MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23- 2132 Docket No. MME- 6141

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] ~~Certification of Disposition~~] Royalty Agt. Am. #8
- [ ] Closing Letter
- [x] Cost Audits Interim 5/19/64
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 8-25-61
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [ ] Analysis of ~~Semiannual~~ Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty Material

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
May 2, 1966

OFFICIAL
COPY
O. N. R.
RECEIVED
MAY 2 1966
~~120 TRC~~
110

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

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

Enclosed is one copy of a Report of Cost Review relative to the subject contract which was prepared on March 3 - 11, 1966. I concur in the facts as stated in the report. The second copy is being kept for our files.

D R MacLaren
D. R. MacLaren

Enclosure

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Cost Review - Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Crook County, Oregon

Report Issued: April 1966

RECEIVED
MAY 2 1995
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United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Cost Review - Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Crook County, Oregon

Report Issued: April 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: March 9 to 11, 1966

RECEIVED
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IN REPLY REFER TO:

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

OFFICE OF THE DIRECTOR

April 18, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Internal Audit of Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Group
Crook County, Oregon

We have made a cost review of Contract 2132, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance.

Our examination disclosed: (a) that only a small part of the exploration contemplated by the contract was actually completed, (b) that the time for completion of the work was extended for more than two years from the original agreed upon completion date, and (c) that the Government finally terminated the contract because of the failure of the Contract Operator to proceed with the exploration. The Government paid to the Operator 50 percent of costs found to be acceptable under the contract provisions, except for $200 that had been withheld in lieu of an acceptable final report from the Operator as required under the contract.

Based on our understanding of the question of whether or not the Operator had sufficiently complied with the intention of the exploration contract or had been excused from compliance for sufficient and valid reasons is a matter for administrative determination. Accepting this premise, we find that the settlement made in this instance is in conformity with the contract terms and usual procedures.

William T. McClelland

William T. McClelland

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REPORT OF COST REVIEW - CONTRACT 2132
DOCKET NO. OME-6141 (MERCURY)
PACIFIC MINERALS & CHEMICAL CO., INC.
CROOK COUNTY, OREGON

INTRODUCTION

By memorandum dated February 4, 1966, the Chief, Office of Minerals Exploration (OME), Geologic Division, requested a report of review on the subject exploration contract. The necessary examination of the records and preparation of the report was authorized by the Chief Auditor on March 9, 1966, under Audit Assignment No. 53 and was performed March 9 to 11, 1966.

This contract dated December 15, 1961, provided that the exploration should begin by June 1, 1962, and be completed within 14 months from the date of the contract. The contract had been amended eight times. Amendment No. 8 extended the time for completion of the work to 48 months and the royalty repayment period to 13 years from the date of the contract. This amendment also provided: (a) that should the exploration work not be resumed on or before June 1, 1965, the contract and all obligations of the parties thereunder shall be terminated effective October 15, 1963, and (b) that the Operator shall pay to the Government the royalty provided by the contract, for the period set forth in the amendment, the same as if the Government had issued a certificate of possible production.

Exploration work was not resumed by June 1, 1965, and by letter dated June 23, 1965, the Acting Director, Office of Minerals Exploration, informed the Operator that the contract was terminated as of October 15, 1963. In other letters, dated January 25, 1966, the Chief, Office of

Minerals Exploration, advised the Operator and the landowners that the Government retained a lien on the land covered by the contract and any production therefrom, for the period December 15, 1961, to December 15, 1974, or until the Government advance is fully repaid with interest.

No royalty has been received to date on the value of any production from the property and there is no evidence in the contract files to indicate that any production from the property had been made since December 15, 1961, on which the Government would be entitled to royalty.

SCOPE OF THE AUDIT

Our examination of Contract 2132 included a review of the monthly vouchers 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.

The principal objective of our examination was to ascertain whether or not the Contract Operator had complied with the provisions of the contract, and to determine the effectiveness of contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor mineral exploration agencies. The report presents our findings and conclusions, together with our recommendations and other suggested action where applicable.

AUDIT FINDINGS

The exploration work accomplished under this contract subject to the Government's 50 percent participation was performed during the period June 1, 1962 to October 15, 1963.

An Interim Report of Review was issued on May 18, 1964, by an OME auditor. The status of this account at October 15, 1963, as shown by the prior review, is listed below.

Allowable Costs

Category (1) Independent Contracts:	
Bulldozing - 18½ hours @ $12.50	$231.25
Mobilization of churn drill (job)	250.00
Churn drilling - 1,385 feet @ $6.50	9,002.50
Subtotal	$9,483.75
Fixed Unit Costs:	
Phases 1 and 2	1,000.00
Incidental allowance - 1385 feet @ $1.67	2,312.95
Sample sacks - 94 @ 15¢	14.10
Mercury determinations:	
Soil samples - 65 @ $1.25	81.25
Drill samples - 29 @ $3	87.00
Total Acceptable Cost	$12,979.05
Government Participation - 50 percent basis	$6,489.52
Less: Amount withheld pending receipt of final report called for in Article 5 (a) of the contract	200.00
Amount Paid to the Operator	$6,289.52

Our examination has determined that the costs accepted for Government participation as indicated in the above tabulation are in accordance with the provisions of the contract and that settlement has been made with the Operator.

In a letter dated December 1, 1965, the Chief, Office of Minerals Exploration, advised the Operator that unless a satisfactory final report was received within 30 days from the date of that letter, the amount of $200 withheld would be applied to processing the preparation of such report and the account would be closed. In another letter to the Operator dated January 19, 1966, the Chief, Office of Minerals Exploration, stated that the 30 days had elapsed without the receipt of the final report and that the $200 would be applied as previously indicated and the account closed. We concur and recommend that the account be formally closed through write-off of the remaining obligated balance for Government participation.

ocket copy

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Cost Review - Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Crook County, Oregon

Report Issued: April 1966

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Cost Review - Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Crook County, Oregon

Report Issued: April 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: March 9 to 11, 1966

IN REPLY REFER TO:

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

OFFICE OF THE DIRECTOR

April 18, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Internal Audit of Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain Group
Crook County, Oregon

We have made a cost review of Contract 2132, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance.

Our examination disclosed: (a) that only a small part of the exploration contemplated by the contract was actually completed, (b) that the time for completion of the work was extended for more than two years from the original agreed upon completion date, and (c) that the Government finally terminated the contract because of the failure of the Contract Operator to proceed with the exploration. The Government paid to the Operator 50 percent of costs found to be acceptable under the contract provisions, except for $200 that had been withheld in lieu of an acceptable final report from the Operator as required under the contract.

Based on our understanding of the question of whether or not the Operator had sufficiently complied with the intention of the exploration contract or had been excused from compliance for sufficient and valid reasons is a matter for administrative determination. Accepting this premise, we find that the settlement made in this instance is in conformity with the contract terms and usual procedures.

William T. McClelland

William T. McClelland

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DOCKET NO. OME-6141 (MERCURY)
PACIFIC MINERALS & CHEMICAL CO., INC.
CROOK COUNTY, OREGON

INTRODUCTION

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Exploration work was not resumed by June 1, 1965, and by letter dated June 23, 1965, the Acting Director, Office of Minerals Exploration, informed the Operator that the contract was terminated as of October 15, 1963. In other letters, dated January 25, 1966, the Chief, Office of

Minerals Exploration, advised the Operator and the landowners that the Government retained a lien on the land covered by the contract and any production therefrom, for the period December 15, 1961, to December 15, 1974, or until the Government advance is fully repaid with interest.

No royalty has been received to date on the value of any production from the property and there is no evidence in the contract files to indicate that any production from the property had been made since December 15, 1961, on which the Government would be entitled to royalty.

SCOPE OF THE AUDIT

Our examination of Contract 2132 included a review of the monthly vouchers 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.

The principal objective of our examination was to ascertain whether or not the Contract Operator had complied with the provisions of the contract, and to determine the effectiveness of contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor mineral exploration agencies. The report presents our findings and conclusions, together with our recommendations and other suggested action where applicable.

AUDIT FINDINGS

The exploration work accomplished under this contract subject to the Government's 50 percent participation was performed during the period June 1, 1962 to October 15, 1963.

An Interim Report of Review was issued on May 18, 1964, by an OME auditor. The status of this account at October 15, 1963, as shown by the prior review, is listed below.

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Churn drilling - 1,385 feet @ $6.50	9,002.50
Subtotal	$9,483.75
Fixed Unit Costs:	
Phases 1 and 2	1,000.00
Incidental allowance - 1385 feet @ $1.67	2,312.95
Sample sacks - 94 @ 15¢	14.10
Mercury determinations:	
Soil samples - 65 @ $1.25	81.25
Drill samples - 29 @ $3	87.00
Total Acceptable Cost	$12,979.05
Government Participation - 50 percent basis	$6,489.52
Less: Amount withheld pending receipt of final report called for in Article 5 (a) of the contract	200.00
Amount Paid to the Operator	$6,289.52

Our examination has determined that the costs accepted for Government participation as indicated in the above tabulation are in accordance with the provisions of the contract and that settlement has been made with the Operator.

In a letter dated December 1, 1965, the Chief, Office of Minerals Exploration, advised the Operator that unless a satisfactory final report was received within 30 days from the date of that letter, the amount of $200 withheld would be applied to processing the preparation of such report and the account would be closed. In another letter to the Operator dated January 19, 1966, the Chief, Office of Minerals Exploration, stated that the 30 days had elapsed without the receipt of the final report and that the $200 would be applied as previously indicated and the account closed. We concur and recommend that the account be formally closed through write-off of the remaining obligated balance for Government participation.

MME Form 7
(2/63)

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OFFICIAL FILE COPY

Date	Surname	Code
1/18	Selfridge	120
		220
	Terry	140
		~~120~~
		110
1/25	Cal	220
		120M

JAN 25 1966

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

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

Dear Mr. Sepic:

Pursuant to Article 7 of the subject contract, as amended, and Item 5 of Amendment No. 8 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 $6,289.52 is fully repaid with interest at the rate of 6¼ 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 I, 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.

FROM SOLICITOR
JAN 21
FOR SIGNATURE

Attention is specifically invited to the provisions of Article 2(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~~ Roger Golliard, P. O. Box 1895, Page, Arizona
Mr. and Mrs. Earl Zimmerman, c/o McKay, Panner & Johnson, 1026 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 H. Parkinson, Box 487, Redmond, Oregon

cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance, Rm. 5408
OME File
OME Region I
OME Reading File
CA&A
Mr. Selfridge (2)

GCSelfridge/gla (1-18-66)

RECEIVED
JAN 2 1966
Division of Mineral Resources
General Legal Br.

6/

New Address 12/7/63

Pacific Minerals & Chemical Co., Inc.
1301 South Kay St., Tacoma 5, Washington

C. M. Ellingsen resigned as president, as of 12/1/63

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
E. D. Talbert, OME Auditor

May 18, 1964

14-23-090-2132 Pacific Minerals & Chemical Co., Inc. OME-6141

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.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

September 1, 1964

dum

The File

n: F. M. Murphy, Mining Engineer
Division of Exploration Operations

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

Justification for Amendment No. 3

In April 1964 the Operator requested that the work be changed from churn drilling to diamond drilling to more adequately explore the property.

On May 8, 1964, Region I recommended a drilling program using X-ray core drilling. At the same time it requested the Operator to submit bids from independent contractors for the drilling. During MacLaren's visit to Washington this office expressed some doubts that the X-ray machine could drill holes to the required depth of 145 to 165 feet.

On June 30, 1964, MacLaren forwarded a letter from Juan Munoz stating that he was sure the X-ray drill could reach the required depths.

On July 13 Region I forwarded copies of drilling bids to Washington. The writer took no action as he expected some comment from MacLaren on the proposed X-ray drilling.

In an August 26 memorandum MacLaren was asked if we should proceed with the amended contract he recommended. On August 28 MacLaren telephoned the writer to discuss the contract. He said he had been waiting for the amended contract and I explained my position. I mentioned it was very late in the season to get a drill crew lined up and accomplish much drilling. He then said he would telephone the Operator and call me again Monday.

ED 2K3

On Monday, August 31, MacLaren called and advised that the Operator thought it too late and requested that the recess period be extended to June 1, 1965. MacLaren also said that Juan Munoz had been on the property most of the summer and had some new ideas on the best way to explore it. Also, Munoz was going to write him soon.

It is recommended that the Operator's request for a time extension be granted since it did submit its program in time and it was our actions which delayed starting the drilling in June of this year.

F. M. Murphy

Amendment
No. 8

Government's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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 (OME-6141), dated December 15, 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, 1965.

(ii) Effective December 15, 1965, 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 Fred Lepie

Title Vice President

Long
Selfridge
Johnson

Government'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. 2132 (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 [signature]
Acting Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By [signature]

Title Vice Pres.

Long
Asst. Sol. Off.
Murphy
Swanson
Talbert
Selfridge
Johnson

Government'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 Duane Tunnicliff
Acting Director, Office of
Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By Fred Lepic

Title V. P.

Long
App'd. Sol. Off.

Talbot
Selfridge
Murphy
Johnston

Government's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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. 2132 (OME-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

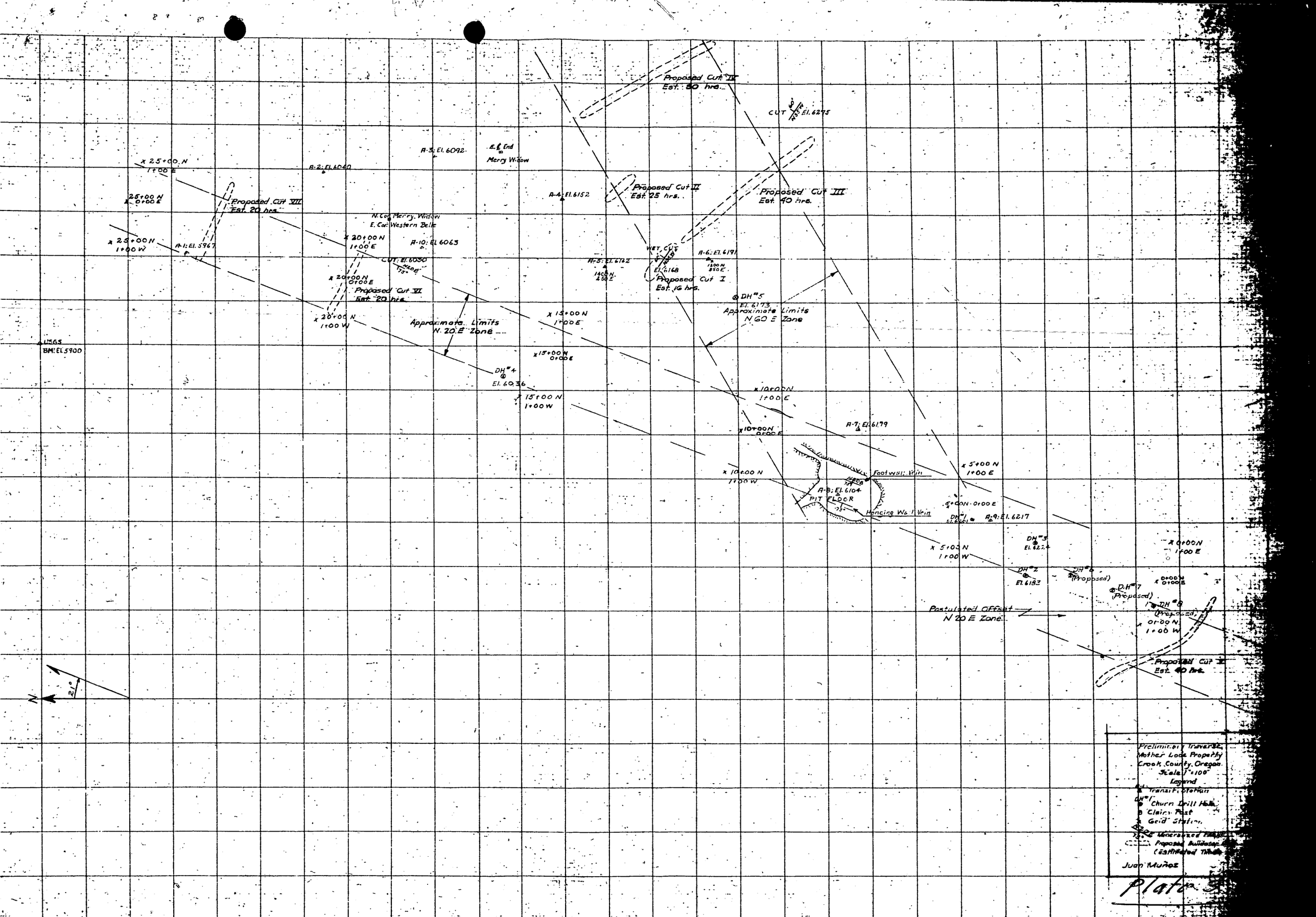
By George Turnicliff
Director, Office of Minerals Exploration

Long
App'd. Sol. Off.
Murphy
Talbert
Selfridge
Johnson

PACIFIC MINERALS & CHEMICAL CO., INC.

By G. M. Ringpen

Title President


Proposed Cut IV
Est. 80 hrs.
CUT
El. 6245
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 20+00 N
1+00 E
A-10: El. 6063
x 25+00 N
1+00 W
A-1: El. 5967
CUT: El. 6050
WET CUT
El. 6168
A-6: El. 6191
A-5: El. 6142
1400 N.
250 E
1500 N
850 E
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
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. 6182
DH#6
(Proposed)
D.H.#7
(Proposed)
x 0+00 N
0+00 E
DH#8
(Proposed)
x 0+00 N
1+00 W
Postulated Offset
N 20 E Zone
Proposed Cut V
Est. 40 hrs.
N
21°
Preliminary Traverse,
Mother Lode Property
Crook County, Oregon
Scale 1" = 100'
Legend
Transit Station
DH#1 Churn Drill Hole
Claim Post
Grid Station
Mineralized Fault
Proposed Bulldozer Cut
(Estimated Trench)
Juan Muñoz
Plate 3

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code

September 3, 1963

Memorandum

To: The File

From: F. M. Murphy, Mining Engineer
Division of Minerals

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

Justification for Amendment No. 4

The above-referenced contract is on an actual cost basis except for assay determinations.

Since the work started the Operator's first supervisor at the mine has failed to furnish assay certificates as the work was done at the mine rather than by a commercial assayer; also, according to MacLaren, the hours of supervision, transportation, etc. are fouled up and distribution of costs between contract and concurrent non-contract work is impossible.

The Operator has hired a new supervisor, but evidently the previous one did not keep records sufficient to process the Operator's vouchers, which have remained unpaid for eight months to one year.

Because the work provided for in the contract are specific items, it could be put on a unit cost basis. In this case MacLaren could visually check all items and the Operator could be reimbursed. Therefore, it is recommended that this amendment changing the contract to unit costs, except for independent contract bulldozing and drilling, be approved.

Government's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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 15, 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 George Turnicks
Director, Office of Minerals Exploration

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Selfridge

PACIFIC MINERALS & CHEMICAL CO., INC.

By [illegible]

Title President.

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Government's Copy

	Treasurer	500
	B/A Murphy	500

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 15, 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 Turnick
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By [illegible]

Title President

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SPOKANE, WASH.

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SPOKANE, WASH.

Government's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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. 2132 (OME-6141) dated December 15, 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, Actual Costs, Category (1) 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 J. M. Ellingsen

Title President.

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

October 15, 1962

Memorandum to the File

From: F. M. Murphy, Mining Engineer
Division of Minerals

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

JUSTIFICATION FOR AMENDMENT NO. 1

In a letter, dated October 2, 1962, to Region I, the Operator requested that it be allowed to use a Jones splitter to reduce samples instead of coning and quartering. The drill cuttings are wet averaging 55 gallons per 5 feet of hole and their drying facilities, although considerable, are not sufficient to process all the samples. This amendment will allow a faster preliminary splitting of the samples.

The contract specifications are for a full-time supervisor, however, it is possible that full-time supervision is not always necessary. This amendment will allow part-time supervision. Since this item is on an actual cost basis, the Operator must submit a transcript of payroll.

F M Murphy

Government's Copy

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMCIAL 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 George Turnich
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By [illegible]

Title President.

JAN 8 1962

Government's Copy

MME Form 50
Feb. 1959

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 1 5 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 ¼ 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 C. M. Ellingsen

Title President

THE UNITED STATES OF AMERICA

By George Turnich Talbert
Director, Office of Minerals Exploration

Sellers
Brown
App'd. Sol. Off.
Murphy
Grundel
Johnson
Selfridge

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.

William H. Botzer

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52390

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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
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

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 Cobar groups under a "Contract," dated April 3, 1961, between Werdenhoff Mining Company, an Idaho corporation, and Pacific Minerals & Chemical Co., Inc.

Werdenhoff Mining Company is the owner of the claims listed in the Cobar 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 Golliard and Marie Golliard, husband and wife; Frank O. Reid and Ann Reid, husband and wife; and Keith H. Parkinson and Betty J. Parkinson, husband and wife.

Copies of the Lien and Subordination Agreements pertaining to the Cobar and Mother Lode groups and signed by the interested parties are attached hereto and made part hereof.

Exhibit Golliard

Mother Lode Group

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, described as follows:[2] Mineral claims 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, Ariz.	(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)

~~Richard~~ Zimmerman

Mother Lode Group.
Hay.

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090– 2132
Contract Date DEC 15 1961

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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 Gollard Earl Zimmerman

Jessie Zimmerman (Seal) _____ (Street) (City & State)

Marie Gollard 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)

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 ~~xxxxxxxxxxxxxxxxxx~~ 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.)

RKR ~~Interest of Owner~~ 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.

APPLICANT SHOULD NOT SIGN

[signature] (Seal) Werdenhoff Mining Company (Street)
Richard K. Ruffo
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)

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.

[signature] (Corporate Seal)

INT.-DUP. SEC., WASH., D.C.
95181

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/ OK

To the United States of America:

That certain land in the County of Crook, State of Oregon, consisting of ~~XXXXXXXXXXXXXXXXXX~~ 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 downpayment, 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, 1964.

Richard K. Ruffo	(Seal)	Werdenhoff Mining Company 1005½ So. 11th Street	(Street) (City & State)
Richard K. Ruffo		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 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)

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

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 15 1961

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, 19 61.

Frank C. Reid (Seal)	Box 731 (Street)	Redmond Ore (City & State)
Dorothea Ann Reid (Seal) also known as ANN REID	Box 731 (Street)	Redmond, Oregon (City & State)
Keith R. Parkinson (Seal)	Box 489 (Street)	Redmond Oregon (City & State)
Betty J. Parkinson (Seal)	Box 489 (Street)	Redmond, Ore. (City & State)
(Seal)	(Street)	(City & State)
(Seal)	(Street)	(City & State)

APPLICANT'S HOLD NO 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)

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 Blanchard
Notary Public for Oregon
My Commission expires: July 29, 1964

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-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, churn 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.

Churn 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 churn 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.

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

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 $10,922.56 (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

OFFICIAL FILE COPY
O. M. E.
RECEIVED 27 1961
DATE

AMENDMENT OF CONTRACT

THIS AMENDMENT OF CONTRACT, made, executed, and entered into, by and between WERDENHOFF MINING COMPANY, an Idaho Corporation, hereinafter called First Party, and PACIFIC MINERALS & CHEMICAL COMPANY, INC., a Washington Corporation, hereinafter called Second Party.

WITNESSETH:

WHEREAS, heretofore and on the 3rd day of February, 1960, First Party executed and entered into a certain contract, dated said date, with ROBERT G. EARLEY, of Tacoma, Washington, whereby said Second Party agreed to advance certain funds, furnish certain materials, and conduct certain operations upon claims of First Party in the County of Crook, State of Oregon; and

WHEREAS, thereafter and on or about the 11th day of April, 1960, said ROBERT G. EARLEY assigned and transferred to Second Party herein all of his right, title, and interest under said contract, subject to and with Second Party herein assuming to fulfill all of the terms, conditions, and agreements of said ROBERT G. EARLEY under said Contract; and

WHEREAS, it was provided in said contract, among other things, that the contractor named therein would advance funds not exceeding $150,000.00 to First Party to satisfy obligations of First Party until commencement of operations, and cause to be installed a Pacific Mercury Plant on the said claims and equip the same for operation, so that there would be installed and in operation on the claims a mill and facilities which would be capable of processing a minimum of 40 tons of cinnabar ore daily; and

WHEREAS, in consideration of said expenditures and labor and materials to be furnished by said contracting party, First Party herein agreed that it would issue its notes, aggregating not more than $200,000.00 for labor and materials to be furnished, payable not later than two years after date of issuance, with interest at the rate of 7% per annum; and

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Item 2. Transmitted with Pacific Minerals & Chemical Co., Inc. letter October 25, 1961

WHEREAS, Infurther consideration of said advances of funds, and labor and materials of said contracting party, First Party further agree that said contracting party would have the operation of said claims for a period of two years, and would further have 30% of the net proceeds of operation of said claims for said period of two years, and that, if said operations would result in the realization by First Party of the sum of $100,000.00, that said contracting party would have the option to renew said contract for the additional term of five (5) years; and

WHEREAS, said ROBERT O. EARLEY, and his successor in interest, Second Party herein, duly performed under said contract, so that there is now installed, and ready for operation, a Pacific Mercury Plant, of the kind and quality described; and

WHEREAS, it was contemplated by both of the parties to said contract, on the basis of engineering and other reports available to both parties, that there was known, and located on the said claims, sufficient cinnabar ore, or high mercury content, to guarantee sustained operations for a prolonged period of time; and

WHEREAS, through development work at the expense of the Second Party herein, it has appeared that the said engineering reports and estimates were in error in material respects, so that, while there still appears to be very substantial cinnabar ore available, with sufficient mercury content, the expense of locating and extracting the same has exceeded, and will continue to exceed, by a substantial amount, the amount of investment deemed necessary to assure sustained operation of the said mill; and

WHEREAS, Second Party, in view of the substantial additional outlay of capital required, is unwilling to proceed with said operation upon the basis of the initial contract term; and

WHEREAS, the failure to obtain a sufficient store of cinnabar ore for sustained operations has been due to no fault of Second Party, which has performed its obligations under said contract diligently and with its best efforts; and

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WHEREAS, in view of said unwillingness of Second Party to proceed, it is open to First Party to (1) pay off any and all notes for materials and advances supplied by Second Party, up to $200,000.00, in which event First Party would be entitled to retain any and all improvements placed by Second Party upon the said claims, or (2) refuse to pay the notes, in which event it would be open to Second Party to remove any and all improvements placed by Second Party upon the said claims, and

WHEREAS, in view of the premises, the parties hereto desire to enter into an amendment and modification of the existing contract now, therefore, it is hereby

UNDERSTOOD AND AGREED, that the following contract supersedes said Contract of February 3, 1950, and all other agreements between the parties:

CONTRACT

THIS CONTRACT, made, executed and entered into by and between WERDENHOFF MINING COMPANY, an Idaho Corporation, hereinafter called First Party and PACIFIC MINERALS & CHEMICAL COMPANY, INC., a Washington Corporation, hereinafter called "Second Party".

