60)				7929.[illegible]			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing [illegible] certification on its behalf, hereby certify that the information contained in this [illegible] is correct and complete to the best of their knowledge and belief.

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Date Feb. 14, 1969 Operator PACIFIC [illegible] CHEMICAL CO. INC Signature _____

Per _____ Title President Title _____

Government Representative

A willfully false statement or representation to any department or [illegible] of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. [illegible] Title 18, Sec. [illegible]) Date _____

(INSTRUCTIONS ON REVERSE)

BME FORM 60
SEPT. 1950

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. _____
Contract No. 14-23-090-_____
Contract Amount $ _____
Credit Participation % $ _____

OPERATOR'S MONTHLY VOUCHER

For Month of November 1962

Operator's Name [illegible] 150
Address 102[illegible] [illegible]

COST CATEGORIES	FOR OPERATOR: MONTHLY TOTAL	FOR OPERATOR: PREVIOUSLY REPORTED	FOR OPERATOR: TOTALS TO DATE	GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	GOVERNMENT APPROVAL ONLY: PREVIOUSLY REPORTED	GOVERNMENT APPROVAL ONLY: TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts.						
Bulldozing						
Drifting						
Crosscutting						
Drilling [illegible]	1527.50	1450.00	[illegible].50			
Mobilization		280.00	[illegible].00			
(2) Personal Services:						
Supervision & Technical	400.85	1312.27	[illegible]14.10			
Outside Consultants		112.14	[illegible].16			
Labor						
(3) Operating Mat'l. & Supplies						
Timber						
Explosives						
Pipe						
Rail						
Gasoline	16.50	61.96	[illegible].66			
Pick-up Maint-						
[illegible]	6.[illegible]	22.98	[illegible].47			
Sample Packs	4.07	20.19	[illegible].26			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	20.00	102.00	[illegible]1.00			
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work		90.88	[illegible].36			
Payroll Taxes	23.54	41.35	[illegible].40			
Employee's Liability Ins.						
TOTALS	[illegible]	[illegible]	[illegible]			

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

Date Feb. 14, 1963 [illegible]

Per _____ Title President

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of

$ _____

Signature _____ (Authorized Certifying Officer)

Date _____ Vou. No. _____

(SEE OTHER SIDE)

* 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 [illegible] United States as to any matter within its jurisdiction [illegible] Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of December 1962 Docket No. _____

Operator's Name PACIFIC MINERALS & CHEMICAL CO. INC Contract No. 14-23-090-

OPERATION	UNITS	FOR OPERATOR USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn		355	455	4472.42			
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
Test Pitting, Soil Sampling			45	917.25			
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases				39.88			
Analytical Work							
TOTAL TO DATE (per MME Form 60)				$5470.07			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Feb. 14, 1963 Operator PACIFIC MINERALS & CHEMICAL CO. INC

Per _____ Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

Title _____
Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

SEPT. 1960

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. _____
Contract No.
14-23-090- _____
Contract Amount $ _____
Gov't. Participation % _____ $ _____
Mineral(s) _____

OPERATOR'S MONTHLY VOUCHER

For Month of October 1962

Operator's Name PACIFIC MINERALS & CHEMICAL CO INC
Address [redacted] Rigdon, Olympia, Wash

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling [redacted]	1222.00	[redacted]	1430.00			
[redacted]		250.00	250.00			
(2) Personal Services:						
Supervision & Technical	251.61	1061.66	1313.27			
Outside Consultants		119.14	119.14			
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
[redacted]	21.39	20.57	41.96			
[redacted]						
[redacted]	5.40	17.65	23.05			
[redacted]	10.75	9.44	20.19			
(4) Operating Equipment:						
Rental						
Purchase	[redacted]	78.00	102.00			
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment	9.00	[redacted]	[redacted]			
Analytical Work	[redacted]	45.70	[redacted]			
Payroll Taxes						
Employer's Liability Ins.						
TOTALS	[redacted]	1908.31	3471.11			

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

Date [redacted] Payee PACIFIC MINERALS & CHEMICAL CO. INC.

Per [redacted] Title President

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 101.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ _____

Signature _____
(Authorized Certifying Official)

Date _____ Vou. No. _____

(SEE OTHER SIDE)

MME FORM 61
SEPT. 1969

RECEIVED
FEB

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of October 1968 Docket No. _____

Operator's Name PACIFIC MINERALS & CHEMICAL CO. INC Contract No. 14-23-090-

OPERATION	UNITS	FOR OPERATOR USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn		150	220	1465.75			
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
Test[redacted]			65	927.13			
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				[redacted]			
TOTAL TO DATE (per MME Form 60)				2471.11			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Feb. 14, 1968 Operator PACIFIC MINERALS & CHEMICAL CO. INC

Per _____ Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

Title _____

Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

800

So. 157 Howard Street
Spokane, Washington 99204
August 7, 1965

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cuber and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingson:

This is to advise you that my August field trip schedule has now been finally adjusted. I will arrive in Prineville one day earlier than was tentatively planned when I wrote to you July 16, 1965.

Driving in from Boise, I will reach the property in the neighborhood of 2:00 p.m., Friday, August 16, and will go over with Mr. Hanson any problems he may have relative to the OME contract but will not be able to spend much time going around the property as he suggests in his letter of July 22. Incidentally, I have not acknowledged his letter as I have been very hard pressed and believe it can be answered best by a discussion in the field.

The principal problem I have is to get the supporting data necessary to process for payment your August-September, October, November, and December 1964 vouchers. It has appeared advisable to do this in the field since Mr. Hanson has suggested in his July 4 report that radical changes in the program requiring an amendment to the contract may be requested. Some of the problems this raises are outlined in the second paragraph of my July 16 letter to you.

To help you visualize the entire picture the following steps in its development are outlined:

1. In the OME application the company proposed a more extensive program than OME felt justified in supporting.

2. A proposed contract setting forth those items proposed by the company or modified by mutual agreement was offered for the company's consideration.

3. By accepting the terms and conditions of the contract the company agreed to perform certain specified items of work. While contract provisions can be changed by amendment requested by an Operator, no such specific request has been made in this case.

4. There is no provision in the contract to prevent the company from doing whatever work it wishes, but the contract does limit Government participation in the cost of exploration to those items specifically agreed upon.

5. On the back of the Operator's Monthly Voucher, MME Form 60, is a statement of what constitutes the monthly report required by the terms of the contract and outlines the preparation of this form spelling out what supporting documentations are necessary.

The principal points I would like to get straightened out involve clarification of some of the supporting data. For example, three invoices for purchases of gasoline submitted with the August-September 1962 MME Form 60 were made on dates when neither supervision or depreciation were charged.

This is the sort of thing that we will have to try and get straightened out. As several vouchers are involved, it will require some time and as I will have only the one afternoon and evening available, it will be best to spend only enough time at the property to check on the work that has been completed under the OME contract and then go to Prineville and work on the vouchers.

I hope my arrival a day earlier than previously intended will not inconvenience you or Mr. Manes.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: Mr. Juan Manes, Supervisor
Pacific Minerals & Chemical Co., Inc.
Box 746
Prineville, Oregon

OME(2) w/cys incoming 7/29 & 7/22/63
Voucher file
MacLaren
Reading copies to:
Nolan; Killagnard

2.

DRMacLaren:mls

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2-2206

July 29, 1963

Mr. D. A. MacLaren
Acting Field Officer
U. S. Department of Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington.

OME 6141 Mercury
Pacific Minerals & Chemical Co
Mother Lode, Cobar & Lookout
Mountain Groups, Crook County
Oregon Cont. 2132

Dear Mr. MacLaren:

Further to our letter of July 18th, we have forwarded to you today three additional copies of the map you requested.

Also we enclose herewith original and one copy of some additional geological information received from Mr. Minor.

We are looking forward to meeting you on the Mother Lode property, August 17th.

Kindest regards.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

OME E
Encl

JUL

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2-2206

July 22, 1962

Re: OME-6141 Mercury
Contract 2132

Mr. D.R. MacLaren
OME Field Office
So. 157 Howard St.
Spokane 4, Washington.

Dear Mr. MacLaren:

Mr. Ellingsen has informed me that you plan a visit to Prineville and the Mother Lode Property on the 17th of August. This is very good news, as I am anxious to go over several things with you, and I believe we can accomplish a great deal more here on the ground than we could with a thousand letters. I am hoping that you will be able to spend three or four hours with me going around the property.

Mr. Ellingsen showed me your letter with respect to Hole No. 2, and asked me to answer it.

The main reason for stopping Hole No. 2 when they did was the fact that the drill rig was starting to slide over the bank. It is exceedingly bad ground around that drill site, and the heavy fall rains had turned it into a mass of incompetent jelly. Every blow of the drill bit could be seen to move the bank slightly. The driller told me that there was no doubt in his mind that had they stayed there and tried to drill another day or so, the truck and drill would have been in the canyon.

As there is no provision in the contract for leaving casing in the hole, the driller, of course, pulled it. I believe he left about 25 feet of casing plus drive shoe in the hole. Around the collar, the hole has caved. I rather assume it is caved at depth as well.

To attempt to return to that hole now would mean, in effect, redrilling the entire hole, both from the standpoint of work and cost.

The hole did cut the hanging wall vein, which has served to confirm the assumed dip of the vein, as well as giving an indi-

cation of mineralization in the veins at that depth. You will note from the sections that in order to drill thru the Footwall Vein in that hole, the hole would have to be extended to a depth in excess of 400 feet.

When you are here, I will show you the drill site, and I think that it will be apparent to you what heavy fall rains would have done to it, and the conditions these rains imposed. It seems to me that the inability of the company and the driller to extend that hole to a greater depth falls under the classification of the calculated risks one encounters in exploration work, particularly when contending with very steep hillsides and heavy equipment.

Proposed Hole No. 4 could be drilled if you think it advisable, and this would give the same answers, as it would intersect the veins at the same depth as Hole No. 2, (see plan & section), but in order to realize the full value from the hole, it too would have to be drilled to a depth in excess of 400 feet. For this reason, I had suggested concentrating the drilling along a line that would be an extension of the upper tier of holes, (1 & 3), as both veins could be tested with considerably less drilling.

I am witholding application for any amendment to the contract for a little longer, pending the results of the hole we are now drilling. Its purpose is to establish where the vein is, its lateral extent, etc, and until we know a bit more about it, it does not seem fortuitous to me to complicate the contract. To this I might add that I feel a better application could be made after I have had a chance to show you some of my ideas on the ground here, and discuss them with you.

I will be looking forward to seeing you on the 17th, and hope that we can straighten out these various points to the satisfaction of all.

With Best Regards, I am,

Sincerely,

Juan Muñoz

RE
JUL 31 1963

JUN 27 1963

Memorandum

To: Acting Field Officer, Region I

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

Subject: OMX-6141 (Recovery)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cuber, and Lookout
Mountain Groups
Crook County, Oregon
Contract 3138

Enclosed are your office copies of the subject Operator's August/September 1962 MMT Forms 60 and 61, together with the original documentation of the claimed costs. As requested by your June 19 memorandum, the enclosures have been checked by this Division. Comments by categories and items follow.

Cat. (1) Mobilization - Approval of $115.63 for 9½ hrs. appears to be in order provided that you have determined that such represents the necessary, reasonable, and direct actual costs of preparing the sites for Holes Nos. 2 and 3 only.

Cat. (1) Mobilization - Suspension of this charge until authorized drilling is performed is proper.

Cat. (1) Churn Drilling - Suspension of costs applicable to Hole No. 1 is proper pending your approval of the drilling of that hole.

Cat. (2) Supervision & Technical - Approval of $362.74 for 8 days services in August and 9 days services in September is in order provided (a) that "Approved Costs to Date" of $1,061.66 do not include more than one month's salary ($450.00) for work under Phase 1 and 2, and (b) none of the remainder covers unapproved work in connection with Holes Nos. 1 and 4.

Cat. (3) Sampling - The $30.57 claimed appears in order for approval provided that it is applicable to acceptable work (Note: Three of the purchases were made on dates when neither supervision nor depreciation was charged to the project).

Cat. (3) Sample Sacks - Costs have been claimed on the basis of $.1350 each for bags plus $.0144 each for ties, whereas invoice supports costs of only $.1350 each; accordingly only $8.31 for 65 bags is proper.

Cat. (4) Depreciation - Claimed costs of $16.00 appear in order provided that the nine days use of pick-up was in connection with approved project work, i.e. Phases 1 and 2 and Holes Nos. 2 and 3 of Phase 3.

Cat. (7) Payroll Taxes & Insurance - Claimed costs of $21.13 are in order provided that $362.74 is accepted under Category (2).

Fixed Unit Costs - Analyses - Claimed $81.25 appears proper provided that 65 assay certificates and a related map showing location of each sample have been submitted.

On the basis of the above comments and on the condition that the required changes are fulfilled, the approved costs on this voucher will be as follows:

	Monthly Total	Total to Date
Fixed Unit Costs - Analyses	$ 81.25	$ 81.25
Cat. (1) - Bulldozing	115.63	115.63
" (2) - Supervision & Technical	362.74	1,041.66
" (2) - Labor	-	119.14
" (3) - Gasoline	30.37	30.37
" (3) - Sample Sacks	8.31	8.31
" (4) - Depreciation	16.00	88.00
" (7) - Payroll Taxes & Insurance	21.13	46.78
Totals	$ 637.83	$ 1,351.46
Government Contribution @ 50%		$ 775.73
Paid to Operator on June/July Voucher		$ 681.28
Payable on August/September Voucher		$ 94.45

Your pencilled entries on MMX Form 61 indicate a possible misunderstanding of the purpose and proper use of the form. By entering categorical line items you have, in effect, made the MMX Form 61 a copy of MMX Form 60. Please note from the column headings and the instructions on the reverse of the form, that MMX Form 61 is intended to be a progress report showing the number of units of work claimed

by the Operator and approved by the Government with the costs of each "operation" being determined by appropriate distribution of the NSF Form 60 categorical costs.

The first paragraph of Exhibit A of this contract states that "The work shall include geochemical soil testing, bulldozing access roads and drill sites, shore drilling, and percussion drilling long-holes from an adit." Accordingly, all approved costs except assays, should be distributed to the following lines under the "Operation" columnar heading of NSF Form 61:

Drilling, Shore
Drilling, Percussion
Soil Testing [using the blank line]
Roads and Trails

Assay costs, which in accordance with the instructions is not distributable to operations, should be entered on the line entitled "Analytical Work." In connection with this item, your penciled entries are inconsistent. Your "Approved Costs to Date" include $31.23 for assays, but a footnote states "should be disallowed."

It is hoped that the foregoing comments will be of some assistance in this matter. The question arises, however, as to the advisability of processing this single voucher, inasmuch as you state that vouchers for October, November, and December also are in your possession. Would not an Interim Report of Review covering claimed costs for all work performed prior to the December 31, 1962, suspension of work be appropriate? If you concur, please forward a copy of each of the October, November, and December NSF Forms 60 and 61, together with the originals of all documentary support and your specific statement as to the acceptable work performed.

Enclosures

RFTalbert/mm
6/25/63
cc: Director's Reading File
Fiscal Section
CAAA Division

Extra
OFF
RECEIVED June 21 1963
DATE
800

No. 157 Howard Street
Spokane 4, Washington
June 19, 1963

Air Mail

Memorandum

To: Chief, Contract Administration and Audit Div.

From: Acting Field Officer, Region I

Subject: OMR-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

The above project has been in recess and is now starting up. Filing up here are vouchers for August-September, October, November, and December. According to memoranda dated December 11, 1962, and January 15, 1963, to the Chief, Fiscal Section, the June-July voucher which was erroneously approved for payment in the amount of $1,243.00, has now been properly documented to support payment in the amount of $913.63, leaving the sum of $329.37 still unsupported for payment.

The Operator's voucher for August-September was received January 7, 1963. As usual there were questions concerning proper support which resulted in my letter of January 11, 1963, to the Operator. A suitable map was again requested in my letter of February 4, 1963. February 10, I was advised by Mrs. Ellingson (wife of the president of the company) that her husband was ill with the flu. Apparently, this was followed by a gall stone attack with complications and things have remained dormant until Mr. Ellingson telephoned the office May 6 to request an extension of recess. During the conversation it came out that W. G. Johnston, former supervisor, had been fired and Juan Munoz, a mining engineer-geologist who is well recommended as to competency, had been hired. Munoz called at the Spokane office to acquire background and informed me that many of Johnston's field records, maps, etc., appeared to be missing. On June 10 he telephoned to ask me to send him copies of drill data from our files. In this connection kindly refer to my letter of June 18 to Munoz.

In view of the apparently messed up state of Johnston's records and the continued delay that will be necessary to process in its entirety the August-September voucher as well as those for October,

November, and December which were received February 18, I would like to start on the August-September voucher so that any acceptable claims may be charged against the remaining overpayment made on the June-July voucher. However, I feel it would be advisable to have it checked by Contract Administration and Audit before sending it to Fiscal.

Enclosed is our office copy and all documentation comprising the August-September voucher. The crossouts appearing on the NSF Form 60 do not appear on the original and two copies that may later be sent to Fiscal for payment.

Category	Claimed	Documented	Approved
1. Bulldozing drill sites	$231.25	$231.25	$115.63 1/
Drill mobilization	250.00	250.00	-- 2/
Chuck drilling, 32 ft at $6.50/ft	208.00	208.00	-- 2/
2. Engineer-Geologist-Supervisor Aug. 8/31 x 650 = $167.74 Sept. 9/30 x 650 = 195.00	549.10	362.74	362.74
3. Gasoline	30.57	30.57	30.57
Sample sacks, 65 at $0.15	9.75	9.75	9.75
4. Depreciation, 9 days at $2	18.00	18.00	18.00
7. FICA $362.74 x 0.05125 = $11.54 Unemployment $362.74 x 0.027 = 9.79	31.99	21.13	21.13
Fixed Unit Cost Soil samples: Stage I - 35 at $1.25 = $43.75 Stage II - 30 at $1.25 = $37.50			81.25 3/
Total Aug-Sept voucher claims accepted			$639.07

1/ For 2 drill sites only. Holes 1 and 4 are authorized only if Holes 2 and 3 are successful.

2/ Hole 1, authorized only after Holes 2 and 3 are drilled successfully, is the only hole drilled this period.

3/ Single available copy of map submitted by Johnston, August 1962, returned to Manos with letter of June 18, 1963.

If the above is a proper approval, please indicate if the various categories are properly combined for entry on NMC Form 61 and the "remarks" are sufficient.

D. R. MacLaren

Enclosures

DRMacLaren:mls
cc: OME ✓
MacLaren
Reading copies to:
Nolan
McKelvey

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Project No. _____
Contract No. 14-23-090-[illegible]
Contract Amount $ _____
Gov't. Participation % $ _____
Mineral(s) _____

OPERATOR'S MONTHLY VOUCHER

For Month of [illegible] 1962

Operator's Name [illegible]
Address [illegible]

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
1) Independent Contracts:						
Bulldozing	[illegible]		231.25			
Drifting						
Crosscutting						
Drilling [illegible]	[illegible]		[illegible]			
[illegible]	[illegible]		50.00			
(2) Personal Services						
Supervision & Technical	[illegible]	700.00	[illegible]			
Outside Consultants		[illegible]	[illegible]			
Labor						
(3) Operating Mat'l & Supplies						
Timber						
Explosives						
Pipe						
Rail						
Gasoline	[illegible]		30.57			
Sample [illegible]	[illegible]		[illegible]			
4) Operating Equipment						
Rental						
Purchase						
Depreciation	[illegible]	60.00	[illegible]			
5) Initial Rehab. & Repairs						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous						
Repairs to Equipment						
Analytical Work						
Payroll Taxes	[illegible]	[illegible]	[illegible]			
Employee's Liability Ins.						
Determination [illegible]						
[illegible] x1.25	[illegible]		1.25			
TOTALS	[illegible]	[illegible]	[illegible]			

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

Date _____ *Payee _____

Per _____ Title _____

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of

$ _____

Signature _____ (Authorized Certifying Officer)

Date _____ Vou. No. _____

* 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: "Smith Bros. Company, per John Smith, Secretary," or "Treasurer," as the case may be.

(SEE OTHER SIDE)

MME FORM 81
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of [illegible] Docket No. _____

Operator's Name Pacific Mineral [illegible] Inc. Contract No. 14-23-090-_____

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes						[illegible]	1,061.66
Other Underground						[illegible]	119.14
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn	6400	32	32	[illegible]			
Percussion							
Miscellaneous				[illegible]			
Fence Sump							40.32
Roads and Trails						[illegible]	88.00
Stripping						[illegible]	115.63
Trenching							
Test Pitting							
Other Surface Work				[illegible]			
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							46.70
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				9			81.25
TOTAL TO DATE (per MME Form 80)				[illegible]			1,552.70

REMARKS

(Continue on back)

REMARKS

[illegible] drilled. Anthraxolite [illegible] and 3 gastropod [illegible]. [illegible] Holes 1 and 4 [illegible] holes 2 and 3 [illegible] [illegible] was returned to [illegible]. Possibly should

(Continue on back)

OVER

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date _____ Operator _____

Per _____ Title _____

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature _____

Title _____
Government Representative

Date _____

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, Section 1001)

(INSTRUCTIONS ON REVERSE)

REMARKS (Cont.)

REMARKS (Cont.)

[illegible]

Expense in approved [illegible] $1,243.00
[illegible] 913.63
[illegible] $ 329.37

[illegible] $ 1,552.70
[illegible] 329.37
[illegible] $ 1,223.33

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

Operator's Narrative Report, August and September 1962
O.M.E. Contract 2132 (Mercur)

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

MOTHER LODE MINE, LOOKOUT MOUNTAIN

CROOK COUNTY, OREGON

During August and September the following work was accomplished:

1. Assaying Phase 1 - 30 Samples

   Phase 2 - 35 Samples

2. Preparation of 4 churn drill sites by bulldozer

3. Drilling commenced September 27

Respectfully submitted,

W.G. Johnston

October 19, 1962

JAN 7 19

Hansen Drilling

6711 N.E. 58th Avenue
VANCOUVER WASHINGTON
Telephone [illegible] 4-6[illegible]

Date October 1, 1962

NAME Pacific Minerals and Chem[illegible], Inc.

ADDRESS 10[illegible] Bi[illegible] W[illegible]
Olympia, Washington

Hole #1

32 feet of drilling [illegible]	$ 208.00
Expense of drilling job [illegible]	250.00
[illegible]	$ 458.00
[illegible]	250.00
B[illegible]	$ 208.00

Box 746,
Prineville,
Oregon,
November 15, 1962.

Mr. C.M. Ellingsen
President
Pacific Minerals & Chemical Co. Inc.,
1024 Bigelow Street,
Olympia,
Washington.

Dear Mr. Ellingsen:

This is to certify the following days in August and September were spent on O.M.E. contract work by myself.

August - 3, 8, 9, 10, 11, 12, 28, 31.

September - 5, 6, 8, 9, 12, 14, 18, 27 and 28.

W.G. Johnston

JAN 7 1963

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2-2206

December 20, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington

Re. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

I would like to certify the following in regards to payroll in support of our voucher on form MME 60 for August and September, 1962.

Payroll:

W. G. Johnston, $ 650.00 per month plus $ 50.00 per month lodging.

	Wages	Lodging	Earnings	FICA	W/H	Ore. I.I.	Lodging	MA	Net
August 1962									
9/4/62	650.00	50.00	700.00	20.31	78.80	15.70	50.00	.52	534.67
September 1962									
10/9/62	650.00	50.00	700.00	20.31	78.80	15.70	50.00	.52	534.67

Sincerely,

C. M. Ellingser

RECEIVED
JAN 7
U.S.G.S.
SPOKANE, W

9/18/62

20.3 Gas 6.90

/gal

8/20 67

29.7 10 37

EAST SIDE WRECKERS
TIRES - BATTERIES - GAS - OIL

Rt 1, Box 402, Ochoco Hi-way Phone HI. 7-7489

PRINEVILLE, OREGON, _____ 196__

M. _____

Reg. No. ..... Clerk..... | Account Forwarded

1		7	26
2			
3			
4			
5			
6			
7			
8			

EAST SIDE WRECKERS
TIRES - BATTERIES - GAS - OIL

Rt 1, Box 402, Ochoco Hi-way Phone HI. 7-7489

PRINEVILLE, OREGON, _____

M. _____

Reg. No. ..... Clerk..... | Account Forwarded

1		5	60
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			60

Inter-State Press, 2210 Venice Blvd., Los Angeles 6

AMES HARRIS NEVILLE CO.

SUBSIDIARY OF BOISE CASCADE CORP

OUR ORDER NO. PD

FACTORIES AT: SAN FRANCISCO, DENVER, PORTLAND

BAG MANUFACTURERS: TEXTILE, MULTIWALL PAPER, BURLAP, CANVAS PRODUCTS, TWINE

1506 N.W. HOYT ST., PORTLAND 9, OREGON Phone CA 6-2701

SOLD TO: GEOLOGICAL CONSULTING COMPANY
[illegible] FAILING BUILDING
PORTLAND, OREGON

SHIP TO: SAME

WHEN SHIP	T C	ALWAYS REFER TO THIS NUMBER
MONDAY MAY 28, 1962	0240	

CUST. ORDER NO.	ORDER DATE	CONTRACT	B/L NO	INVOICE DATE	INVOICE NO.
LTR 5/23/62	5/24/62				

TERMS	VIA	DATE SHIPPED
NET CASH FOB PORTLAND	TRUCK DELIVER	

DATE CANCEL	DESCRIPTION OF GOODS	QUAN SHIPPED	PRICE	AMOUNT
500	30-0010 CANVAS ORE BAGS- UNPRTD.		65.45 NET	
	CUT 14½ X 18 EX 1/2 WIDTH 29" 8 OZ. S.F.T. BACK			
	FOLD 9 X 14½ S.T. FINISH 6½ X 14 PROX.			
	CHECK RECD NO. 404 FOR 65.45			

Above = .1390 ea.
Ties = .0144 ea.
.1534

CUSTOMER'S ACKNOWLEDMENT

DEAR SIRS:
YOUR VALUED ORDER HAS BEEN ENTERED AS YOU FIND IT ON THIS SHEET
IF WE HAVE MISUNDERSTOOD YOUR INSTRUCTIONS IN ANY WAY PLEASE ADVISE US PROMPTLY THANKING YOU FOR YOUR CONTINUED PATRONAGE WE ARE
YOURS VERY TRULY
AMES HARRIS NEVILLE CO

THIS IS NOT AN INVOICE

Box 746,
Prineville,
Oregon,
October 25, 1962
(Revised Jan.3/63)

Mr. D.R. MacLaren
Office of Minerals Exploration,
So. 157 Howard Street,
Spokane 4,
Washington.

Re: O.M.E. - 6141 (Mercury)
Pacific Minerals & Chemical Co. Inc.,
Mother Lode, Cobar, and Lockman
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

This is to certify that the Pacific Minerals and Chemical Co. Inc., 4X4 pick-up was used the following days in August and September on O.M.E. contract work.

August - 3, 10, 11, 12, 31

September - 6, 18, 27, 28

W.G. Johnston

W.G. Johnston

JAN 7 1963

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

December 20, 1962

Mr. D. H. MacLaren
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington

Re: OMX-6141 (Mercury)
Pacific Minerals & Chemical Co
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

I would like to certify the following in regard to payroll taxes in support of our voucher on Form MMX 60 for August and September, 1962.

Payroll Taxes:

F.I.C.A.	$549.10	x .03125	$17.16
Unemployment	549.10	x .027	14.83
Total			$31.99

Sincerely,

C. M. Ellingsen

RECEIVED
JAN 7 - 19
U.S.G.S.
SPOKANE, WASH.

January 15, 1963

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: OME-6141 (Marcury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

My memorandum dated December 11, 1962, forwarded to you for attachment to the June/July 1962 MME Form 60 of the subject Operator three documents to partially support the claimed costs for Categories (2) and (7). Enclosed is an October 25, 1962 (Revised Dec. 26/62) letter from W. G. Johnston, the Operator's engineer-geologist-supervisor, certifying to the days on which a pick-up truck was used on contract work. Thirty-five of the thirty-six days of use are allowable for depreciation under Category (4).

A comparison of the costs claimed on the June/July voucher and the costs adequately documented to date follows:

Category	Claimed	Documented
(2) Supervision & Technical	$ 700.00	$698.92
Labor	320.00	119.14
(4) Depreciation	60.00	70.00
(7) Payroll Taxes & Insurance	163.00	25.57
Total	$1,243.00	$913.63

Unless further acceptable documentation is received, suspension of the $329.37 difference between the above totals is recommended in the approval of the Operator's next voucher.

Enclosures

EDTalbert/ama
1-15-63

cc: Docket
Director's Reading File
CA & A Division
Region I (2)
Mr. Talbert

So. 157 Howard Street
Spokane 4, Washington
January 10, 1963

RECEIVED O. M. F.

800

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OMM-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cebar, & Lookout Mountain Groups
Crook County, Oregon
Contract 2132

This is in further reference to your memorandum of October 10, 1962, and mine of December 7, 1962, regarding documentary support for the subject Operator's June and July voucher. Also please refer to our letter of December 18, 1962, to Mr. Ellingsen.

Enclosed is a copy of a letter dated December 30, 1962, from the Operator, a letter dated October 23, 1962 (revised December 6, 1962) from W. S. Johnston, engineer-geologist-supervisor, certifying the days the jeep was in use on OMM work, and a copy of a letter dated December 28, 1962, from Johnston to Ellingsen. The letter explains the original discrepancy between the certified dates the pickup truck was used on OMM work and the certified dates Johnston or Englund did project work.

I suspect one or the other man could properly have been certified as doing OMM work on June 15 to account for the time the pickup was used to bring in supplies, but as neither man was certified as working on that date I do not see how the pickup charge could be accepted for June 15. The claim on Form 61 is for 30 days' pickup depreciation, although 36 days' use on the project are certified. Six days will have to be disallowed in any case.

D. R. MacLaren

Enclosures

DRMacLaren:my

cc: CFF
Reading copies to:
Nelson
McKelvey

Box 746,
Prineville,
Oregon,
October 25, 1962,
(Revised Dec. 26/62)

Mr. D.R. MacLaren
Office of Minerals Exploration,
So. 157 Howard Street,
Spokane 4,
Washington.

Re: C.M.E. - 6141 (Mercury)
Pacific Minerals & Chemical Co. Inc.,
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

This is to certify that the Pacific Minerals and Chemical Co. Inc., 4X4 pick up was used the following days in June and July on C.M.E. contract work.

June - 15*, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 30.

July - 3, 4, 5, 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31.

W. G. Johnston

*Three or four trips to town were necessary in connection with preparation to commence the project hence 3 days have been charges to C.M.E. work.

No. 137 Howard Street
Spokane 4, Washington
January 11, 1963

RECEIVED JAN 14 1963

800

Mr. C. N. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OMB-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cober, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Kindly refer to my letter of September 5, 1962, to Mr. Johnston, a copy of which was sent to you. This letter authorizes the churn drilling of four holes, holes 2 and 3 unconditionally and holes 1 and 4 provisionally. The location of all four holes is shown on a map Johnston sent me with his letter of August 31, 1962.

According to the log of the hole for which payment is claimed in your August-September voucher, this hole is drilled at co-ordinates 45GN-1E, which corresponds with the location of provisionally authorized hole 1. Unless Johnston has put in a new co-ordinate system under which this hole, which is designated hole No. 1, is actually either of the authorized holes No. 2 or No. 3, payment cannot be authorized at this time. If this is not the case and holes 2 and 3 are later drilled with satisfactory results, holes 1 and 4 will then be automatically authorized and the cost of hole 1 could be reclaimed. If neither holes 2 or 3 are encouraging, holes 1 and 4 will not become authorized until additional Stage II soil sampling shall have determined the best locations for them. Should it eventuate that the present location of hole 1 is the best location for it, the cost of drilling it may be reclaimed. The reasons for this conditional authorization of holes 1 and 4 were discussed at length with Johnston when he telephoned me September 4, 1962.

The map mentioned above shows a great many soil sample locations, of which only 63 appear to be chargeable to OMB, 35 under Stage I and 28 under Stage II. The August-September voucher claims reimbursement for the cost of 65 determinations at $1.25 each. The locations of the 65 samples for which assays are claimed should be shown on a

map (2 copies) to accompany the voucher, Stage I samples underlined in red and Stage II in blue. It is only by some graphic means such as this that I can keep track of the sampling that is being done (1) under Stage I, (2) under Stage II, and (3) for company account, and make any corrections possibly in your favor. Johnston can indicate the co-ordinate base lines N-S and E-W and show the location of the drill hole on the same map. The map should be brought up to date and accompany the vouchers whenever the cost of additional soil sampling and assaying or a new drill hole is claimed.

There still appears to be a misunderstanding of how to prepare MMM Forms 60 and 61, particularly the prorating of personal services and payroll taxes. With the hope that it will help clarify the difficulty, I am enclosing a sample method of computation based on the supporting data at hand and sample copies of the two MMM forms filled out on that basis. On the latter forms under the heading "Previously reported," I have used the amounts shown in my letter of December 18, 1968, in order to straighten out your records of what claims have been properly supported to date. I must here emphasize that the figures included herewith are not necessarily correct and are subject to audit.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, CMM
Region I

Enclosures

DRMacLaren:my

cc: CMM(2)
CFF
Reading copies to:
Nelson
McKelvey

So. 157 Howard Street
Spokane 4, Washington
January 10, 1963

RECEIVED
O. M. F.
800

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OMM-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cohar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingson:

In view of the uncertainty expressed in your letter of December 31 as to when work may be resumed at Prineville, I have requested an amendment to authorize a recess to begin December 31, 1962, and to end on or before May 15, 1963. In the event that an unusually late spring should make resumption of work impossible by that date, the recess could be extended. However, I feel that it is most probable that work can be resumed some time in April.

I have also requested that the time allowed to complete the contract be extended six months. If it should develop that this is insufficient time, this too, with proper justification, could be extended. I hope this will meet with your approval.

Enclosed is your copy of the August-September MMM Forms 60 and 61, which you inadvertently sent us. Vouchering requirements are:

Forms MMM 60 and 61--original and three copies.
Maps, drill logs, assay reports, etc.--two copies each.
Certifications, invoices, and other supporting data--
one copy each.

At your request, we are also enclosing three additional sets of MMM Forms 60 and 61.

I am just starting to process your August-September voucher, and if additional data is needed I will write you further.

Sincerely yours,

Enclosures
DRMaclaren:mmy
cc: OMM(2); CPF
Reading copies to: Nelson, McKelvey

D. R. MacLaren
Acting Field Officer, OMM
Region I

800

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2 2206

Dec [illegible] 1962

[illegible] Manager
Office of Mineral Exploration
U.S. Department of [illegible]
No. 157 Howard Street
[illegible]

[illegible]
[illegible]
[illegible] Cobar & Lookout
[illegible] groups
[illegible]

Dear Mr. [illegible]

[illegible] your letter of November 30th

[illegible] amendment [illegible] contract referred to in your letter. This matter is being taken up with our Board of Directors and you will hear from us in the record just as soon as possible after the holidays.

With reference to the map and information on the [illegible] which you have requested, we have written to [illegible] and [illegible] we hope that this will [illegible] further.

Happy Holidays [illegible]

Sincerely yours

[illegible]

[illegible]

Washington Oregon Idaho

So. 157 Howard Street
Spokane 4, Washington
December 18, 1962

RECEIVED
DATE

800

Mr. C. N. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

The certifying documents which accompanied your letter of December 1, 1962, were forwarded to our Washington office. I have delayed replying to your letter of December 11, 1962, until I heard from them.

I neglected to check my suspense file before writing my letter of December 6. Had I checked, I would have been reminded that on November 26, 1962, we sent you the original and four copies of a proposed Amendment No. 1 and would not have mentioned the two departures from the contract specifications. This amendment deletes the word "full-time" with reference to Johnston, and I have been advised that no amendment is necessary with respect to the manner of paying the sampler-helper, as the amounts are estimates. However, we have not received the signed copies of the amendment. Kindly advise us if the amendment was not received or if it has been mailed to us, so we can prepare another to replace it.

On the returned certification of the days the pickup truck was used on OME work, I have circled three days in June and four days in July. If you will compare the circled dates with the certification of days worked by Johnston and Haglund, you will see that neither of them was doing OME work on those days and that therefore the pickup truck could not have been used for OME work on those days.

Pending receipt of Amendment No. 1, if acceptable and signed by you, the June-July voucher now appears to be supported as follows:

Johnston's salary:	
June, 10 days = 10/30 of $650.00/mo.	$216.66
July, 23 days = 23/31 of $650.00/mo.	482.26
	$698.92

Pacific Minerals & Chemical Co. Inc.
Mining and Developing
[illegible] MOSCOW STREET
OLYMPIA, WASHINGTON
Telephone Fleetwood [illegible]

December 11, 1962

EXTRA COPY
O. M. E
RECEIVED DEC 17 1962
DATE | INITIALS | [illegible]
$0.800

Mr. A. J. Eveleth
Office of Minerals Exploration
U.S. Department of Interior
No. 18 Lowery Street
Spokane 1, Washington.

Re: OME-Gl-1 (Mercury)
Pacific Minerals & Chemical Co.Inc.
Mother Lode, Cobar and Lookout
Mountain Groups
Grant County, Oregon -Cont 2132

Dear Mr. MacLaren:

This will acknowledge receipt of your letter of Dec. 6th.

Reference to your first paragraph in which you state no certification of the days the jeep was used in OME work to support the claim for depreciation was received. This certification was sent to you previously and for your information we attach hereto our file copy signed by Mr. Johnston. Since you were in Prineville November 13th and 14th we have talked with Mr. Johnston by 'phone and among other matters discussed we asked him about the number of days the jeep was used in OME work and he very definitely stated there was no change since his letter of Oct. 25th. Therefore, I don't know what else we can give you. We attach another set of this certification under my signature which is substantiated by copy of Mr. Johnston's letter mentioned above.

In the second paragraph you mention departures from the provisions of the contract specifications between ourselves and the Office of Minerals Exploration.

Most of the difficulties in our correspondence has been due to our misunderstanding of what has been required by your office and due to our desire to get this information to you with a minimum of demands on the government. Mr. Johnston is employed to devote his full time to the supervision of our OME contract and has not been assigned to any other duties by this company. In spite of the shortness

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of the drilling up to this point, I understood you to agree that the project did not require a sampler-helper at this time as there was nothing much for him to do. We have been informed by our driller, The Hansen Drilling Company, that in the spring they are willing to place two drill rigs on the job and at that time it would certainly require a sampler-helper to assist the supervisor. In view of the foregoing we see no reason for amending the contract part thereof relating to supervisor and sampler-helper. We understand the driller has been having some difficulty recently due to snow and other weather conditions and it is quite possible that he may not be able to drill through the winter. We will check this real soon and will notify you if it is necessary to shut down for the winter months.

As for Haglund being paid on a monthly basis and the contract with the OMB specifying reimbursement on a daily basis, we felt that the contract calling for reimbursement on a daily basis was simply a device for reimbursement no matter what the payroll period of the exploration company might be. Whether it be daily, weekly, bi-weekly, semi-monthly or monthly, for reimbursement purposes, it can be broken down to a daily rate. In Haglund's case the daily rate would be $16.00.

Insofar as your third paragraph is concerned where you point out that not more than $700.00 can be allowed for payment on the June-July voucher based on Mr. Johnston's pay for that period, we don't hope to increase the amount to be reimbursed - just to do our best to substantiate what we have already been paid for.

In your fourth paragraph you state you are unable to determine how we arrived at the payroll figure of $1216.50. This was based on five working days a week - 20 days per month.

Johnston	$32.50 per day @ 33 dys		$1072.50
Haglund	16.00 per day @ 9 dys		144.00
			$1216.50

In rechecking further the more accurate way of computing this would be:

$650.00 per mo. =		$7800.00 per yr.
52 working weeks		150.00 wk.
5 "	dys per wk.	30.00 dy.

However, bearing in mind that you state not more than $700.00 can be approved for Mr. Johnston's salary for June/July, we are figuring his Social Security on $650.00 (This exclusive of $50.00 per mo. lodging) and this will agree with our transcript of payroll record. Haglund's salary is based on actual days worked and at $16.00 per day for 9 days amounts to $144.00. Unemployment tax is figured on the same basis. Accordingly we enclose corrected certification of payroll taxes.

[illegible]ph you say you are perplexed [illegible]ignation "Social Security. The Employer's [illegible] published by the government (Circular E, IRS - [illegible]tion 15 Rev. January 1962) specifically refers to [illegible] Social Security or Federal Insurance Contributions Act and we have simply used the term "Social Security" instead of "FICA."

Trusting the above information will clarify the points in question.