WITNESSETH:

I. Obligations of Second Party.

A. Second Party shall:

Within 36 months from and after the date hereof, advance and expend funds, as follows:

1. Advance funds for the satisfaction of obligations of the First Party, not exceeding $50,000.00, and only to the extent necessary to save properties or property interests of First Party from loss, attachment, or execution.

2. Invest funds in exploration, development, extractions of minerals, equipment, improvements, materials, and things, on said Oregon claims, with the view of assuring sustained operation of the mill on said claims and also invest in the Idaho claims hereinafter mentioned, to the extent necessary to fulfill second party's obligations with respect to such claims.

PROVIDED, HOWEVER, that the total amount advanced and/or invested in said 36-month period shall not be less than $150,000.00 greater than that sum agreed to be invested under that agreement of the 3rd day of February, 1950, by and between First Party and Robert G. Earley, hereinafter referred to as "First Agreement", provided further, however,

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that it is understood and agreed that Second Party has already advanced and/or invested $_____ more than that agreed to be invested under said first agreement and said sum of $_____ shall be applied toward the required minimum investments and advances under this Amendatory Agreement.

B. As promptly as practicable after the execution hereof, proceed with the extraction, prospecting, discovery, recovery, processing, transportation, and marketing of all minerals located on those claims shown in Schedule I, attached hereto, except that Second Party shall under no circumstances be required to do any of said acts with respect to minerals which cannot profitably be marketed.

C. Prosecute the furnishing of materials and work as hereinabove set out in a diligent, continuous, and workmanlike manner, in accordance with the best mining and milling practices, and consistently with the provisions of this contract, unless prevented by the elements, acts of God, strikes, unavoidable accidents, or other causes beyond the control of Second Party.

D. Take full and complete possession of those Mining Claims shown in Schedule I, attached hereto, and take all reasonable measures to protect the same from and against trespass, damage or injury by third persons; provided, however, that said claims and the improvements thereon shall be subject to the right of inspection by First Party as hereinafter set out.

E. During the term of this Contract, perform all assessment work required by the laws of the United States and the State of Oregon upon the mining claims shown in Schedule I, and file any and all affidavits and documents with all governmental offices required by law for proof of such assessment work, and furnish First Party with copies of the same, and evidence of such filing.

F. Remit such funds and render such accountings to First Party as are hereinafter required.

G. Abide by all the provisions hereinafter contained relative to payment of salaries in the operations under this Contract.

H. Permit inspection of the said mining claims, improvements, ground, tools, books, records, ores, minerals, papers, equipment, and other acts, or things, done, made, kept, possessed or held under, or in connection with operations under this Contract, said inspection to be by First Party, its officers, agents, employees, attorneys or accountants.

I. Sell all minerals derived from the said mining claims at the prevailing market price or higher, unless consent is obtained from First Party to sell minerals at a lesser

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price.

J. Obtain and pay for all permits from public authorities which may be required in connection with the performance of this contract, and comply with all laws, rules and regulations of the Federal, State and Local governments having jurisdiction of operations under this Contract, and with lawful orders of any governmental authority having jurisdiction of the same.

K. Upon demand of First Party, permit inspection of such evidence or proof as may be reasonably required by First Party that Second Party is complying with all of his obligations hereunder.

II. Obligations of First Party.

During the term of this Contract, First Party shall:

A. Give over to Second Party the sole and exclusive possession and control of the mining claims shown in Schedule I, and, subject to the restrictions herein contained only, the sole and exclusive right and authority to prospect, discover, recover, mill, refine, process and sell all ores and/or minerals on said mining claims.

B. Make available to Second Party for his use, all buildings, improvements, equipment, machinery, tools, or facilities of whatsoever nature or character, now owned by the corporation.

C. In exchange for those notes issued or due to Second Party, under the provisions of said First Agreement, and in particular under the provisions of paragraph II (a) thereof, First Party shall issue its notes, payable to the order of Second Party, without interest, as follows, to-wit: 40% or more of the amount realized by First Party as its share of proceeds of operations of Second Party under this instrument shall, forthwith upon receipt by First Party, be applied upon the said notes; provided, however, that First Party shall be entitled, before making said payments to Second Party, to make its required payments upon the purchase price of those so-called "mother lode" claims, under purchase contract of July 29, 1958, and payments hereunder to Second Party shall be reduced to the extent required by such purchase money payable, provided, further, that payment of said notes shall be subject to the provisions of paragraph V (b), below.

D. In addition to those notes hereinabove provided, it is further understood that First Party shall issue to Second Party additional notes, from time to time, upon the furnishing to First Party, by Second Party, of vouchers evidencing expenditures by Second Party in the

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furnishing of labor and materials hereunder, or loans to First Party, said notes to be payable at the times and in the manner, and amounts as hereinabove provided with reference to the other notes hereinabove mentioned, it being understood that the total required payments by Second Party shall not exceed the percentage payments hereinabove described, said payments to be applied to all notes issued under this Amendatory Agreement. Provided, however, that however much shall be advanced or expended by Second Party within thirty-six months after the execution of this amendatory agreement, the amount of said additional notes shall not exceed $160,000.00; provided, further, that no notes shall be issued for managerial, executive or policy making services secured or furnished by Second Party; provided, further, that payment of said notes shall be subject to the provisions of paragraph V (b), below.

E. Pay and discharge any incumbrances upon the said mining claims heretofore existing or hereafter arising by reason of default or delinquency of First Party under any written agreement or instrument now in effect, or hereafter arising by reason of any delinquency of First Party to pay real estate or personal property taxes or assessments on properties of First Party; upon failure of First Party so to do, Second Party may, at its option, pay and discharge the same, and in such event, First Party shall reimburse the amount so expended by Second Party on demand.

F. Indemnify and hold harmless Second Party of and from any and all claims, demands, or causes of action for trespass, or like actions for damage or injury to land, arising by reason of acts or operations of Second Party within the boundaries of the mining claims shown in Schedule I, by reason of claims of third parties to ownership of, or interests in, said mining claims; it being the purpose and intent of this clause that, so long as Second Party confines his operations within the boundaries of said mining claims, such actions of trespass, or accountings for profits, or like actions, by persons having or claiming an interest in said mining claims, shall be the responsibility of First Party, and First Party shall indemnify and hold harmless Second Party of and from all of such claims or causes of action, and shall defend against any such claim or action; provided, however, that this paragraph shall in no way be deemed a covenant or warranty of title to said mining claims, as more fully appears hereafter; provided, further, that no responsibility is assumed by First Party for claims or actions arising by reason of Second Party conducting operations outside the boundaries of the mining claims shown in Schedule I; provided, further, that upon being advised by First Party of a question as to the interest of a third party in all or part of said mining claims, and directions that operations be

terminated until said question is resolved, said directions being given in good faith, Second Party shall forthwith comply with said directions, and upon failure so to do, shall assume full responsibility for any and all claims or causes of action by reasons of acts or operations not complying with said directions. First Party hereby states and represents that, to the best of its knowledged, information and belief the right, title and interest of First Party in and to all of said claims is not subject to any lien, incumbrance or other defect save and except that contract whereby First Party purchased the same from Frank Reid and others, as setforth.

III. Proceeds of Operations; Consideration to Second Party.

A. As and for consideration to Second Party, in addition to those notes for dated amounts expended as hereinabove set out, Second Party shall receive all the receipts for the sale of all minerals from the said claims, and shall retain all of the same except that portion required to be paid over to First Party, as hereinafter provided. This paragraph III applies only to the claims shown in Schedule I except as otherwise expressly provided herein.

B. Net profits for the purpose of determining amounts to be paid First Party by Second Party, shall mean the gross receipts from operations by Second Party on said claims, less all expenses of operation, including taxes (except Federal and State income taxes).

C. Within thirty (30) days after the end of each calendar quarter during the initial term of this Contract, as hereafter defined, Second Party shall render to First Party a full, true and correct accounting of all gross receipts from operations hereunder, and all expenses of operation, during the preceding quarter, as then determined and/or estimated. At the time of rendering such accounting, Second Party shall remit to First Party a sum which shall be 50% of the "net profit" from operations during such preceding calendar quarter, less "percentage of gross" payments made by Second Party to First Party for such quarter, as said term is hereafter defined.

D. Within three months and fifteen days after the close of each calendar year during the initial term of this contract, Second Party shall render unto First Party a full, true and correct accounting of all receipts from operations hereunder, and all costs and expenses of operation. At said time the respective percentages of "net profits" payable to First Party, and to be retained by Second Party, shall be adjusted in accordance with said annual accounting for the preceding calendar year. If said annual accounting shall show that First Party has been paid in excess of 50% of the "net Profits" for the preceding calendar year, said overpayment shall be adjusted by a payment by First Party to Second Party on demand, and similarly, if said annual accounting shall show that Second Party has retained more than 50% of the net profits for the

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preceding calendar year, said excess retention of funds shall be adjusted by a payment by Second Party to First Party on demand.

E. The accountings upon which the retained percentage of Second Party, and the percentage to be paid First Party, shall be based, shall be in accordance with accepted accounting principles, net profits being those profits from operations determined without allowance for federal or state income taxes. Depreciation shall be allowed as an expense of operation to the extent allowed by sound accounting principles, and with reference only to depreciable assets owned by Second Party. No depreciation or depletion of the mining claims, ores or minerals shall be allowed as an expense to Second Party. Further, no salaries in excess of $20,000.00 for any one person in the employ of second party, and not more than three (3) salaries in excess of $10,000.00 to persons employed by Second Party, shall be allowed as expenses in said accounting, without the prior written consent of First Party to such excess salaries, which shall not be unreasonably withheld.

F. In addition to the accountings hereinabove described, Second Party shall, on or before the 15th day of each month during the initial term of this contract, render to First Party an accounting showing the work, in general, completed during the preceding calendar month on the said claims; the amount of ore or minerals sold during the preceding month, and the gross proceeds of sales; and any report of assays made during the preceding month, the reports or results of all drilling conducted. At the time of rendering such accounting, Second Party shall remit to First Party a sum which shall be equal to 10% of the gross receipts from sales of all ores or minerals by Second Party during the preceding calendar month, said sum being herein referred to as "percentage of gross" payments. Notwithstanding anything herein contained to the contrary, and whether or not 50% of "net profits" of operations shall be equal to 10% of the gross receipts of sales, Second Party shall remit said percentage of gross payments to First Party at the times and in the manner hereinabove stated, as minimum required payments by Second Party to First Party. Second Party shall be credited with all such percentage of gross payments, and at the time for making the quarterly accounting of net profits and payments of the specified percentage thereof, the amount of all percentage of gross payments made during the preceding calendar quarter shall be deducted in computing the amount of the percentage of net profits to be paid by Second Party to First Party. It is understood and agreed that the accountings and payments required by this paragraph are also required under that certain "Agreement" made and executed by and between FRANK D. [illegible] and

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others, as sellers, and WERDENHOFF MINING COMPANY, as buyer, dated the 29th day of July, 1958, whereby First Party acquired seven of those claims described in Schedule I, known as the the "Mother Lode" claims.

G. It is understood and agreed that Second Party shall at any and all reasonable times make its properties, inventories, books, records, papers and accounts available for inspection by First Party, its officers, agents, attorneys and accountants for the purpose of verifying accountings and payments made hereunder.

H. During the eighteen (18) year supplemental term of this contract, as hereafter defined, all of the above accounting and payment provisions shall apply, except as follows: All payments required to be made by First Party upon the contract of First Party to acquire seven (7) of those claims described in said contract, which contract is dated the 29th day of July, 1958, shall be deducted from the gross proceeds of operations, for the purpose of determining the net proceeds of operation which shall be divided between the parties hereto. That is to say, at the times provided for making accountings and payments to First Party, Second Party shall first pay to First Party an amount necessary to satisfy the obligations of First Party under said purchase contract of July 29, 1958. The balance shall be divided as follows: 25% of the net proceeds of the operation shall be paid to First Party, and all of the remainder shall be retained by Second Party. Said percentages shall be applied during the entire supplemental eighteen (18) year term of said contract, as amended by this agreement. When said purchase contract, dated 29th July, 1958, shall have been paid in full, the net proceeds of operation, without deduction for said required purchase money payments, shall continue to be divided, during the supplemental eighteen (18) year term, 25% to First Party and 75% to Second Party.

IV. Term of Contract.

A. The initial term of this contract shall be the period of seven (7) years from and after the date hereof, as to the Claims shown in Schedule I, to which this Paragraph IV pertains.

B. If, during the initial term of this contract, Second Party shall have well and faithfully performed all of the agreements, conditions, and provisions hereof, then Second Party may, by written notice given not less than six (6) nor more than seven (7) months prior to the expiration of the initial term of the contract, renew this contract for one supplemental term of eighteen (18) years, subject to the provisions of Paragraph III., (H), above; provided, however, that first party shall have the right to purchase the release of said renewal option,

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on the terms hereinafter defined.

V. Ownership of Properties Supplied by Second Party.

A. All buildings, improvements, equipment, machinery, tools, facilities and personal property acquired, placed on said mining claims shown in Schedule I, and also the Washington and Idaho claims, or used by Second Party in its operations hereunder, for which notes shall have been issued by First Party, and all replacements, repairs, and improvements thereof, shall be and remain the property of Second Party until those notes given by First Party to Second Party pursuant to the provisions of Paragraph II hereof are fully paid and discharged, at which time all of said properties, together with properties thereafter acquired, placed on or used by Second Party in its operations hereunder, shall be and remain the properties of first party.

B. If this contract shall terminate for any reason whatsoever, at a time when said notes of First Party under paragraph No II hereof, as amended, are not fully paid and discharged, then at the the option of First Party, First Party may pay and discharge said notes, and thereby obtain full and complete ownership of all of said property acquired by Second Party, placed on said mining claims, or used by Second Party in its operations hereunder, together with all property thereafter so acquired, placed or used, or deliver a release to Second Party of any and all claims to such properties, in which event said notes of First Party shall be deemed satisfied and discharged, and shall be returned to First Party; provided, however, that if any installment of any note issued pursuant to this agreement shall not be paid when due, Second Party may demand immediate payment of said installment, and in the event that said installment is not paid within ten (10) days after the date of said demand, Second Party may declare any and all right, title, or interest of First Party in and to any and all properties installed upon said claims, or to be installed by Second Party, absolutely and utterly forfeited, in which event all right, title, and interest in and to said properties installed or to be installed by Second Party shall pass absolutely to Second Party; provided, further, that in no event shall said notes be the unconditional obligation of First Party, it being at all times optional with First Party to pay the said notes, and retain the right to acquire the improvements placed by Second Party upon the said premises, and to be placed thereon, or to declare to pay said notes, and thereby surrender any and all right, title, and interest in and to said improvements of Second Party.

C. In any situation wherein this Contract shall terminate, and First Party shall elect not to pay and discharge its said notes to Second Party, Second Party shall return to its

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1 said properties from the mining claims of First Party in such manner as to minimize damage to
2 the claims and improvements and properties of First Party.

3 D. Second Party covenants and agrees that the said properties subject to
4 acquisition by First Party, upon payment of said notes, shall at the time of full payment and
5 discharge of said notes be free and clear of any and all claims, liens and incumbrances, of what-
6 soever nature and character, and that second party will, on demand, pay and discharge any
7 lien or incumbrance appearing after said notes have been satisfied.

8 VI. Compliance with Purchase Contract.

9 It is understood and agreed that seven of the claims shown in the attached
10 Schedule I were acquired by First Party under a certain "agreement", wherein FRANK D. REID
11 and others were sellers, said Agreement being dated the 29th day of July, 1956, that the rights
12 of First Party are subject to said Agreement, and that in all of his operations hereunder,
13 Second Party shall comply with the provisions of this agreement.

14 VII. Title of Mining Claims.

15 It is understood and agreed that mining claims are not subject to that certainty
16 of title possible in the case of real estate generally, and that First Party makes no warranties or
17 covenants of title whatsoever as to any of those mining claims which are the subject hereof.
18 Second Party in executing this Contract takes the risk of possible defects in title of First Party
19 to any or all of said claims, except that First Party shall hold Second Party harmless from claims
20 or actions in the nature of trespass for acts performed within the boundaries of said mining
21 claims, as hereinabove set forth in Paragraph II hereof. Further, First Party covenants and
22 agrees that it will not knowingly do or suffer to be done hereafter any act, or knowingly be
23 guilty of any omission, whereby the title of First Party may be incumbered, or rendered defective.
24 Further, First Party states and represents that, to the best of its knowledge, information and be-
25 lief, the right, title and interest of First Party in and to all of said claims is not subject to
26 any lien, incumbrance or other defect, save and except that contract whereby First Party
27 purchased certain of said claims from Frank Reid, and others, as sellers.

28 VIII. Idaho and Washington Claims.

29 It is understood that First Party, in addition to the claims described in this con-
30 tract, claims to own 103 mining claims in the State of Idaho, and one (1) claims in the State
31 of Washington. It is understood and agreed that, in consideration of this Amendment of Agree-
32 ment, Second Party shall perform any and all assessment work required on said claims for the

-11-

period of seven (7) years from and after the date of this amendatory agreement. Second Party's operations on said claims shall be subject to the same provisions, as to mode and manner of operation, and accounting for proceeds, as are provided with reference to the Oregon claims as hereinabove set out, except that no specific requirements as to improvements, development, or operation, over and above assessment work are made, and except, further, that Second Party shall be required to pay over to First Party only 25% of the net proceeds of operations upon said Washington and Idaho claims. Said accountings and payments shall be made at the same times and in the same manner as hereinabove provided for with reference to the Oregon claims. Not less than six nor more than seven (7) months prior to the expiration of seven (7) years after the date of this amendatory agreement, Second Party shall have the option to extend said rights and obligations with respect to said Idaho and Washington claims for the additional period of eighteen(18) years, on all of the same terms as in this paragraph provided. Said extension shall be by notice in writing to First Party. If Second Party shall not so elect, then there shall be no further rights of second Party with reference to said Idaho and Washington claims, and no further obligations with respect thereto. Provided, however, that there shall be no option to renew as to said Washington and Idaho claims, unless the option to renew as to the claims shown in Schedule I, is exercised.

XI. Purchase of all Right of Second Party.

Upon exercise by Second Party of its option to renew this agreement for a supplemental term of 18 years, as hereinabove provided, First Party shall have the right to purchase from Second Party a release of said renewal term, and release and surrender by Second Party of all of its rights under this Agreement, on the following terms, to-wit: Within ten (10) days after receiving notice of exercise of option to renew, Second Party may give written request for arbitration of the value of the rights of Second Party to said renewal term of eighteen (18) years. Thereupon, and within ten (10) days thereafter, a Board of arbitration shall be convened to determine said value, in accordance with the arbitration procedure hereafter prescribed. Within thirty (30) days thereafter said Board of arbitration shall fix and determine the value of said rights of Second Party. Within thirty (30) days after the rendering of said decision, First Party may, by giving of written notice of election so to do, and payment of 25% of the purchase price, cash, lawful money of the United States, purchase the release and surrender of all of the rights of Second Party for said supplemental term. The purchase price shall be the value as determined by said Board of arbitration, or $[illegible], whichever shall

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH KAY STREET
TACOMA 5, WASHINGTON
FULTON 3-4783

be the greater. The entire balance of the purchase price shall be paid in cash, on or before the last day of the initial term of this contract, and in default thereof, the purchase rights of First Party shall be forfeited, and the 20% part payment forfeited as liquidated damages.

If, at the time of exercise of said purchase rights, all notes of Second Party from First Party shall have been paid and discharged, all of the properties by second party shall belong to First Party, as hereinbefore stated, but if said notes shall not have been paid in full, First Party may, by payment of the balance of the same, over and above said purchase price on or before the termination date of the initial term of this contract, acquire title to the same, notwithstanding any earlier default on said notes.

X. If any question should arise as between the parties as to the true meaning and interpretation of any term or provision of this Contract, or as to the rights or liabilities of either of the parties under this Contract, said question shall be referred to a Board of Three Arbitrators, one chosen by First Party, one by Second Party, and the third by the two so chosen. The decision of any two of said Arbitrators shall be conclusive. The parties hereto shall fully cooperate with said Board of Arbitration, and shall furnish them with any and all documents and data necessary and proper to enable them to arrive at a decision. If either party should fail to name an arbitrator, or should fail to cooperate with the arbitrators chosen, then the decision of the arbitrator chosen by the cooperating party shall be conclusive. If First Party should raise a question which would, if resolved in its favor, result in a termination of this Contract and forfeiture by Second Party, and should be slow in its nomination of an arbitrator and notice of such to Second Party, and if the Board of Arbitration should fail to reach a decision of the question within 15 days after the choice of an arbitrator by First Party, without fault of First Party, First Party shall have the right, at its option, to have all operations of Second Party hereunder suspended until said question is resolved. Costs of such arbitration shall be borne equally by the parties hereto.

XI. Venue of Actions.

Any and all actions or proceedings, at law or in equity, arising directly or indirectly under or by virtue of this Contract, shall be instituted and maintained in the Superior Court of the State of Washington, in and for the County of Pierce.

XII. Notices.

Any notice to be given to either Party under the provisions of this Contract shall be deemed properly given and conveyed if mailed, postage prepaid, registered mail,

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ATTORNEYS AT LAW
819 SOUTH KAY STREET
TACOMA 5, WASHINGTON
FULTON 3-4783

addressed to the respective parties at their addresses, as follows, to-wit:

First Party — 1005 1/2 So. 11th Street, Tacoma, Washington

Second Party — Tacoma, Washington

XIII. Attorney fees.

If any action should be brought to enforce any covenant, agreement, condition, term or provision of this Contract, or on account of breach or default under any term or provision of this Contract, then the prevailing party in such suit or action shall be entitled, in addition to his costs and disbursements, to attorneys fees from the other party in such amount as the Court shall deem reasonable.

XIV. Severability.

Should any part, term or provision of this Contract be by the Courts decided to be illegal or in conflict with any law or public policy, the validity of the remaining portions or provisions shall not be affected thereby.

XV. Non-Waiver.

No Waiver, indulgence, or omission to insist upon the strict performance of each and every term or provision of this Contract shall be construed or deemed to be a waiver of any prior or subsequent default, breach or failure of performance hereunder.

IN WITNESS WHEREOF the parties hereto have executed this Contract this 3rd day of April, 1961.

WESTERN OIL MINING COMPANY,

By [signature]
President

[signature]
Secretary

PACIFIC MINERALS & CHEMICAL COMPANY, INC.

By [signature]
President

[signature]
Secretary

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH KAY STREET
TACOMA 5, WASHINGTON
FULTON 3-4783

STATE OF WASHINGTON }
County of Pierce } ss.

On this day before me, personally appeared [illegible] and [illegible] Thompson, to me known to be the President and Secretary, respectively, of WEDDERBURN MINING COMPANY, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN under my hand and official seal this 3rd day of April 1961.

Notary Public in and for the State of Washington, residing at Tacoma.

STATE OF WASHINGTON }
County of Pierce } ss.

On this 19th day of APRIL, 1961, before me, personally appeared C. M. ELLINGSEN and WILLIAM H. BOTZER, to me known to be the President and Secretary, respectively, of PACIFIC MINERAL & CHEMICAL COMPANY, INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of the said corporation.

GIVEN under my hand and official seal the day and year first above written.

Marian Kimbro
Notary Public in and for the State of Washington, residing at ~~Tacoma~~, Seattle

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH KAY STREET
TACOMA 5, WASHINGTON
FULTON 3-4783

SCHEDULE 1 - OREGON CLAIMS

1. Jack Knife, as more particularly described in the Notice of Claim recorded May 8, 1954, in Book 7 of Mines at page 236, records of Crook County, Oregon.

2. Worry Widow, as more particularly described in the Notice of Claim recorded May 8, 1954, in Book 7 of Mines at page [illegible], records of Crook County, Oregon.

3. Western Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 323, records of Crook County, Oregon.

4. Eastern Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 327, records of Crook County, Oregon.

5. Canyon Creek No. 1, as more particularly described in the Notice of Claim recorded May 16, 1953, in Book 7 of Mines at page 410, records of Crook County, Oregon.

6. Canyon Creek No. 2, as more particularly described in the Notice of Claim recorded May 18, 1955, in Book 7 of Mines at page 417, records of Crook County, Oregon.