Yours sincerely,

PACIFIC MINERALS & CHEMICAL CO.

By_____

CME/E

Encl-3

Haglund's wages:

June, 7 days = 7/30 of $400.00/mo.	$ 93.33
July, 2 days = 2/31 of $400.00/mo.	25.81
	$119.14

Payroll taxes:

June:	Johnston = 10/30 of $20.31/mo.	$ 6.77
	Haglund = 7/30 of $12.52/mo.	2.92
July:	Johnston = 23/31 of $20.31/mo.	15.07
	Haglund = 2/31 of $12.52/mo.	.81
		$ 25.57

You will note that in each case the amount that can be claimed as an OME cost is based on the corresponding monthly total charge as shown on the certified transcript of payroll prorated for the amount of time certified as spent each month on OME work.

You are correct in your understanding that I agreed, when we met in Prineville, that insofar as the OME contract work is concerned there is no need for a sampler-helper at this time. In fact, there is no contractual requirement that he be used at any specific time. The contract simply makes provision for his use for 227 days during the life of the contract. When he is to be used for OME work is left up to the supervisor's judgment.

The only items pertinent to the June-July voucher now lacking are:

1. Certified statement of the days the pickup truck was used on OME work in June and July. While it may not have been used on some of the days Johnston and/or Haglund were doing contract work, as is indicated on the returned certification, it could not have been used on days they were not doing contract work.

2. Amendment No. 1, deleting the word "full-time" appearing in the sixth paragraph of Exhibit A, under General Provisions, and allowing the use of a Jones sampler in the preparation of samples for assay. This amendment was sent to you with our letter of November 26, 1962, a ThermoFax copy of which is enclosed. If you did not receive it or if you have returned it, please advise us so we can request that another set of copies be prepared.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosure
DRMacLaren:mg
cc: OME(2), CPP
Reading copies to: Nolan, McKelvey

respectively, only to the extent indicated by the following computation, provided that the contract is amended to delete the word "full-time" from the penultimate paragraph on page 1 of the contract's Exhibit A:

Category (1):

Engineer-geologist-supervisor salary -

June	10 days = 10/30 of $650.00/mo. =		$216.66
July	23 days = 23/31 of $650.00/mo. =		482.26
			$698.92

Helper-sampler wages -

June	7 days = 7/30 of $400.00/mo. =		$ 93.33
July	2 days = 2/31 of $400.00/mo. =		25.81
			$119.14

Category (7):

Payroll taxes-June	= 10/30 of $ 20.31/mo. =	$ 6.77
	= 7/30 of $ 12.52/mo. =	2.92
July	= 23/31 of $20.31/mo. =	15.07
	= 2/31 of $ 12.52/mo. =	.81
		$ 25.57

Enclosures

EDTalbert/ama 12-10-62

cc:
Docket
Director's Reading File
CA & A Division
Region I (2)
Mr. Talbert

Memorandum

DEC 1 7 1962

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Gober, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

By memorandum dated October 10, a copy of which was furnished to you, the Acting Field Officer of OME Region V was advised that some of the costs claimed on the June and July 1962 MME Form 60 of the subject Operator were supported by documentation. Since that date the Acting Field Officer has attempted to obtain the required documentation. His efforts, which are continuing, have been partially successful to date.

Enclosed for attachment to the June and July 1962 MME Form 60 are:

(a) A November 29 letter from C. M. Ellingson, the Operator's president, certifying to a transcript of the payroll as it pertains to the engineer-geologist-supervisor;

(b) Another November 29 letter of the same type but pertaining to the helper-sampler; and

(c) A November 14 letter from W. G. Johnston, the engineer-geologist-supervisor, certifying as to the days devoted during June and July to contract work by the helper-sampler and himself.

This documentation appears to adequately support the claimed costs of $700.00, $320.00, and $163.00 for salary of the engineer-geologist-supervisor, the wages of the helper-sampler, and payroll taxes,

Bo. 157 Howard Street
Spokane 4, Washington
December 7, 1962

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

This is in reference to your memorandum of October 10, 1962, regarding documentary evidence required to support the subject Operator's voucher for June and July. Kindly refer also to my letters of October 17 and November 1, 1962, to the Operator on this subject. The matter was further discussed with Mr. Ellingsen the evening of November 13th and with Ellingsen and Johnston, engineer-geologist-supervisor, the morning of November 14th in Prineville, Oregon. Upon my return to Spokane, I mailed Ellingsen a Thermo-Fax copy of "Documentary Support of MME Form 60."

Enclosed are one copy each of a letter dated December 1, 1962, and two letters dated November 29, all from Mr. Ellingsen, one copy of a letter dated November 14, 1962, from W. G. Johnston to Ellingsen (attached to Ellingsen's letter of November 29 certifying the transcript of payroll re Johnston), one copy of an amended narrative report for June-July, and one copy of my reply to Ellingsen dated December 6, 1962.

After my two letters and approximately three hours' discussion of voucher-supporting requirements with Ellingsen, the enclosed are not quite what I had expected but possibly they will be acceptable in themselves, although they do not support the amounts claimed by the Operator and paid by the Fiscal Section on the basis of my erroneous approval. Ellingsen also enclosed a letter in which he certified payroll taxes, which I have returned to him for reasons outlined in my reply to him.

The revised narrative report indicates that during the week of June 11 supplies and equipment were procured and brought to the property. During my recent visit to the property, it was brought out that some of the supplies were lumber for rehabilitation of the assay office. Johnston had the mistaken idea that time spent on this work by the sampler-helper was properly chargeable to the project and originally charged the sampler-helper's time to this work and to soil sampling at localities that are not approved as project work.

In addition to the assay office rehabilitation, Johnston has been carrying on the exploration by geologic investigation and soil sampling beyond the limits defined in the contract. He is also doing the trace element assaying, some of which will include assays of samples beyond the limits of the contract.

The Operator's desire to investigate the property thoroughly is understandable. To lay out and survey more sample stations than provided for in the contract, all at the same time, is reasonable and economically sound; the same holds true for the taking of samples. It may be said that the Operator should complete the OME work before undertaking Company work, but in this case I do not believe it would be just.

I therefore recommend that the next to last paragraph on page 1 of "Exhibit A, General Provisions" be amended by deleting the word "full-time," and that, for administrative purposes, the approved cost for the engineer-geologist-supervisor be prorated each month by the number of days spent on OME work divided by the number of days in that month.

The sampler-helper was employed at a monthly rate of $400.00. For a 30-day month, this would be the equivalent of $13.33 per day, and for a 31-day month it would be the equivalent of $12.90 per day, both less than the $16.00 per day allowed in the costs under Category 2. Therefore, I recommend that the contract be further amended to provide a sampler-helper for not more than 227 days at the rate of $400.00 per month and that, for administrative purposes, the approved cost of his services be prorated in the same manner as recommended for the engineer-geologist-supervisor.

It appears that OME contractors are having more difficulty in understanding the vouchering requirements and the contract terms, particularly in the case of the actual-cost contracts, than did the DMEA operators. I believe, however, that this is only an apparent difference, mainly due to the fact that the DMEA contractors had the benefit of monthly visits by the field men and that the latter could spend more time discussing these problems with them than is possible or feasible under the existing OME limitations of administrative costs. My reason for making this observation is to support a suggestion that this Operator be given more time to straighten out his June-July voucher support.

D. R. MacLaren

Enclosures

DRMacLaren:my

cc: OME
CPF
Reading copies to:
Nolan
McKelvey

December 1, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
No. 157 Howard Street
Spokane 4, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co.
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

Replying to your letters of October 17th and Nov. 1st, we enclose herewith corrected transcript of payroll record; record of payroll taxes and amended operator's narrative report for June and July.

We understood from you in Prineville November 16th that the difference between amount shown on our original voucher MME 60 submitted by us for June and July and the amended supporting certifications could be adjusted on the August/September voucher.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By_____

CME/E
Encl-4

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DEC 4 1962
U.S.B.S.
SPOKANE, WASH.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

November 29, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
Sc. 157 Howard Street
Spokane, Washington

Re: OMX-6141 (Mercury)
Pac. Minerals & Chemical Co.
Mother Lode, Cobar and Lookout Mountain Groups
Crook County, Oregon
Contract X152

Dear Mr. MacLaren:

In response to your letter of October 17th, 1962, I would like to certify the following is a transcript of payroll in support of our voucher on Form MMX 60 for June and July 1962.

Payroll: W.G. Johnston $650.00 per mo. plus $50.00 per month Lodging.

	WAGES	LODGING	EARNINGS	FICA	WH	ORE.I.T.	LODGING	MA	NET
7-16-62	650.00	50.00	700.00	20.51	78.80	15.70	50.00	.52	534.67
8-16-62	650.00	50.00	700.00	20.51	78.80	15.70	50.00	.52	534.67

(Salary paid 7-16-62 was for June and paid 8-16-62 was for July)

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO. INC.

GHE/E

RECEIVED
DEC 4 1962
U.S.G.S.
SPOKANE, WASH.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

November 29, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington.

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co.Inc.
Mother Lode, Cobar and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

In response to your letter of October 17th, 1962 I certify the following is a transcript of payroll in support of our voucher on Form OME 6C for June and July 1962.

PAYROLL Wayne Haglund - $400.00 per mo.

	Wages	FICA	WH	Ins. I.T.	Net
June 15th,1962	$200.00	6.26	36.90	9.10	147.74
July 1st "	200.00	6.26	36.90	9.09	147.75
July 15th "	200.00	6.26	36.90	9.09	147.75
July 31st "	200.00	6.26	36.90	9.09	147.75

Sincerely yours

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

CME/R

RECEIVED
DEC 4 1962
U.S.G.S.
SPOKANE, WASH.

Box 746,
Prineville,
Oregon,
November 14, 1962.

Mr. C.M. Ellingsen
President
Pacific Minerals & Chemical Co. Inc.,
1024 Bigelow Street,
Olympia,
Washington.

Dear Mr. Ellingsen:

This is to certify that the days indicated below were devoted to O.M.E. contract work at the Mother Lode Property.

Sampler Helper - June 16, 19, 20, 21, 22, 25, 29.
July 24 and 25

W.G. Johnston - June 18, 19, 20, 22, 23, 24, 25, 26, 29, 30
July 3, 4, 5, 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31.

W.G. Johnston

RECEIVED
DEC 4 1962
BROKEN WASH.

AMENDED OPERATOR'S NARRATIVE REPORT, JUNE AND JULY 1962
M.E. Contract 2132 (Merew

Pacific Minerals & Chemical Co., Inc.

Mining and Developing
1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone Fleetwood 2-2206

Mother Lode Property, Lookout Mountain
Creek County, Oregon

As there is some question as to the actual dates the various phases of the work of the contract were undertaken this amended copy has been prepared.

During June and July the following was accomplished:

During the week of June 11 supplies and equipment were procured and brought in. June 18 laying out the grid commenced, this was completed June 19.

During the period June 20 the June 26 most of the soil samples of Phase 1 were taken.

Considerable delay occurred in making the assays due to two factors:

1. There was an error in the reagents listed in the procedure followed which was only found after considerable work had been done i.e. A.I.M.E. Transactions (Mining) Vol. 217, 1960, Sample-Site Procedure for EDTA read EDTA disodium salt.

2. The supply house from which the reagents were obtained incorrectly filled the same order three times.

Due to the above delay soil samples of Phase 2 were taken on the basis of mercury content determined by panning to as near the 20-foot interval stipulated in the contract as topography and old dumps permitted. These mercury determinations made by panning checked closely with the results obtained by chemical determinations.

Sampling of Phase 2 was completed by July 31 except for a few additional samples taken after completion of the chemical determinations.

W.G. Johnston

November 14, 1962.

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DEC 4 1962
SPOKANE, WASH.

So. 137 Howard Street
Spokane 4, Washington
December 6, 1962

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Your letter of December 1, 1962, with the enclosed certified statements in support of your June-July voucher, has been received. These documents consist of a letter in which you certify a transcript of payroll re W. G. Johnston for June and July, with an attached certification signed by Johnston of the number of days each month actually spent on OME work by Johnston and the sampler-helper; a letter in which you certify a transcript of payroll re Wayne Haglund; a letter in which you certify payroll taxes; and a revised narrative report. No certification of the days the jeep was used in OME work to support the claim for depreciation was received.

There is a question of two departures from the provisions of the contract specifications, which will have to be settled by our Washington, D. C., office. In Exhibit A, General Provisions, the next to last paragraph on page 1 states that the Operator shall provide a full-time engineer-geologist-supervisor. Johnston was working only part time on the OME project. Under Estimated Costs, the sampler-helper is provided at a daily rate of pay, whereas Haglund was actually paid on a monthly basis and, like Johnston, was employed only part time on OME work. These departures will probably require an amendment, the preparation of which will have to be considered by our Washington, D. C., office.

Your attention is also directed to Exhibit A, page 2, second paragraph, under Phase 2. Even if it is determined that Johnston's monthly rate of pay as shown by your transcript of payroll may be prorated by the time actually spent on OME work--that is, 10/30 x $700 for June and 23/31 x $700 for July--not more than $700 can be approved for payment in the June-July voucher.

I am unable to determine how you arrived at the total payroll figure of $1,216.50, on which you have based your claim for payroll taxes. This claim should be based on only that part of the payroll that is charged against OME work. In the same document, I am perplexed regarding the designation, "Social Security." If this is FICA, the Federal Social Security, which I assume it is, the amount paid by the company, and therefore claimable, should equal the amount paid by the employees as shown in the payroll deductions and, as described in the above paragraph, should be prorated by the time spent on OME work. Please refer to the second from the final paragraph of my letter of October 17, 1962. For clarification and correction of this statement, it is returned herewith. The other documents are being forwarded to our Washington, D. C., office with suggestions for a possible contract amendment.

During our discussions in Prineville on November 13 and 14, I did not intend to imply that there is a certainty that adjustment of any overpayment could be made when your next voucher is processed but rather that such was a possibility.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosure

DRMacLaren:my

cc: OME(2)
CPF
Reading copies to:
Nolan
McKelvey

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O. M. E
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800

So. 157 Howard Street
Spokane 4, Washington
November 1, 1962

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OMS-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Your letter of October 29, 1962, and W. G. Johnston's of October 25, 1962, have been received. Under the heading "Payroll", you show that on June 3, 1962, and again on July 31, 1962, W. G. Johnston had gross earnings of $700.00, comprising salary $650.00 plus lodging $50.00. You then show the following deductions:

F.I.C.A.	$ 20.31
Withholding	78.80
Oregon Income Tax	15.70
Lodging	50.00
Medical Association(?)	.52
Total deductions	$165.33

I do not understand how the net earnings certified as paid to Johnston on each of the above dates could be $534.67; it appears that the net figure should be $534.67. Also a payment made June 3 could not be vouchered for work that did not start until June 18. Possibly the date and the net amounts shown are typographical errors. In your letter, you do not certify that the dates, figures, and items shown for Johnston and for Englund are transcripts of the company payroll for the months of June and July.

As the contract provides for a helper-sampler, it is not understood what contract work Englund could have done prior to June 18, the first day Johnston started contract work. The same discrepancy is noted in Johnston's letter regarding use of the 4x4 pickup before the start of contract work. It is possible that these claims are proper; however, in view of Johnston's brief tabulation making up the June-July

narrative report that should accompany all vouchers (see Article 5(b) of the contract), they should be explained. More specifically, Johnston's tabulation indicates that during June and July 75 of 175 grid stations (42.9 percent) were laid out and 61 of 129 samples (47.3 percent) were taken according to contract specifications, and that 129 soil samples were panned and the assay laboratory was rehabilitated for company account, but there is no indication as to the number of days spent on each of these jobs.

I plan to leave for the field November 6 and to arrive in Prineville the afternoon of Tuesday, November 13. I plan to visit the property the next day and will remain in Prineville that night. The inspection should not take long. If you could meet me at the Caroline Motel either in time to accompany me to the property or after I return to Prineville about noon on the 14th, I would be glad to go over with you the entire matter and procedure of properly supporting the vouchers for both the unit cost and actual cost parts of the contract. I am sure that such a meeting would be beneficial and would clarify several points more satisfactorily than would further correspondence.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OMR
Region I

DRMacLaren:my

cc: W. G. Johnston
OMR(2)
CPF
Reading copies to:
Nolan
McKelvey

EXTRA COPY
O. M. E
RECEIVED OCT
800

So. 157 Howard Street
Spokane 4, Washington
October 17, 1962

Mr. W. G. Johnston, Supervisor
Pacific Minerals & Chemical Co., Inc.
Box 746
Prineville, Oregon

Re: CME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Johnston:

Your letter of October 6, 1962, arrived while I was in the field; hence the delay in my acknowledgment and thanks for returning the map.

My question regarding the Stage I samples that are missing allows for those samples that might fall on dump material. However, there are 28 out of 35 Stage I locations shown on your map, at which your legend indicates that color counts were made but at which no results of soil sampling are shown. It would appear that where color counts were legitimate at Stage I sample locations, then soil samples should be taken at those stations. To help you locate on your map the Stage I and Stage II soil sample locations that acceptably meet the contract specifications, I underlined the former in red and the latter in blue. If some of the Stage I stations at which color counts were made are on filled ground or dumps, of course the soil samples would be meaningless. Perhaps the situation would be clarified if a new tracing of the base map were made showing the locations of fills and/or dumps and the locations of only Stage I and Stage II sample locations with the color count (optional) and the ppm's of mercury determed by the soil sampling at each station where samples were taken.

While it might be possible to amend the contract deleting Phase I, I would have to refer the question to our Washington, D. C., office. However, I cannot do so at this time because payment has been made on your June-July voucher, which included some Phase II soil sampling which you do not propose to delete. Moreover, unless the June-July voucher is correctly supported by the required documentation, an audit would require a refund of the amount paid. I have written to Mr. Ellingsen at length in this regard. In any case, a request

for an amendment, accompanied by justification indicating that such would be to the interest of both the Operator and the Government, should properly be made by Mr. Ellingsen.

While I expect to visit the project some time during the first half of November, I hope the matter of Stage I soil sampling will be understood and settled by that time.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

DRMacLaren:ry

cc: C. M. Ellingsen
1024 Bigelow St.
Olympia, Wash.

OME(2)
CPF
Sending copies to:
Nolan
McKelvey

So. 157 Howard Street
Spokane 4, Washington
October 17, 1962

EXTRA COPY
O. M. E
RECEIVED OCT 19 1962
800

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Please refer to my letter of September 6, 1962, in which I told you of the usual requirements for documentation supporting claims for reimbursement made on MME Form 60. At the time, as only two individuals were involved, I hoped that a certification by Johnston would serve in lieu of a payroll and requested such a statement giving the time actually spent on OME work by him and the helper-sampler, and the appropriate payroll taxes involved. I also asked for a certification signed by Johnston stating the number of days the jeep was actually used for OME work. Although the statement received from Johnston did not mention the appropriate payroll taxes involved, I still hoped the supporting documentation would be acceptable and accordingly forwarded the voucher to the Fiscal Section for payment.

I have just been advised that none of the costs claimed have been supported by documentary evidence as required by the next to last paragraph of the instructions on the reverse of the MME Form 60. In other words, the statement by Johnston cannot be accepted in lieu of those requirements.

In order to avoid the necessity of refunding the Government's contribution of $621.50, which was paid on October 1, 1962, I urge that the required documentary evidence be provided as soon as possible, as follows:

The amounts claimed for salaries and wages must be supported by either certified copies or transcripts of payrolls showing all details normally shown on payrolls. If employees work only part time

on project work, each copy or transcript of payroll must be accompanied by an Operator's certified statement showing the actual dates and hours applicable to project work. More specifically, each copy or transcript must list each employee by name, wage or salary rate, period of employment (hours, days, or months), gross earnings, itemized deductions (withholding tax, employee's share of Social Security contribution, board and lodging, or other employer's charges to employee, etc.), and net earnings.

Depreciation should be supported by an Operator's certified memorandum showing the actual dates applicable to project work and the computation based on the contractual maximum rate or the Operator's actual experience rate, whichever is lower. Payroll taxes and insurance must also be supported by an Operator's certified statement showing the computations based on actual tax and insurance rates.

For future vouchers that may include bulldozing, drilling, maintenance, and purchase of gas, the following supporting data will be required: The original or certified copies of invoices, statements of account, or purchase orders. Each such document, original or copy (carbon, photostatic, typed, or hand-written), covering materials or services furnished by a vendor should indicate the date of order, shipment, or receipt, adequately identify the items of material or service, and indicate quantities, unit prices, total charges, and payment terms.

Supplemental memoranda should be submitted to explain the computation of other undocumented charges such as depreciation (when specifically authorized by the contract), State and Federal Unemployment taxes (as applicable, but never in excess of 2.7% and .3%, respectively, on the payroll charged to the project), and employer's liability insurance costs (at rates set forth in the insurance policy applied to the payroll charged to the project). No statement is required as evidence of FICA (Social Security) taxes, inasmuch as the employer's cost chargeable to the project is a matching amount to the employees' contributions as shown in the payroll copy or transcript.

I hope the above will clarify for you the documents required to justify for audit the amount already claimed and paid, as well as to support future voucher claims.

The contract specifies in Exhibit A, General Provisions, that the Operator shall provide a "full-time engineer-geologist-supervisor." If this employee (i.e. Johnston) was employed only part time on contract work, an amendment must be executed before such costs may be allowed by audit. For this purpose, it will be necessary to have a statement from you as to how much time (days per month) will be devoted by Johnston to actual contract work.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME, Region I

Enclosure
DRMacLaren:my
cc: OME(2); CFF, Spokane
Reading copies to: Nolan, McKelvey

OCT 1 0 1962

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cober, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

My attention has been called to the June and July 1962 MME Forms 60 and 61 of the subject Operator. The Operator claimed and you approved a total of $1,243.00 under the actual costs provisions of the contract. However, none of these costs have been supported by documentary evidence as required by the penultimate paragraph of the instructions on the reverse of the MME Form 60.

The amounts claimed for salaries and wages must be supported by either certified copies or transcripts of payrolls showing all details normally shown on payrolls. If employees work only part time on project work, each copy or transcript of payroll must be accompanied by an Operator's certified statement showing the actual dates and hours applicable to project work.

Depreciation should be supported by an Operator's certified memorandum showing the actual dates applicable to project work and the computation based on the contractual maximum rate or the Operator's actual experience rate, whichever is lower. Payroll taxes and insurance, likewise, must be supported by an Operator's certified statement showing the computations based on actual insurance and tax rates.

It is suggested that you request the Operator to provide the required documentary evidence in order to avoid the necessity of refunding the Government's contribution of $621.50, which was paid on October 1, 1961. For your information and future guidance, two copies of the requirements for "Documentary Support of MME Form 60" are enclosed.

It is to be noted that this contract specifies that the Operator shall provide a "full-time" engineer-geologist-supervisor. If this

employee was employed only part-time on contract work, an amendment must be executed before such costs may be allowed by audit.

George C. Selfridge

Enclosures

EDTalbert/ama 10-9-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Talbert
Fiscal Section (w/cy of enclosure)

RECEIVED

SEP 3 1962

U.S.G.S.
SPOKANE, WASH.

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6141
Contract No. 14-23-090-2132
Contract Amount $
Gov't. Participation % $
Mineral(s)

OPERATOR'S MONTHLY VOUCHER

For Month of June & July 1962

Operator's Name PACIFIC MINERALS & CHEMICAL CO. INC.
Address 1024 Bigelow Street, Olympia, Wash.

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling						
(2) Personal Services:						
Supervision & Technical	$700.00		$700.00	700.00	—	700.00
Outside Consultants						
Labor $16.00 dy	320.00		320.00	320.00	—	320.00
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation On Jeep	60.00		60.00	60.00	—	60.00
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes / Employee's Liability Ins.	163.00		163.00	163.00	—	163.00
TOTALS	1243.00		1243.00	1,243.00		1,243.00

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

Date Aug. 13, 1962 *Payee PACIFIC MINERALS & CHEMICAL CO. INC.

Per [signature] Title President

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 624.50

Signature BHB
(Authorized Certifying Officer)

Date 10/1/62 Vou. No. 1642

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2132

Signature [illegible] Title Acting Field Officer Date SEP 25 1962

Approved by OME Executive Officer or Alternate:

Signature [illegible] Title Acting Field Officer Date SEP 25 1962

OPERATOR'S MONTHLY REPORT

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

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

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

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

RECEIVED

MME FORM 61
SEPT. 1959

SEP 3 1962

U.S.G.S.
SPOKANE, WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT

For Month of ~~June/July 1962~~ Docket No. OME-6141

Operator's Name PACIFIC MINERALS & CHEMICAL CO.INC Contract No. 14-23-090- 2132

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous: Eng.Geo.Supp	10 Mo	1 Mo.	1 Mo.	$700.00	1	1	700.00
Helper-Sampler	227	20	20	320.00	20	20	320.00
Roads and Trails							
Stripping: Dep.Jeep	227	30	30	60.00	30	30	60.00
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings: Payroll Taxes,Inc.				163.00			163.00
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE (per MME Form 60)				$1243.00			$1243.00

REMARKS

(Continue on back)

REMARKS

1) For the record - Statement signed by Supervisor indicates that Jeep was used 36 days

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Aug.13,1962 Operator PACIFIC MINERALS & CHEMICAL CO.INC.

Per [signature] Title President

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature [signature]

Title Acting Field Officer
Government Representative

Date SEP 25 1962

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

Box 746,
Prineville,
Oregon,
September 7, 1962.

Mr. D.R. MacLaren
Office of Minerals Exploration,
So. 157 Howard Street,
Spokane 4,
Washington.

Dear Mr. MacLaren: Re: O.M.E. - 6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon,
Contract 2132

With reference to your letter to Mr. Ellingsen of September 6, 1962. This is to certify that the following number of days in June and July were spent on contract work:

	June and July
W.C. Johnston, Geologist	33
Sampler Helper	20

This is to further certify that 4-wheel drive pick-up was used 13 days in June and 23 days in July, 1962, on contract work.

Yours very truly,

W.C. Johnston

RECEIVED
SEP 17 1962
U.S.G.S.
SPOKANE, WASH.

OPERATOR'S NARRATIVE REPORT, JUNE AND JULY 1962
O.M.E. CONTRACT 2132 (MERCURY)

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

MOTHER LODE MINE, LOOKOUT MOUNTAIN,
CROOK COUNTY, OREGON

During June and July the following work was done:

	Contract Work	Company Work	Total
1. Grid surveyed and laid out	75 stations	100 stations	175 stations
2. Soil samples taken mainly with soil auger to maximum depth attainable	61 samples	68 samples	129 samples
3. Soil samples panned*	- - - - -	129	129
4. - - - - - - - - -	- - - - -	Former assay laboratory was rehabilitated for use: (a) Windows installed, as constructed it had no windows. (b) Bench installed and other alterations made to make it useable. (c) Temporary water line installed as original water line could not be repaired. (d) Equipment and reagents for determination of mercury in soils procured and set up.	

Respectfully submitted,

W. G. Johnston

W.G. Johnston

August 11, 1962

RECEIVED
Spec. Del.
AUG 14 1962
U.S.G.S.
SPOKANE, WASH.

* The number of cinnabar colors per 8 oz fluid measure of each sample was plotted on a map accompanying this report.

800

So. 157 Howard Street
Spokane 4, Washington
September 25, 1962

Mr. W. G. Johnston, Supervisor
Pacific Minerals & Chemical Co., Inc.
Box 746
Prineville, Oregon

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Johnston:

Thank you for the voucher material and your letter of September 17, 1962. However, on the map you did not indicate with different colors the OME sample stations and the Company stations. This is largely my fault as, upon rereading my letter of September 6, 1962, to Mr. Ellingsen, I discover that a key word was omitted. On the second page, the first sentence under item 3 should have been, "Map showing locations of OME sample sites with color counts and geochemical assays for each site (required) and, by different symbol or color, showing the company sample sites, etc."--the word "company" was omitted. However, as no claim is made for assaying, this will not cause further delay in processing the June-July voucher.

Enclosed is a copy of the map you sent us, on which I have underlined in red those sample stations that acceptably meet the contract specifications of Phase 1, and in blue those that appear to meet the specifications of Phase 2. You will note that soil sample assays are missing at several of the Phase 1 stations. When these samples have been taken and assayed, there may be other Phase 2 samples that should be taken. In this connection, your attention is directed to the first paragraph on page 2 of Exhibit "A", which states in part, "The Operator shall complete all of Phase 1 and Phase 2." Any voucher in which claim is made for assaying costs should be accompanied by a map indicating which assays fall under Phase 1 and which under Phase 2 by color underline. This is necessary, as Phase 2 samples are acceptable only where prior, or Phase 1, sampling indicates anomalous mercury content. Please return the map, as it is our only file copy.

I may misinterpret the two graphs you sent us, but it seems to me there is a decrease in both ppm and color count from 0 to 3 feet, which suggests a sorting of cinnabar from the surface downward by normal surface creep. There follows on both graphs an upswing in cinnabar, reaching a ppm peak from 3 to 6 feet deep and a color count peak from 3 to 3 feet. Beyond these depths there is in both graphs a fairly consistent drop-off. Thus, it would appear that soil samples taken at depths between 3 and 6 feet should most nearly reflect the true conditions below the surface and fairly close to the source, making allowance for the steepness of the slope. As you point out, the distribution of mercury in the soil profile may well be purely the result of physical factors, and therefore the samples from a few inches below the surface would represent material farther distant from the source than would samples at depths between 3 and 6 feet. Probably the most important factor is that all samples come from the same depth.

In preparing future vouchers, please include the docket number and the contract number where indicated at the upper right hand corner of MME Forms 60 and 61.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosure

DRMacLaren:my
cc: C. M. Ellingsen
1024 Bigelow Street
Olympia, Washington
OME(2)
CPF
Reading copies to:
Nelson
McKelvey

800

Co. 137 Howard Street
Spokane 4, Washington
September 6, 1962

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
1028 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingson:

The MME Forms 60 and 61 comprising part of your voucher for June and July appear to be correctly made out. However, there is a problem presented by the narrative report, which is satisfactory as far as it goes. Also, we need four copies of the map which shows the locations of the soil samples, the color count, and the geochemical assays; only one copy accompanied Mr. Johnston's letter of August 11, 1962.

The narrative report indicates that more Company sample stations were laid out and Company samples were taken than were Contract stations and samples. It also indicates that some time was spent on rehabilitation of the former laboratory, which is not included in the allowable contract costs. Therefore, it would appear that less than half of the June and July period was actually spent on contract work. Usually when company and OME work on an actual cost basis are carried on simultaneously, the supervision and labor vouchered must be supported by copies of a payroll showing time and cost distribution. In this case, as only two individuals are involved, probably a certificate signed by Mr. Johnston stating how many days each month he and the helper-sampler actually spent on contract work will be acceptable. In this connection, your attention is directed to the instructions on the back of MME Form 60, particularly the next to last paragraph under "Preparation of Operator's Monthly Voucher, MME Form 60," items (a), (b) when you claim reimbursement for items allowed under Category (3), and (c) when you claim reimbursement for items under Category (4) and Category (7).

In order to continue processing your June and July voucher, we will need the following:

1. Memorandum certified by Johnston, stating time actually spent on OME work by him and the helper-sampler and the appropriate payroll taxes obligated. (1 copy only)

2. Memorandum certified by Johnston, stating number of days jeep was actually used for OME work (one copy only).

3. Map showing locations of OME sample sites with color counts and geochemical assays for each site (required) and by different symbol or color showing the sample sites with color counts and geochemical assays for each (desirable but not required). Four copies of the map are required. I have sent Johnston an intermediate print of the tracing from which the contract map was reduced. This is on a scale of 1 inch = 100 feet, and I suggest that time will be saved if he will post the above data on it. After talking to Johnston on the phone September 4, it appears advisable to have a record of the color counts already made to compare with the geochemical assays. However, as the counts were made on Company time, we cannot require that they be shown.

As soon as these items are received, I will continue processing the June and July voucher. Similar supporting documents should accompany future vouchers.

I am sending a copy of this letter to Johnston in case you are at the property. Extra copies of MME Forms 60 and 61 are returned herewith. The map is being returned to Johnston for his reference.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosures

DRMacLaren:my

cc: W. G. Johnston
OME(2)
CFF, Spokane
Sending copies to:
Nelson
McKelvey

So. 157 Howard Street
Spokane 4, Washington
July 31, 1962

EXTRA COPY
O. M. E
RECEIVED AUG 6 1962

Memorandum

To : Chief, Division of Field Operations

From : Acting Field Officer, Region I

Subject: Interim inspection OME-6141 (Mercury)
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

The property was visited July 18, 1962, accompanied by C. M. Ellingsen, President, and W. G. Johnston, Superintendent.

During May the Operator began opening the road into camp and taking in supplies. By the time of this inspection, base lines and sample locations for Phase 1 had been laid out and 37 soil samples had been taken. In addition, the Operator took 65 soil samples for his own account. Due to a delay in locating and getting delivery of one of the necessary reagents, none of the samples have been assayed. However, Johnston panned part of each sample and counted the cinnabar colors in the pan tail. The reagent was received July 17, and Johnston expects to have the results within a few days.

The method of analysis described by F. N. Ward and E. H. Bailey on page 343 in AIME Transactions (Mining), Vol. 217, 1960, is to be used. Because of the high color count in some of the panning, Johnston is a bit concerned as to the feasibility of this method. If he cannot obtain satisfactory results, he will use an older and more tried but slower method.

As the assay determinations have not yet been made, no voucher will be submitted until the end of July, at which time the work done in June and July will be vouchered and a chemical anomaly map will be prepared.

I have a print of the color-count map but will not prepare a tracing and prints at this time unless you request it. Pan counts range from zero to 600, thirteen of them being 100 or more. Frankly, I cannot see anyone actually counting that many individual colors in a pan tail. Relative to other pannings, they indicate seven or more areas in which mercury is more concentrated in near surface soil and, other than that, their value or reliability as indicators is limited.

OME (Orig. & 2 cpys)

D. R. MacLaren

CA&A

Mr. Fred Ferrie
Acting President
Pacific Minerals & Chemical Co., Inc.
1301 South Ray Street
Tacoma, Washington 98405

Re: OMX-014 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Group
Crook County, Oregon
Contract 7137

Dear Mr. Ferrie:

Pursuant to Article 7 of the subject contract, as amended, and Item 5 of Amendment No. 3 thereto, royalty shall be paid to the Government as provided in the contract on all production from the land described in the contract from December 15, 1961, to December 15, 1974, or until the sum of $6,259.57 is fully repaid with interest at the rate of 6½ percent per annum. The payment of royalty is secured by a lien upon the land and on any production therefrom.

Royalty payments should be made in favor of the U. S. Geological Survey, and should be mailed or delivered to the Field Officer, Region 1, Office of Minerals Exploration, U. S. Geological Survey, South 157 Howard Street, Spokane, Washington 99204. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the 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 promptly notified 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 1(c) 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 said rights shall be furnished to the Field Officer.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Mr. and Mrs. Robert Gaillard, P. O. Box 1895, Page, Arizona
Mr. and Mrs. Karl Zimmerman, c/o McKay, Fanner & Johnson, 1076 Bond Street, Bend, Oregon
Werdenhoff Mining Company, 1005½ South 11th St., Tacoma, Wash.
Mr. and Mrs. Frank O. Reid, Box 731, Redmond, Oregon
Mr. and Mrs. Keith E. Parkinson, Box 437, Redmond, Oregon

cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance, Rm. 5406
OME File
OME Region I
OME Reading File
CA&A ✓
Mr. Selfridge (?)

GCSelfridge/gla (1-18-66)

Audit's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OMM-6141

AMENDMENT NO. 8

It is agreed this 10th day of September, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2132 (OMM-6141), dated December 13, 1961, as amended, is further amended as follows:

1. Amendment No. 6, dated November 27, 1963 and Amendment No. 7, dated June 10, 1964 are rescinded.

2. (a) Work under the contract shall be suspended during the period beginning October 15, 1963, and ending not later than June 1, 1965.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

(c) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

3. The time fixed in Item 1 of Amendment No. 4 of the contract for completion of the work is extended from 36 months to 48 months.

4. The maximum period for royalty payments and for the lien to secure payment thereof fixed in Item 2 of Amendment No. 4 is extended from twelve (12) years to thirteen (13) years from the date of the contract.

5. It is the essence of this amendment that the work be resumed on or before the termination of the period herein fixed for suspension and be completed within the period fixed for completion, and if not so resumed and completed in the manner required by the contract, the following provisions shall thereupon become effective:

(a) The contract and all obligations of the parties thereunder, except as hereinafter otherwise provided, shall be and are hereby terminated as follows:

(i) Effective October 15, 1963, if the work has not been resumed on or before June 1, 1963.

(ii) Effective December 15, 1963, if the work has been started but not completed on or before that date.

(b) The Government will only contribute to allowable costs incurred prior to the relevant date set forth in 5(a) above.

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

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the contract as amended herein as if a certification of possible production has been made, such certification being hereby waived by the Operator. In addition, all rights of the Government provided for in the contract with respect to a certification of possible production, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the contract, except as provided for in this Amendment No. 8.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Acting Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By _____

Title _____

Audit's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 7

It is agreed this 10th day of June, 1964, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government" and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2139 (OME-6141), dated December 15, 1961, as amended, is further amended effective June 1, 1964, as follows:

In Amendment No. 6:

1. In Item 1(a) the time fixed for starting work after the suspension period is extended from June 1, 1964, to September 1, 1964.

2. In Item 2(a)(i) the date June 1, 1964, is revised to read September 1, 1964.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnbull
Acting Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By Fred Lepre

Title Vice Pres.

Audit's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 6

It is agreed this 27th day of November, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2132 (OME-6141), dated December 15, 1961, as amended, is further amended as follows:

1. (a) Work under the contract shall be suspended during the period beginning October 15, 1963, and ending not later than June 1, 1964.

(b) No costs incurred by the Operator during the suspension shall be allowable for contribution by the Government.

(c) The Government will not contribute to any cost of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of the work.

(d) The Operator at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. It is the essence of this contract that the work be resumed on or before the termination of the period herein fixed for suspension, and if not so resumed, in the manner required by the contract, the following provisions shall thereupon become effective.

(a) The contract and all obligations of the parties thereunder, except as hereinafter otherwise provided, shall be and are hereby terminated as follows:

(i) Effective October 15, 1963, if the work has not been resumed on or before June 1, 1964.

(b) The Government will contribute only to allowable costs incurred prior to the relevant date set forth in 2(a) above.

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

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the contract as amended herein as if a certification of possible production had been made, such certification being hereby waived by the Operator. In addition, all rights of the Government provided for in the contract with respect to a certification of possible production, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayments are hereby preserved.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the contract, except as provided for in this Amendment No. 6.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Guy Tunnicliff
Acting Director, Office of
Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By Fred Lipi

Title V. P.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

800

December 7, 1963

Mr. D. R. Maclaren, Acting Field Officer
U. S. Department of Interior
Office of Minerals Exploration
157 South Howard Street
Spokane 4, Washington

2132

Dear Mr. Maclaren:

Please be advised that the new office address of the Pacific Minerals and Chemical Co., Inc. is 1301 South Kay St., Tacoma 5, Washington.

Very truly yours,

FRED SKPIC
Vice President
/s/ J. M. Price
By J. M. PRICE

FS:jp

Pacific Minerals & Chemical Co., Inc.

Mining and Developing
1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

		800

2132

[illegible] President, Director [illegible] of the [illegible] Minerals & Chemical [illegible] Inc. [illegible] tive December 1st 1960.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL COMPANY

by C. M. Ellingsen

So. 157 Howard Street
Spokane, Washington 99204
November 4, 1963

EXTRA COPY
O. M. E
RECEIVED NOV 6 1963
DATE

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Enclosed are two copies of a letter dated October 25, 1963, in which the subject operator requests a recess until on or before June 1, 1964.

In view of the possibility that apparent financial difficulties may prevent resumption and/or completion of the contract work, it is recommended that the amendment granting the recess include provisional notice of termination and pseudocertification clauses.

D. R. MacLaren

Enclosures

Pacific Minerals & Chemical Co. Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2-2206

[illegible]

[illegible] Dept. of Interior
[illegible] Mineral [illegible]
[illegible] Building
[illegible] Washington

[illegible] Member,
Pacific Minerals & Chemical
[illegible] Mt. [illegible]
[illegible] Mountain Group
[illegible] County, Ore. [illegible]

Dear Mr. [illegible]:

In reply to your letter of October [illegible], kindly be advised that our company does not plan on doing any further drilling nor [illegible] the bulldozer work or trenching this year.

As you know, our company needs further financing and as it is so late in the season (the first snow having fallen) we would be unable to accomplish much the balance of this year.