7. Canyon Creek No. 3, as more particularly described in the Notice of Claim recorded August 25, 1955, in Book 7 of Mines, at page 551, Records of Crook County, Oregon.

8. MD, quarts mining claims, as located in the Notice of Location of Quarts Claim filed August 19, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon.

9. View Point, quarts mining claim, as located in the Notice of Location of Quarts Claim filed January 20, 1955 and recorded in Book at page 401, Records of Mines in the records of Crook County, Oregon.

10. Kelly, quarts mining claim, as located in the Notice of Location of Quarts Claim filed January 20, 1955 and recorded in Book 7 at page 403, Record of Mines in the records of Crook County, Oregon.

11. Neva Mae #1, as located in the Notice of Mining Location of Quarts Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon.

12. Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 173, Records of Mines in the records of Crook County, Oregon.

13. Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon.

14. Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10, page 277, Record of Mines in the records of Crook County, Oregon.

15. Round Mountain #3, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 566, Record of Mines in the records of Crook County, Oregon.

16. Round Mountain #4, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 568, Record of Mines in the records of Crook County, Oregon.

17. Round Mountain #5, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon.

18. Three L's #1, as located in the Notice of Mining Location filed October 23, 1956 and recorded in Book 10 at page 358, Record of Mines in the records of Crook County, Oregon.

19. Three L's #2, as Located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 360, Record of Mines, in the records of Crook County, Oregon.

20. Three L's #3, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 362, Record of Mines in the records of Crook County, Oregon.

21. Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957 and recorded in Book 10 at page 574, Record of Mines in the records of Crook County, Oregon.

OFFICIAL FILE COPY
O. M. E.
RECEIVED Oct 27 1961
DATE | INIT.

DEED

KNOW ALL MEN BY THESE PRESENTS, that ~~SUBAH MINES~~, INC., a Corporation duly organized and existing under the laws of the State of Oregon, in consideration of TEN DOLLARS ($10.00) AND OTHER ~~VALUABLE CONSIDER-~~ ATION to it paid by ***** WILLIAM H. BOTZER *******

does hereby grant, bargain and sell and convey to the said

*** WILLIAM H. BOTZER (IN TRUST) ****

their heirs and assigns, forever, the following real property with the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining; and also all the estate, right, title and interest, at law and equity, therein and thereto, situated in the Cohoco Mining District, County of Crook, and State of Oregon, bounded and described as follows, to-wit:

Fourteen mining claims known and described as follows, to-wit:

MD, quartz mining claims, as located in the Notice of Location of Quartz Claim filed August 10, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon;

View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book at page 401, Record of Mines in the records of Crook County, Oregon;

Kelly, quartz mining claims, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book 7 at page 405, Record of Mines in the records of Crook County, Oregon;

Neva Mae #1, as located in the Notice of Mining Location of Quartz Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon;

Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 173, Records of Mines in the records of Crook County, Oregon;

Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon;

Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10 at page 277, Record of Mines in the records of Crook County, Oregon;

Round Mountain #3, as located in the Notice of Mining Location, filed July 27, 1957, and recorded in Book 10 at page 568, Record of Mines in the records of Crook County, Oregon;

Transmitted with Pacific Minerals & Chemical Co., Inc. letter October 25, 1961

Item 5.

Round Mountain #4, as located in the Notice of Mining Location, filed July 25, 1957, and recorded in Book 10 at page 358, Record of Mines in the records of Crook County, Oregon;

Round Mountain #5, as located in the Notice of Mining Location, filed July 25, 1957 and recorded in Book 10 at page 370, Record of Mines in the records of Crook County, Oregon.

Three L's #1, as located in the Notice of Mining Location, filed October 28, 1956, and recorded in Book 10 at page 358, Record of Minesin the records of Crook County, Oregon;

Three L's #2, as located in the Notice of Mining Location, filed October 28, 1956 and recorded in Book 10 at page 360, Record of Mines in the records of Crook County, Oregon;

Three L's #3, as located in the Notice of Mining Location, filed October 28, 1956 and recorded in Book 10 at page 362, Record of Mines in the records of Crook County, Oregon;

Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957 and recorded in Book 10 at page 374, Record of Mines in the records of Crook County, Oregon;

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

TO HAVE AND TO HOLD the same to the said

***** WILLIAM H. BOTZER ******

their heirs and assigns forever, and the said Cobar Mines, Inc. does covenant with the said ***** WILLIAM H. BOTZER (IN TRUST) ******

and their legal representatives forever, that it is lawfully seized in fee simple of the above described and granted mining claims, and has a valid right to convey same; that the said mining claims are free from all encumbrances, and that it will, and its successors shall warrant and defend the same to the said grantees, their heirs and assigns forever, against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, COBAR MINES, INC., pursuant to a resolution of its Board of Directors, duly and legally adopted, has caused these

presents to be signed by its President and Secretary, and its corporate seal to be hereunto affixed this 15th day of OCTOBER, 1959.

COBAR MINES, INC.

By _____ President

By _____ Secretary

STATE OF OREGON)
) ss
County of Deschutes)

On this _____ day of _____, 1959, before me appeared FRANK O. REID and KEITH M. PARKINSON both to me personally known, who being duly sworn, did say that he, the said FRANK O. REID, is the President, and he, the said KEITH M. PARKINSON, is the Secretary of COBAR MINES, INC., the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation by authority of its Board of Directors, and FRANK O. REID and KEITH M. PARKINSON acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, this the day and year first in this, my certificate, written.

Notary Public In and for the State of Oregon, residing at _____.
My Commission Expires _____

OFFICIAL FILE COPY
O. M. E.
RECEIVED Oct 27 1961
DATE | INITIALS

QUIT-CLAIM DEED

The Grantor, WILLIAM H. BOTZER, as Trustee, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration does convey and quit-claim to THE WERDENHOFF MINING COMPANY, an Idaho corporation, the following real property with the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining; and also all the estate, right, title and interest, at law and equity, therein and thereto, situated in the Ochoco Mining District, County of Crook, State of Oregon, bounded and described as follows:

Fourteen mining claims known and described as follows, to-wit:

MD, quartz mining claims, as located in the Notice of Location of Quartz Claim filed August 19, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon;

View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book at page 401, Record of Mines in the records of Crook County, Oregon;

Kelly, quartz mining claims, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book 7 at page 403, Record of Mines in the records of Crook County, Oregon;

Neva Mae #1, as located in the Notice of Mining Location of Quartz Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon;

Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 173, Records of Mines in the records of Crook County, Oregon;

Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon;

Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10 at page 277, Record of Mines in the records of Crook County, Oregon;

Round Mountain #3, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 566, Record of Mines in the records of Crook County, Oregon;

Transmitted with Pacific Minerals & Chemical Co., Inc. letter October 25, 1961 Item 6

Round Mountain #4, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 568, Record of Mines in the records of Crook County, Oregon;

Round Mountain #5, as located in the Notice of Mining Location, filed July 29, 1957 and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon;

Three L's #1, as located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 358, Record of Mines in the records of Crook County, Oregon;

Three L's #2, as located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 360, Record of Mines in the records of Crook County, Oregon;

Three L's #3, as located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 362, Record of Mines in the records of Crook County, Oregon;

Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957 and recorded in Book 10 at page 574, Record of Mines in the records of Crook County, Oregon;

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

DATED this 22nd day of January, 1960.

Grantor

STATE OF WASHINGTON)
) ss:
COUNTY OF KING)

On this day personally appeared before me WILLIAM H. BOTZER, as Trustee, to me known to the the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22 day of January, 1960.

Marian Kimbro
Notary Public in and for the State of Washington, residing at Seattle.

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 17 1961

DATE	INITIALS	CODE
8/17	[illegible]	500
	Murphy	500

PACIFIC MINERALS AND CHEMICAL CO., INC.
(A Washington Corporation)
Seattle, Washington

BALANCE SHEET
as at
July 31, 1961

ASSETS

Current Assets		
Cash in bank		$ 9,102.37
Fixed Assets		
Mill, machinery and equipment (at cost)		108,585.90
Deferred Charges		
Administrative expenses	$ 2,214.17	
Interest (contra)	937.21	
Licenses	505.00	
Total deferred charges		3,656.38
Other Assets		
Loans and advances	(a) 98,870.27	
Exploration and development costs	(a) 60,250.60	
Organizational expenses	2,064.31	
Total other assets		161,185.18
		$282,529.83

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts payable	$ 60,687.62
Loans payable	30,000.00
Loans and advances payable	30,405.00
Notes payable	25,000.00
Interest payable	937.21
Total current liabilities	147,029.83
Capital	
Common stock (authorized 1,000,000 shares $1.00 par value, issued and outstanding 135,500 shares)	135,500.00
	$282,529.83

(a) Under the terms of the lease and mineral rights contract, the company is to receive from the lessor, the Werdenhoff Mining Company, its notes covering these advances and expenditures. The Werdenhoff Mining Company is to receive fifty percent of the net profits of Pacific Minerals and Chemical Co., Inc.; and from these profits, after the payment of income taxes and payments required under the original mineral claims purchase agreement, is to apply fifty percent of the remainder against its notes to the company.

UNAUDITED REPORT:—This report was prepared to meet certain limited requirements of the client to whom it is addressed. Any one using this report is reminded that the comments and figures therein have not been subjected to the scrutiny or verification of an audit and that the report is not intended to completely cover the affairs of the client.

WILLIAM B. MURRAY
ATTORNEY AND COUNSELLOR AT LAW
525 FAILING BUILDING
PORTLAND 4, OREGON
CAPITOL 6-3819

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O. M. E.
RECEIVED SEP 25 1961

DATE	INITIALS	CODE
		500
		500

September 21, 1961

Hon. George Fumich, Jr.
Director, Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

RE: OME - 6141 (Mercury)
Pacific Mines & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout Mountain groups
Crook County, Oregon

Dear Sir:

Mr. C. M. Ellingsen, President of Pacific Minerals & Chemical Co., Inc., 1024 Bigelow Street, Olympia, Washington, has requested our office to mail to you three bids in connection with the above application.

These bids are as follows: (1) Selby Drilling Corporation, bid of August 11, 1961; (2) Geological Consulting Company, bid of September 19, 1961; (3) Haakon I. Botner Drilling Company, bid of September 21, 1961.

Very truly yours,

William B. Murray

WBM:jb
Enclosures: 9

cc: Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

ALBERT J. WALCOTT, M. S., PH. D.
PRESIDENT

GEOLOGICAL CONSULTING COMPANY
525 FAILING BUILDING
PORTLAND 4, OREGON
TELEPHONES:
CAPITOL 6-3819
BEACON 4-4554

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O. M. E
RECEIVED SEP 25 1961

DATE	INITIALS	CODE

September 19, 1961

Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Dear Sirs:

You have requested us to bid on your 6" churn drilling program on your Mother Lode cinnabar prospect thirty-two miles from Prineville, in Crook County, Oregon.

On your second stage program, holes Nos. 1 to 12, we will drill these 6" holes to a depth of 500' each, a total of 6,000' of drilling, at the price of $6.50 per foot.

On the third stage program, holes Nos. 13 to 18, we will drill these 6" holes to a depth of 500' each, a total of 3,000' of drilling, at the price of $6.50 per foot.

Best Bid

On your fourth stage program, holes Nos 19 to 27, we will drill these 6" holes to a depth of 800' each, a total of 7,200' of drilling, at the price of $7.50 per foot.

Our mobilization charge would be $250, and our demobilization charge would be $250. We will take samples to be assayed from the pulp bailed from each five feet. Drilling is to be done by conventional churn drilling procedures.

O.K.

Very truly yours,

GEOLOGICAL CONSULTING COMPANY

By [signature]

AJW:k

Selby Drilling Corporation
DRILLING CONTRACTORS
310 BROADWAY P. O. BOX 480
BOISE, IDAHO

R. E. SELBY
PRESIDENT

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 25 1961

DATE	INITIALS	CODE
	ADDRESS REPLY TO:	

August 11, 1961

Geological Consulting Services
525 Failing Building
Portland 5, Oregon

Gentlemen:

The following is our proposal for exploratory drilling at the Werdenhoff Mining Co. (Pacific Minerals and Chemical Co., Inc.) property east from Prineville, Oregon in the Ochoco National Forest.

Mobilization and demobilization	$2,000.00 per drill outfit
Diamond core drilling, NX size, Ochoco formation	9.00 per lf
Diamond core drilling, NX size, Clarno formation	12.50 per lf
Casing hole	3.00 per lf
Reaming hole	6.00 per lf
Standby, moving or other miscellaneous operations or delays not of our making	16.00 per hr.

As an alternate we submit the following proposal.

Mobilization and demobilization	$1,000.00 per drill outfit
Churn drilling	7.00 per lf
Standby, moving, etc. as above and sampling other than every ten feet of drilling	12.00 per hr.

In connection with the churn drilling, we would completely clean the hole every ten feet to take the sample, then, following the sampling, would use commercial bentonite for drilling mud.

Although the cost per foot for churn drilling is a little lower than the core drilling, after an inspection of the site and from a standpoint of sample recovery and accessability for equipment, we would recommend diamond drilling. All churn drilling will recover is a few chips and then the hole will shift some making it impossible to get a true sample from the drill cuttings. Then too, if the holes are to be drilled on a 45° angle, it would not be possible to do this with a churn drill.

? No Casing

Very truly yours,

SELBY DRILLING CORPORATION

D. N. Thompson

DNT:cb

HAAKON BOTTNER DRILLING CO.
11544 N.E. GLISAN ST. PORTLAND 20, ORE.
PH. AL 3-3606 if no ans. BE 6-2056

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O. M. E
RECEIVED SEP 25 1961

DATE	INITIALS	CODE

September 22 1961

Pacific Mineral & Chemical Co.
1024 Bigelow St.
Olympia, Wash.

RE: Exploratory drilling at the Ochoco visinity, with cable tool drilling rig.

Gentlemen :

I am pleased to submit a quotation for the exploratory drilling with cable tool rig, at the visinity of Ochoco, Oregon

Furnish all equipment and labor necessary as follows :

Holes in depth,

Ft.			Unit price	Mob.	Demob.
100	to	200	@ $ 8.50	$ 500.00	$ 250.00
200	"	400	@ $ 9.25		
400	"	600	@ $10.75		
600	"	800	@ $12.75		

If necessary to case the holes will furnish the pipe at the above prices, also pull the pipe if possible, if for any reason pipe must be left in the hole and or cannot be reused, actual cost of pipe and drive shoe cost plus to be added to the above. The pipe salvaged and usable becoms driller's property.

Thank you for having this opportunity in quoating on this inquiry. I am,

Very truly yours,

HAAKON BOTTNER DRILLING CO.

By H. Bottner

GEOLOGICAL CONSULTING COMPANY

[illegible] TAILING BUILDING

PORTLAND 4, OREGON

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 7 1961

DATE	INITIALS	CODE
8/3	[illegible]	[illegible]
8/2	[illegible]	[illegible]

[illegible] R. McLaren
[illegible] Officer, O. M.E.
[illegible] 157 Howard Street
[illegible] kane 4, Washington

[illegible] Mr. MacLaren

As regards (O.M.E. - 6141) Mercury, Pacific Minerals & Chemical Co. Inc., [illegible]osed are three bids on purposed drilling contracts as requested in your letter [illegible]ly 14th.

Yours very truly,

W. [illegible]. Johnston

[illegible]s [illegible]

R. S. McClintock DIAMOND DRILL COMPANY

CONTRACTING • DIAMOND DRILLS AND SUPPLIES • DIAMOND BITS

PHONE TE 8-3588

POST OFFICE BOX 66
W. 410 2ND AVENUE
SPOKANE 10, WASH.

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DATE	INITIALS	CODE

July 28, 1961

Geological Consulting Company
525 Failing Building
Portland 4, Oregon

ATTENTION: Mr. W. G. Johnston

Dear Mr. Johnston:

We wish to submit our proposal for diamond drilling on your Mother Lode Mine property near Prineville, Oregon.

We propose to furnish personnel, core drill, pumps, rod casing, diamond bits and shells and all accessories necessary to perform this work for the following prices per foot:

Size	Depth	Price Per Foot
Overburden		$7.00
NX Drilling	0' - 300'	7.00
NX Drilling	300' - 500'	7.50
BX Drilling	0' - 300'	6.50
BX Drilling	300' - 500'	7.00
AX Drilling	0' - 300'	6.00
AX Drilling	300' - 500'	6.50

Above prices are tentative, based upon the information you have furnished and may be revised upward or downward after inspection of the property.

Contractor agrees to mobilize and demobilize his equipment from and to Spokane for the lump sum of $800.00 for the first machine plus $600.00 for each additional machine.

In the event of delays not attributable to fault of contractor or breakdown of his equipment, contractor shall expect to be reimbursed for his continuing costs at the rate of $9.00 per hour.

RECEIVED
AUG 3 1961
U.S.G.S.
SPOKANE, WASH.

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O. M. E
RECEIVED AUG 8 1961

DATE	INITIALS	CODE
8/8	Received	500
8/8	Murphy	500

So. 157 Howard Street
Spokane 4, Washington
July 31, 1961

Mr. C. M. Ellingsen
Pacific Minerals & Chemicals Co., Inc.
102½ Bigelow Street
Olympia, Washington

Re: OME-6141 (Mercury)
Mother Lode Group, Cedar Group,
and Lookout Mountain Group
Crook County, Oregon

Dear Mr. Ellingsen:

This will acknowledge receipt of W. G. Johnston's letter of July 26 and your letter of July 27. We have now received the copies of letters from the banks, copy of your lease from Verdenhoff Mining Company and the claim maps. The colored print of the geologic map was not received.

Sincerely yours,

received see Aug 1. letter

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

cc: W. G. Johnston
Geological Consulting Co.
325 Failing Building
Portland, Oregon

DRMaclaren:mls
Reading copies to:
Kolm, Kobs, Quill

cc: OME w/cys incoming

JOY MANUFACTURING COMPANY
900 WOODLAND AVENUE
MICHIGAN CITY, INDIANA

July 27, 1961

OFFICIAL FILE COPY
O. M. E
EXECUTIVE OFFICES
FRICK-OLIVER BUILDING
PITTSBURGH 22, PA.
RECEIVED AUG 7 1961

DATE	INITIALS	CODE

Mr. W. G. Johnston
Geological Consulting Company
525 Failing Building
Portland 4, Oregon

Dear Mr. Johnston:

Your letter of July 19th which was sent to our Butte office has been forwarded to this office for handling.

We are interested in drilling contracts in the states of Oregon and Washington. We drill for coal and minerals, as well as do some foundation testing and grout hole drilling. We use standard size core drill fittings per D.C.D.M.A. standards, and are in a position to drill holes from surface to shallow depths, or to depths of 2500 feet which we consider comparatively deep-hole drilling.

Our prices run from $3.00 to $7.00 per foot, depending, of course, on local conditions. We would be glad to submit a bid on any specific drilling project you might contemplate doing.

Let us know if we can be of further service to you.

Yours truly,

JOY MANUFACTURING COMPANY

J. M. Murray, Assistant Manager
Contract Drill Division

JMM/et

RECEIVED
AUG 3 1961
U. S. G. S.
SPOKANE, WASH.

In the event loose or caving material, water courses or any conditions are encountered which tend to make drilling impractical without the use of casing or cement, an additional charge of $4.00 per foot for reaming casing and $4.00 per foot for placing and drilling cement will be made.

Our employees will be covered by Workman' Compensation to comply with the State Act and the job will be covered by public liability insurance in the amounts of $100,000.00 and $300,000.00, and property damage in the amount of $100,000.00.

We wish to thank you for the opportunity of furnishing this proposal and assure you of our full cooperation in the event you decide to proceed with this drilling.

Very truly yours,

R. S. McCLINTOCK COMPANY

T. M. WELSCH
Drilling Supt.

TMW:cv

Pacific Minerals & Chemical Co., Inc. OME

Mining and Developing

1024 BIGELOW STREET

OLYMPIA WASHINGTON

Telephone FLeetwood 2-2206

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O. M. E.
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DATE	INITIALS	CODE

July 27, 1961

Mr. D. R. MacLaren
Field Officer, O.M.E. Region 1
South 157 Howard Street
Spokane 4, Washington.

Re: OME-6141 (Mercury)

Dear Mr. MacLaren:

We are enclosing herewith three additional copies each of bank letters and copy of our lease from Werdenhoff Mining Company as requested by you.

We have confirmation from Mr. Johnston of the colored geological map and copies of claim maps having been sent to you.

There remains three additional items to be forwarded to you, i.e:

(1). Subordination Agreement. This is partially completed and the remaining signatures are being obtained by Mr. William B. Murray through authority of the attorney for the principals. As their attorney is located in Bend, Oregon and one of the principals in Grand Canyon, Arizona, this is requiring a little extra time.

(2). Our accountant is preparing a Financial Statement which we should have this coming week.

(3). Mr. Johnston went to the mine Thursday with a driller who wanted to inspect the property before submitting his bid and we were anxious to receive a bid from this company. We expect this bid within a day or so which will complete this item.

We expect to be able to forward you all of the above information this coming week.

Sincerely yours

PACIFIC MINERALS & CHEMICAL CO.

By

OME/E
cc W.B.Murray
W.H.Botzer

K STREET BRANCH

THE PUGET SOUND NATIONAL BANK

ESTABLISHED 1890

TACOMA 5, WASHINGTON

JOS. E. HAWTHORNE
MANAGER

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DATE	INITIALS	CODE

June 27, 1961

Pacific Minerals & Chemical Co., Inc.
Mining and Development
1024 Bigelow Street
Olympia, Washington

Gentlemen:

Mr. C.M. Ellingsen recently applied to us for a loan of $160,845.00 for minerals exploration.

We regret very much that we are unable to grant the loan requested.

Yours very truly,

Jos. E. Hawthorne

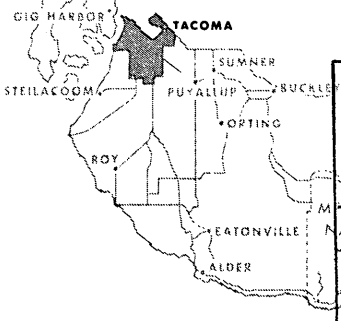
Jos. E. Hawthorne
Manager

JEH:mh

RECEIVED
JUL 31 1961
U. S. G. S.
SPOKANE, WASH.

CENTRAL BANK

SIXTH AVENUE AT PINE,
TACOMA 6, WASHINGTON



June 28, 1961

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O. M. E.
RECEIVED AUG 8 1961

DATE	INITIALS	CODE

Pacific Minerals &
Chemical Company, Inc.
1024 Bigelow Street
Olympia, Washington

Gentlemen:

We have your request for credit extension as outlined in your letter to us June 20, 1961.

It is our understanding that this credit extension is required to carry out exploritory and preparatory mining and drilling work in Washington. A Commercial Bank is not able to extend credit for this somewhat speculative and uncertain program without having some type of secured, negotiable collateral.

Thank you very much for allowing us to consider your needs and we trust that you will be able to arrange credit for this project from some other source.

Very truly yours,

R. G. Bourgaize
President

RGB/bd

JUL 3 1961

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O. M. E
RECEIVED AUG 8 1961

DATE	INITIALS	CODE

AMENDMENT OF CONTRACT

THIS AMENDMENT OF CONTRACT, made, executed, and entered into, by and between WERDENHOFF MINING COMPANY, an Idaho Corporation, hereinafter called First Party, and PACIFIC MINERALS & CHEMICAL COMPANY, INC., a Washington Corporation, hereinafter called Second Party.

WITNESSETH:

WHEREAS, heretofore and on the 3rd day of February, 1960, First Party executed and entered into a certain contract, dated said date, with ROBERT G. EARLEY, of Tacoma, Washington, whereby said Second Party agreed to advance certain funds, furnish certain materials, and conduct certain operations upon claims of First Party in the County of Crook, State of Oregon; and

WHEREAS, thereafter and on or about the 11th day of April, 1960, said ROBERT G. EARLEY assigned and transferred to Second Party herein all of his right, title, and interest under said contract, subject to and with Second Party herein assuming to fulfill all of the terms, conditions, and agreements of said ROBERT G. EARLEY under said Contract; and

WHEREAS, it was provided in said contract, among other things, that the contractor named therein would advance funds not exceeding $100,000.00 to First Party to satisfy obligations of First Party until commencement of operations, and cause to be installed a Pacific Mercury Plant on the said claims and equip the same for operation, so that there would be installed and in operation on the claims a mill and facilities which would be capable of processing a minimum of 40 tons of cinnabar ore daily; and

WHEREAS, in consideration of said expenditures and labor and materials to be furnished by said contracting party, First Party herein agreed that it would issue its notes, aggregating not more than $200,000.00 for labor and materials to be furnished, payable not later than two years after date of issuance, with interest at the rate of 7% per annum and

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WHEREAS, Infurther consideration of said advances of funds, and labor and materials of said contracting party, First Party further agreed that said contracting party would have the operation of said claims for a period of two years, and would further have 30% of the net proceeds of operation of said claims for said period of two years, and that, if said operations would result in the realization by First Party of the sum of $108,000.00, that said contracting party would have the option to renew said contract for the additional term of five (5) years; and

WHEREAS, said ROBERT G. EARLEY, and his successor in interest, Second Party herein, duly performed under said contract, so that there is now installed, and ready for operation, a Pacific Mercury Plant, of the kind and quality described; and

WHEREAS, It was contemplated by both of the parties to said contract, on the basis of engineering and other reports available to both parties, that there was known, and located on the said claims, sufficient cinnabar ore, of high mercury content, to guarantee sustained operations for a prolonged period of time; and

WHEREAS, through development work at the expense of the Second Party herein, it had appeared that the said engineering reports and estimates were in error in material respects, so that, while there still appears to be very substantial cinnabar ore available, with sufficient mercury content, the expense of locating and extracting the same has exceeded, and will continue to exceed, by a substantial amount, the amount of investment deemed necessary to assure sustained operation of the said mill; and

WHEREAS, Second Party, in view of the substantial additional outlay of capital required, is unwilling to proceed with said operation upon the basis of the initial contract term; and

WHEREAS, the failure to obtain a sufficient store of cinnabar ore for sustained operations has been due to no fault of Second Party, which has performed its obligations under said contract diligently and with its best efforts; and

WHEREAS, in view of said unwillingness of Second Party to proceed, it is open to First Party to (1) pay off any and all notes for materials and advances supplied by Second Party, up to $200,000.00, in which event First Party would be entitled to retain any and all improvements placed by Second Party upon the said claims, or (2) refuse to pay the notes, in which event it would be open to Second Party to remove any and all improvements placed by Second Party upon the said claims; and

WHEREAS, in view of the premises, the parties hereto desire to enter into an amendment and modification of the existing contract now, therefore, it is hereby

UNDERSTOOD AND AGREED, that the following contract supersedes said Contract of February 3, 1960, and all other agreements between the parties:

CONTRACT

THIS CONTRACT, made, executed and entered into by and between WERDENHOFF MINING COMPANY, an Idaho Corporation, hereinafter called First Party and PACIFIC MINERALS & CHEMICAL COMPANY, INC., a Washington Corporation, hereinafter called "Second Party".