In view of the foregoing, we respectfully request an amendment [illegible] a recess of our program and we expect to resume work on or [illegible] 1st, 19[illegible], depending upon the weather.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

[illegible]

By

MME Form 14
March 1961

No. 239

Contract No. Idm-E) 14-23) 2132

Docket No. DMEA) MME) 6141

Date of Action ~~November 4, 1969~~
Executed Minus Amendment

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Date of Contract	Region	State	Commodity
December 15, 1961	I	Oregon	Mercury
	Reserve		Obligation
Prior Amount	0		$33,900.00
Increase	0		0
Decrease	0		2,400.00
Revised Amount	0		$31,500.00

Remarks:

cc: 110
800
210

88995-61

Audit's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OMS-6141

AMENDMENT NO. 5

It is agreed this 9th day of October, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2138 (OMS-6141), dated December 15, 1961, as amended, is further amended, effective September 15, 1963, as follows:

1. In Article 1(b) of the contract, the total allowable cost of the work is reduced to $63,000.00 and the Government's participation at 50 percent is reduced to $31,500.00.

2. In Exhibit A the second sentence of the first paragraph is revised to read as follows: "The work shall include geochemical soil testing, bulldozing access roads and drill sites, churn drilling and trenching."

3. In Exhibit A, under the heading Description of the Work, Phase 4 is revised to read as follows:

> Phase 4. The Operator shall bulldoze not to exceed seven (7) trenches to expose bedrock at the approximate locations shown in red on Plate 3, attached hereto and made part hereof.
>
> Trenches 1, 3, 5, and 6 shall be completed. The bulldozing of trenches 2, 4, and 7 will be subject to prior Government approval, confirmed in writing.
>
> Trenches showing significant mineralization shall be sampled by cutting channel samples normal to the strike of the mineralized area. No individual sample shall represent a greater length than 10 feet of the structure sampled. Each sample shall be split and one split assayed for mercury. The remainder shall be treated as outlined in Paragraph 4 under General Provisions.

If significant mineralization is indicated in Trench 1, then Trench 2 may be cut; if by Trench 3, then Trench 4 may be cut; if by Trench 6, then Trench 7 may be cut. The order of bulldozing those trenches shall be dependent on results of prior work. For example, Trench 2 may follow Trench 1 completion; Trench 4 may follow Trench 3 completion, etc.

4. With prior Government approval, confirmed in writing, the unused churn drill holes, their attendant footages, and hours for bulldozing drill sites allowed under Phase 3 of the contract, may be used to explore mineralized areas indicated by the trench work.

The location of each hole shall depend upon the results of the trenching and shall be approved in advance by the Government and confirmed in writing. The holes shall be drilled to a depth not to exceed an average of 300 feet for this Phase 4 and shall be drilled not closer than approximately 100 feet to any other hole drilled under this contract.

5. Under the heading Estimated Costs of the Project as set forth in Amendment No. 4, the following changes are made:

a) Under Actual Costs, Category (1) Independent Contracts, the following is added:

Bulldozing trenches, 300 hours @ $16.00/hr. for D-8 or $12.50/hr. for D-7 dozer	$4,800.00

and under Total Estimated Actual Costs, the figure $40,396.00 is revised to read $45,196.00.

b) Under Fixed Unit Costs, the following item is deleted:

Long-hole drilling 6,000 feet @ $1.60/ft.	$9,600.00

and in the last item, the words "long hole samples" are deleted and replaced by the words "trench samples."

c) The figures $27,404.00 for Total Estimated Fixed Unit Costs, $67,800.00 for Total Estimated Cost of Project, and $33,900.00 for Government Participation @ 50% are revised to read $17,804.00, $63,000.00, and $31,500.00, respectively.

Under this amendment long-hole drilling is deleted and bulldozing of trenches is added. This amendment decreases the estimated total cost of the contract and the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

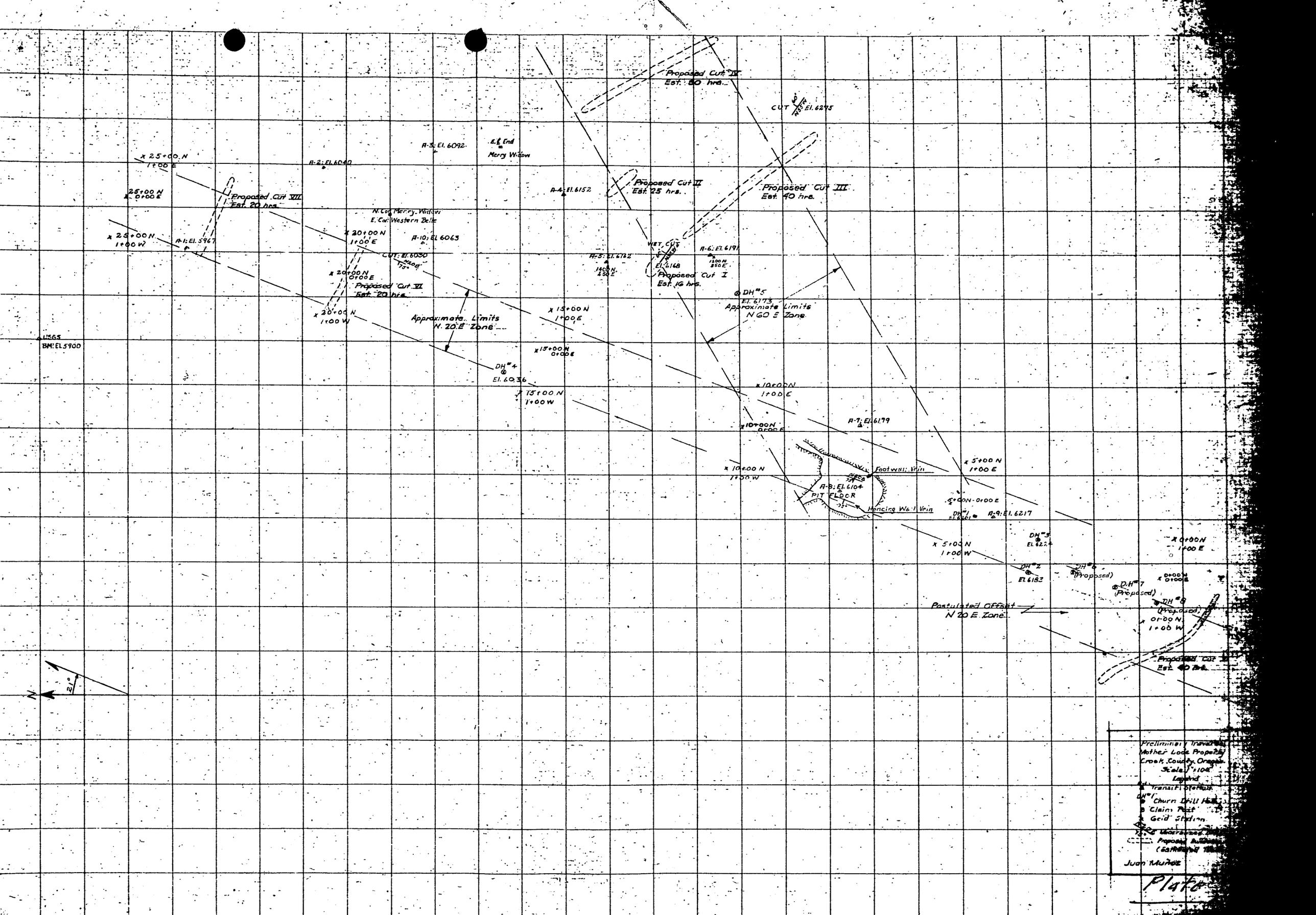
THE UNITED STATES OF AMERICA

By _____
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By _____

Title President


Proposed Cut IV
Est. 60 hrs.
CUT
El. 6295
A-3: El. 6092
E. End
Merry Widow
A-2: El. 6040
x 25+00 N
1+00 E
25+00 N
0+00 E
Proposed Cut VII
Est. 20 hrs.
A-4: El. 6152
Proposed Cut II
Est. 25 hrs.
Proposed Cut III
Est. 40 hrs.
N. Cor. Merry Widow
E. Cor. Western Belle
x 25+00 N
1+00 W
A-1: El. 5967
x 20+00 N
1+00 E
A-10: El. 6063
CUT: El. 6030
WET CUT
A-6: El. 6191
A-5: El. 6182
1400 N.
450 E
1300 N
850 E
El. 6168
Proposed Cut I
Est. 16 hrs.
x 20+00 N
0+00 E
Proposed Cut VI
Est. 20 hrs.
DH #5
El. 6173
Approximate Limits
N 60 E Zone
x 20+00 N
1+00 W
Approximate Limits
N. 20 E Zone
x 15+00 N
1+00 E
USGS
BM: El. 5900
x 15+00 N
0+00 E
DH #4
El. 6036
x 15+00 N
1+00 W
x 10+00 N
1+00 E
A-7: El. 6179
x 10+00 N
0+00 E
x 10+00 N
1+00 W
Footwall Vein
A-8: El. 6104
PIT FLOOR
Hanging Wall Vein
x 5+00 N
1+00 E
5+00 N - 0+00 E
DH #1
El. 6201
A-9: El. 6217
DH #3
El. 6224
x 5+00 N
1+00 W
x 0+00 N
1+00 E
DH #2
El. 6183
DH #6
(Proposed)
D.H. #7
(Proposed)
x 0+00 N
0+00 E
DH #8
(Proposed)
0+00 N
1+00 W
Postulated Offset
N 20 E Zone
Proposed Cut X
Est. 40 hrs.
N
21°
Preliminary Transect
Mother Lode Property
Crook County, Oregon
Scale 1" = 100'
Legend
Transit Point
DH #1
Churn Drill Hole
Claim Post
Geid Station
Proposed Building
(Estimated Size)
Juan Muñoz
Plate

EXTRA COPY O. M. E RECEIVED SEP 26 1963		
DATE	[illegible]	CODE
		800

No. 157 Howard Street
Spokane, Washington 99204
September 24, 1963

Mr. C. M. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: Work Authorization
OME-6141 (Mercury)
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract #132

Dear Mr. Ellingsen:

The results of Churn Drill Holes 2 and 3 justify confirmation of authorization to drill Hole 1 as given provisionally in our letter of September 5, 1962. Confirmation is also given to drill Hole 4 but at the location proposed by Mr. Manes in his "Notes on General Geology" dated July 4, 1963.

Authorization is also given to drill Holes 6 and 7 at the approximate locations indicated by Manes in his "Further Notes on General Geology" which accompanied your letter of September 1, 1963. However, Hole 7 shall not be drilled unless significant cinnabar showings or rock alteration are found in Hole 6.

The proposed trenching will require an amendment to the contract and Holes 5 and 8 will not be authorized unless or until justified by the proposed trenching if the requested amendment is approved.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: OME(2)
Voucher file
MacLaren
Reading copies to:
Nolan
Killagnard

No. 157 Howard Street
Spokane, Washington 99202
September 24, 1963

EXTRA COPY
M. E.
RECEIVED SEP 26 1963
DATE | CODE
800

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cohar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Enclosed are one copy each of "Further Notes on General Geology" by Juan Munoz which was received with the Operator's letter of September 1, 1962, and a map accompanying the "Notes." The "Notes" and map describe a proposed change in the project work which the Operator's cited letter requests. Also enclosed is a copy of the Operator's reply to my letter of September 4, 1963, requesting clarification of certain points relative to his proposed work changes.

Soil sampling as a tool for locating churn drill holes on ore shoots has not proven to be satisfactory on this property. This is due in part to the deeper than expected weathering of the bedrock and the relatively steep slopes, which combine to scatter the cinnabar in erratic trace amounts forming at best holes along the veins. Exposures in the open pit and Churn Drill Holes 1, 2, 3, and 4 have established the existence of a N. 20° E. mineralized zone.

Munoz points out that a N. 60° E. zone, called the Johnson Creek shear zone, is the zone in which the ore was mined on the Blue Ridge, Amity, and Westbrook properties and that on projection through those properties intersects the N. 20 E. zone on the Operator's property in an area that includes the surface pit and underground workings. Known ore bodies on the Blue Ridge, Amity, and Westbrook properties occur at or near the intersections of the N. 60° E. zone with N. 12°-20° E.- or N. 45°-55° W.-trending faults.

On the Operator's property one N. 20° W. shear and one N. 45° W. shear are shown on Plate 2 accompanying the application examination report. In the "Wet Cut" Munoz found cinnabar in N. 55° W. and

N. 60° E. shears and has also found that mineral in the pit walls on N. 60° E. fractures. These were seen during a recent inspection. Three veins mined by underground methods are shown on a map accompanying U. S. Geological Survey Bulletin 846-A striking N. 45° W., N. 20° E., and N. 60° E., respectively.

It appears from old reports that considerable timber and tight lagging was necessary in the mine workings and that limited backs would be developed by the Phase 4 long hole drilling and that therefore the cost of reopening the No. 5 tunnel and the cost of the long hole drilling would be out of all proportion to the value of any ore that might be found. The Operator, in view of the presently available data, requests that Phase 4 long hole drilling be deleted from the contract and that in its place authorization be given to explore by a program of progressive trenching the N. 20° E. and the N. 60° E. zones and that the location of further churn drilling be made dependent upon the results of the trenching.

It is recommended that his request be approved and that an amendment be prepared along the following lines:

1. Delete Phase 4 long hole drilling.

2. Authorize bulldozing of 7 trenches at the approximate locations shown on the map accompanying this memorandum but specifying in general that Trenches 1, 3, 5, and 6 be bulldozed first but that Trench 2 may follow Trench 1 but shall depend upon Trench 1 showing significant mineralization, that Trench 4 may follow Trench 3 but shall depend upon the mineralization found in Trench 3, and that Trench 7 shall depend upon the mineralization found in Trench 6.

3. The location and drilling of Churn Drill Holes 5 and 8 shall depend upon the results of trenching. (Hole 6 and provisionally Hole 7 have been authorized on the basis of showings in Holes 1, 2, and 3 which indicate an increase in mineralization toward the southwest.)

4. Delete "long hole" and substitute "trench" in provision for the cost of assaying samples.

COSTS

Originally the contract provided for bulldozing access roads and churn drill sites with a D-8 dozer at $16.00 per hour. The first voucher for this work indicated that it had been done with a D-7 for $12.50 per hour. Amendment No. 4 provides 56 hours with a D-8 at $16.00 per hour or a D-7 at $12.50 per hour for this work. In his letter of September 20, 1963, the Operator states: "The

best figure we have been able to obtain for the rental of a D-8 cat is $20.00 per hour." He makes no mention of a D-7, nor is any written bid submitted. Very probably the prices are higher than the present contract allows as is indicated by an invoice for D-8 dozing at $20.00 per hour submitted by Sims (OSE-6286) with his August voucher, but what they may be in this part of Oregon I do not know. Timbering operations are going on during the trenching season. Based on $20.00 for a D-8 and $3.50 less or $16.50 for a D-7 the following costs are recommended:

<u>Actual Cost</u>

Bulldozing trenches 240 hrs at $20/hr for D-8 or $16.50/hr for D-7	$4,800.00

There is sufficient churn drilling already provided.

Determination of mercury content of churn drill and trench samples--number and unit price already provided are sufficient.

Deletion of $9,000.00 for long hole drilling and the addition of $4,800.00 for trenching results in a decrease of $4,800.00 in the total project cost and $2,400.00 in the Government's share.

As the access and preparation of drill sites has already been completed for 4 drill sites by a D-7 at an actual cost of $12.50 per hour, it may be deemed impractical or inexpedient to have 2 differing sets of prices for bulldozing. In that case the trenching with a D-8 at $16.00 per hour or a D-7 at $12.50 per hour would cost a maximum of $3,840.00 and the decrease in total cost and cost to the Government would be respectively $5,160.00 and $2,580.00.

The proposed amendment is to the Government's advantage because the method of exploration now appears to offer a better chance of a discovery and because the cost to the Government will be significantly reduced.

D. R. Maclaren

Enclosures

MME Form 14
March 1961

Contract No. Idm-E) 14-23) 2132

No. 228

Docket No. DMEA) MME) 6141

Date of Action September 23, 1963
executed minus amendment

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Date of Contract	Region	State	Commodity
December 15, 1961	I	Oregon	Mercury

	Reserve	Obligation
Prior Amount	0	$34,860.00
Increase	0	0
Decrease	0	960.00
Revised Amount	0	$33,900.00

Remarks:

cc: 110
800
210

88995-61

SEP 2 3 1963

Audit's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OMM-6141

AMENDMENT NO. 4

It is agreed this 6th day of September, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2132 (OME-6141), dated December 13, 1961, as amended, is further amended, effective the date of the contract, as follows:

1. The time fixed in Item 3 of Amendment No 2 of the contract for completion of the work is extended from 20 months to 36 months.

2. The maximum period for royalty payments and for the lien to secure payment thereof fixed in Item 4 of Amendment No. 2 is extended from eleven (11) to twelve (12) years.

3. In Article 1(b) of the contract, the figures $69,720.00 and $34,860 are deleted and replaced by the figures $67,800.00 and $33,900.00, respectively.

4. In Exhibit A, under the heading General Provisions, in the fifth paragraph the word "certificates" is deleted and replaced by the word "reports."

5. In Exhibit A, under the heading Description of the Work, the second paragraph under Phase 2 is deleted.

6. In Exhibit A, under the heading Estimated Costs of the Project, all words and figures are deleted and replaced as follows:

"Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

None except:

Bulldozing access roads and churn drill sites, 56 hours @ $16.00/hr. for D-8 or @ $12.50/hr. for D-7 $ 896.00

Mobilization and demobilization of churn drill	$ 500.00
Churn drilling, 6,000 feet @ $6.50/ft.	39,000.00
Total Estimated Actual Cost	$40,396.00

Fixed Unit Costs: 1/

Phase 1 and Phase 2 2/	$ 1,000.00
Long-hole drilling 6,000 feet @ $1.60/ft.	9,600.00
Incidental allowance for each foot of churn drilling completed 6,000 feet @ $1.67/ft.	10,020.00
Canvas sample sacks 7,260 @ $0.15/sack	1,089.00
Determination of mercury content of soil samples 236 determinations @ $1.25/determination	295.00
Determination of mercury content of churn drill and long-hole samples 1,800 @ $3.00/determination	5,400.00
Total Estimated Fixed Unit Costs	$27,404.00
Total Estimated Cost of Project	$67,800.00
Government Participation @ 50%	$33,900.00

1/ Includes all costs whatsoever that would otherwise be allowable under Categories (2) through (7).

2/ The completed Phases comprise the unit of work."

Under this amendment various Actual Cost items are converted to Fixed Unit Cost items. This amendment decreases the estimated total cost of the contract and the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By _____

Title President.

No. 157 Howard Street
Spokane, Washington 99204
September 11, 1963

EXTRA COPY
O. M. E
RECEIVED SEP 16 1963
DATE | INITIALS
800

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
108½ Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cuber and Lockout
Mountain Groups
Crook County, Oregon
Contract 2152

Dear Mr. Ellingson:

Due to the concurrent performance of noncontract and contract work and the failure of Johnston to keep either adequate time or cost distribution records, it has become increasingly clear that the actual cost of acceptable contract work cannot be adequately documented or even reasonably determined. All OME personnel concerned have agreed that an amendment to place all costs, except those of the independent contract bulldozing and drilling, on a fixed unit cost basis is the only apparent solution.

Enclosed are the original and four copies of a proposed Amendment No. 4, signed by the Director for the Government.

If the proposed amendment is satisfactory, sign all five copies, keep the Operator's copy and return the other four copies to this office. We will then return your vouchers for August through December 1962 with instructions on how to prepare a single voucher covering all work completed since the start of the project.

If any part of the proposed amendment does not have your approval, return all five copies unsigned together with your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosures
DRMacLaren:mls
cc: OME(E) ✓
Voucher file
MacLaren
Sending copies to:
Wolan; Killegsard

EXTRA COPY
O. M. E
RECEIVED JUL 19 1963
DATE INITIALS CODE
800

No. 157 Howard Street
Spokane, Washington 99204
July 16, 1963

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingson:

I have just returned to the office and will be leaving again tomorrow for about 10 days. I have not had time to study Mr. Munson' report and maps in detail. Only one print of each of the sections was received; another print of each for our files would be appreciated. Also kindly send us three additional prints of the map to accompany vouchers previously submitted. As it may be some time before I will have an opportunity to do so, I am acknowledging their receipt now.