WITNESSETH:

1. Obligations of Second Party.

A Second Party shall:

Within 36 months from and after the date hereof, advance and expend funds, as follows:

1. Advance funds for the satisfaction of obligations of the First Party, not exceeding $50,000.00, and only to the extent necessary to save properties or property interests of First Party from loss, attachment, or execution.

2. Invest funds in exploration, development, extractions of minerals, equipment, improvements, materials, and things, on said Oregon claims, with the view of assuring sustained operation of the mill on said claims and also invest in the Idaho claims hereinafter mentioned, to the extent necessary to fulfill second party's obligations with respect to such claims.

PROVIDED, HOWEVER, that the total amount advanced and/or invested in said 36-month period shall not be less than $150,000.00 greater than that sum agreed to be invested under that agreement of the 3rd day of February, 1960, by and between First Party and Robert G. Earley, hereinafter referred to as "First Agreement", provided further, however,

that it is understood and agreed that Second Party has already advanced and/or invested $_____ more than that agreed to be invested under said first agreement and said sum of $_____ shall be applied toward the required minimum investments and advances under this Amendatory Agreement.

B. As promptly as practicable after the execution hereof, proceed with the extraction, prospecting, discovery, recovery, processing, transportation, and marketing of all minerals located on those claims shown in Schedule I, attached hereto, except that Second Party shall under no circumstances be required to do any of said acts with respect to minerals which cannot profitably be marketed.

C. Prosecute the furnishing of materials and work as hereinabove set out in a diligent, continuous, and workmanlike manner, in accordance with the best mining and milling practices, and consistently with the provisions of this contract, unless prevented by the elements, acts of God, strikes, unavoidable accidents, or other causes beyond the control of Second Party.

D. Take full and complete possession of those Mining Claims shown in Schedule I, attached hereto, and take all reasonable measures to protect the same from and against trespass, damage or injury by third persons, provided, however, that said claims and the improvements thereon shall be subject to the right of inspection by First Party as hereinafter set out.

E. During the term of this Contract, perform all assessment work required by the laws of the United States and the State of Oregon upon the mining claims shown in Schedule I, and file any and all affidavits and documents with all governmental offices required by law for proof of such assessment work, and furnish First Party with copies of the same, and evidence of such filing.

F. Remit such funds and render such accountings to First Party as are hereinafter required.

G. Abide by all the provisions hereinafter contained relative to payment of salaries in the operations under this Contract.

H. Permit inspection of the said mining claims, improvements, open cuts, books, records, ores, minerals, papers, equipment, and other acts, or things, done, made, kept, possessed or held under, or in connection with operations under this Contract, said inspection to be by First Party, its officers, agents, employees, attorneys or accountants.

I. Sell all minerals derived from the said mining claims at the prevailing market price or higher, unless consent is obtained from First Party to sell minerals at a lower

furnishing of labor and materials hereunder, or loans to First Party, said notes to be payable at the times and in the manner, and amounts as hereinabove provided with reference to the other notes hereinabove mentioned, it being understood that the total required payments by Second Party shall not exceed the percentage payments hereinabove described, said payments to be applied to all notes issued under this Amendatory Agreement. Provided, however, that however much shall be advanced or expended by Second Party within thirty-six months after the execution of this amendatory agreement, the amount of said additional notes shall not exceed $100,000.00; provided, further, that no notes shall be issued for managerial, executive or policy making services secured or furnished by Second Party; provided, further, that payment of said notes shall be subject to the provisions of paragraph V (b), below.

E. Pay and discharge any incumbrances upon the said mining claims heretofore existing or hereafter arising by reason of default or delinquency of First Party under any written agreement or instrument now in effect, or hereafter arising by reason of any delinquency of First Party to pay real estate or personal property taxes or assessments on properties of First Party; upon failure of First Party so to do, Second Party may, at its option, pay and discharge the same, and in such event, First Party shall reimburse the amount so expended by Second Party on demand.

F. Indemnify and hold harmless Second Party of and from any and all claims, demands, or causes of action for trespass, or like actions for damage or injury to land, arising by reason of acts or operations of Second Party within the boundaries of the mining claims shown in Schedule I, by reason of claims of third parties to ownership of, or interests in, said mining claims, it being the purpose and intent of this clause that, so long as Second Party confines his operations within the boundaries of said mining claims, such actions of trespass, or accountings for profits, or like actions, by persons having or claiming an interest in said mining claims, shall be the responsibility of First Party, and First Party shall indemnify and hold harmless Second Party of and from all of such claims or causes of action, and shall defend against any such claim or action; provided, however, that this paragraph shall in no way be deemed a covenant or warranty of title to said mining claims, as more fully appears hereafter; provided, further, that no responsibility is assumed by First Party for claims or actions arising by reason of Second Party conducting operations outside the boundaries of the mining claims shown in Schedule I; provided, further, that upon being advised by First Party of a question as to the interest of a third party in all or part of said mining claims, and directions that operations be

terminated until said question is resolved, said directions being given in good faith, Second Party shall forthwith comply with said directions, and upon failure so to do, shall assume full responsibility for any and all claims or causes of action by reasons of acts or operations not complying with said directions. First Party hereby states and represents that, to the best of its knowledge, information and belief the right, title and interest of First Party in and to all of said claims is not subject to any lien, incumbrance or other defect save and except that contract whereby First Party purchased the same from Frank Reid and others, as sellers.

III. Proceeds of Operations; Consideration to Second Party.

A. As and for consideration to Second Party, in addition to those notes for actual amounts expended as hereinabove set out, Second Party shall receive all the receipts for the sale of all minerals from the said claims shown in Schedule I, and shall retain all of the same except that portion required to be paid over to First Party, as hereinafter provided. This paragraph III applies only to the Claims shown in Schedule I, except as otherwise expressly provided herein.

B. Net profits for the purpose of determining amounts to be paid First Party by Second Party, shall mean the gross receipts from operations by Second Party on said claims, less all expenses of operation, including taxes (except Federal and State income taxes).

C. Within thirty (30) days after the end of each calendar quarter during the "initial term" of this Contract, as hereafter defined, Second Party shall render to First Party a full, true and correct accounting of all gross receipts from operations hereunder, and all expenses of operation, during the preceding quarter, as then determined and/or estimated. At the time of rendering such accounting, Second Party shall remit to First Party a sum which shall be 50% of the "net profit" from operations during such preceding calendar quarter, less "percentage of gross" payments made by Second Party to First Party for such quarter, as said term is hereafter defined.

D. Within three months and fifteen days after the close of each calendar year during the initial term of this contract, Second Party shall render unto First Party a full, true and correct accounting of all receipts from operations hereunder, and all costs and expenses of operation. At said time the respective percentages of "net profits" payable to First Party, and to be retained by Second Party, shall be adjusted in accordance with said annual accounting for the preceding calendar year. If said annual accounting shall show that First Party has been paid in excess of 50% of the "net Profits" for the preceding calendar year, said overpayment shall be adjusted by a payment by First Party to Second Party on demand; and similarly, if said annual accounting shall show that Second Party has retained more than 50% of the net profits for the

others, as sellers, and WERDENHOFF MINING COMPANY, as Buyer, dated the 29th day of July, 1958, whereby First Party acquired seven of these claims described in Schedule I, known as the the "Mother Lode" claims.

G. It is understood and agreed that Second Party shall at any and all reasonable times make its properties, inventories, books, records, papers and accounts available for inspection by First Party, its officers, agents, attorneys and accountants for the purpose of verifying accountings and payments made hereunder.

H. During the eighteen (18) year supplemental term of this contract, as hereafter defined, all of the above accounting and payment provisions shall apply, except as follows: All payments required to be made by First Party upon the contract of First Party to acquire seven (7) of these claims described in said contract, which contract is dated the 29th day of July, 1958, shall be deducted from the gross proceeds of operations, for the purposes of determining the net proceeds of operation which shall be divided between the parties hereto. That is to say, at the times provided for making accountings and payments to First Party, Second Party shall first pay to First Party an amount necessary to satisfy the obligations of First Party under said purchase contract of July 29, 1958. The balance shall be divided as follows: 25% of the net proceeds of the operation shall be paid to First Party, and all of the remainder shall be retained by Second Party. Said percentages shall be applied during the entire supplemental eighteen (18) year term of said contract, as extended by this agreement. When said purchase contract, dated 29th July, 1958, shall have been paid in full, the net proceeds of operation, without deduction for said required purchase money payments, shall continue to be divided, during the supplemental eighteen (18) year term, 25% to First Party and 75% to Second Party.

IV. Term of Contract.

A. The initial term of this contract shall be the period of seven (7) years from and after the date hereof, as to the Claims shown in Schedule I.

B. If, during the initial term of this contract, Second Party shall have well and faithfully performed all of the agreements, conditions, and provisions hereof, then Second Party may, by written notice given not less than six (6) nor more than seven (7) months prior to the expiration of the initial term of the contract, renew this contract for the supplemental term of eighteen (18) years, subject to the provisions of Paragraph III., (H), above; provided, however, that first party shall have the right to purchase the release of said renewal option,

on the terms hereinafter defined.

V. Ownership of Properties Supplied by Second Party.

A. All buildings, improvements, equipment, machinery, tools, facilities and personal property acquired, placed on said mining claims shown in Schedule I and also the Washington and Idaho claims, or used by Second Party in his operations hereunder, for which notes shall have been issued by First Party, and all replacements, repairs, and improvements thereof, shall be and remain the property of Second Party until those notes given by First Party to Second Party pursuant to the provisions of Paragraph II hereof are fully paid and discharged, at which time all of said properties, together with properties thereafter acquired, placed on or used by Second Party in its operations hereunder, shall be and remain the properties of Second Party.

B. If this contract shall terminate for any reason whatsoever, at a time when said notes of First Party under paragraph II hereof, as amended, are not fully paid and discharged, then, at the the option of First Party, First Party may pay and discharge said notes, and thereby obtain full and complete ownership of all of said property acquired by Second Party, placed on said mining claims, or used by Second Party in its operations hereunder, together with all property thereafter so acquired, placed or used, or deliver a release to Second Party of any and all claims to such properties, in which event said notes of First Party shall be deemed satisfied and discharged, and shall be returned to First Party; provided, however, that if any installment of any note issued pursuant to this agreement shall not be paid when due, Second Party may demand immediate payment of said installment, and in the event that said installment is not paid within ten (10) days after the date of said demand, Second Party may declare any and all right, title, or interest of First Party in and to any and all properties installed upon said claims, or to be installed by Second Party, absolutely and utterly forfeited, in which event all right, title, and interest in and to said properties installed or to be installed by Second Party shall pass absolutely to Second Party; provided, further, that in no event shall said notes be the unconditional obligation of First Party, it being at all times optional with First Party to pay the said notes, and retain the right to acquire the improvements placed by Second Party upon the said premises, and to be placed thereon, or to decline to pay said notes, and thereby surrender any and all right, title, and interest in and to said improvements of Second Party.

C. In any situation wherein this Contract shall terminate, and First Party shall elect not to pay and discharge its said notes to Second Party, Second Party shall remove its

said properties from the mining claims of First Party in such manner as to minimize damage to the claims and improvements and properties of First Party.

D. Second Party covenants and agrees that the said properties subject to acquisition by First Party, upon payment of said notes, shall at the time of full payment and discharge of said notes be free and clear of any and all claims, liens and incumbrances, of whatsoever nature and character, and that second party will, on demand, pay and discharge any lien or incumbrance appearing after said notes have been satisfied.

VI. Compliance with Purchase Contract.

It is understood and agreed that seven of the claims shown in the attached Schedule I were acquired by First Party under a certain "agreement", wherein FRANK O. REID and others were sellers, said Agreement being dated the 29th day of July, 1958; that the rights of First Party are subject to said Agreement, and that in all of his operations hereunder, Second Party shall comply with the provisions of this agreement.

VII. Title of Mining Claims.

It is understood and agreed that mining claims are not subject to that certainty of title possible in the case of real estate generally, and that First Party makes no warranties or covenants of title whatsoever as to any of those mining claims which are the subject hereof. Second Party in executing this Contract takes the risk of possible defects in title of First Party to any or all of said claims, except that First Party shall hold Second Party harmless from claims or actions in the nature of trespass for acts performed within the boundaries of said mining claims, as hereinabove set forth in Paragraph II hereof. Further, First Party covenants and agrees that it will not knowingly do or suffer to be done hereafter any act, or knowingly be guilty of any omission, whereby the title of First Party may be incumbered, or rendered defective. Further, First Party states and represents that, to the best of its knowledge, information and belief, the right, title and interest of First Party in and to all of said claims is not subject to any lien, incumbrance or other defect, save and except that contract whereby First Party purchased certain of said claims from Frank Reid, and others, as sellers.

VIII. Idaho and Washington Claims.

It is understood that First Party, in addition to the claims described in this contract, claims to own 103 mining claims in the State of Idaho, and one (1) claims in the State of Washington. It is understood and agreed that, in consideration of this Amendment of Agreement, Second Party shall perform any and all assessments work required on said claims for the

period of seven (7) years from and after the date of this amendatory agreement. Second Party's operations on said claims shall be subject to the same provisions, as to mode and manner of operation, and accounting for proceeds, as are provided with reference to the Oregon claims as hereinabove set out, except that no specific requirements as to improvement, development, or operation, over and above assessment work are made, and except, further, that Second Party shall be required to pay over to First Party only 25% of the net proceeds of operations upon said Washington and Idaho claims. Said accountings and payments shall be made at the same times and in the same manner as hereinabove provided for with reference to the Oregon claims. Not less than six nor more than seven (7) months prior to the expiration of seven (7) years after the date of this amendatory agreement, Second Party shall have the option to extend said rights and obligations with respect to said Idaho and Washington claims for the additional period of eighteen (18) years, on all of the same terms as in this paragraph provided. Said election shall be by notice in writing to First Party. If Second Party shall not so elect, then there shall be no further rights of second Party with reference to said Idaho and Washington claims, and no further obligations with respect thereto. Provided, however, that there shall be no option to renew as to said Washington and Idaho claims, unless the option to renew as to the claims shown in Schedule I, is exercised.

XI. Purchase of all Right of Second Party.

Upon exercise by Second Party of its option to renew this agreement for a supplemental term of 18 years, as hereinabove provided, First Party shall have the right to purchase from Second Party a release of said renewal term, and release and surrender by Second Party of all of its rights under this Agreement, on the following terms, to-wit: Within ten (10) days after receiving notice of exercise of option to renew, Second Party may give written request for arbitration of the value of the rights of Second Party to said renewal term of eighteen (18) years. Thereupon, and within ten (10) days thereafter, a Board of arbitration shall be convened to determine said value, in accordance with the arbitration procedure hereafter prescribed. Within thirty (30) days thereafter said Board of arbitration shall fix and determine the value of said rights of Second Party. Within thirty (30) days after the rendering of said decision, First Party may, by giving of written notice of election so to do, and payment of 20% of the purchase price, cash, lawful money of the United States, purchase the release and surrender of all of the rights of Second Party for said supplemental term. The purchase price shall be the value so determined by said Board of arbitration, or $300,000.00, whichever shall

be the lesser. The entire balance of the purchase price shall be paid in cash, on or before the last day of the initial term of this contract, and in default thereof, the purchase rights of First Party shall be forfeited, and the 20% part payment forfeited as liquidated damages.

If, at the time of exercise of said purchase rights, all notes of Second Party from First Party shall have been paid and discharged, all of the properties by second party shall belong to First Party, as hereinabove stated, but if said notes shall not have been paid in full, first Party may, by payment of the balance of the same, over and above said purchase price on or before the termination date of the initial term of this contract, acquire title to the same, notwithstanding any earlier default on said notes.

X. If any question should arise as between the parties as to the true meaning and interpretation of any term or provision of this Contract, or as to the rights or liabilities of either of the parties under this Contract, said question shall be referred to a Board of Three Arbitrators, one chosen by First Party, one by Second Party, and the third by the two so chosen. The decision of any two of said Arbitrators shall be conclusive. The parties hereto shall fully cooperate with said Board of Arbitration, and shall furnish them with any and all documents and data necessary and proper to enable them to arrive at a decision. If either party should fail to name an arbitrator, or should fail to cooperate with the arbitrators chosen, then the decision of the arbitrator chosen by the complying party shall be conclusive. If First Party should raise a question which would, if resolved in its favor, result in a termination of this Contract and forfeiture by Second Party, and should so state in its nomination of an arbitrator and notice of such to Second Party, and if the Board of Arbitration should fail to reach a decision of the question within 15 days after the choice of an arbitrator by First Party, without fault of First Party, First Party shall have the right, at its option, to have all operations of Second Party hereunder suspended until said question is resolved. Costs of such arbitration shall be borne equally by the parties hereto.

XI. Venue of Actions.

Any and all actions or proceedings, at law or in equity, arising directly or indirectly under or by virtue of this Contract, shall be instituted and maintained in the Superior Court of the State of Washington in and for the County of Pierce.

XII. Notices.

Any notice to be given to either Party under the provisions of this Contract shall be deemed properly given and delivered if mailed, postage prepaid, registered mail,

addressed to the respective parties at their addresses, as follows, to-wit

First Party — 1005 1/2 So. 11th Street, Tacoma, Washington

Second Party — _____, Tacoma, Washington

XIII. Attorney fees.

If any action should be brought to enforce any covenant, agreement, condition, term or provision of this Contract, or on account of breach or default under any term or provision of this Contract, then the prevailing party in such suit or action shall be entitled, in addition to his costs and disbursements, to attorneys fees from the other party in such amount as the Court shall deem reasonable.

XIV. Severability.

Should any part, term or provision of this Contract be by the Courts decided to be illegal or in conflict with any law or public policy, the validity of the remaining portions or provisions shall not be affected thereby.

XV. Non-Waiver.

No Waiver, indulgence, or omission to insist upon the strict performance of each and every term or provision of this Contract shall be construed or deemed to be a waiver of any other or subsequent default, breach or failure of performance hereunder.

IN WITNESS WHEREOF the parties hereto have executed this Contract this _____ day of _____, 1961.

WEDDINGHOFF MINING COMPANY,

By: _____
President

_____
Secretary

PACIFIC MINERALS & CHEMICAL COMPANY, Inc.

By: _____
President

_____
Secretary

see true copy next page.

OFFICIAL FILE COPY
RECEIVED
DATE

addressed to the respective parties at their addresses, as follows, to-wit:

First Party — 1005 1/2 So. 11th Street, Tacoma, Washington

Second Party — Tacoma, Washington

XIII. Attorney fees.

If any action should be brought to enforce any covenant, agreement, condition, term or provision of this Contract, or on account of breach or default under any term or provision of this Contract, then the prevailing party in such suit or action shall be entitled, in addition to his costs and disbursements, to attorneys fees from the other party in such amount as the Court shall deem reasonable.

XIV. Severability.

Should any part, term or provision of this Contract be by the Courts decided to be illegal or in conflict with any law or public policy, the validity of the remaining portions or provisions shall not be affected thereby.

XV. Non-Waiver.

No Waiver, indulgence, or omission to insist upon the strict performance of each and every term or provision of this Contract shall be construed or deemed to be a waiver of any other or subsequent default, breach or failure of performance hereunder.

IN WITNESS WHEREOF the parties hereto have executed this Contract this 3rd day of April, 1961.

WERDENHOFF MINING COMPANY,

By Richard K. Ruffo
President

William A. Fisher
Secretary

FIRST PARTY

W. L. Holmes

PACIFIC MINERALS & CHEMICAL COMPANY, INC.

By [illegible]
President

[illegible]
Secretary

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH KAY STREET
TACOMA 5, WASHINGTON
PULTRA 3-4783

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 8 1961

DATE	INITIALS	CODE

SCHEDULE I - OREGON CLAIMS

1. Jack Knife, as more particularly described in the Notice of Claim recorded May 9, 1954, in Book 7 of Mines at page 256, records of Creek County, Oregon.

2. Merry Widow, as more particularly described in the Notice of Claim recorded May 5, 1954, in Book 7 of Mines at page 296, records of Creek County, Oregon.

3. Western Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 325, records of Creek County, Oregon.

4. Eastern Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 327, records of Creek County, Oregon.

5. Canyon Creek No. 1, as more particularly described in the Notice of Claim recorded May 16, 1953, in Book 7 of Mines at page 418, records of Creek County, Oregon.

6. Canyon Creek No. 2, as more particularly described in the Notice of Claim recorded May 16, 1953, in Book 7 of Mines at page 417, records of Creek County, Oregon.

7. Canyon Creek No. 3, as more particularly described in the Notice of Claim recorded August 23, 1956, in Book 7 of Mines, at page 551, Records of Creek County, Oregon.

8. MD, quartz mining claims, as located in the Notice of Location of Quartz Claim filed August 18, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Creek County, Oregon.

9. View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 30, 1956 and recorded in Book at page 491, Records of Mines in the records of Creek County, Oregon.

10. Kelly, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 30, 1956 and recorded in Book 7 at page 492, Record of Mines in the records of Creek County, Oregon.

11. Moon Mine #1, as located in the Notice of Mining Location of Quartz Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Creek County, Oregon.

12. Moon Mine #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 172, Records of Mines in the records of Creek County, Oregon.

13. Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 372, Record of Mines in the records of Creek County, Oregon.

14. Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10, page 373, Record of Mines in the records of Creek County, Oregon.

15. Round Mountain #3, as located in the Notice of Mining Location, filed July 30, 1957, and recorded in Book 10 at page 502, Record of Mines in the records of Creek County, Oregon.

16. Round Mountain #4, as located in the Notice of Mining Location filed July 30, 1957 and recorded in Book 10 at page 588, Record of Mines in the records of Crook County, Oregon.

17. Round Mountain #5, as located in the Notice of Mining Location filed July 30, 1957 and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon.

18. Three L's #1, as located in the Notice of Mining Location filed October 23, 1956 and recorded in Book 10 at page 358, Record of Mines in the records of Crook County, Oregon.

19. Three L's #2, as Located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 360, Record of Mines, in the records of Crook County, Oregon.

20. Three L's #3, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 362, Record of Mines in the records of Crook County, Oregon.

21. Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957 and recorded in Book 10 at page 574, Record of Mines in the records of Crook County, Oregon.

WILLIAM B. MURRAY
ATTORNEY AND COUNSELLOR AT LAW
525 FAILING BUILDING
PORTLAND 4, OREGON
CAPITOL 6-3818

June 29, 1961

UnitedStates
Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington

RE: Pacific Minerals & Chemical Co. Inc.

Dear Sirs:

You will please find enclosed Application for Financial Assistance in Minerals Exploration for Pacific Minerals & Chemical Co. Inc., in quadruplicate.

We are sending you under separate cover the following:

1) Three bids from contractors concerning the six staged programs under Item 7, "Estimate of Costs."

2) Five copies of the Lien and Subordination Agreements on MME Form 52.

3) The writer's title opinion concerning the title to the properties.

Very truly yours,

William B. Murray

WBM:bw
Enclosures - 7

MME Form 40
Dec. 1958

RECEIVED
JUN 30 1961
U.S.G.S.
WASH.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1963

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

PACIFIC MINERALS & CHEMICAL CO., INC.
1024 Bigelow Street
Olympia, Washington

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: OME-6141
DATE RECEIVED: 7-3-61
REGION: I
DIVISION CODE: 500

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Washington

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
C.M.Ellingsen	1024 Bigelow St.Olympia,Wn.	Director-President
Robert Earley	321 Middle Waterway,Tacoma,Wn.	Director-Vice-Pres.
Fred Sepic	1301 South K, Tacoma, Wn.	Director-Treasurer
Wm. H.Botzer	1415 Joseph Vance Bldg.Seattle,Wn.	Director-Secretary
Frank Ruffo	948 N. Ceader, Tacoma, Wn.	Director

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

ESTIMATED COST OF PROJECT: $ 160,845.00

PROPERTY NAME	LOCATION COUNTY	STATE
Mother Lode	Crook	Oregon
Cobar group	"	"
Lookout Mountain grp.	"	"

GENERAL INSTRUCTIONS

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

CERTIFICATION

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

June 24, 1961
DATED

Pacific Minerals & Chemical Co., Inc.
BY *(Signature)*
TITLE President

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

INT.-DUP. SEC., WASH., D.C. 48740

Item 1. FINANCIAL ELIGIBILITY.