As I understand it, Mr. Munson is, in effect, suggesting a radical change in the program provided in the OME contract. If this is so, you should make a specific request for an amendment. As a general rule an amendment increasing the total cost of the project is not granted. Therefore, your request should spell out those provisions of the existing contract that should be deleted and those new items to be added taking care that the total cost of the new items does not exceed the total cost of the ones to be deleted. A request to delete any items of work for which payment has already been made could possibly require reimbursement of the funds paid before those items could be deleted.

My present plans are to drive from Boise to Prineville on Saturday, August 17, stopping at the property on the way and return to Spokane the following day. However, if it appears advisable when the time comes, I could stay in the area Sunday, the 18th, and return to Spokane on Monday. I will look forward to seeing you on the 17th.

Sincerely yours,

D. B. Maclaren
Acting Field Officer, OME
Region I

DBMaclaren:mls
cc: OME(2) w/cy of incoming letter, report, and maps
Maclaren
Reading copies to: Nolan; Killingsard

P.S. Since writing the above, I have partially reviewed the material in various vouchers the processing of which has been delayed pending receipt of an adequate map which we now have.

The Narrative Report for November says of Hole No. 2: ". . . was at 150 feet November 30. Fair cinnabar colors were encountered in this hole from ledge (10 feet) to 40 feet assays are not yet available." Of this same hole the December Narrative Report says: ". . . was stopped at 210' December 14, a deeper hole was originally planned but did not seem warranted under the circumstances. A few cinnabar colors were encountered in the interval 195 to 200." We have never received any assays of samples from this hole and in view of the relationship between this hole and Hole No. 3 as shown on the section accompanying the Manos report, it is certainly advisable to complete it.

A relatively small amount of additional drilling would complete the picture of mercury occurrence along the hanging and footwall veins at depth in the plane of Holes 2 and 3. Moreover, as specified in a Work Authorization dated September 5, 1962, the drilling of Churn Drill Hole No. 1 is approved only after Holes 2 and 3 have been successfully drilled. Both the above-cited statements in the December Narrative and the section prepared by Manos clearly indicate that Hole No. 2 has not yet been completed.

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EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 3

It is agreed this 21st day of May, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2132 (OME-6141), dated December 13, 1961, as amended, is further amended as follows:

The final date for the work suspension period established in Article 2(a) of Amendment No. 2 is extended from May 15, 1963, to June 15, 1963.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnicky
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By [illegible]

Title President

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SPOKANE, WASH.

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EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
CMZ-6141

AMENDMENT NO. 2

It is agreed this 28th day of January, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government" and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 8132 (CMZ-6141) dated December 13, 1961, as amended, is further amended as follows:

1. Effective the date of the contract: (a) the second paragraph under Exhibit A, General Provisions, is deleted and replaced as follows:

"The bulldozer used for preparation of access roads to the drill sites and leveling the drill sites shall be a D-8 or D-7 or equivalent size of any other make."

(b) Under Estimated Costs of the Project, Annual Costs, Category (2) Independent Contracts, the first item of work and costs is deleted and replaced as follows:

"Bulldozing access roads and churn drill sites,

56 hours @ $16.00/hr. for D-8 $896.00

or @ $12.50/hr. for D-7"

2(a) Work under the contract shall be suspended during the period beginning December 31, 1962 and resumed not later than May 15, 1963.

(b) The Government will not contribute to any costs incurred by the Operator during the period of suspension, except the costs for assaying of samples.

(c) The Government will not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

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3. The time fixed in Article 1 of the contract for completion of the work is extended from 14 months to 20 months.

4. The maximum period for royalty payments and for the lien to secure the payment thereof provided for in Article 7 of the contract is extended from ten (10) years to eleven (11) years.

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnick
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By H. Klingman

Title President

So. 157 Howard Street
Spokane 4, Washington
February 4, 1963

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Mr. C. N. Ellingsen, President
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

Enclosed are the original and four copies of a proposed Amendment No. 2 to your OME contract authorizing the recess requested in your letter of December 31, 1962, and referred to in my letter of January 10, 1963. Inclusion of the amended provisions set forth under Item 1 of the proposed Amendment No. 2 was deemed advisable because the contract specifies that dozing is to be done with a D-8 or equivalent, whereas it was actually done by a D-7.

If the terms and conditions of the amendment are satisfactory, please sign all copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned with a statement of your proposed changes for consideration.

I have been unable to proceed with the processing of the August-September voucher, as I have not yet received the map mentioned in my January 11, 1963, letter. The map should indicate the location of the completed drill hole and indicate which soil samples were taken and assayed in Stage I (underline in red), which were in Stage II (underline in blue), and which were for Company account.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

Enclosure

DRMacLaren:my
cc: OME
Reading copies to:
Nolan
McKelvey

Audit's Copy

JAN 17 1963 O.M.E.

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 1

It is agreed this 20th day of November, 1962, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Pacific Minerals & Chemical Co., Inc., hereinafter referred to as the "Operator," that Contract No. 2132 (OME-6141), dated December 15, 1961, is amended, effective the date of the contract, as follows:

1. In Exhibit A, under General Provisions in the sixth paragraph the words "full-time" are deleted.

2. In Exhibit A, Description of the Work, the second paragraph of Phase 3 (first paragraph on page 3 of Exhibit A) is deleted and the following is substituted in lieu thereof:

"Outside the ore zone the cuttings from each 15 feet of hole shall be split with a Jones or similar sample splitter. If panning one split of the cuttings indicates significant mercury mineralization, a second split shall be prepared for assay purposes. In the ore zone each 5 feet of hole shall be similarly sampled and assayed for mercury."

3. Article 16 of the contract is deleted and the following is substituted in lieu thereof as ARTICLE 12:

"ARTICLE 12. Nondiscrimination. The provisions governing performance of work under Government contracts, as set out in Section 301 of the Executive Order 10925, dated March 6, 1961, (a copy of which is attached hereto as Exhibit B and by reference hereby incorporated and made a part of this contract), shall be applicable to this contract.

"In compliance with the Rules and Regulations (41 CFR, Section 60-1.3(a)) issued under Executive Order 10925 of March 6, 1961, the Operator is hereby bound and agrees to include in each subcontract which it shall make with a subcontractor or supplier paragraphs (1) through (7) of

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Section 301 of said Executive Order, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity.

"The Operator shall require each of its subcontractors (first tier) to include in every subcontract with each of its subcontractors (second tier) the following clause: The (here identify the second-tier subcontractor by name) shall incorporate by reference in each subcontract or purchase order with a subcontractor or supplier paragraphs (1) through (6) of Section 301 of Executive Order 10925 of March 6, 1961, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity."

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

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By [signature]

Title President

No. 157 [illegible]
[illegible]
[illegible]

Mr. W. G. Johnston, Geologist
Pacific [illegible] Chemical Co.,
P. O. [illegible]
[illegible], Oregon

[illegible] chemical

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Sincerely yours,

[illegible], MacLaren
Acting Field Officer, OMS
M[illegible] I

LMMacLaren:ky
cc: C. M. Ellingsen
OMS
Reading copies to:
Holms
McKelvey

MME Form 14
March 1961

No. 107

Contract No. Idm-E) 14-23) 2132

Docket No. DMEA) MME) 6141

Date of Action January 8, 1962
Executed Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:
Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street,
Olympia, Washington

Date of Contract	Region	State	Commodity
December 15, 1961	I	Oregon	Mercury

	Reserve	Obligation
Prior Amount	$34,850.00	0
Increase	0	$34,850.00
Decrease	$34,850.00	0
Revised Amount	0	$34,850.00

Remarks:

6½% interest

cc: 110
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210

88995-61

Audit Copy

MME Form 50
Feb. 1959

JAN 8 1962

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6141	Mercury	14-23-090- 2132	Crook	Oregon

It is agreed DEC 15 1961 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Pacific Minerals & Chemical Co., Inc., a Washington corporation

whose mailing address is 1024 Bigelow Street, Olympia, Washington, hereinafter called the "Operator, as follows:

ARTICLE 1. 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 June 1st 1962 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 14 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 69,720.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 34,860.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest computed annually at the rate of 6 ⅛ 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 7 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) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) 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.--(a) 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. 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 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with five 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 five 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 related costs.

(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 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 the 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. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--The Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. This provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. 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)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator 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 by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(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 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.

(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 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. 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 contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; 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 contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; 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 9 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 13.

ARTICLE 10. 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 11. 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.

See Article 16

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision 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 Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, 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, Office of Minerals Exploration, a written appeal addressed to the Secretary. 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, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 15. 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 16. Changes and added provisions.--

The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made a part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.

Executed in quintuplicate the day and year first above written.

PACIFIC MINERALS & CHEMICAL CO., INC.
(Operator)

By [signature]

Title PRESIDENT.

THE UNITED STATES OF AMERICA

By [signature]
Director, Office of Minerals Exploration

I, WILLIAM H. BOTZER (Name), certify that I am the secretary of the corporation named as Operator herein; that C. M. Ellingsen (Name), who signed this contract on behalf of the Operator, was then President (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.

[signature]

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52370

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OMR-6141

ANNEX I

The land referred to in Article 2 of the contract, consists of three groups totalling twenty-one (21) unpatented lode mining claims including all rights pertaining thereto, in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E., Willamette Meridian, Ochoco Mining District, Crook County, Oregon. The claims are recorded in the Crook County Clerk's office, Prineville, Oregon, as follows:

Mother Lode Group	Book	Page
Jack Knife	7	256
Merry Widow	7	255
Western Belle	7	325
Eastern Belle	7	327
Canyon Creek No. 1	7	419
Canyon Creek No. 2	7	417
Canyon Creek No. 3	7	551
Cobar Group		
MD	7	312
View Point	7	401
Rally	7	403
Three L's No. 1	10	358
Three L's No. 2	10	360
Three L's No. 3	10	362
Three L's No. 4	10	574

Lookout Mountain Group	Book	Page
Lookout No. 1	11	328-329
Lookout No. 2	11	330-331
Lookout No. 3	11	332-333
Lookout No. 4	11	334-335
Lookout No. 5	11	336-337
Lookout No. 6	11	338-339
Lookout No. 7	11	340-341

The locations of the individual claims are shown on Plate 1 attached hereto and made part hereof.

The Operator is the owner of the claims listed in the Lookout Mountain group and has possession of the claims listed in the Mother Lode and Cober groups under a "Contract," dated April 3, 1961, between Wordenhoff Mining Company, an Idaho corporation, and Pacific Minerals & Chemical Co., Inc.

Wordenhoff Mining Company is the owner of the claims listed in the Cober group and has possession of the claims listed in the Mother Lode group under the terms of an "Agreement," dated July 29, 1958, between the Company and the owners, Earl Zimmerman and Jessie Zimmerman, husband and wife; Roger Gelliard and Marie Gelliard, husband and wife; Frank O. Reid and Ann Reid, husband and wife; and Keith M. Pirkkanen and Betty J. Pirkkanen, husband and wife.

Copies of the Lien and Subordination Agreements pertaining to the Cober and Mother Lode groups and signed by the interested parties are attached hereto and made part hereof.

Xxxxxxxxx Golliard

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-	2132
Contract Date	DEC 1 5 1961

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain mineral claims land in the County of Crook, State of Oregon, described as follows: 2/ Jack Knife, Book 7 p 256; Merry Widow, Book 7 page 255; Eastern Belle, Book 7 page 327; Western Belle, Book 7 page 325; Canyon Creek No. 1, Book 7 page 419; Canyon Creek No. 2, Book 7 page 417; Canyon Creek No. 3, Book 7 of Mines page 551, Records of Crook County, Ore. 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

PACIFIC MINERALS & CHEMICAL CO., INC. 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

PACIFIC MINERALS & CHEMICAL CO. INC.

President

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 ____ day of August, 19 61.

Roger Golliard (Seal)	P O Box 1895 (Street)	Page Arizona (City & State)
~~Earl Zimmerman~~ Roger Golliard		
Marie J. Golliard (Seal)	P O Box 1895 (Street)	Page Arizona (City & State)
~~Jessie Zimmerman~~ Marie J. Golliard		
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(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)

Zimmerman

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– 2132
Contract Date DEC 15 1961

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Crook, State of Oregon, mineral claims described as follows: 2/ Jack Knife, Book 7 page 256; Merry Widow, Book 7 page 255; Eastern Belle, Book 7, page 327; Western Belle, Book 7 page 325; Canyon Creek no. 1, Book 7 page 419; Canyon Creek No. 2, Book 7 page 417; Canyon Creek No. 3, Book 7 of Mines, page 551, Records of Crook County, Ore.

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

PACIFIC MINERALS & CHEMICAL CO., INC. 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

PACIFIC MINERALS & CHEMICAL CO. INC.

President

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 _____ day of August, 19 61.

Earl Zimmerman (Seal)	_____	(Street) (City & State)
~~Roger Collard~~ Earl Zimmerman		
Jessie Zimmerman (Seal)	_____	(Street) (City & State)
~~Marie Collard~~ Jessie Zimmerman		
_____ (Seal)	_____	(Street) (City & State)
_____ (Seal)	_____	(Street) (City & State)
_____ (Seal)	_____	(Street) (City & State)
_____ (Seal)	_____	(Street) (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)

INT.-DUP. SEC., WASH., D.C. 48694

MME Form 52
June, 1961

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 2132
Contract Date DEC 15 1961

LIEN OR SUBORDINATION AGREEMENT 1/

To the United States of America:

That certain land in the County of Crook, State of Oregon, consisting of ~~described as follows:~~ 2/ the Cobar group of claims as described in Annex I attached hereto and made part hereof.

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

Pacific Minerals & Chemical Co., Inc. 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.)

R.K.R. ~~Interest of owners~~ None

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 24th day of October, 1961.

Richard K. Ruffo (Seal)	Werdenhoff Mining Company (Street)	1005½ So. 11th Street (City & State)	
	Tacoma, Washington (Street)	(City & State)	
(Seal)	(Street)	(City & State)	
(Seal)	(Street)	(City & State)	
(Seal)	(Street)	(City & State)	
(Seal)	(Street)	(City & State)	
(Seal)	(Street)	(City & State)	

APPLICANT SHOULD NOT SIGN

I, William H. Thompson (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Richard K. Ruffo (Name), who signed this agreement was then President (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.

William H. Thompson
(Corporate Seal)

INT.-DUP. SEC., WASH., D.C.
95181

ANNEX I

The Cobar group of seven (7) claims are situated in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E., Willamette Meridian, Ochoco Mining District, County of Crook, State of Oregon. The claims are recorded in the Crook County Clerk's office, Prineville, Oregon, as follows:

Claim	Book	Page
MD	7	312
View Point	7	401
Kelly	7	403
Three L's No. 1	10	358
Three L's No. 2	10	360
Three L's No. 3	10	362
Three L's No. 4	10	574

MME Form 52
June, 1961

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090- 2132
Contract Date DEC

LIEN OR SUBORDINATION AGREEMENT 1/

To the United States of America:

That certain land in the County of Crook, State of Oregon, consisting of ~~[illegible]~~ 2/ the Mother Lode group of seven (7) claims as described in Annex I attached hereto and made part hereof.

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

Pacific Minerals and Chemical Co., Inc. 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.)

Interest of owners, under agreement of July 29, 1958, whereby owners, Zimmerman and others, sold the claims to Werdenhoff Mining Company, with $10,000.00 down payment, and balance of $290,000.00 payable in installments.

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 24th day of October, 1961.

Richard K. Ruffo (Seal)	Werdenhoff Mining Company (Street)	
	1005½ So. 11th Street (City & State)	
	Tacoma, Washington (Street)	
(Seal)	(City & State)	
	(Street)	
(Seal)	(City & State)	
	(Street)	
(Seal)	(City & State)	
	(Street)	
(Seal)	(City & State)	
	(Street)	
(Seal)	(City & State)	

APPLICANT SHOULD NOT SIGN

I, William A. Thompson (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Richard K. Ruffo (Name), who signed this agreement was then President (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.

William A. Thompson
(Corporate Seal)

INT.-DUP. SEC., WASH., D.C.
95181

ANNEX I

The Mother Lode group of seven (7) claims are situated in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E., Willamette Meridian, Ochoco Mining District, County of Crook, State of Oregon. The claims are recorded in the Crook County Clerk's office, Prineville, Oregon, as follows:

Claim	Book	Page
Jack Knife	7	256
Merry Widow	7	255
Western Belle	7	325
Eastern Belle	7	327
Canyon Creek No. 1	7	419
Canyon Creek No. 2	7	417
Canyon Creek No. 3	7	551

MME Form 52
June, 1961

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME -
Contract No. 14-23-090- 2132
Contract Date DEC 1 6 1964

LIEN OR SUBORDINATION AGREEMENT 1/

To the United States of America:

That certain land in the County of Crook, State of Oregon,

described as follows: 2/ The Mother Lode group of seven (7) mining claims as described in Annex I attached hereto and made a part hereof.

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

Pacific Minerals and Chemical Co., Inc. 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.)

Interest of Werdenhoff Mining Company under an Agreement dated July 29, 1958, between said Werdenhoff Mining Company as ~~Buyer, Earl Zimmerman and Jesse Zimmerman, husband and wife, Roger Golliard and~~ Marie Golliard, husband and wife, Frank O. Reid and Ann Reid, husband and wife, and Keith Parkinson and Betty J. Parkinson husband and wife, Sellers.

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 17th day of November, ____, 1961.

Frank O. Reid (Seal)	Box 731 (Street)	
	~~Box 731~~ Redmond Ore (City & State)	
Dorothea Ann Reid (Seal)	Box 731 (Street)	
	Redmond, Oregon (City & State)	
also known as ANN REID		
Keith S. Parkinson (Seal)	Box 489 (Street)	
	~~Box 489~~ Redmond Oregon (City & State)	
Betty J. Parkinson (Seal)	Box 489 (Street)	
	~~Box 489~~, Redmond, Ore (City & State)	
(Seal)	(Street)	
	(City & State)	
(Seal)	(Street)	
	(City & State)	

PRINCIPAL HOLD NOT SIGN

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)

ANNEX I

The Mother Lode group of seven (7) claims are situated in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E., Willamette Meridian, Ochoco Mining District, County of Crook, State of Oregon. The claims are recorded in the Crook County Clerk's office, Prineville, Oregon, as follows:

Claim	Book	Page
Jack Knife	7	256
Merry Widow	7	255
Western Belle	7	325
Eastern Belle	7	327
Canyon Creek No. 1	7	419
Canyon Creek No. 2	7	417
Canyon Creek No. 3	7	551

STATE OF OREGON
County of Multnomah } ss.

I, C. M. ELLINGSEN, being first duly sworn, depose and say:

That Ann Reid is the same person as Dorothea Ann Reid, the wife of Frank O. Reid.

Furthermore, deponent sayeth not.

C. M. Ellingsen

Subscribed and sworn to before me this 17th day of November, 1961.

Adele Beaulac
Notary Public for Oregon
My Commission expires: July 29, 1964

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
CMR-6141

EXHIBIT A

The purpose of this project is to explore for mercury ore bodies in a series of andesitic tuffs, flows, and porphyry of Eocene age. The work shall include geochemical soil testing, bulldozing access roads and drill sites, chaps drilling, and percussion drilling long-holes from an adit.

General Provisions

Detailed procedures for sampling and testing for each phase of the work are outlined under Description of the Work in this Exhibit A.

The bulldozer used for preparation of access roads to the drill sites and leveling the sites shall be not less than D-8 size or equivalent size of any other make.

Chaps drill holes shall be cased and completed not less than 6 inches in diameter.

Each sample shall be split and assayed as outlined under each phase. The Operator shall store one split in a suitable container properly identified as to location. The stored samples shall be made available for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored samples.

Logs of the chaps drill holes and assay certificates of all samples taken in each phase shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period and the location of each sample.

The Operator shall provide a full-time engineer-geologist-supervisor, a helper-sampler, and such other services as may be required to complete the project in a satisfactory manner.

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

The work shall be divided into four phases. The Operator shall complete all of Phase 1 and Phase 2, and as much of Phase 3 and Phase 4 as may be approved in advance and confirmed in writing by the Government.

Description of the Work

The approximate location of the work is shown on Plate 2, attached hereto and made part hereof.

The work is designed to explore the area along a fault system that strikes N. 20° E. and passes through the open pit on the Merry Widow claim. The work shall consist of the following:

Phase 1. Establish three (3) parallel lines, about 100 feet apart, located approximately as shown on Plate 2. On each line, starting far enough from the pit to preclude contamination, or about 100 feet, mark off sample stations at approximately 100-foot intervals. Along each line northeast of the pit and along the westernmost and center lines southwest of the pit there shall be not more than six (6) stations; on the easternmost line southwest of the pit there shall be not more than seven (7) stations. From each station a soil sample shall be taken a few inches below the surface and analyzed for its parts-per-million mercury content.

Phase 2. In areas where prior sampling indicates anomalous mercury content, additional soil samples may be taken at 20-foot intervals.

The Government will not contribute to the cost of more than one (1) month's salary for the engineer-geologist-supervisor and 27 days for the helper-sampler under Phases 1 and 2.

Phase 3. It is estimated that 20 churn drill holes will be required to explore the favorable areas indicated as a result of the soil sampling. Access roads shall be bulldozed to the approved churn drill sites and the sites leveled. The holes shall be drilled to a depth not to exceed an average of 300 feet. In general, the holes shall be collared near the east side of the anomalies. No hole shall be drilled closer than 100 feet to any other hole in an east-west direction nor less than 50 feet in a north-south direction.

Outside the ore zone the cuttings from each 15 feet of hole shall be coned and quartered. If panning one-quarter of the cuttings indicates significant mercury mineralization, a second quarter shall be prepared for assay purposes. In the ore zone each 5 feet of hole shall be similarly sampled and assayed for mercury.

See Amend No. 1

Phase 4. In the event that No. 5 Adit, shown on Plate 2, is rehabilitated for a sufficient length at the Operator's own expense, then a maximum of 60 long-holes shall be drilled in planes bearing N. 70° W. from six (6) stations spaced at 80-foot intervals in the adit. If the adit is shorter than shown on Plate 2, then a corresponding reduction in stations shall be made.

From each station five (5) holes shall be drilled into each wall of the adit at respectively 15, 30, 45, 60 and 75 degrees upwards to depths averaging not to exceed 100 feet.

Cuttings from long-holes shall be collected and sampled as outlined in Phase 3, except that the cuttings from outside of ore zones shall be over 10-foot intervals. The hole interval of 5 feet in ore zones will remain the same.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

None except:

Bulldozing access roads and churn drill sites, 56 hours @ $16.00/hr.	$ 896.00	
Mobilization and demobilization of churn drill	500.00	
Churn drilling, 6,000 feet @ $6.50/ft.	39,000.00	
Long-hole drilling, 6,000 feet @ $1.25/ft.	7,500.00	$47,896.00

See Amend No. 1

Category (2) Personal Services

None except:

1 Engineer-Geologist-Supervisor, 10 months @ $700.00/mo.	$ 7,000.00	
1 helper-sampler, 227 days @ $16.00/day plus overtime	3,922.56	$10,922.56

Category (3) Operating Materials and Supplies

None except:

Gasoline for jeep or pick-up truck	$ 397.25	
Jeep or pick-up truck maintenance, 120 days @ $0.45/day	54.00	
Canvas sample sacks, 7,300 @ $0.35/sack	2,555.00	$3,006.25

Category (4) Operating Equipment

None except:

Depreciation for one jeep or pick-up truck, 227 days @ $2.00/day	$ 454.00	$ 454.00

Categories (5) and (6)

None

Category (7) Miscellaneous

None except:

Payroll taxes and insurance, 15.98% of $10,922.96 (salaries listed in Category (2))	$ 1,745.42	$1,745.42

Fixed Unit Costs

Determination of mercury content of soil samples, 237,@ $1.25/determination	$ 296.25	
Determination of mercury content of churn drill and long-hole samples, 1,800 @ $3.00/determination	5,400.00	$5,696.25
Estimated Total Cost of Project (rounded)		$69,720.00
Government Participation @ 50%		$34,860.00

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 10925

ESTABLISHING THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

WHEREAS discrimination because of race, creed, color, or national origin is contrary to the Constitutional principles and policies of the United States; and

WHEREAS it is the plain and positive obligation of the United States Government to promote and ensure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on government contracts; and

WHEREAS it is the policy of the executive branch of the Government to encourage by positive measures equal opportunity for all qualified persons within the Government; and

WHEREAS it is in the general interest and welfare of the United States to promote its economy, security, and national defense through the most efficient and effective utilization of all available manpower; and

WHEREAS a review and analysis of existing Executive orders, practices, and government agency procedures relating to government employment and compliance with existing non-discrimination contract provisions reveal an urgent need for expansion and strengthening of efforts to promote full equality of employment opportunity; and

WHEREAS a single governmental committee should be charged with responsibility for accomplishing these objectives:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

SECTION 101. There is hereby established the President's Committee on Equal Employment Opportunity.

SEC. 102. The Committee shall be composed as follows:

(a) The Vice President of the United States, who is hereby designated Chairman of the Committee and who shall preside at meetings of the Committee.

(b) The Secretary of Labor, who is hereby designated Vice Chairman of the Committee and who shall act as Chairman in the absence of the Chairman. The Vice Chairman shall have general supervision and direction of the work of the Committee and of the execution and implementation of the policies and purposes of this order.

(c) The Chairman of the Atomic Energy Commission, the Secretary of Commerce, the Attorney General, the Secretary of Defense, the Secretaries of the Army, Navy and Air Force, the Administrator of General Services, the Chairman of the Civil Service Commission, and the Administrator of the National Aeronautics and Space Administration. Each such member may designate an alternate to represent him in his absence.

(d) Such other members as the President may from time to time appoint.

(e) An Executive Vice Chairman, designated by the President, who shall be *ex officio* a member of the Committee. The Executive Vice Chairman shall assist the Chairman, the Vice Chairman and the Committee. Between meetings of the Committee he shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee pursuant to its rules, delegations, and other directives. Final action in individual cases or classes of cases may be taken and final orders may be entered on behalf of the Committee by the Executive Vice Chairman when the Committee so authorizes.

SEC. 103. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules and regulations. It shall (a) consider and adopt rules and regulations to govern its proceedings; (b) provide generally for the procedures and policies to implement this order; (c) consider reports as to progress under this order; (d) consider and act, where necessary or appropriate, upon matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. Such reports shall be made at least once annually and shall include specific references to the actions taken and results achieved by each department and agency. The Chairman may appoint sub-committees to make special studies on a continuing basis.

PART II—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 201. The President's Committee on Equal Employment Opportunity established by this order is directed immediately to scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination within the executive branch of the Government.

SEC. 202. All executive departments and agencies are directed to initiate forthwith studies of current government employment practices within their responsibility. The studies shall be in such form as the Committee may prescribe and shall include statistics on current employment patterns, a review of current procedures, and the recommendation of positive measures for the elimination of any discrimination, direct or indirect, which now exists. Reports and recommendations shall be submitted to the Executive Vice Chairman of the Committee no later than sixty days from the effective date of this order, and the Committee, after considering such reports and recommedations, shall report to the President on the current situation and recommend positive measures to accomplish the objectives of this order.

SEC. 203. The policy expressed in Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), with respect to the exclusion and prohibition of discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin is hereby reaffirmed.

SEC. 204. The President's Committee on Government Employment Policy, established by Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), as amended by Executive Order No. 10722 of August 5, 1957 (22 F.R. 6287), is hereby abolished, and the powers, functions, and duties of that Committee are hereby transferred to, and henceforth shall be vested in, and exercised by, the President's Committee on Equal Employment Opportunity in addition to the powers conferred by this order.

PART III—OBLIGATIONS OF GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—CONTRACTORS' AGREEMENTS

SECTION 301. Except in contracts exempted in accordance with section 303 of this order, all government contracting agencies shall include in every government contract hereafter entered into the following provisions:

"In connection with the performance of work under 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 said labor union or workers' representative of the contractor's commitments under this section, 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. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled 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. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, 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 non-compliance: *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."

SEC. 302. (a) Each contractor having a contract containing the provisions prescribed in section 301 shall file, and shall cause each of its subcontractors to file, Compliance Reports with the contracting agency, which will be subject to review by the Committee upon its request. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Committee may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or other representative of workers, the Compliance Report shall include such information as to the labor union's or other representative's practices and policies affecting compliance as the Committee may prescribe: *Provided*, that to the extent such information is within the exclusive possession of a labor union or other workers' representative and the labor union or representative shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The Committee may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of any labor union or other workers' representative with which the bidder or prospective contractor deals, together with supporting information, to the effect that the said labor union's or representative's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative either will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union or representative shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement.

SEC. 303. The Committee may, when it deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including the provisions of section 301 of this order in any specific contract, subcontract, or purchase order. The Committee may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (a) where work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (b) for standard commercial supplies or raw materials; or (c) involving less than specified amounts of money or specified numbers of workers.

SUBPART B—LABOR UNIONS AND REPRESENTATIVES OF WORKERS

SEC. 304. The Committee shall use its best efforts, directly and through contracting agencies, contractors, state and local officials and public and private agencies, and all other available instrumentalities, to cause any labor union, recruiting agency or other representative of workers who is or may be engaged in work under government contracts to cooperate with, and to comply in the implementation of, the purposes of this order.

SEC. 305. The Committee may, to effectuate the purposes of section 304 of this order, hold hearings, public or private, with respect to the practices and policies of any such labor organization. It shall from time to time submit special reports to the President concerning discriminatory practices and policies of any such labor organization, and may recommend remedial action if, in its judgment, such action is necessary or appropriate. It may also notify any Federal, state, or local agency of its conclusions and recommendations with respect to any such labor organization which in its judgment has failed to cooperate with the Committee, contracting agencies, contractors, or subcontractors in carrying out the purposes of this order.

SUBPART C—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY AND OF CONTRACTING AGENCIES

SEC. 306. The Committee shall adopt such rules and regulations and issue such orders as it deems necessary and appropriate to achieve the purposes of this order, including the purposes of Part II hereof relating to discrimination in government employment.

SEC. 307. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Committee with respect to contracts entered into by such agency or its contractors, or affecting its own employment practices. All contracting agencies shall comply with the Committee's rules in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Executive order and of the rules, regulations, and orders of the Committee pursuant hereto. They are directed to cooperate with the Committee, and to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this order by conference, conciliation, mediation, or persuasion.

SEC. 308. The Committee is authorized to delegate to any officer, agency, or employee in the executive branch of the

Government any function of the Committee under this order, except the authority to promulgate rules and regulations of a general nature.

SEC. 309. (a) The Committee may itself investigate the employment practices of any government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency or through the Secretary of Labor, to determine whether or not the contractual provisions specified in section 301 of this order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Commitee, and the investigating agency shall report to the Committee any action taken or recommended.

(b) The Committee may receive and cause to be investigated complaints by employees or prospective employees of a government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in section 301 of this Order. The appropriate contracting agency or the Secretary of Labor, as the case may be, shall report to the Committee what action has been taken or is recommended with regard to such complaints.

SEC. 310. (a) The Committee, or any agency or officer of the United States designated by rule, regulation, or order of the Committee, may hold such hearings, public or private, as the Committee may deem advisable for compliance, enforcement, or educational purposes.

(b) The Committee may hold, or cause to be held, hearings in accordance with subsection (a) of this section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this order, except that no order for debarment of any contractor from further government contracts shall be made without a hearing.

SEC. 311. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate or reduce the basic causes of discrimination in employment on the ground of race, creed, color, or national origin.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 312. In accordance with such rules, regulations or orders as the Committee may issue or adopt, the Committee or the appropriate contracting agency may:

(a) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this order or of the rules, regulations, and orders of the Committee.

(b) Recommend to the Department of Justice that, in cases where there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in section 301 of this order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the aforesaid provisions.

(c) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Committee as the case may be.

(d) Terminate, or cause to be terminated, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be terminated absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(e) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any non-complying contractor, until such contractor has satisfied the Committee that he has established and will carry out personnel and employment policies in compliance with the provisions of this order.

(f) Under rules and regulations prescribed by the committee, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under paragraph (b) of this section, or before a contract shall be terminated in whole or in part under paragraph (d) of this section for failure of a contractor or subcontractor to comply with the contract provisions of this order.

SEC. 313. Any contracting agency taking any action authorized by this section, whether on its own motion, or as directed by the Committee, or under the Committee's rules and regulations, shall promptly notify the Committee of such action or reasons for not acting. Where the Committee itself makes a determination under this section, it shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Committee within such time as the Committee shall provide.

SEC. 314. If the Committee shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this order or submits a program for compliance acceptable to the Committee or, if the Committee so authorizes, to the contracting agency.

SEC. 315. Whenever a contracting agency terminates a contract, or whenever a contractor has been debarred from further government contracts, because of noncompliance with the contractor provisions with regard to nondiscrimination, the Committee, or the contracting agency involved, shall promptly notify the Comptroller General of the United States.

SUBPART E—CERTIFICATES OF MERIT

SEC. 316. The Committee may provide for issuance of a United States Government Certificate of Merit to employers or employee organizations which are or may hereafter be engaged in work under government contracts, if the Committee is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading and other practices and policies of the employee organization, conform to the purposes and provisions of this order.

SEC. 317. Any Certificate of Merit may at any time be suspended or revoked by the Committee if the holder thereof, in the judgment of the Committee, has failed to comply with the provisions of this order.

SEC. 318. The Committee may provide for the exemption of any employer or employee organization from any requirement for furnishing information as to compliance if such employer or employee organization has been awarded a Certificate of Merit which has not been suspended or revoked.

PART IV—MISCELLANEOUS

SECTION 401. Each contracting agency (except the Department of Justice) shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691): *Provided*, that no agency shall supply more than fifty per cent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice, the contribution shall be limited to furnishing legal services.

SEC. 402. This order shall become effective thirty days after its execution. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order and of the rules and regulations of the Committee.

SEC. 403. Executive Order No. 10479 of August 13, 1953 (18 F.R. 4899), together with Executive Orders Nos. 10482 of August 15, 1953 (18 F.R. 4944), and 10733 of October 10, 1957 (22 F.R. 8135), amending that order, and Executive Order No. 10557 of September 3, 1954 (19 F.R. 5655), are hereby revoked, and the Government Contract Committee established by Executive Order No. 10479 is abolished. All records and property of or in the custody of the said Committee are hereby transferred to the President's Committee on Equal Employment Opportunity, which shall wind up the outstanding affairs of the Government Contract Committee.

JOHN F. KENNEDY

THE WHITE HOUSE,
March 6, 1961.

[F.R. Doc. 61-2093; Filed, Mar. 7, 1961; 10:06 a.m.] 90048

MME Form 14
March 1961

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Contract No. Idm-E) 14-23) 2132

Docket No. DMEA) MME) 6141

Date of Action December 15, 1961
Approved contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street,
Olympia, Washington

Date of Contract	Region	State	Commodity
December 15, 1961	I	Oregon	Mercury

	Reserve	Obligation
Prior Amount	0	0
Increase	$34,860.00	0
Decrease	0	0
Revised Amount	$34,860.00	0

Remarks:

6% interest

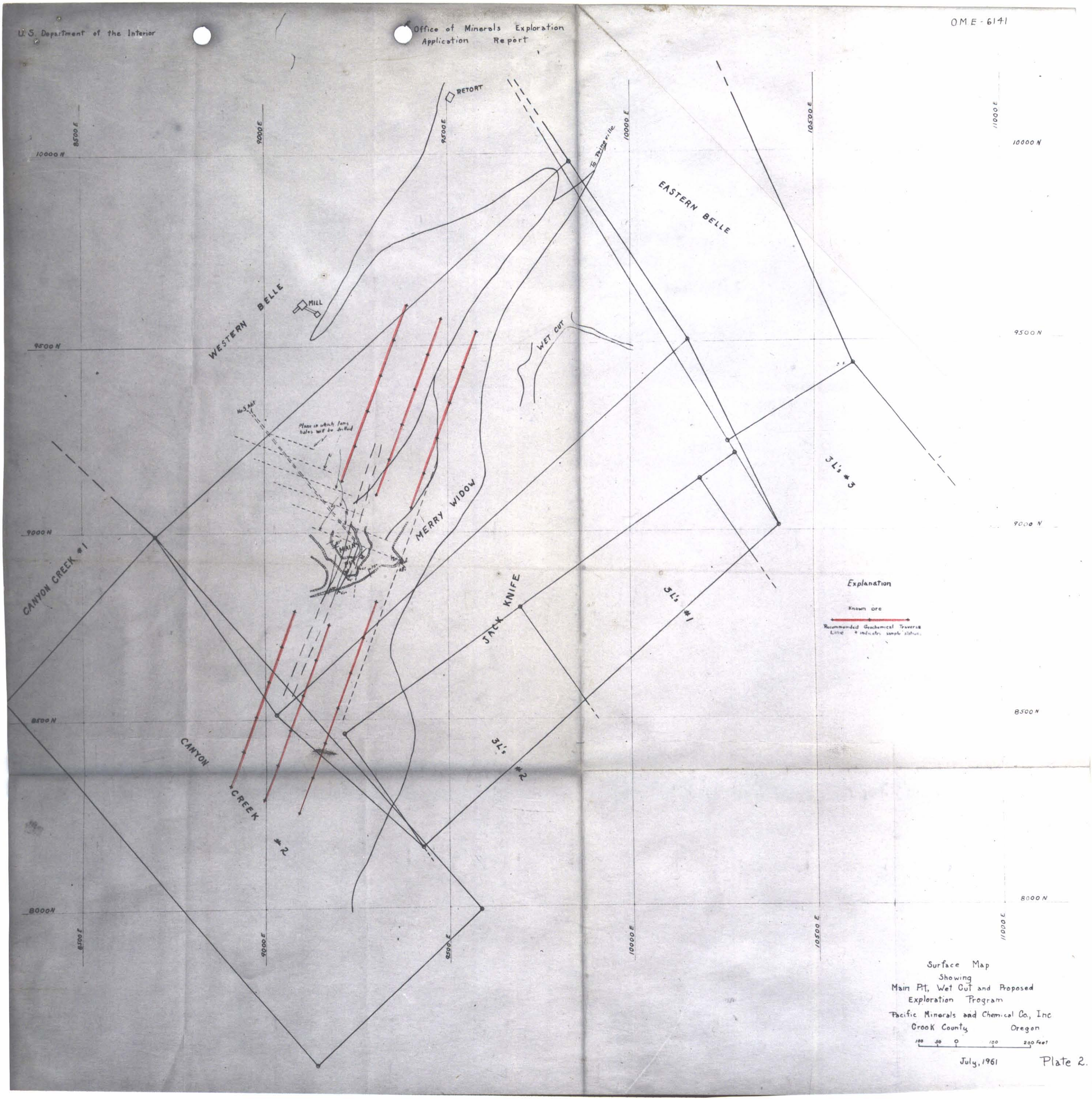
cc: 110
800
210

88995-61

U.S. Department of the Interior

Office of Minerals Exploration
Application Report

O.M.E. - 6141



Surface Map
Showing
Main Pit, Wet Cut and Proposed
Exploration Program
Pacific Minerals and Chemical Co., Inc
Crook County Oregon

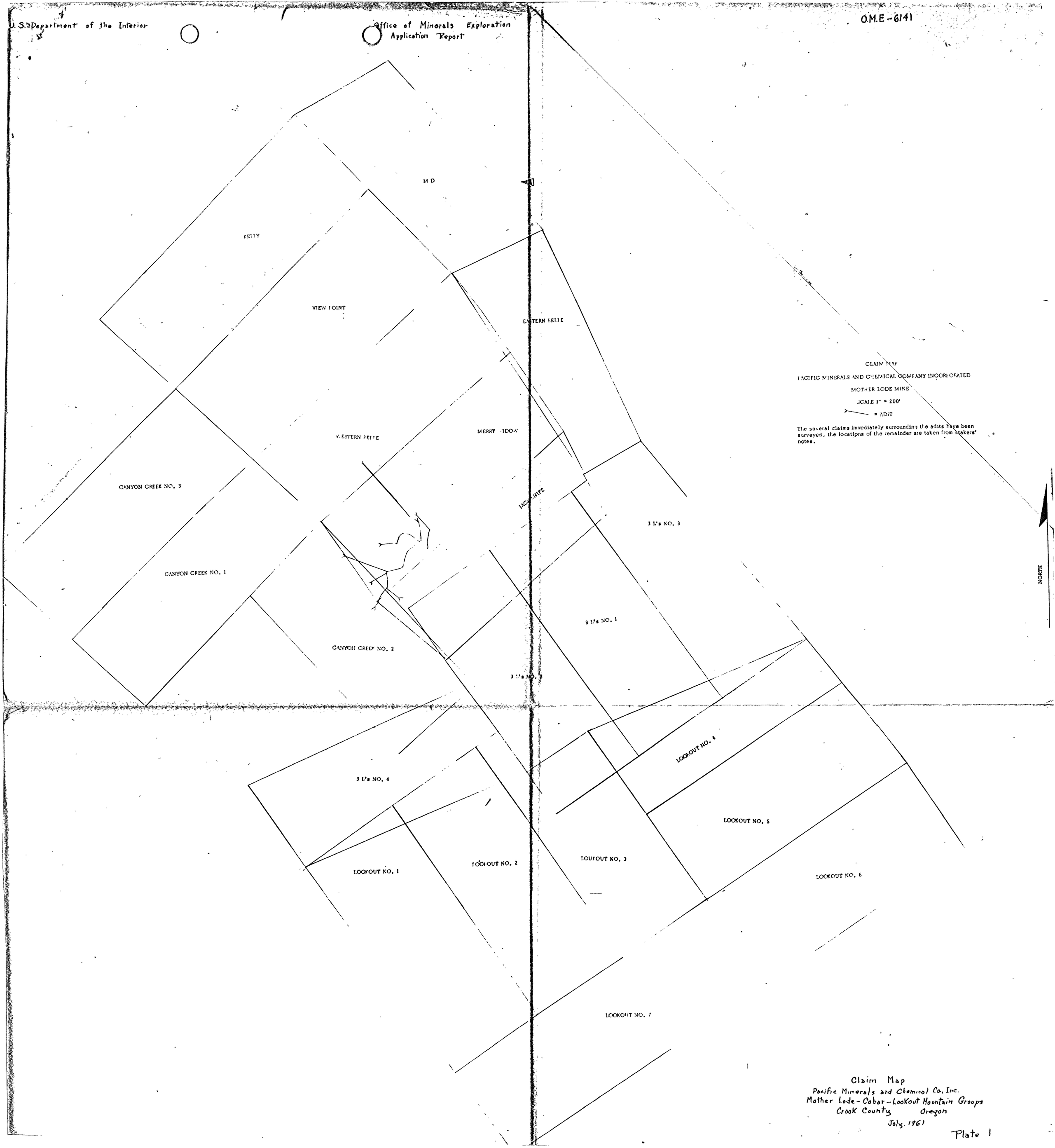
July, 1961

Plate 2.