(a) Within 90 days preceding the filing of this application, efforts have been made to borrow funds for exploration from the bank with which the company does business, the Puget Sound National Bank, "K" Street Branch, Tacoma, Washington, and from another financial institution, the Central Bank, Main Office, 6th and Pine Streets, Tacoma, Washington.

(1) The applications for loan are dated June 20, 1961.

(2) The amount of the loan requested was $160,845.00.

(3) The proposed use of the funds was to finance Stage I, Geochemical Survey, $6,185.00; Stage II, Churn Drill holes 1-12, $41,888.00; Stage III, Churn Drill Holes 13-18, $20,944.00; Stage IV, Churn Drill Holes 19-27, $50,078.00; Stage V, Reopening Portal, $1350.00; Stage VI, Under Ground long hole drilling, $40,400.00. Each stage is dependent upon the success of the preceding stage.

(4) Copies of letters from the banks rejecting applicant's loan follow the "financial eligibility" section of this application. Not in this file? [illegible]

(b) Pacific Minerals & Chemical Co. Inc. has no affiliates, parents, or controlling companies or organizations.

(c) The company proposes to finance its share of the exploration costs out of its assets and through funds from its stockholders sufficient to cover its share of the cost of exploration program and administrative costs.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

June 20, 1961

Puget Sound National Bank
"K" Street
Tacoma, Washington

Dear Sirs:

Pacific Minerals & Chemical Co. Inc., a Washington corporation hereby makes application to borrow from your bank for minerals exploration, the sum of $160,845.00, to carry out the following stages of exploration: Stage I, Geochemical Survey, $6,185.00; Stage II, Churn Drill holes 1-12, $41,888.00; Stage III, Churn Drill holes 13-18, $20,944.00; Stage IV, Churn Drill holes, 19-27, $50,078.00; Stage V, Reopening Portal $1350.00; Stage VI, Under Ground long hole drilling, $40,400.00. Each stage is dependent upon the success of the preceding stage.

This exploration program has been recommended by Winston Sahinen, B. S., Geological Engineer, specializing in mineral exploration. A copy of Mr. Sahinen's report and map showing the details of the exploration planned are submitted herewith for your consideration.

We would be pleased to obtain this loan on the basis of a reasonable rate of interest for a term of two years. We would appreciate your prompt attention to this application and to advise us whether or not you will make this loan, and if so, on what terms you would make the loan, if at all.

Very truly yours,

PACIFIC MINERALS & CHEMICAL CO. INC.

CME:bw

By C. M. Ellingsen

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

June 20, 1961

The Central Bank
Main Office
6th and Pine Streets
Tacoma, Washington

Dear Sirs:

Pacific Minerals & Chemical Co. Inc., a Washington corporation hereby makes application to borrow from your bank for minerals exploration, the sum of $160,845.00, to carry out the following stages of exploration: Stage I, Geochemical Survey, $6,185.00; Stage II, Churn Drill holes 1-12, $41,888.00; Stage III, Churn Drill holes 13-18, $20,944.00; Stage IV, Churn Drill Holes, 19-27; $50,078.00; Stage V, Reopening Portal, $1350.00; Stage VI, Under Ground long hole drilling $40,400.00. Each stage is dependent upon the success of the preceding stage.

This exploration program has been recommended by Winston Sahinen, B. S., Geological Engineer, specializing in minerals exploration. A copy of Mr. Sahinen's report and maps showing the details of the exploration planned are submitted herewith for your consideration.

We would be pleased to obtain this loan on the basis of a reasonable rate of interest for a term of two years. We would appreciate your prompt attention to this application and to advise us whether or not you will make this loan, and if so, on what terms you would make the loan, if at all.

Very truly yours,

PACIFIC MINERALS & CHEMICAL CO. INC.

By C. M. Ellingsen

CME:bw
Enclosures

Item 2. APPLICANT'S RIGHTS IN LAND

(a) The property subject to the OME exploration assistance comprises twenty-one claims, which are divisible into three groups in the basis of ownership. The first of these three groups, The Mother Lode Group, include the Merry Widow, Jack Knife, Western Belle, Eastern Belle, Canyon Creek Nos. 1, 2, and 3. This group is being purchased under contract by Werdenhoff Mining Company from four individuals, Messrs. Reid, Zimmerman, Golliard, and Parkinson, and is leased by Pacific Minerals & Chemical Co. Inc. from Werdenhoff Mining Co. The second group, The CobarGroup, includes the MD, View Point, Kelly, and 3L's Nos. 1, 2, 3, and 4 claims, which are owned by Werdenhoff Mining Co. and leased by Pacific Minerals & Chemical Co. Inc. The third group, The Lookout Mountain Group comprise claims called Lookout Nos. 1, 2, 3, 4, 5, 6, and 7, which are owned by Pacific Minerals & Chemical Co. Inc. Copies of the purchase contract and leases are included.

(b) The property to be explored consists of the following unpatented claims, the description of which are recorded in the Crook County Clerk's office, Prineville, Oregon:

map

(1) Jack Knife lode claim, Vol. 7, Book of Mines, p. 256.
(2) Merry Widow lode claim, Vol. 7, Book of Mines, p. 255.
(3) Western Belle lode claim, Vol. 7, Book of Mines, p. 325.
(4) Eastern Belle lode claim, Vol. 7, Book of Mines, p. 327.
(5) Canyon Creek No. 1 lode claim, Vol. 7, Book of Mines, p. 419.
(6) Canyon Creek No. 2 lode claim, Vol. 7, Book of Mines, p. 417.
(7) Canyon Creek No. 3 lode claim, Vol. 7, Book of Mines, p. 551.
(8) MD lode claim, Vol. 7, Book of Mines, p. 312.
(9) View Point lode claim, Vol. 7, Book of Mines, p. 401.
(10) Kelly lode claim, Vol. 7, Book of Mines, p. 403.
(11) Three L's #1 lode claim, Vol. 10, Book of Mines, p. 358.
(12) Three L's #2 lode claim, Vol. 10, Book of Mines, p. 360.
(13) Three L's #3 lode claim, Vol. 10, Book of Mines, p. 362.
(14) Three L's #4 lode claim, Vol. 10, Book of Mines, p. 574.

(Item 2b continued)

(15) Lookout No. 1 lode claim, Vol. 11, Book of Mines, p. 328-329
(16) Lookout No. 2 lode claim, Vol. 11, Book of Mines, p. 330-331
(17) Lookout No. 3 lode claim, Vol. 11, Book of Mines, p. 332-333
(18) Lookout No. 4 lode claim, Vol. 11, Book of Mines, p. 334-335
(19) Lookout No. 5 lode claim, Vol. 11, Book of Mines, p. 336-337
(20) Lookout No. 6 lode claim, Vol. 11, Book of Mines, p. 338-339
(21) Lookout No. 7 lode claim, Vol. 11, Book of Mines, p. 340-1

These claims are in Sections 19, 20, 29, 30 T. 14 S., R. 20 E.

Portions of the property have been worked in the past by the following organizations:

1906-08	American Almaden Quicksilver & Gold Mining Co.
1915	Central Oregon Mining Co.
1927	Pacific Quicksilver Co.
1928-29	Quicksilver Consolidated Mining Co.
1930	Senter Construction Co.
1932-36	Crams, Inc.
1939-40	Champion Mining Co.
1942-43	Gilkey Brothers
1954	Canyon Creek Mining Co.
1958 -61	Werdenhoff Mining Company

(c) The required Lien and Subordination Agreements will be submitted as soon as the various parties can be reached and the forms completed.

AGREEMENT

THIS AGREEMENT, made and entered into this 29th day of July, 1958, by and between EARL ZIMMERMAN and JESSIE ZIMMERMAN, husband and wife, ROGER GOLLAIRD 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, hereinafter called the Sellers, and WERDENHOFF MINING COMPANY, a Washington corporation, hereinafter called the Buyer,

WITNESSETH:

That for and in consideration of the sum of Ten Dollars ($10.00), and other good and valuable consideration, to the Sellers in hand paid, receipt whereof is hereby acknowledged, the Sellers do hereby give and grant unto the Buyer the option to purchase the following described mineral claims located in the State of Oregon, County of Crook, all in the Ochoco Mining District, to-wit:

1. Jack Knife, as more particularly described in the Notice of Claim recorded May 9, 1954, in Book 7 of Mines at Page 256, Records of Crook County, Oregon.

2. Merry Widow, as more particularly described in the Notice of Claim recorded May 5, 1954, in Book 7 of Mines at Page 255, Records of Crook County, Oregon.

3. Western Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at Page 325, Records of Crook County, Oregon.

4. Eastern Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 327, Records of Crook County, Oregon.

5. Canyon Creek No. 1, as more particularly described in the Notice of Claim recorded May 16, 1955, in Book 7 of Mines at Page 419, Records of Crook County, Oregon.

6. Canyon Creek No. 2, as more particularly described in the Notice of Claim recorded May 16, 1955, in Book 7 of Mines at Page 417, Records of Crook County, Nevada.

7. Canyon Creek No. 3, as more particularly described in the Notice of Claim recorded August 25, 1955, in Book 7 of Mines at Page 551, Records of Crook County, Oregon.

the next eight (8) succeeding months, the first of the minimum payments to be

Sellers agree that upon exercise of the option to purchase, they will furnish to the Buyer or its attorney, an abstract of title of said mining claims, prepared and certified by the Central Oregon Title & Loan Company of Prineville, Oregon, up to the date of this Agreement; and the Buyer, or its attorney, agrees to notify the Sellers, their agents or attorney, in writing, within 30 days after the receipt of said abstract of any defects in the title of Sellers to said mining claims, and Sellers shall be given a reasonable time thereafter to correct any such defects in the title before being held in breach of this Agreement.

It is further agreed that for the period of 60 days after the execution of this agreement and until time for exercise of the option to purchase has lapsed, whichever is later, Buyer shall have the right, by its agents and employees, to go upon the said properties with any and all equipment and explore, develop, prospect, drill, tunnel, mine and extract minerals existing in or upon said lands, and Buyer hereby promises and agrees to use its best efforts in said work and activities. Upon the termination of said 60 day period, or within ten (10) days after the receipt of said Abstract of Title, or within ten (10) days after the curing of defects in the title, if any, whichever orrurs the later, the Buyer may exercise its option to purchase by giving written notice of its election to do so.

The purchase price shall be $300,000.00, payable as follows, to-wit: $10,000.00 upon the exercise of the option as hereinabove mentioned, and the balance of $290,000.00 without interest, as follows: A sum equivalent to ten per cent (10%) of all smelter returns on all valuable ores and minerals taken from said mining claims; provided, however, that the Buyer shall pay to the Sellers minimum payments of $9,000.00 per year at the rate of $1,000.00 per month without interest for nine (9) months of each year beginning March 15th of each year and a similar payment of $1,000.00 on the 15th of each month for the next eight (8) succeeding months, the first of the minimum payments to be

made on the 15th day of March, 1959, if said option shall be exercised. The above are minimum payments only and the Buyer reserves the right to pay all or any part of the unpaid balance at any time. Further, if in any calendar year the Buyer, by payment of the said smelter return percentage, or for any other reason, should pay in excess of the minimum of $9,000.00, or $1,000.00 for nine (9) months, then said excess shall be applied to the credit of the Buyer for subsequent years in which 10% of all smelter returns shall be less than the required $1,000.00 per month for nine (9) months, and the Buyer shall not be deemed to be in default hereunder until all of such excess payments shall be applied to satisfy the obligation of the Buyer for said minimum payments, provided, however, that the Buyer shall in any event be required to pay said 10% of all smelter returns as hereinabove specified. The Buyer and Sellers shall place this agreement in escrow upon exercise of Buyer's option to purchase with the U. S. National Bank of Portland, Oregon, Redmond Branch, at Redmond, Oregon and the Sellers agree to execute and deliver to said escrow agent a Deed in Warranty form as hereinafter provided for the above described mining claims when so requested; provided, the Buyer shall pay all escrow and collection charges.

It is understood and agreed that the interest of Sellers in and to said mining claims is not equal and that the interest of the Sellers in and to said mining claims and any proceeds payable to them under and by virtue of this contract is and shall be as follows, to-wit:

Earl Zimmerman and Jessie Zimmerman	26 2/3%
Roger Golliard and Marie Gollaird	26 2/3%
Frank O. Reid and Ann Reid	26 2/3%
Keith H. Parkinson and Betty J. Parkinson	20%

It is understood and agreed that this Agreement to sell and option to purchase shall include the above described mining claims, together with the underground workings, dumps and ores thereon contained and all camp sites and buildings located thereon, including all ores and minerals removed by the Buyer from said lands prior to the exercise of the option herein mentioned.

It is further understood and agreed that upon failure to exercise said option within the time allowed, all rights of the Buyer hereunder and to any and all ores extracted by the Buyer from the lands herein mentioned shall lapse, and sole and absolute title to all of the same shall be and remain in the Sellers.

The Buyer, in consideration of this Agreement, agrees as follows:

1. That it will not assign this Agreement without the prior written consent of the Sellers, but the Sellers agree that they shall not withhold said written consent unreasonably.

2. The Buyer agrees to comply with the Laws of the United States of America and of the State of Oregon, with respect to the payment of withholding taxes, payroll taxes, or other taxes or assessments imposed either by Federal, State, County or Municipal authority, and moreover, to post notices as may be prescribed by law with respect to Workmen's Compensation, and to in all respects operate said property, in a legal manner so as to hold the Sellers harmless and free and clear of any and all liability of every kind and character arising out of the operations on said mining claims, and to indemnify and save harmless the Sellers from and against any and all claims and damages whatsoever arising out of said operations. This provision shall apply to operations of the Buyer prior to exercise of said option and thereafter, if said option is exercised.

3. To indemnify and save the Sellers harmless from all labor liens, mechanics' liens and material liens, and other liens, or charges upon the premises, prior to exercise of this option and thereafter, if said option is exercised.

4. Upon exercise of said option, to mine said properties in a continuous manner and in accordance with good mining practices and with due diligence. The minimum payments hereinabove set forth are irreducible minimums, and both parties desire to assure the maximum output of all valuable minerals, at the same time complying with all health, safety regulations and requirements of the Federal, State and local governments.

5. The Sellers reserve the right to have free and full access to the mining properties for the purpose of inspecting the operations at all times, which inspections shall be conducted by the agents, servants, employees or attorneys of the Sellers, but such inspections shall not be conducted in such manner as to interfere with the operations of the Buyer, and shall be conducted in a reasonable manner.

6. The Buyer, upon exercise of the said option, shall furnish to the Sellers on or before the 15th day of each succeeding month, complete records for the previous month's operation showing an account of work completed for the previous month to enable the Sellers to file the necessary affidavits as hereinafter provided; the amount of ore sold and its value, during the preceding month; any report of assays

made during the preceding month: the reports or results of all drilling conducted: royalty payments as specified herein as payments on this contract.

7. The Sellers shall file the annual work affidavits required by law to be filed on such claims within the time and in the manner required by law, and the Buyer for this purpose shall make available to the Sellers on or before the last day of May of each year such of the Buyer's records of expenditures that may be useful in the preparation of said affidavit: and upon filing of said affidavit, the Sellers agree to furnish the Buyer with certified copies thereof.

8. Time is of the essence of this Agreement, and if after exercise of said option the Buyer shall have fulfilled all the terms and conditions contained herein, and made the payments provided herein, then and in that event the Sellers agree to furnish to the Buyer, its successors and assigns a Deed in Warranty form for said mining claims, free and clear of all encumbrances, except such encumbrances as shall be suffered or placed thereon by the Buyer. Further, that during the term of this agreement, the Buyer shall have the right to peaceful possession of the above premises without interference from or by the Sellers, their heirs or assigns.

If after exercise of said option the Buyer shall fail to make the payments herein provided at the times and in the manner provided, or shall fail to keep each and all of the covenants contained in this Agreement, then at the option of the Sellers, the Sellers may declare a forfeiture of this Agreement, retain all monies paid, as liquidated damages for the breach of this Agreement, re-enter upon said premises and take possession thereof and operate the same free and clear of any right, title or interest of the Buyer, Provided, however, that when the Sellers shall desire to declare this contract forfeited for reason of an alleged breach by the Buyer, then the Sellers agree to notify the Buyer in writing of any claims breach or default or failure to perform by the Buyer by addressing a communication in writing to the Buyer at its address at 1105 1/2 South 11th Street, Tacoma, Washington, and shall give the Buyer a period of 30 days after the mailing of said notice, as above described, by United States Mail with postage prepaid and addressed to the Buyer at the above address, in which to correct or remedy said default or breach within the said period of 30 days, and in the event of the failure of Buyer to remedy said default within said period of 30 days, then this Agreement shall be forfeited as

as hereinabove provided.

It is further agreed that, after exercise of said option, in the event that it becomes commercially impossible for the Buyer to operate said mining claims at a profit with reasonable expenses, and after having accounted to the Sellers for payments they are entitled to from the ore sold and stockpiled, then the Buyer may abandon the contract and have no further liability hereunder, and the Sellers may retain all payments made hereunder as liquidated damages.

A waiver of any breach or default shall not constitute a waiver of any succeeding breach or default by the Buyer.

It is agreed that the option herein provided shall be exercised by giving written notice of the Buyer's intention to do so, and mailing the same, registered mail, to the Sellers, at c/o Earl Zimmerman, Box 571, Redmond, Oregon; and thereupon no other or further Agreement shall be necessary, and this Agreement of sale and purchase shall thereupon be in full force and effect.

Upon giving such written notice of intention to exercise its option to purchase, Buyer shall deposit an executed copy of this agreement together with the initial payment on the purchase price in the amount of $10,000.00 in escrow with the escrow bank above mentioned and upon deposit likewise in escrow with said bank by Sellers of the Abstract of Title and Warranty Deed to said mining claims hereinabove described, the said bank shall be authorized to disburse the initial payment to the Sellers herein according to their proportionate interest therein as hereinabove set forth upon approval of title by Buyers.

The terms and provisions of this agreement are binding on the respective heirs, administrators, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the Sellers have hereunto set their hands and seals and they Buyer has by due and regular corporate proceedings caused these presents to be executed by its President and Secretary and its corporate seal affixed hereto the day and year first above mentioned.

SELLERS

/s/ FRANK O. REID (SEAL)

/s/ ANN REID (SEAL)

/s/ KEITH H. PARKINSON (SEAL)

/s/ BETTY J. PARKINSON (SEAL)

/s/ EARL ZIMMERMAN (SEAL)

/s/ JESSIE ZIMMERMAN (SEAL)

/s/ ROGER GOLLIARD (SEAL)

/s/ MARIE GOLLIARD (SEAL)

BUYER

WERDENHOFF MINING COMPANY

By /s/ RICHARD K. RUFFO
PRESIDENT

By /s/ WILLIAM H. THOMPSON
SECRETARY

STATE OF WASHINGTON)
) ss.
County of Pierce)

On this 4 day of November, 1958, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared RICHARD K. RUFFO to me known to be the President and WILLIAM A. THOMPSON, Secretary, respectively, of WERDENHOFF MINING COMPANY, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

R D Davis

Notary Public in and for the State of Washington, residing at Tacoma

STATE OF OREGON)
) ss.
County of Deschutes)

BE IT REMEMBERED, That on this 29th day of July, 1958, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named EARL ZIMMERMAN and JESSIE ZIMMERMAN, husband and wife, FRANK O. REID and ANN REID, husband and wife and KEITH H. PARKINSON and BETTY J. PARKINSON, husband and wife, who are known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

D. F. Pakenham

Notary Public for the State of Oregon
My Commission Expires November 13, 1958

DEED

KNOW ALL MEN BY THESE PRESENTS: that COBAR MINES, INC., a Corporation duly organized and existing under the laws of the State of Oregon, in consideration of Ten Dollars ($10.00) and other valuable consideration, to it paid by WILLIAM H. BOTZER, does hereby grant, bargain and sell and convey to the said WILLIAM H. BOTZER * * * *(IN TRUST) * * * *, their heirs and assigns forever, the following real property with the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and also all the estate, tight, title and interest, at law and equity, therein and thereto, situated in the Ochoco Mining District, County of Crook, and State of Oregon, bounded and described as follows, to-wit:

Fourteen mining claims known and described as follows, to-wit:

MD, quartz mining claims, as located in the Notice of Location of Quartz Claim filed August 19, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon;

View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, 1955, and recorded in Book 7 at page 401, Record of Mines in the records of Crook County, Oregon;

Kelly, quartz mining claims, as located in the Notice of Location of Quartz Claim filed January 20, 1955, and recorded in Book 7 at page 403, Record of Mines in the records of Crook County, Oregon;

Neva Mae #1, as located in the Notice of Mining Location of Quartz Claim, filed June 27, 1956, and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon;

Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956, and recorded in Book 10 at page 173, Record of Mines in the records of Crook County, Oregon;

Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon;

Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 277, Record of Mines in the records of Crook County, Oregon;

Round Mountain #3, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 566, Record of Mines in the records of Crook County, Oregon;

Round Mountain #4, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 568, Record of Mines in the records of Crook County, Oregon;

Round Mountain #5, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon;

Three L's #1, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 358, Record of Mines in the records of Crook County, Oregon;

Three L's #2, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 360, Records of Mines in the records of Crook County, Oregon;

Three L's #3, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 362, Records of Mines in the records of Crook County, Oregon;

Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957, and recorded in Book 10, at page 574, Record of Mines in the records of Crook County, Oregon;

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

TO HAVE AND TO HOLD THE SAME TO THE SAID

* * * * * * * *WILLIAM H. BOTZER* * * * * * * * * *

their heirs and assigns forever, and the said Cobar Mines, Inc. does covenant with the said * * * * * * * * *WILLIAM H. BOTZER* * * * * * * *(IN TRUST) and their legal representatives forever, that it is lawfully seized in fee simple of the above described and granted mining claims, and has a valid right to convey the same; that the said mining claims are free from all encumbrances, and that it will, and its successors shall warrant and defend the same to the said grantees, their heirs and assigns forever, against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, COBAR MINES, INC., pursuant to a resolution of its Board of Directors, duly and legally adopted, has caused these presents

to be signed by its President and Secretary and its corporate seal to be hereunto affixed this 15th day of October, 1959.

COBAR MINES, INC.

By /s/ Frank O. Reid
President

By /s/ Keith Parkinson
Secretary

STATE OF OREGON)
: ss
County of Deschutes)

On this 15th day of October, 1959, before me appeared Frank O. Reid, and Keith H. Parkinson, both to me personally known, who being duly sworn, did say that he, the said Frank O. Reid, is the President, and he, the said Keith H. Parkinson is the Secretary of Cobar Mines, Inc., the within named corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, by authority of its Board of Directors, and Frank O. Reid and Keith H. Parkinson acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal this the day and year first in this my certificate written.

/s/ H. G. Albrich
Notary Public in and for the
State of Oregon.
Residing at Redmond, Ore.
My Commission expires 11-29-60

Item 3. PHYSICAL DESCRIPTION

(a) Description of workings and production facilities.

The property has been operated through six adits and an open pit. The earliest operators concentrated on drifting on showing of cinnabar that outcropped in the east side of Canyon Creek, but late underground development has been designed to intersect the productive areas at greater depth with less regard for drifting along favorable structures. Presently, all of the underground workings are inaccessible owing to caving of the portals. Recent development has been directed at near surface low grade ore bodies that are amenable to open pit mining. The accompanying photographs show the status of the major open pit area at the cessation of the most recent period of activity. The bench height in the pit is fifteen to twenty feet. The relative positions of the surface and underground workings are shown on the accompanying 200 scale map and sketch, plate 2.

At present the property is equipped with a new forty ton per day six hearth Herreshoff roasting plant, and with a two table gravity concentrating plant with a crushing plant. There are also two nearly new D-tube retorts with all subsidiary equipment on the property. General views of these installations are shown on the accompanying photographs.

(b) During the past year, the main open pit was cleared out and developed by the present operators. The old underground work was all done by previous operators. The plant equipment, with the exception of the furnace plant, and mining machinery on the property, are owned or leased by Werdenhoff Mining Company. The new furnace plant is owned by Pacific Minerals & Chemical Co. Inc., which also leases that equipment belonging to the Werdenhoff Mining Company. The writer has no interest in any of the developments described above.

(Item 3 continued)

(c) Past production of the property, according to a compilation by Howard C. Brooks, Geologist, of the Oregon Department of Geology and Mineral Industries is at least 341 flasks, and is distributed as follows:

Year	Tons ore treated	No. of flasks produced	Avg. Market Price
1906		3	40.90
1908		18	44.84
1915		3	87.01
1927	130	24	118.16
1928	585	41	123.51
1929	400	24	122.15
1930	85	23	115.01
1932	3	3	57.93
1935	608	52	71.09
1936	418	47	79.92
1939	266	35	103.94
1940	500	60	176.86
1942	400	2	196.35
1943	334	4	195.21
1954	100	2	264.39

Brooks computes the average grade of the ore treated from 1927 through 1954 at 6.3 pounds per ton of recovered quicksilver.

(d) No ore reserve figures are computed. At the cessation of operations in the open pit on November 30, 1960, a series of horizontal channel samples taken three feet below the top of the face of the lowermost pit level showed that the entire pit face would assay 4.8 pounds per ton across a 41.6 foot width. These assays can be grouped in five zones which give higher assays surrounding a barren center. The groups show 6.4 pounds on the eastern 17.6 feet, with 6.5 pounds on the western 5.9 feet leaving 6.4 feet of 3.4 pound and 8.9 feet of 3.2 pound material on the east and west side respectively of a 2.8 foot wide horse of waste in the center of the pit face. A summary of this data is as follows:

Sample No.	Width Feet	Assay lb/T Hg
1055		

(Item 3d continued)

Sample	Width Feet	Assay Lb/T Hg
1056	7.0	6.0
1057	4.6	6.2
1058	1.8	2.9
1059	4.6	3.5
1060	2.8	0.0
1061	5.7	2.9
1062	3.2	3.7
1063	2.1	10.4
1064	0.5	1.8
1065	1.8	1.7
1066	1.4	8.4
1067	4.8	0.0

In addition, a 30 foot long portion of an old drift, intersected at right angles by the lower pit face in the area below samples 1061 and 1062 was sampled. An arithmetic average of eleven hotizontal channel and grab samples taken from the walls and from muckpiles in the drift is 8.3 pounds per ton. These two series of assays show that a block of ore bearing ground remains on the lowest pit level roughly forty by thirty feet in plan, and the height of the bench. No further development has been undertaken elsewhere on the property.

(e) Geological description. Briefly, the geologic setting of the cinnabar deposits consists of a thick series of andesite pyroclastics and flows that have been intensely faulted and fractured by four superimposed fracture systems, and have been hydrothermally altered. Rock types present in the area are interbedded andesitic and latitic tuffs, agglomerates and flows of the Eocene Clarno formation, which have been intruded by later andesite porhyry or diabase dikes. In the southern part of the mine area, the Clarno rocks are overlain by the flat lying Piocene Ochoco olivine basalt and andesite flows. Post-Ochoco faulting and erosion have slightly disturbed the Ochoco rocks in the southern area, and have removed them

(Item 3e continued)

entirely in the northern area. Cinnabar mineralization has occurred in premable fractured zones in the footwall of one of the fracture systems, and has been controlled by an impervious gouge on the fault plane. Mineralization is generally low grade and somewhat erratic, the ore-bodies being generally most persistent along the dip. The appended maps show the regional structural relations. The system designated as the Ore Fault system controls the mineralization. A more detailed treatment of the geological conditions on the property will be found in the attached copy of the Geological Progress Report.

(f) Additional ore discoveries can be expected along the favorable Ore Fault structures. Alteration and pyrite mineralization is widespread over most of the area covered by the Merry Widow, Jack Knife, Western Belle, and Eastern Belle claims, and the entire area of twenty-one claims is traversed by segments of the various fault systems. Traces of cinnabar can be panned from practically any place in the Clarno outcrop area, which indicates that cinnabar mineralization has been pervasive over the general area, so local concentrations governed by the structural features described above, can be expected.

(g) Attached are copies of descriptions of the property made by Schuette in Oregon Department of Geology and Minerals Resources Bulletin 4, Quicksilver Deposits in Oregon, and Gilluly, Reed and Parks, in USGS Bulletin 846 A, Some Mining Districts of Eastern Oregon, and the description of the mine in the description of the Round Mountain Quadrangle by W. D. Wilkinson. Also attached is a Geological Progress Report by the writer. These copies need not be returned.

MOTHER LODE MINE

This mine is some 32.3 miles distant from Prineville. The road is along United States Highway 28 for about 24.9 miles to a CCC camp and here a dirt road turns off up the hill behind the camp and runs to the mine some 7.4 miles distant. The mine is in Section 29, Township 14 South, Range 20 East, on the north slope of Lookout Mountain.

This property was first reported as a new producer in 1906 when it was credited with a production of three flasks. It was then known as the American Almaden mine and was operated by the Almaden Gold and Quicksilver Company. The location was given as Howard, Crook County. In 1908 it was credited with a small production from a 6-ton furnace. It was the original discovery of quicksilver in the Ochoco District. At a later date it was operated by the Quicksilver Consolidated Mining Company and under this name it was described in United States Geological Survey Bulletin 846-A[18].

This Bulletin on page 122 shows a map of the workings as they existed at that time. At this time the mine was also referred to as the Canyon Creek Mine of the Consolidated Quicksilver Company.

Later the mine was taken over by Crams, Inc., and additional work was done as shown on Fig. 11. This company applied for and received a R. F. C. loan of $12,000 in 1935. The furnace plant was moved to below the mouth of the new or No. 4 Adit, from its former position at the Consolidated Adit. This plant is shown in Photo 11.

In October, 1937, the mine was inactive having shut down in September, 1936. The lowest or No. 4 Adit was open, but the others were caved. At present the R. F. C. holds the mine. The roads to the mine are practically impassible in winter so a shutdown in winter has been usual.

The plant consists of a small 2-foot by 24 rotary kiln having a cast-iron pipe and wooden barrel condenser. It is operated by a 15 HP Fairbanks Morse Company engine and can treat some 8 to 10 tons per day.

Ore is trammed out of No. 4 Adit to a grizzly over the bin, oversize is crushed in a Wheeling crusher, and from this bin the ore is fed to the furnace. The burned ore from the furnace drops into a pit from which it is trammed to the dump.

Production to date has been not much over 100 flasks. This is small considering the amount of work done and the poor showing is blamed variously on bad management, irregular ore, insufficient development, and development work in the wrong places. The mine does show good ore in places and if run by hard-headed experienced quicksilver miners might make a very much better showing.

stringers. The sequence of mineralization appears to be first clay, chlorite, and pyrite followed in order by quartz, cinnabar, quartz and dolomite, chalcedony and opal, and lastly, asphalt.

Considerable stoping has been done near the end of the northeast drift, a stope there in gougy basalt being about 40 feet high and 15 to 20 feet wide. A little cinnabar remains in the clay of the

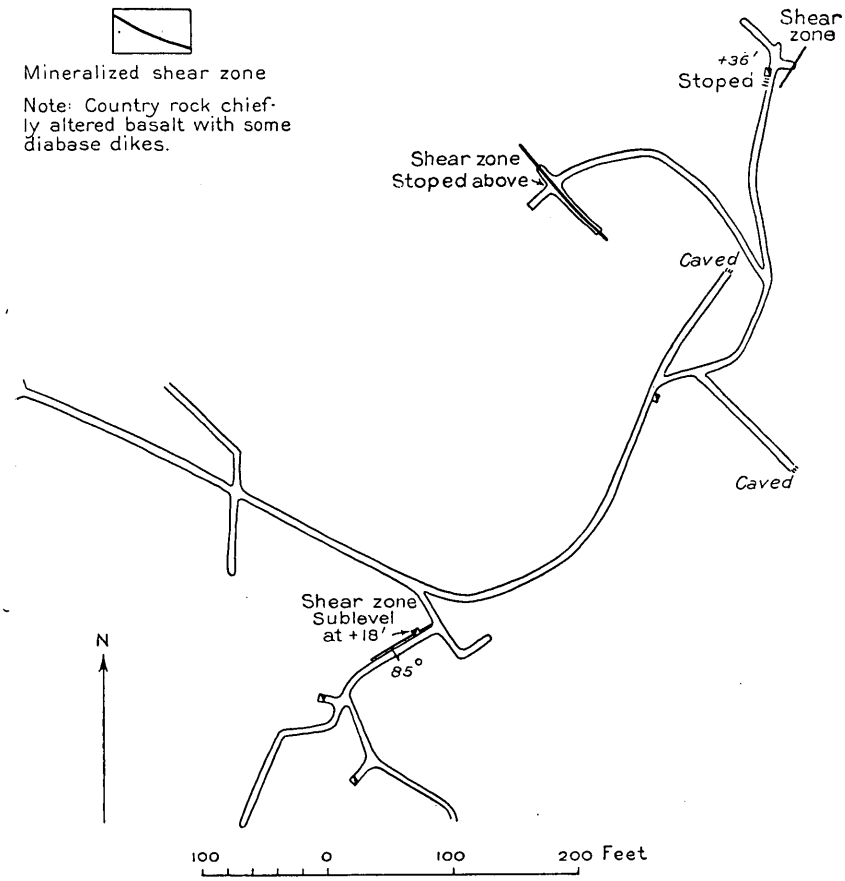


FIGURE 20.—Main level, Quicksilver Consolidated Mining Co.'s mine, Ochoco district, Oreg.

walls. Several other stopes have been worked; one, near the junction of the southwest branch with the main drift, is about 50 feet long and follows a vein that strikes N. 60° E. and dips steeply south. This stope extends to the upper level. Much of the old work in the mine is caved, so that the extent of other stoping was not determined.

The tenor of the ore is unknown, but to judge from the material exposed in the mine it must be rather low. It would be difficult to select any considerable tonnage carrying more than one half of 1 per cent of quicksilver; probably even this limit would be hard to maintain.

MOTHER LODE MINE (15-17)

This mine, which has been known as the American Almaden, Quicksilver Consolidated Mining Company, and Crans, Inc., is located about 32 miles from Prineville on the road to Lookout Mountain. It lies in Sec. 20, 29, T. 14 S., R. 20 E., and is just below the north face of Lookout Mountain. At the time of the visit, work in progress, under A. J. Champion, included retimbering some of the old workings, exposing surface showings with a bulldozer, tunnel work, and reconditioning the rotary furnace and condensing system. In January, 1950, production was at the rate of two flasks a day.

The property has several hundred feet of old workings, much of which was inaccessible, due to caving. There is about 100 feet of new tunnel work, as well as many open cuts. The main tunnels have been driven into basalt and andesites of the Clarno formation. Along faults and fractures in these rocks, ore occurs in veinlets varying in thickness from knife blade to two or more inches. In some cases definite post-material movement was observed. Stopes have been developed from the lower tunnell following these small localized ore-bodies. Total production has been about 200 flasks.

In the lower tunnel a dense fine-grained black basalt was found which had invaded the more coarsely crystalline Clarno basalts and andesites. In one place small stringers of cinnabar and quartz were observed, penetrating this rock for a short distance.

In this region the Clarno is capped by a series of younger andesitic flows. At present none of the workings has extended high enough to reach the bottom of the series of andesite. Whether these flows form a cap for this deposit is problematical, and could only be determined by development. However, no evidence was found in the quadrangle to indicate that mineralization was later than these overlying andesites.

(Mother Lode Mine 15-17 - continued)

While high grade ore veins four inches wide have been exposed in the new workings, the tenor of the ore in the old workings is low grade.

Taken from Wilkinson, W. D. Geologic Map of the Round Mountain Quadrangle, Oregon, Oregon Department of Geology and Mineral Industries, 1940.

GEOLOGICAL PROGRESS REPORT

PERIOD COVERING JULY, 1960 TO FEBRUARY, 1961

Winston M. Sahinen

GENERAL INFORMATION

Description

Location. The Mother Lode Mine is situated in Sections 19-20, 29, 30, T. 14 S., R. 20 E., lat. N 44° 20', long. 120° 21' W. The property lies on the east side of Lookout Mountain. Altitude of the property ranges from slightly below 5900 feet to approximately 6500 feet. The property comprises twenty-one unpatented mining claims.

Topographic and hydrographic features. Property is located on a divide. The Northern area, upon which all of the mining has been done to date, is situated on a northwestward facing hillside on the east side of Canyon Creek drainage. The average slope in the mine area is 20°. The Southern area encompasses headwaters of Brush Creek.

Timber. The Northern mine area is heavily forested with an old mixture of White Fir, Douglas Fir, and Western Larch, in the approximate proportion 85:10:5. It appears that prior mining operations have used sizeable amounts of Larch and Douglas Fir underground, with consequent depletion of the stock on the surface. The Southern area supports an open growth of Douglas Fir and Ponderosa Pine.

Climate. Precipitation is not known, but is considerably greater than the 6" average annual rainfall in Prineville. Both Canyon Creek and Brush Creek are perennial streams, both being fed from numerous springs in the mine area. Snow falls generally from October through March, reaching its maximum depth in February. On occasion, in the past, heavy

snows have hindered mining and communications, and the property has frequently been closed down during the most severe winter weather.

Communications and Population Centers. The property is about 30½ miles by road from Prineville, Oregon, the county seat of Crook County. It can be reached by 22½ miles of all weather surfaced and graded roads, and 8 additional miles of good mountain roads. In recent years winter logging activity in the area southeast of the mine has kept most of the mountain section of the road plowed and maintained.

The nearest population center is Prineville, and is the locus of the supply and labor market. Owing to the fact that this is the only quicksilver mine and mill that has been in operation in the area for some time, dependable experienced workmen are very hard to obtain.

History. The Mother Lode Mine has had a long and colorful history. The present operators are reported to be the eleventh or twelfth organization to undertake the development of the property, and are the builders of the sixth or seventh reduction plant. The failures of the previous operators is variously ascribed to low prices, insurmountable technical difficulties, poor or mis-directed development, or outright poor management. It is the opinion of both independent investigators and various representatives of former operators, that there exists a considerable quantity of low grade ore on the property with some measure of high grade ore.

Previous operators have mainly concentrated on underground mining, using square set stoping from one of five adit levels which were at approximately 60 and 100 feet vertical intervals. Three of the adits were at approximately the same elevation, and could not have produced a great deal owing to shortness and lack of stoping ground, so most of the production can be assumed to have come from the 160 feet between these

and the lowest level. Some open pit mining had been practiced in the past over portions of underground ore bodies and in other isolated locations, but the extent and the effectiveness of this type of operation is not known.

Sources of information. Information concerning the history of the property was obtained from published accounts of the Ochoco Mining district in U. S. Geological Survey Bulletin 846A, and in Oregon Department of Geology and Mineral Industries Bulletin 4, both of which were written while the underground workings were accessible. In addition, there are two private reports that have drawn some conclusions regarding the ore available for underground and underground-open pit extraction, based upon an assay map drawn by a former manager.

Geological background information was largely obtained from a quadrangle geological survey conducted by W. D. Wilkenson under the auspices of the State Department of Geology and Mineral Industries in 1940. In the brief written description accompanying the quadrangle map, Wilkenson identifies the Johnson Creek Fault zone, and relates it to northeast trending folding in the Eocene Clarno formation. He also describes the Clarno formation as being composed of rhyolite, andesite, and basalt dikes, flows, and related tuffaceous sediments of lacustrine and fluviatile origin. In the same publication, the Ochoco Lavas, which overly the Clarno formation in about half of the mine area, are dated as Pliocene or Pleistocene. The age of the mineralization is not discussed, but a very slightly mineralized basalt younger than Clarno, was noted. Whether or not this could represent post-Ochoco mineralization in an Ochoco dike was not elaborated upon.

Considerable general geological information regarding the Ochoco mining district in general was obtained from discussions with Howard C. Brooks, Geologist of the State Department of Geology and Mineral Industries, as was a map describing a magnetometer survey performed over part of the mine area in 1947. Mr. Brooks, unfortunately, did not have any firsthand knowledge of the underground workings of the Mother Lode.

Current Exploration, Development and Mining Programs

Initial Development. With this background of geological information, an exploration and development program was laid out. The initial program consisted of bulldozing in selected areas near the pit in areas generally regarded to have potential. The area investigated was to the south of the open pit, which was reported to overly the earliest underground workings. As the stripping progressed, geologic mapping and sampling were conducted.

Sampling. Sampling was performed by the writer and by others under his direction, according to conventions in use in the mining industry. The majority of the samples taken were horizontal chip samples, taken over five or seven foot intervals in the floor of the various bulldozer cuts. Special care was taken to insure that the sample was taken of material in place. Whenever the cuts were deep enough, horizontal channel samples were taken over a five foot interval from the wall of the cut. Of course, the latter method is more reliable because it is more representative of the material sampled. Whenever well-defined structures or cinnabar-bearing zones were encountered, the sample interval was changed to give a more accurate sample of the grade of the zone.

Assaying. Assays were performed by the writer, or by others under his supervision. The method of analysis used is the one currently in use by all major quicksilver producers. All assays were run in duplicate, and

additional titrations were run if agreement was not obtained on the first two. On occasion, check assays were run on pulps selected at random from those retained after assaying by a commercial assay laboratory. The results of the independent assays substantiated those obtained in the laboratory on the property.

Field Mapping. Field mapping has been completed over only the immediate area of the open pit. Operating exigencies prevented the writer from making a more complete coverage of the surrounding area during the time that actual mining and milling was being conducted. In mapping, the coordinate system already set up was utilized, but considerable difficulty was experienced in finding stations to use as reference points. Most of the mapping is referenced to a temporary station at coordinates N 10,000, 10,000 E. Both the scale and general format of the existing maps were used. For geological mapping, breast high (5 feet approximately above ground) horizontal datum plane was used. Observed geologic features were plotted to scale on Brunton-tape traverses. The maps appended to this report show the extent that mapping has been completed.

Aerial Mapping. As an adjunct to field mapping, a series of aerial photographs of the area were procured. Through the medium of stereoscopic examination, the major areal structural trends, which will be discussed in a later section, were identified. The position of the property with respect to these trends was also noted, as was a similarity of structural patterns with another producing mine of the district. Plate 1 following this report, depicts these items graphically.

Geological Observations

Rock types. Prior investigators have invoked a number of descriptive and genetic rock terms in discussing the Mother Lode, which for the most part can be discarded in the light of present information. There appear

to be only three major rock types, with various stages of alteration, in the mine area, which are a series of andesitic tuffs and flows, an andesite porphyry or diabase, and a basalt. These three rock types assume vastly different appearances after undergoing alteration, but can generally be resolved to their original form. Petrographic investigation would be desireable to test this classification, but the requisite equipment is unavailable, so identification and classification must be made on megascopic features alone. Plate 3, following the report, shows the general arrangement of the rock types in the main pit area.

Tuff. This tuff is present over most of the mine's northern area, and constitutes about 75% of the rock exposed in and around the main pit. It is, according to Wilkenson, of Clarno age. There are some small bodies of flow material interbedded with the tuff; in one place a tilted vesicular andesite was observed surrounded by altered tuff. This rock is present in two forms, hydrothermally altered and silicified. Both forms have some disseminated pyrite.

The hydrothermally altered tuff is generally a light grey to medium grey. It is soft and friable, and can be crumbled readily between the fingers. Occasionally relict grains of completely altered feldspar are discernable in either the sedimentary or extrusive rock, but alteration has completely obliterated the other original minerals, and converted them to pyrite and clay minerals. As was mentioned above, the rock contains appreciable disseminated pyrite, probably formed from the iron present in the original ferro-magnesian minerals. Secondary marcasite and calcite is also present along fractures, formed as a result of deuteric alteration. Alunite is to be expected from this type of alteration, but was not positively identified. Natrolite has been observed in

cavities in both the oxide and sulphide zones.

Cinnabar deposits in this type of rock reach commercial proportions at several places in the pit, specifically, at the locations marked C, D, and E on Plate 3. The cinnabar is deposited along fractures in the altered tuff in the footwall of N. 20° E. trending, in dipping faults. The cinnabar occurs in irregular small veinlets associated with quartz and calcite, and as disseminations into the walls of the fractures. The distance that the cinnabar migrates into the tuff is generally less than three millimeters. Areas in which commercial ore is developed are intricately fractured, with spacings on the order of three to five millimeters. The grade of the ore falls off rapidly as the distance from the fault plane is increased, depending on the intensity of the pre-ore fracturing. This tends to produce lenticular ore bodies, whose maximum thickness is in areas of most intense fracturing. This shattering is most intense at slight changes in the dip or strike of the controlling fault. Mineralization appears to be more intense in areas of flatter dips of the fault.

In the oxide zone, the tuffs and flows undergo further alteration from leaching by sulphuric acid generated by the oxidation of the disseminated pyrite. The effect of this leaching is a further breakdown of the clay minerals formed in pre-mineralization and mineralizing hydrothermal activity to kaolin, and the complete obliteration of pre-mineral structures. The iron present before oxidation as sulphides and ferro-magnesian minerals for the most part is leached, transported and concentrated in fractures. Part of the dissolved iron is reprecipitated as Marcasite in joints or fractures in the sulphide zone, and part is oxidized and precipitated in concretionary masses of limonite or goethite

near the fractures or solutionways in the oxide zone. The final result is the familiar powdery light tan clay criss-crossed with narrow seams of limonite. No cinnabar deposits of consequence were found in this oxidized material during the current exploratory program. The oxidized material overlying zones C, D, and E had already been removed by prior operators, so they were not examined, but it is expected that they probably consisted of residual cinnabar in the Kaolin-limonite mixture.

Silicified Tuff. The second variation of the andesite occurs as irregular masses in larger bodies of the material just described. It appears megascopically to consist of essentially the same material, but is silicified and is pyritized to a higher degree. The contacts between the two types are generally very irregular, and appear to be independent of any of the observed structural patterns. The silicified rock is generally of the same grey tones as the soft altered tuff, and exhibits the same megascopic appearance with the exception of those fractures due to hardness. In the open pit area, this rock is present in large homogeneous masses which are well jointed. The rock has been shattered and recemented with quartz and carbonates and minor cinnabar. This shattering was contemporaneous with that which fractured the companion tuff, and in the silicified material formed fine cracks usually less than one millimeter in width, two to five centimeters apart, which were recemented during mineralization. In places, there appears to be a second joint pattern superimposed upon that due to the pre-mineral fracturing. The result of these processes is a jointed, dense medium grey fine grained rock that has considerable pyrite disseminated between, but not in, an older set of hairline fractures that have been healed by quartz and calcite. The unoxidized rock is very competent, and breaks along the healed fractures

with difficulty; the smaller fragments break to show fine grained crystalline pyrite in a grey amorphous groundmass.

Cinnabar deposition in the silicified rock was very meager compared to that in the related altered andesite. It was controlled by the pre-existing fracture pattern, and apparently did not commence until the smaller fractures had been healed by the quartz, calcite mixture. Cinnabar has been found along some of the larger fractures, or in fractures later than the first surge of quartz calcite mineralization. The mineralized rock commonly breaks along the fractures that contain cinnabar, because they are much weaker than the rest of the rock, which results in some spectacular showings of cinnabar that are only a fraction of a millimeter thick. No commercial ore has been found in this rock during the present period of activity.

In the oxide zone, the disseminated pyrite breaks down to form sulfuric acid which leached the calcite cement out of the healed fractures, which enables the material to break readily into hard angular fragments 5 to 10 millimeters across. Part of the iron from the pyrite and ferro-magnesian minerals is oxidized and stays behind as either powdery yellow limonite or glossy black goethite in the seams and fractures. Some jarosite and natrolite have been observed in the oxide zone. Cinnabar remains unchanged, and occasionally remarkable faces of cinnabar-limonite "paint" are exposed.

Both the altered and unaltered-silicified type of andesite show a peculiar greenish cast at a distance just below the oxide-sulphide zone boundary, which is due to the presence of ferrous iron compounds along the fractures. These are a result of the migration of leached iron downward as ferrous sulphate.

Deposit A on plate 3 is formed in a small pocket of altered andesite

surrounded by fresh, hard unaltered andesite. The deposit is a true dissemination of cinnabar in a sugary altered andesite.

Future study will be directed at more accurately determining the relationships between the two varieties of this andesite. It is possible that the silicified phase could simply be material that has not been as thoroughly altered as the altered phase, but field evidence to support this theory is lacking.

Diabase. The diabase present is more often a porphyritic andesite, but will be referred to as a diabase to distinguish it from the andesite-andesite tuffs just described. The diabase is present as intrusive masses that have undergone considerable faulting. Most of this rock has undergone pre-mineral hydrothermal alteration, or prepy[illegible]ition, as well as surficial alteration. Diabase constitutes the remaining 25% of that exposed in the pit area, and is the host for the cinnabar deposits at B, G, and H. The rock is a pale green color with some large kaolinized feldspar phenocrysts. There exist some areas where propylitization has not been as intense where the rock shows its original dark grey color. Fault movement has been confined to a few fault planes, but the propylitized rock mass is generally very permeable owing to the presence of open intersecting joint planes.

Cinnabar mineralization has occurred in narrow zones along the fault planes, and along the joints. In the area B on plate 3, commercial grade material is encountered when the joints and fractures become closely spaced. The intensity of the fracturing appears to have been controlled by a slight change in strike of the N 20° W fracture zone as it entered the diabase mass.

Cinnabar mineralization of the propylitized diabase occurred without further hydrothermal alteration, other than the change in the color of

rock in the immediate area of deposition from pale green to dark grey. The mineralogical change indicated by this darkening is not megascopically discernable. Some of the diabase in the area of most intense shearing has been further altered (sericitized), but is devoid of cinnabar mineralization.

It would thus appear that the mineralizing solutions rose along the old N 20° E fracture system, and migrated laterally for short distances into permeable zones in the propylitized diabase before being deposited. Conditions in and near the main shear zone did not permit ore deposition.

Other small cinnabar showings at G, H, and I, are areas of closely spaced N 10° E striking, S 75° dipping cinnabar veinlets in the footwall of a N 20° E or N 15° W fault. These are small lenticular bodies of limited vertical and lateral extent, which occur as disconnected pods along the structure mentioned. The N 10° E fractures appear to be tension fractures, related to one of the pre-mineral fault zones.

There are, as mentioned above, areas of diabase that have not been appreciably propylitized. These bodies are dark greenish grey, medium grained massive rock that do not show the well developed jointing of their fully propylitized counterparts. Owing to this lack of permeability, cinnabar deposition ceased where the boundary between the two types was encountered by the ore-bearing solutions. Later fracturing has produced narrow irregular fractures that have been filled with calcite, quartz and a very small amount of gilsonite.

In the oxide zone, the diabase does not undergo any marked change. The feldspar phenocrysts are kaolinized, and the iron present is oxidized and stays in place as limonite, cinnabar remains unchanged. This type of rock does not seem to afford the opportunity for leaching and transfer of

iron, and the formation of secondary marcasite that is present in the altered andesitic tuff.