U.S. Department of the Interior

Office of Minerals Exploration
Application Report

O.M.E-6141

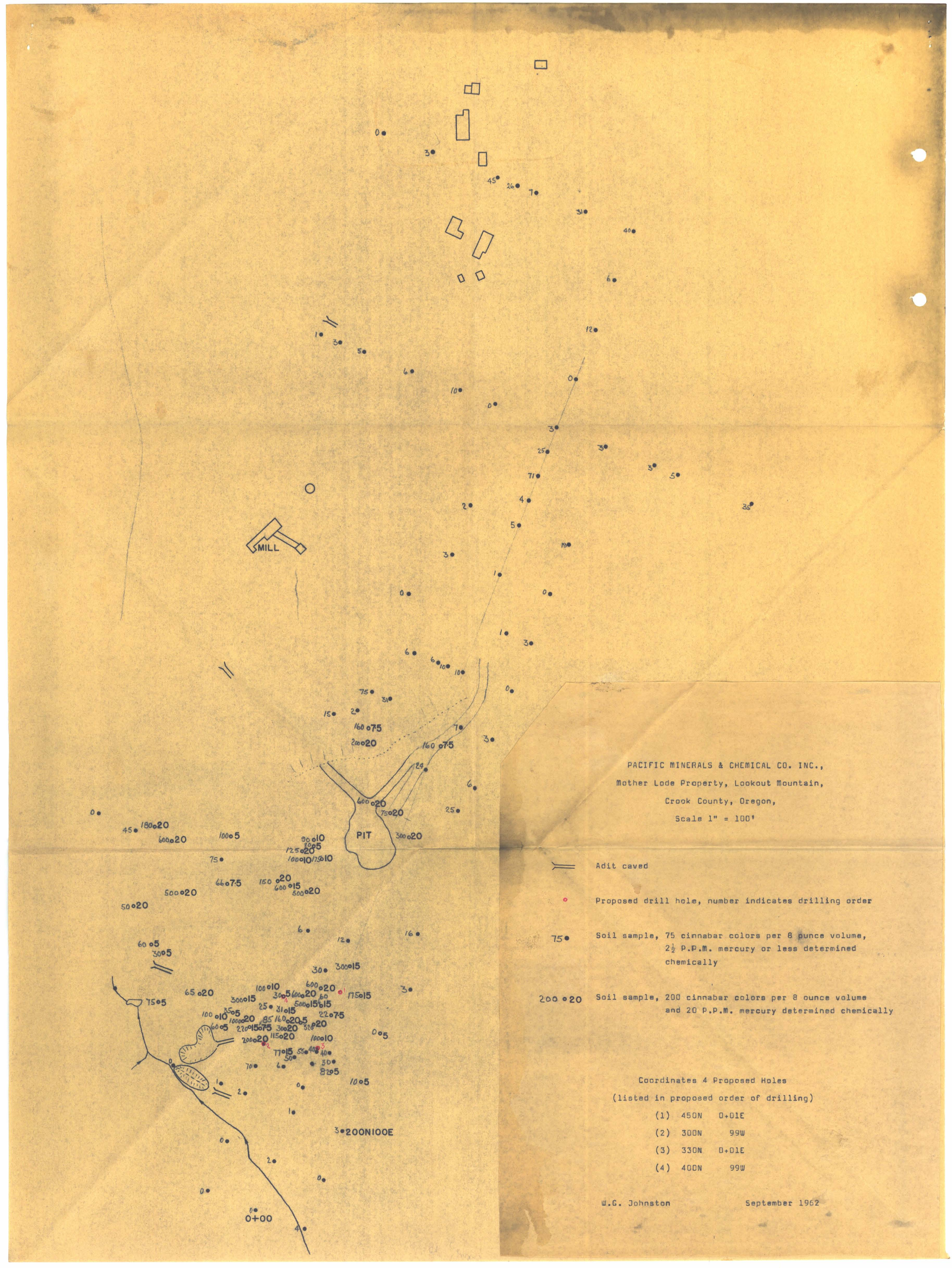


CLAIM MAP
PACIFIC MINERALS AND CHEMICAL COMPANY INCORPORATED
MOTHER LODE MINE
SCALE 1" = 200'
= ADIT

The several claims immediately surrounding the adits have been surveyed, the locations of the remainder are taken from stakers' notes.

Claim Map
Pacific Minerals and Chemical Co. Inc.
Mother Lode - Cobar - Lookout Mountain Groups
Crook County Oregon
July, 1961

Plate 1



PACIFIC MINERALS & CHEMICAL CO. INC.,

Mother Lode Property, Lookout Mountain,

Crook County, Oregon,

Scale 1" = 100'

Adit caved

Proposed drill hole, number indicates drilling order

75• Soil sample, 75 cinnabar colors per 8 ounce volume, 2½ P.P.M. mercury or less determined chemically

200 o20 Soil sample, 200 cinnabar colors per 8 ounce volume and 20 P.P.M. mercury determined chemically

Coordinates 4 Proposed Holes

(listed in proposed order of drilling)

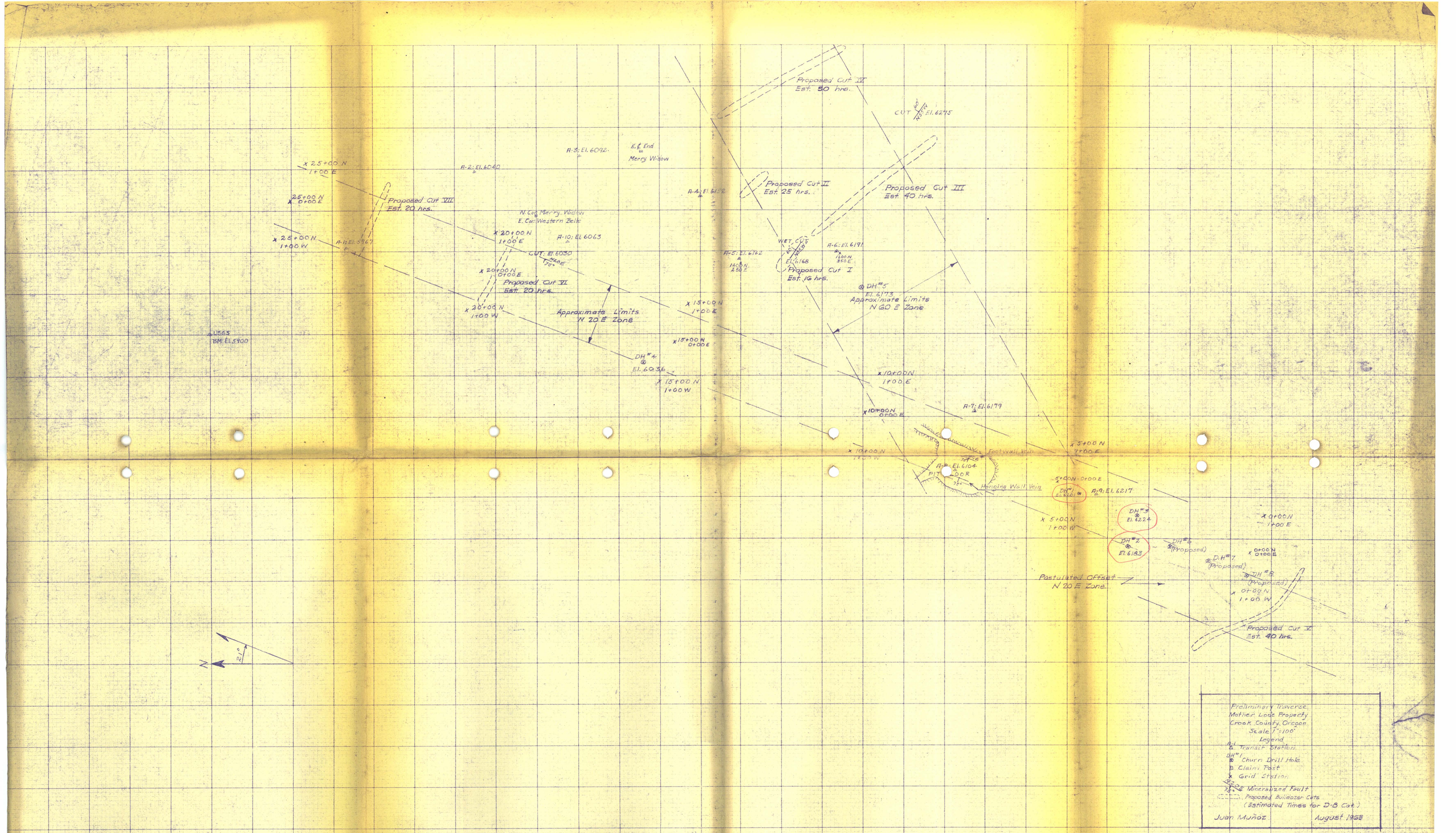
(1) 450N 0+01E

(2) 300N 99W

(3) 330N 0+01E

(4) 400N 99W

W.G. Johnston September 1962



PERFECT CROSS SECTION
10 X 10 - ONE INCH
EUGENE DIETZGEN CO.

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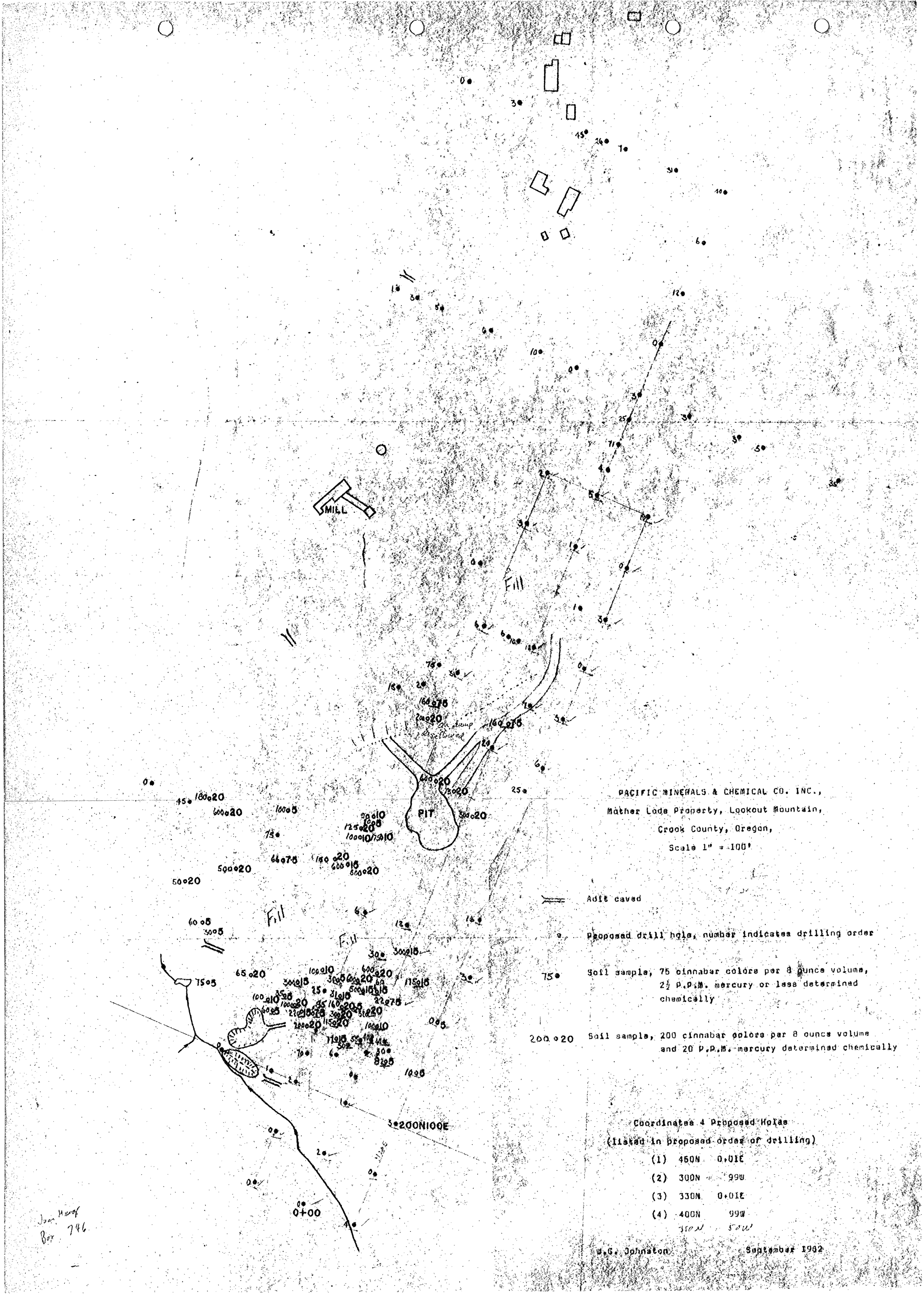
10 X 10 - ONE INCH
EUGENE DIETZGEN CO.



PACIFIC MINERALS & CHEMICAL CO. INC.,
Mother Lode Property, Lookout Mountain,
Crook County, Oregon,
Scale 1" = 100'

Adit caved

Proposed drill hole, number indicates drilling order

75• Soil sample, 75 cinnabar colors per 8 ounce volume, 2½ P.P.M. mercury or less determined chemically

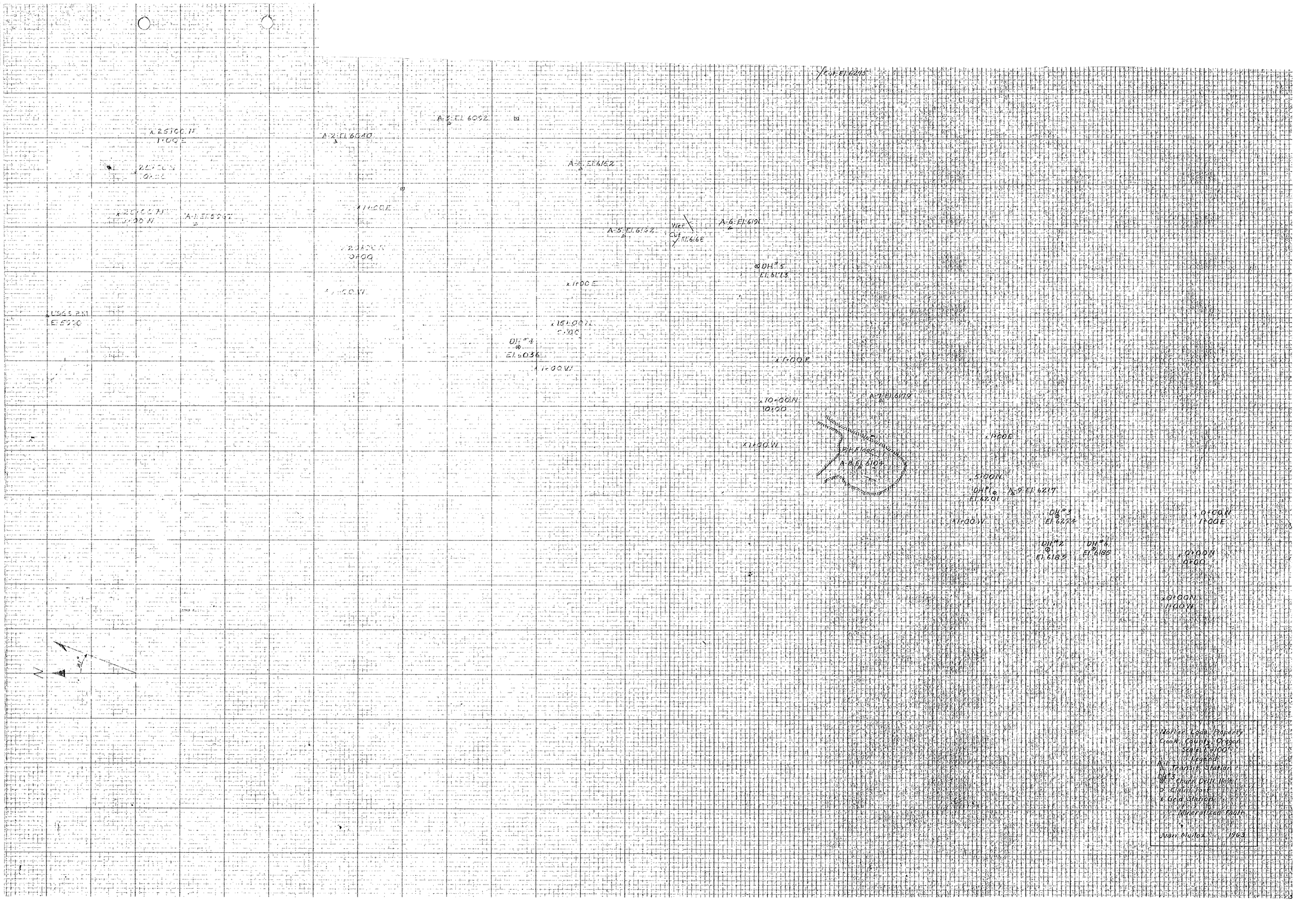
200 o 20 Soil sample, 200 cinnabar colors per 8 ounce volume and 20 P.P.M. mercury determined chemically

Coordinates 4 Proposed Holes
(listed in proposed order of drilling)

(1) 450N 0+01E
(2) 300N 99W
(3) 330N 0+01E
(4) 400N 99W
350N 50W

W.G. Johnston September 1962

Jean Hoof
Box 746


Cut El. 6215
A-2 El. 6092
A-2 El. 6040
A-2 El. 6162
x 25+00.11
1+00 E
22+00 N
0+00
x 1+00 E
A-1 El. 5947
A-5 El. 6132
A-6 El. 6191
Wire
Cut El. 6166
x 2+00 N
0+00
DH #5
El. 6173
x 1+00 E
x 1+00 W
USGS BM
El. 5910
x 15+00 N
0+00
DH #4
El. 6036
x 1+00 W
x 1+00 E
A-7 El. 6179
x 10+00 N
10+00
x 1+00 W
x 1+00 E
A-8 El. 6104
5+00 N
DH #1
El. 6201
A-9 El. 6217
x 1+00 W
DH #3
El. 6278
0+00 N
1+00 E
DH #2
El. 6183
DH #6
El. 6186
0+00 N
0+00
0+00 N
1+00 W
Holter Lode Property
Crook County, Oregon
Scale: 1"=100'
Legend
A/1 Transit Station
DH #5 Churn Drill Hole
D Grab Pits
x Grid Stations
Mineralized Fault
Juan Muñoz 1963