Basalt. The third major rock type is a basalt, which is generally confined to the southern portion of the property. This rock is called Ochoco Basalt by Wilkenson, and is dated by him as Pliocene. It occurs in flows parallel to the present ground surface, and is the youngest rock exposed in the area. The possibility of there being intrusive masses of this basalt in the Northern mine area has been mentioned by earlier writers, but no clear-cut examples are present in the accessible workings.

Mineralogically this rock grades between an andesite and an olivine basalt. Alteration is generally not present, but some serpentinization was noticed in material taken from fault zones. This could have been formed by either deuteric or hydrothermal alteration. As was stated before, no cinnabar mineralization has been found in rocks of this group anywhere in the district, but the association of cinnabar and a younger basalt in the underground workings, as described by Wilkenson, raises the possibility of such an association.

The question of the relative age of the basalts and mineralization assumes considerable importance when it is seen that structures known to be ore localizers in the older Clarno rocks are present in the basalts. This, of course, means that additional cinnabar deposits could have been formed either in or beneath the lava flows in favorable structural areas. The possibility that the basalts might have "capped" a series of ore deposits has long been recognized, but exploration to date has been inadequate to either reenforce or disprove this theory.

Summary of Rock Types. It can then be seen that there are two major rock types in the developed area, with a third overlying them to the south.

Cinnabar deposits have been formed along permeable zones in fractured and hydrothermally altered areas in both types of older rocks. The deposits exhibit pronounced structural control, being formed on the footwall of moderately dipping faults. Areas that are not hydrothermally altered are not susceptible to ore deposition. The relative ages of the youngest rock, basalt, and the mineralization have not been ascertained.

Structures

Regional Structures. According to Wilkenson, the major structural trend in the area is a Northeastward trending anticline and two synclines. Related to this is a zone striking N 60° E containing three systems of faults striking N 62° E, N 10° E, and N 45° E, which have produced shear zones in which the cinnabar deposits have been formed. In the area described in this report, these faults are not as prominent as elsewhere in the district, being overshadowed by a different fault system.

Reference to Plate 1, following the report, shows the area to be cut by four major fault systems. These are, beginning with the oldest, the N 60° E group, the N 20° E group, the N 40° W group, and the N 15° W group. For ease in identification, names, based on associations with observed features, have been selected for these fault systems to facilitate reference. They are, again starting with the oldest, Johnson Creek faults, Ore faults, Brush Creek faults, and Canyon Creek faults. Each of these groups will be discussed in detail below.

Johnson Creek Faults. Most of the evidence for the existence of the Johnson Creek faults comes from other properties in the district such as the Blue Ridge and Number One, where well defined N 60° E bearing structures are major ore producers. In the property under discussion, the

N 60° E group is present as only a few faint fractures and breccia zones, much broken by later movements. They generally have steep dips ranging from 82° N to 85° S. Bulletin 846 A reports some steping 60 feet below the surface on an ore body striking N 60° E. Stereographic examination of aerial photographs reveals a strong arcuate N 45° E -- N 60° E lineation a few thousand feet to the north of the mine, and some N 60° E fractures in the Ochoco Basalt to the Southeast. A distinct N 60° E fracture shows in the area of the Amity mine, two miles to the Northeast.

Ore Faults. The Ore fault group generally strikes N 20° E and dips to the south at between 40° and 70°. They can be seen to the north of the mine and also to the south entering the Ochoco basalts. Movement along these faults has occurred at least two times, once before ore deposition, and a small strike slip movement after deposition. This latter movement appears to be younger than all of the other movements, because it is shown to displace faults younger than the Ochoco basalt. Most of the later movement is strike-slip, the south side having moved to the south. The fault plane of this group is generally an impervious gouge, ranging from a few hundredths of a feet to over a feet in thickness. It appears to have effectively dammed the ore bearing solutions, because the cinnabar is deposited in the most part in the footwall of the fault, with the greatest concentration at the underside of the fault.

Brush Creek faults. The Brush Creek group is so named because Brush Creek in its upper reaches follows one of these faults for almost one mile. From the air, this group is most prominently displayed in the Ochoco basalts. Investigation of faults of this system show them to be reverse faults of small displacement and steep, 85° W, dip. Most of the prior development on this property and on the Amity has been parallel to faults

of this group, and a stope 60 feet underground on a vein falling in this group is reported in Bulletin 846 A. No orebodies parallel to this system were observed in the recent work, however. Subsequent movement along faults of the Ore system have caused small displacements of the Brush Creek faults.

Canyon Creek faults. The Canyon Creek faults are so named because of the influence that they exert on the course of Canyon Creek north of the mine. These faults are less distinct than the Brush Creek system, but are well displayed in the Ochoco Lavas south of the mine. There are a number of intersections visible from the air of faults of these two systems, which could localize ore deposition if they were present before mineralization. The orebodies shown at A and B on Plate 3, show a general parallelism to this system, and the ore body at C is cut off on the west side by another parallel fault. The faults of this system generally strike N 15° W and have dips ranging from 71° N to 85° S. Assays taken at right angles to these faults show larger concentrations of quicksilver in the footwall of these faults, but nowhere do these concentrations reach commercial grade. Two small chalcedonic quartz veins with small amounts of gilsonite are parallel to the system.

Minor Structures. Minor structures include the various joint systems, and a series of small cinnabar veinlets. The joints have been mapped wherever good exposures are encountered, but no clear cut relationships can be seen.

There does exist, however, a relationship between the small veinlets of cinnabar developed in propylitized diabase. At locations B, G, H, and I, parallel veinlets a few miles apart striking N 10° -- 12° E and uniformly dipping 78° S have been mapped. The full significance of this feature is not known; for the present it can be said that these orebodies were formed

in tension fractures that were opened by identical though as yet undefined stresses. A

A few small N-S striking veins have been encountered, but have not been of mineable size. The vein filling is quartz, calcite, cinnabar and some gilsonite.

Structures controlling ore. The ore has been localized by the N 20° E Ore Fault system, in both types of wallrock. The subsidiary N 12° E tension fractures are probably related to this same series, but to date evidence of direct correlation has not been uncovered. The N 15° W structures show a similar control, but no commercial ore bodies have been made on them.

Interpretation of Data

Ore-Controlling Features. It can readily be seen from the above information that the cinnabar ore has been localized in favorable areas by structural control. The favorable areas are of two types, depending upon the host rock.

In the Clarno andesites and andesitic tuffs, the condition that favor ore deposition are close fracturing in highly hydrothermally altered areas in the footwall of a N 20° E trending fracture. This intense fracturing occurs where the controlling fault changes direction slightly. The orebodies thus formed are lenticular, and are terminated by a decrease in fracturing, change in wallrock, or increasing distance from the main solution path (in this case, the underside of the fault zone). Other deposits of this type could be expected in areas where fracturing was present and conditions of temperature and pressure were low enough to permit the deposition of cinnabar.

In the propylitized diabase, again the conditions for commercial mineralization are the presence of closely spaced fractures. In the type of deposit just described, the fracturing is a shattering of random orientation, while in the diabase deposits, the fractures are regularly spaced, parallel joint planes. There has been some minor movement along some of the joints, but it is of no consequence. In this type of deposit, mineralization extends over larger areas than in the former. The source of the mineralizing solutions is probably the same series of N 20° E faults. Ore deposition has not taken place in and near the faults themselves, where the diabase has been intensely sericitized, but has occurred within a few feet of them, in the permeable jointed diabase. Propylitization is a prerequisite for ore deposition in this type of rock; where the diabase has not been fully propylitized, the joints were not developed, and mineralization could not occur. So it can be seen that an intersection of the N 20° E fault system with a body of propylitized diabase is favorable for the formation of an ore deposit.

Vein deposits, where encountered, have been too small to be of commercial importance. They are generally of good grade, consisting of a vein filling of quartz, calcite, and cinnabar with occasional gilsonite.

Small veinlets of quartz, calcite, and cinnabar are present in some of the hard silicified andesite, but they are not close enough together to constitute an ore body. This material could be the younger basalt described by Wilkonson, and the cinnabar veinlets could be the mineralization that he described extending a short distance into the basalt.

This constitutes the present state of knowledge regarding the ore deposits on the property. Further development will be directed at utilizing and expanding this knowledge.

PRESENT DEVELOPMENT

Surface Workings

Bulldozer Cuts. During the late summer and early fall approximately 3900 lineal feet of bulldozer cutting was performed to open the mine area for mapping and sampling. Sampling and mapping was completed in the area immediately south and southwest of the main pit, in an effort to locate extensions of the orebodies known to exist in the main pit. It was expected that continuous series of samples taken along east-west lines would crosscut the major structural trends, and outline areas of cinnabar deposition. The assays did show increased mercury contents in the footwall of favorable structures, as described above, which indicates that there is a possibility for the discovery of additional orebodies beneath this area. The results of this program were negative in that no commercial mineralization was disclosed at the surface.

Two bulldozer cuts were made in the Southern area across areas in which Brush Creek and Canyon Creek faults intersected. Drill stations were set up in the cuts and fifty-two feet of two inch churn drill hole was made. Material taken from the surface cuts and the drill cuttings was a mixture of fresh and serpentinized vesicular basalt. As was stated above, this serpentinization could have been caused either by descending cold meteoric water, or by ascending hot hydrothermal solutions. If the [illegible] were the case, it would indicate that at least some hydrothermal activity was younger than the Ochoco basalts, and also possibly some mineralization. No cinnabar was found in either the surface samples or the drill cuttings, however.

Additional bulldozing was done in other areas to the north and east of the present pit to prospect reported magnetic anomalies. These cuts

were sampled and failed to show any mineralization. Seventy-five feet of two inch churn drill hole were drilled in one anomaly. Surface samples and the drill cuttings showed this anomaly to be due to an unusually high amount of magnetite and ferro-magnesian minerals in a fresh andesite, with no cinnabar mineralization.

Drilling. As time permitted, drilling was done on projections of known ore bodies with the Hossfeld drill. For example, six holes aggregating 260 feet of two inch drill hole were put down on five feet centers along a line crosscutting the N 20° E fault east of orebody I. The holes showed that the rock in the footwall of the fault in that area was hard silicified basalt, which is not regarded as a suitable host rock, which was borne out by the assays made of the drill cuttings.

Several hundred feet of churn drilling in other areas of interest near the pit have eliminated these areas as potential ore bodies.

Mining. On the uppermost level of the pit, the body of ore shown at I has been mined out, and prospecting further into the ground surrounding this deposit has failed to reveal any additional ore, although a small amount of cinnabar mineralization persists. The ore showing at C and H were removed on this level. The floor and walls of this level have been completely sampled from end to end, and no commercial ore is showing at present.

The intermediate level has produced the bulk of the ore extracted during the fall of 1960, from the deposits marked A, B, D, and E. Deposit D can be regarded as an extension of C, and B extends vertically with approximately the same plan on both the intermediate and lower level. With the exception of deposit E, the ore bearing material was removed and stockpiled during the previous fall.

At the cessation of mining in November, the lowest level was just being brought into production. It contains the bulk of the developed ore. The latest series of assays show to average 4.5 lbs. per ton across 14.8 feet, including a 6.0 foot streak on the west side averaging 6.5 lbs. per ton. A series of eleven grab samples taken from material that had sloughed into a twenty-five foot long portion of an old drift that traverses deposit B averaged 7.3 lbs. per ton. Discounting two low assays that were taken from the east side of the drift, the block of ground represented by the mine grab samples averages 8.5 lbs. per ton. It can be seen that block B will maintain a grade of 5.0 lbs. or more for the whole 25 foot length of the drift segment, and, on the basis of experience gained on the level above, for approximately 15 feet further.

Deposit C assays 5.6 lbs. per ton across a 24 foot face in the lowest level of the pit. As was noted before, the grade diminished rapidly away from the Ore fault. Across the 7.6 feet closest to the fault, the assay was 6.4 lbs. per ton, while the remaining 6.4 feet assayed only 3.36 lbs. per ton. These samples were taken at about a 45° angle with the ore fault; correcting the width to the perpendicular distance from the fault gives a distance of about 17.0 feet still assaying 6.4 lbs. per ton.

Considerable interest has been shown in the past in the area known as the "Wet Cut", which lies about 200 feet east of the main pit. Early in the fall, this cut was cleaned and the alleged ore body was sampled. No commercial ore was encountered, even though there were some very outstanding veinlets of cinnabar present in the area. The material sampled was silicified altered tuff, which has not been productive in the main pit area.

Underground Development. The final development undertaken during the period covered by this report was an attempt to reopen the lowermost adit that was driven under the mining area by the earlier operators about 1935. The approximate position of this adit is shown as adit number 5 on plate 2. It can be seen that this adit occupies an ideal position with reference to the present surface workings.

The adit was not opened but considerable progress was made toward its rehabilitation. The writer, working alone, was able to excavate approximately forty feet of caved portal, and repair two drift sets underground. Considerable time was spent on service and maintenance work during this period. Work on this phase of development was abandoned when the writer was requested to compile the information for this report.

Summary of Development and Mining Activities. During the period covered by this report, approximately 3900 feet of bulldozer cutting was completed. Geological mapping was completed on only about 1500 feet of this, and sampling on about the same. In addition, 670 feet of two inch churn drill holes have been drilled on the property. In conjunction with this exploration, and with mining, some 948 assays have been run. Open pit mining was carried on during the months of September, October, and November, and a stockpile of low grade ore was made for future mill operation. Geologic mapping fell behind during the active mining period, but was supplemented during January and February. In the future, geological investigation will be accelerated to keep pace with development.

PROPOSED DEVELOPMENT

The development program for the future could be divided into two types, Exploratory and Mining Development. In the Exploratory category would fall those activities that are independent of actual mining and

could be accomplished with a limited work force in advance of full scale operation. These include geological investigations, sampling, drilling, and limited underground exploration. Mining development would include that necessary for the safe and efficient extraction of the ore that is already proven, and the development of extensions of known orebodies.

Exploratory Development

Geologic Mapping. As weather and snow conditions permit, detailed geologic mapping will be extended to cover the area already stripped adjacent to the pit on the south and southwest. This is a necessary first step, before any of the subsequent development programs outlined below are undertaken.

It would facilitate mapping if a network of stations could be established with a transit in the area to be mapped. This would also allow accurate elevation control, which is essential before accurate projections of the observed structures can be made. With the requisite equipment, a survey of this nature could be accomplished in a few days, and would be a good investment.

Geological Laboratory Work. Additional work will be done on the identification and classification of the rock types present on the property. Microscopic examination of the rocks present would be desirable to determine if there exist any mineralogical relationships between ore and wallrock that are not megascopically discernable. This can be accomplished by use of State or Federal petrographic laboratory equipment. Accurate classification of the various highly altered wallrocks is very difficult without the use of a microscope. This investigation can be accomplished at the cost of the writer's wages and travelling costs to a laboratory.

Sampling. Some sampling remains to be done in the cut to the extreme south of the pit. This area should be sampled because it lies directly over the old underground workings, and lies along the projection of the Ore Faults in the main pit. Sampling of other surface areas will be kept up, as will sampling in conjunction with development in the pit.

Drilling. Shallow drilling can be accomplished at a good rate of advance with the drill presently on the property. Past experience has shown that a drilling rate of 40 to 50 feet per day can be achieved in this ground. This drill is limited in application, however, to shallow near vertical holes in solid ground where good water circulation can be maintained. The maximum depth is 100 feet with the lower practical limit at 60 feet to 70 feet. For deeper holes or for badly fractured ground, other types of drills would be required.

Shallow drilling can be of value, however, in locating the extensions of known ore producing structures, and in sampling them near the surface. For this purpose, holes can be drilled along the supposed strike of a known structure, or in unknown areas, holes can be drilled on a regular pattern. A rectangular pattern of 160 foot center to center spacing allows even subdivision to a five foot spacing, which would be the smallest practicable.

Areas that could be profitably drilled with this small drill are: 1. the southern extension of the ore bearing structures in the pit, 2. the northeastern extension of the structures, and 3. the pit bottom. The latter two drilling programs would be on a rectangular grid, while the first would be extended along the N 20° E strike of the Ore Fault system.

As future mapping discloses more intersections of the ore fault system, the small drill can be used to economically prospect them.

Where deeper holes are desired, an additional drill will have to be acquired. The larger drill should have a maximum range in excess of 500 feet, and should be capable of taking a large representative sample at that depth. The churn drill or cable tool commonly used in mining exploration would find application here. Owing to the fractured nature of the ground, and to the occurrence of very hard irregular rock masses surrounded by soft rock, diamond drilling would be extremely difficult.

The churn drill will be started on a broad program to determine areal mineralization at presently unattainable depths. Again, a 160 foot hole spacing will be used, in conjunction with a ten foot sample interval for a five to six inch hole.

This larger drill can readily drill through the Ochoco Lava flows that underly the southern area of the property, and should be used to test the observed Brush Creek--Canyon Creek fault intersections, as well as the Ore--Canyon Creek intersections shown on plate 2. The former are at coordinate N 7500, 10000 E, while the latter are at N 8000, 10000-11000 E.

The other obvious drilling sites are near the present workings to test the ore producing areas below the depth of the lowest workings. The spacing here would be the regular grid, modified by information gained from the holes as drilled.

Underground Development. The work already begun on the opening of the adit marked 5 on plate 2 should be completed. Indications at the mouth of the adit are that only a moderate amount of work remains to be done. The condition of the workings indicate that they are probably still open, as judged by the large outflow of water from the pipes and seepage along the rails. It would be a great advantage in exploration and in underground mining to utilize this adit, as well as affording an opportunity to verify

the bonanza assays that the old maps show for the ore bodies allegedly present above this crosscut.

If access to the underground working is obtained, longhole percussive drilling in the mineralized area will be done as quickly as possible, in order to examine areas that were bypassed by the former miners, because in excavating old underground workings in our present pit, it is found that they drifted within a few feet of the orebodies that we are presently mining.

Mining Development

Surface development. The amount of surface mining development necessary to extract the ore presently blocked out is very nominal, being simply a cleaning up and sorting process in the present pit. This will suffice for the extraction of the ore remaining on the lowest level in blocks B and C. Block A on the lowest level is not yet defined, so some additional waste movement and sampling will be necessary.

The development of the downward extensions of blocks B and C depend largely upon the success of the reentry to the adit described above. Since that adit passes directly under block C at about 140 feet of depth, it is quite possible that it can be more economically extracted from below. If the underground workings remain inaccessible, the waste to the south of block C must either be moved or stabilized to allow the development of another lift below the present one. Block B can be mined for another lift without extensive waste movement.

The other area of mining development is underground, if access is made available through the old adit. It is presumed that the ground will again require square set stoping, with consequent high mining costs. As stated above, longholing will be practiced as soon as possible in order to outline the underground ore situation.

SUMMARY OF GEOLOGIC INFORMATION AND DEVELOPMENT PLANS

Geologic Information and Development

Geologic ore controls. It can be seen from the foregoing that the ore has been localized in several relatively small bodies lying in the footwall of a series of parallel faults, called herein the Ore Fault system. The deposits occur as fracture fillings in minute fractures in two types of wallrock, an altered andesite or andesite tuff, and a propylitized diabase. There is some small degree of dissemination, but it is relatively unimportant. The character of the deposits is slightly different, depending upon the host rock. In the former, mineralization fades out rapidly into the footwall, even though fracturing is continuous. In the latter types, the ore is deposited along closely spaced tension fractures or joints, and is more uniform over a wider area. Vein deposits, as shown in the present workings are too small to be important economically.

The areal geologic structure is one of interrelated fault systems, movement along which has been at two or more distinct ages. Intersections of faults of the four groups are observed at both the Mother Lode and Amity mines, both of which have recorded some quicksilver production in the past. In the intervening area these multiple intersections are lacking, as are commercial ore deposits.

The possibility of there being ore deposits beneath the Ochoco lavas is very inviting. All of the major structural trends manifest themselves in this formation, although it is not presently known whether the lavas were faulted before or after mineralization had occurred. There is evidence of solution activity in the fractures in the lava that could be deuteric or hydrothermal. On the negative side it must be pointed out that no mineralization has ever been observed in the lavas, and that their youth

argues against the possibility of mineralization. The possibility of there being pre-Ochoco cinnabar deposits in the Clarno formation that have been buried by the Ochoco Lavas also exists.

Present and Future Development. The present status of development of the mine is that of an open pit with a limited amount of ore proven. The preliminary stripping has been done over an area of past underground production, and a drilling program will be conducted to determine if there are any near surface extensions of the old orebodies that can be mined by open pit methods. Additional development drilling will be undertaken beneath and surrounding the present pit to locate other ore deposits of suitable open pit size and grade.

Regional drilling will be undertaken, as well as deep drilling below any presently explored horizon. Limited underground development will be undertaken, provided an existing adit can be reopened.

Respectfully submitted,

Winston M. Sahinen

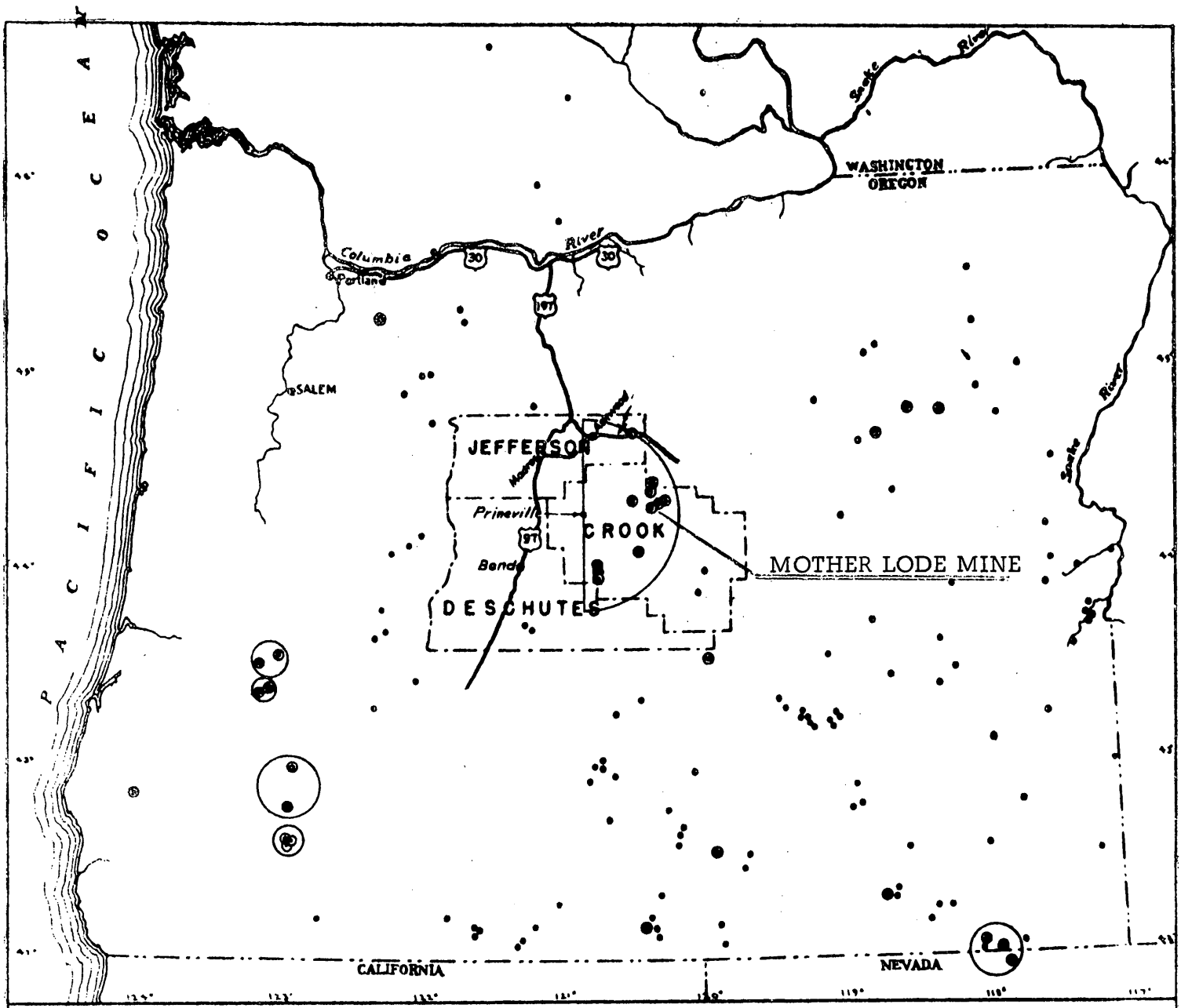
Winston M. Sahinen, Superintendent

Item 4. ACCESSIBILITY OF PROPERTY

(a) The OME representative will be met by Dr. W. G. Johnston. The property can be reached from Prineville, Oregon, by travelling East 16 miles on U. S. Highway 26 to the Old Ochoco Highway. After turning off on the Old Ochoco Highway one must drive 9 miles slightly past the Ochoco Ranger Station, then turn south following the Canyon Creek Road to the divide between Canyon Creek and Johnson Creek drainages. From that point, a spur road marked "Lookout Mountain" can be followed to the Mother Lode Mine.

The property is readily accessible by automobile from May through November. The surface mine workings can easily be inspected, even though some material has sloughed over the lower portions of the banks. The portals of all of the adits are presently caved, so the underground workings are inaccessible.

(b) Prineville, Oregon, thirty-two miles from the property, is the locus for shipping and supplies. Ample facilities for purchasing supplies and repairing equipment are found there. Portland, Oregon, 179 miles from the property, is the most complete source of heavy equipment and repair parts.



Index Map

Pacific Minerals & Chemical Co., Inc.

PLATE I

Item 5. EXPLORATION WORK

(a) Description of exploration program. The exploration program to be performed with OME assistance is a combined surface and underground drilling and sampling program, with some preliminary surveying and geological mapping. Geochemical prospecting will be used, both to locate presently unknown favorable geological structures, and to outline the most favorable sites for churn drilling on known structures. The exploration program will advance by stages, the latter ones being modified by results of the earlier program. They will follow a preliminary surveying, mapping-geochemical prospecting stage as soon as sufficient information is available to intelligently locate the various drill holes.

Sequence of Operations. It is evisioned to follow the mapping and original geochemical program with a churn drilling program in the Clarno Formation in the area immediately surrounding the present mine workings. As this phase is completed, stepout churn drilling will be done in the other promising areas in the Clarno formation as indicated by geological and geochemical results. A third churn drilling program will be undertaken, again with geochemical control, to penetrate the Ochoco lavas south of the present mine workings in order to sample the Clarno-Ochoco contact, and the top few hundred feet of the Clarno formation. Finally, an underground longhole drilling program will be undertaken from an existing adit that crosscuts the trend of the major mineralized zones. In all of the drilling programs a 160 foot c-c spacing will be used, and all holes will be at some multiple of this spacing. This pattern is oriented parallel to the observed strike of the Ore Fault series of fractures as shown on the accompanying map.

Possible Modifications. These exploratory phases will, of course, be altered if early drilling shows previously unknown cinnabar mineralization, so that

(Item 5a continued)

the discoveries can be accurately explored. Also the underground drilling program is contingent upon finding the adit in usable condition. If the adit is badly damaged it might be uneconomic to rehabilitate it solely for exploration purposes. It is thought however, that only the immediate portal area is caved, and that the remainder of the approximately 400 foot adit will be usable with minimum repair.

Surveying. A closed transit traverse must be made on the property in order to provide an accurate base to which to refer the subsequent mapping, geochemical sampling, and drilling. This traverse will be about 7600 feet in length, and consist of 30 stations. As the traverse is run, an additional station will be set on each side of each traverse station at a distance of about 250 feet, to further facilitate mapping, giving a total of ninety transit stations. Further alidade or brunton surveys of the sampling and drilling grid will be started from the ninety stations.

Geological mapping. As soon as the control traverse is completed, a 200 scale plane table geological map of the main pit area and the area to the south will be started. This map will be kept ahead of the exploration and can be completed as time permits. Brunton-tape surveys on 20 scale will be used to show geologic detail.

Geochemical Prospecting. Each of the 160 foot grid stations will be located in the 2000 foot square area around the present mine workings in the Clarno formation, and a sample for geochemical analysis will be taken at the station. The samples will be tested by a conventional sublimation colorimetric analysis, as described in USGS publications on the subject, and a preliminary geochemical anomaly map prepared. It is hoped that this will serve to indicate occult cinnabar bearing areas as well as the most favorable portions of the known areas for further prospecting. This portion of the geochemical prospecting program will call for roughly 170 determinations.

(Item 5a continued)

The second phase of geochemical prospecting will be used to locate the most favorable drilling areas. It is probable that four determinations at roughly 20 foot centers will suffice to find the highest grade area along the ore faults that are to be drilled, so the drill hole can be collared on the grid station most likely to intersect the highest grade surface cinnabar-bearing zone downdip from the outcrop. Approximately 100 determinations will be required for this phase.

Geochemical prospecting can also be possibly used for determining the best drill sites for drilling in the Ochoco formation. There is no assurance that the surface traces of the favorable structures will show quicksilver mineralization, but geochemical testing with its extreme sensitivity will show any presence of anomalous amounts of quicksilver. Again, about 100 tests should be enough to accurately locate any cinnabar mineralization.

Sequence of Drilling. Approximately twenty-seven six inch churn drill holes should be drilled in the initial examination. These are shown on the accompanying 200 scale map as the "Essential" holes. These holes can be assigned to one of three groups, depending on their preferred order of drilling. The first group, holes one to twelve, should be drilled to prospect the area immediately around the present mine workings. Hole thirteen through eighteen should be drilled next to investigate favorable structures on the flanks of the known area of cinnabar occurrence. The last group of holes, nineteen through twenty-seven, should be drilled last, with one exception. One hole, most logically number twenty-one, should be drilled early in the program to determine the thickness of the Ochoco flows and the extent of mineralization in the underlying Clarno rocks on the footwall of the inferred fault shown on the map. The holes shown as supplemental holes on the map are possible locations for future drilling, but will not be drilled as part of the present program.

(Item 5a continued)

Drilling Technique. Drilling is to be done by conventional churn drill procedures, with a sample for assay being split from the pulp bailed from each five feet. The holes will be drilled on a station in a rectangular grid on some multiple of a 160 ft. spacing. Geochemical prospecting will be used to locate the highest grade area along the outcrops of the ore faults, and the holes will be drilled in the hanging wall to intersect the mineralized area down dip from the most favorable point on its outcrop. The depth to which the holes are to be drilled is variable and will be modified as information becomes available from the drilling program. Generally it is proposed that the holes in the Clarno will be between 200 and 500 feet deep, and those from 200 to 800 feet in the last group. A generalized cross section, Plate 2, shows the relationship of the drill holes to the observed structures and the existing workings.

Rehabilitation of Crosscut. It appears that the adit crosscut that passes beneath the present surface and underground workings will be usable, with only the repair of the caved portal. If most of the adit is open, it will be repaired to the degree required for safety in the contemplated longhole drilling program. The adit is equipped with track and a three inch airline at the portal, but their extent or condition is not known. Probably rehabilitation will be limited to clearing the sill and repairing broken lagging without extensive retimbering.

Longhole drilling. Longhole stations will be spaced at eighty foot intervals in the drift so as to give a good pattern for intersection. A maximum hole length 150' is planned, with ten holes to be drilled from each of 6 stations in the drift. The holes will all bear N 60° W. and will be fanned upwards at 15° intervals from ∠ 15° to ∠ 75° on both sides of the drift. This will make possible at

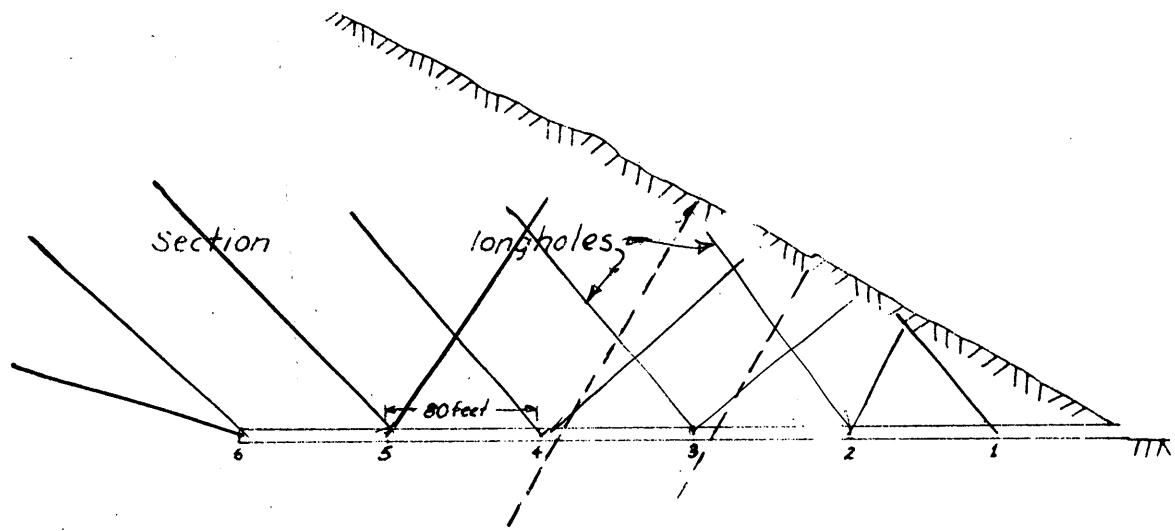
Pacific Minerals & Chemical Co., Inc.

Sketch of Proposed Longhole Drilling Program

Mother Lode Mine

Scale: one inch = 100 feet

June 1961 W.M. Sahinen



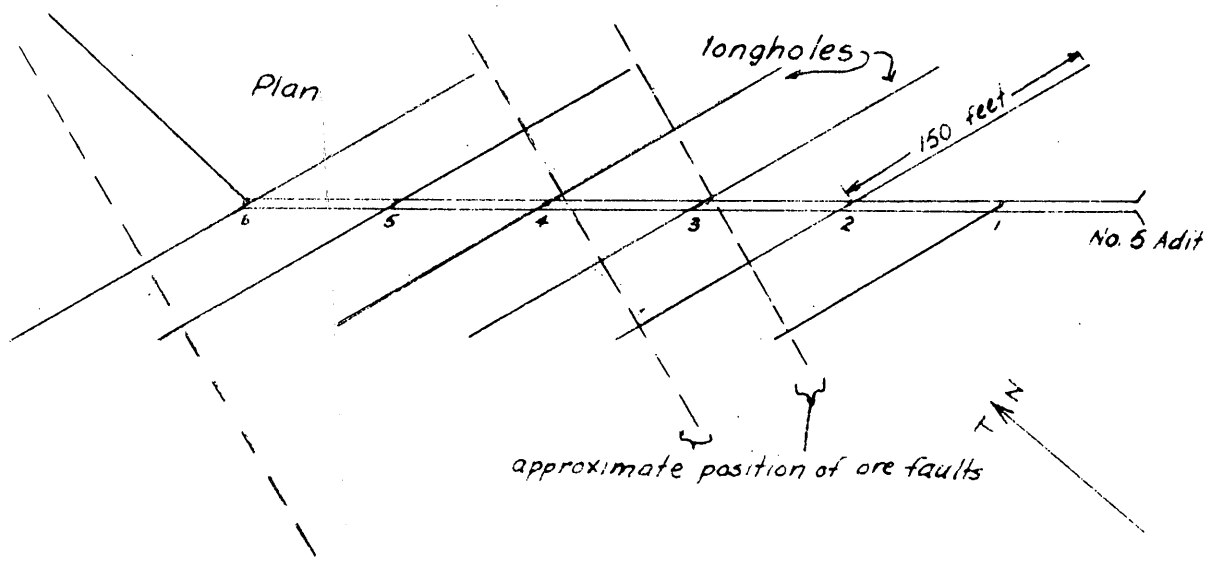
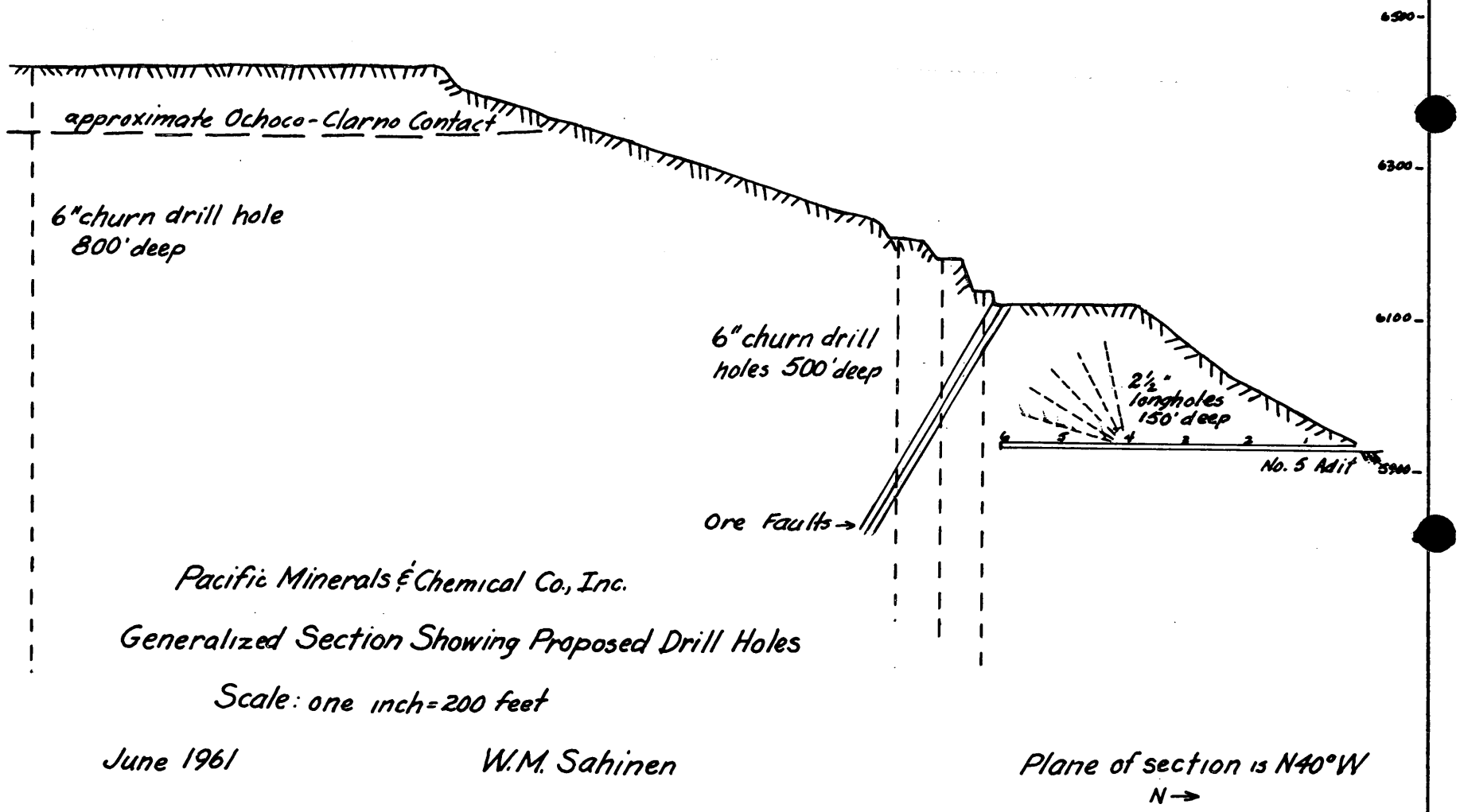


PLATE II



Pacific Minerals & Chemical Co., Inc.

Generalized Section Showing Proposed Drill Holes

Scale: one inch = 200 feet

June 1961 W.M. Sahinen

Plane of section is N40°W

N →

PLATE III

(Item 5a continued)

least twenty intersections with every Ore Fault that could be encountered on each side of the drift, which should give a positive test to a block of ground 140 feet wide and 140 feet high surrounding the adit. This pattern is shown on the accompanying sections and plan on plates 2 and 3.

(b) Access Roads. No access roads will be necessary.

(c) Exploration Timetable. If an OME contract is completed, work will start immediately on the first stage, which is surveying and mapping. The transit survey will take two weeks. Plane table mapping will take two weeks, but can be done concurrently with other parts of the exploration program.

Geochemical prospecting will take 20 days but can be dovetailed with the later phases, as long as the area ahead of the drilling operation is prospected in advance. Twenty geochemical tests can be run per day. shift?

Drilling, holes 1 to 12, estimated at 30 feet per day for 500 ft., or 17 days per hole, or 204 drilling days. Drilling holes 13-18, at 30 feet per day, for 500 feet, will require 17 days per hole or 102 drilling days. Drilling holes 19-27 at 30 feet per day, for 800 feet will require 27 days per hole or 43 drilling days. Re-opening of adit crosscut portal will take two weeks.

Preparing for longhole drilling by cleaning and repairing drift cannot be accurately estimated, but should not take more than 4 weeks.

Longhole drilling will require sixty 150 foot longholes to be drilled, which will take 60 days at 150 feet per day.

Assays can be run at 20 per day, which will keep up with the churn drilling (six samples per day) and the longhole drilling (fifteen samples per day).

(Item 5c continued)

Total time requirements are as follows:

Stage 1 - Surveying, mapping, Geochemical testing:	
Surveying	14 days
Table mapping	14 days
Geochemical prospecting	20 days
Stage 2 - Churn Drilling holes 1 - 12	
Drilling	204 days
Assaying	204 days
Supervision	40 days
Stage 3 - Churn Drilling holes 13-18	
Drilling	102 days
Assaying	102 days
Supervision	20 days
Stage 4 - Churn Drilling holes 19-27	
Drilling	243 days
Assaying	243 days
Supervision	49 days
Stage 5 - Opening Adit	
Repair Adit	10 days
Supervision	2 days
Stage 6 - Longhole Drilling	
Rehabilitate Adit	28 days
Drill longholes	60 days
Supervision	18 days

Item 6. EXPERIENCE

Mining experience of the management of Pacific Minerals & Chemical Co. Inc., is as follows:

C. M. Ellingsen, President: businessman in Olympia, Washington. Mr. Ellingsen has been associated with the Werdenhoff Mining Company and Pacific Development Company in a management capacity, while the companies were engaged in exploration and development of the Mother Lode and the other properties belonging to the Werdenhoff Mining Company in the Big Creek Mining District of Idaho for the past five years.

Robert Earley, Vice-President, President of Roy T. Earley Co., a Tacoma, Washington heavy construction firm, has been associated with the Mother Lode Mine for five years, and has actively participated in prospecting.

Fred Sepic, Treasurer, owner of Sepic Electric and Furniture Co., a Tacoma, Washington home furnishing business. He has actively taken part in prospecting and in construction of facilities on the Mother Lode for several years.

William H. Botzer, Secretary. Member o law firm of Cartano, Botzer and Chapman, Seattle, Washington. He has been legal counsel for Pacific Development Company prior to present.

Frank Ruffo, Board Member is the owner of a distributing company and of business property in Tacoma, Washington. He has been actively interested in mining for the past nine years, and has been a Board member for that time.

The exploration work will be supervised by Geological Consulting Company, 527 Failing Building, Portland 4, Oregon.

Item 7. ESTIMATE OF COSTS

(a) Independent contracts will be let for each of the Six Staged programs of exploration. Written bids will be submitted at or below the maximum estimates of costs.

STAGE I. GEOCHEMICAL SURVEY

Operation	Unit	Unit Cost	Total Units	Total Cost
Closed transit traverse w side stations 7400' long	ft.	0.25	7400	$ 1,850.00
Establish grid statins	ea.	1.50	400	600.00
Sample grid stations	ea.	1.50	400	600.00
Geochemical Colorimetric analysis - 400 determination s	ea.	1.25	400	500.00
Survey stakes	ea.	.15	500	75.00
Sample containers	ea.	.15	400	60.00
Engineering-Geology	day	50.00	50	2,500.00
		Total cost		$6,185.00

(Item 7a continued)

STAGE II. CHURN DRILLING HOLES 1-12

Operation	Unit	Unit Cost	Total Units	Total Cost.
Site preparation Bulldozing	hr.	12.00	24	$ 288.00
Churn drilling 6" hole	ft.	6.00	6000	36,000.00
Assays	ea.	3.00	1200	3,600.00
Engineering-Geology	day	50.00	40	2,000.00
		Total cost		§41,888.00

STAGE III. CHURN DRILLING HOLES 13-18

Operation	Unit	Unit Cost	Total Units	Total Cost.
Site preparation Bulldozing	hr.	12.00	12	$ 144.00
Churn drilling 6" hole	ft.	6.00	3000	18,000.00
Assays	ea.	3.00	600	1,800.00
Engineering-Geology	day	50.00	20	1,000.00
		Total cost		$20,944.00

STAGE IV. CHURN DRILLING HOLES 19-27

Operation	Unit	Unit Cost	Total Units	Total Cost.
Site preparation Bulldozing	hr.	12.00	9	$ 108.00
Churn drilling 6" hole	ft.	6.00	7200	43,200.00
Assays	ea.	3.00	1440	4,320.00
Engineering-Geology	day	50.00	49	2,450.00
		Total cost		$50,078.00

(Item 7a continued)

STAGE V. REOPEN PORTAL

Operation	Unit	Unit Cost	Total Units	Total Cost.
Reopening portal	ft.	25.00	50	$1,250.00
Supervision & engineering	day	50.00	2	100.00
		Total cost		$ 1,350.00

STAGE VI. LONGHOLE DRILLING

Operation	Unit	Unit Cost	Total Units	Total Cost.
Rehabilitate drift	ft.	20.00	400.00	8,000.00
Longhole drilling	ft.	3.00	9000	27,000.00
Assaying	ea.	3.00	1800	5,400.00
		Total cost		$40,400.00

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

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AIR MAIL

Keith H. Parkinson and Betty J. Parkinson
P. O. Box 487
Redmond, Oregon 97756

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United States Department of the Interior

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1975

INITIALS	CODE

March 19, 1975

Mr. and Mrs. Keith H. Parkinson
P.O. Box 487
Redmond, Oregon 97756

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

Dear Mr. and Mrs. Parkinson:

The enclosed copy of our letter to Mr. Edward P. Miller is self-explanatory, and relates to the Lien and Subordination Agreements signed by you November 17, 1961, for Contract 2132.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo Chief
Office of Minerals Exploration

Enclosure

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O. M. E.
RECEIVED
MAR 1 1975

INITIALS	CODE

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

February 18, 1975

Mr. Edward P. Miller
1102 Skyline Drive
Tacoma, Washington 98406

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

Dear Mr. Miller:

Thank you for returning the status report on the subject contract.

As the period of obligation for payment of royalties on production under this contract has terminated, the Government has closed its books and records on this account, and retains no claim or lien for royalty pursuant to terms of the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

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

OFFICIAL BUSINESS

953

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U. S. DEPARTMENT OF THE INTERIOR
INT-413

U.S.MAIL

Frank O. Reid and Dorothea Ann Reid
~~P.O. Box 731~~
Redmond, Oregon 97756

Moved, Not Deliverable

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MAR 31 1975

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Addressee unknown ____
Insufficient Address ____
No such street ____ number ____
No such office in state ____
Do not remail in this envelope

AIR MAIL

1) FRANK REID IS DECEASED;
2) DOROTHEA REID IS LIVING IN COLVER OR.
3) MOVED FROM THIS BOX ABOUT 20, MAYBE 25 YEARS AGO.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

17

REDMOND, OR 97756
MAR 25
P M
1975

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

March 19, 1975

Mr. and Mrs. Frank O. Reid
P.O. Box 731
Redmond, Oregon 97756

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

Dear Mr. and Mrs. Reid:

The enclosed copy of our letter to Mr. Edward P. Miller is self-explanatory, and relates to the Lien and Subordination Agreements signed by you November 17, 1961, for Contract 2132.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

Let's Clean Up America For Our 200th Birthday

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

February 18, 1975

Mr. Edward P. Miller
1102 Skyline Drive
Tacoma, Washington 98406

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

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Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

March 19, 1975

Mr. and Mrs. Roger Golliard
P.O. Box 1895
Page, Arizona 86040

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

Dear Mr. and Mrs. Gollaird

The enclosed copy of our letter to Mr. Edward P. Miller is self-explanatory, and relates to the Lien and Subordination Agreements signed by you August 1961 for Contract 2132.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
REGION I

Identical letters sent to the addressees listed on attached list

OmE-6141

Signators on Lien and Subordination Agreements

Mother Lode Group
Roger Golliard and Marie J. Golliard
P.O. Box 1895
Page, Arizona 86040

Earl Zimmerman and Jessie Zimmerman
815 West Jack Pine
Redmond, Oregon 97756

Frank O. Reid and Dorthea Ann Reid 11/17/61
P.O. Box 731
Redmond, Oregon 97756

Keith H. Parkinson and Betty J. Parkinson 11/17/61
P.O. Box 487
Redmond, Oregon 97756

To the bset of my knowledge, all of the above still have an interest in the claims.

Edw P Miller

February 18, 1975

Memorandum

To: Branch of Financial Reports
Geological Survey

From: Chief, Office of Minerals Exploration

Subject: Recording of Realized Losses under OME contracts

Write-off of the following realized losses under OME contracts is hereby authorized:

Contract	Docket	Operator	Write-off
2132	6141	Pacific Minerals & Chemical Co.	$6,489.52
2312	6886	Blue Sphinx, Inc.	$14,793.00

Harold Kirkemo

Footnote for OME copy only:

$200 was withheld on Contract 2132 because Operator did not submit final report. OME in memo dated 5/6/66 to Branch of Budget and Finance, advised that the $200 could be written off as recommended in the Report of Review dated April 18, 1966. This was not done--~~RRE~~ hence $6,489.52 rather than $6,289.52 must be written off at this time.

cc:
DRF
MR Rdg.
OME Rdg./OME Files
Mr. Kirkemo
Regions I and II

February 18, 1975

ard P. Miller
kyline Drive
a, Washington 98406

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

Dear Mr. Miller:

Thank you for returning the status report on the subject contract.

As the period of obligation for payment of royalties on production under this contract has terminated, the Government has closed its books and records on this account, and retains no claim or lien for royalty pursuant to terms of the contract.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

P.S. If any of the parties who signed lien and subordination agreements for this contract as owners still retain interest in the Mother Lode or Cobar groups of claims, please check the names and addresses shown on the enclosed sheet and return to us in the self-addressed envelope. We will send copies of this letter to those indicated by you as still retaining interest.

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
R. I

HKirkemo/gpw

Signators on Lien and Subordination Agreements

Mother Lode Group
Roger Golliard and Marie J. Golliard
P.O. Box 1895
Page, Arizona 86040

Earl Zimmerman and Jessie Zimmerman
815 West Jack Pine
Redmond, Oregon 97756

Frank O. Reid and Dorthea Ann Reid
P.O. Box 731
Redmond, Oregon 97756

Keith H. Parkinson and Betty J. Parkinson
P.O. Box 487
Redmond, Oregon 97756

Received 2/7/75

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

January ~~24~~ 31, 1975

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

OFFICIAL COPY
O. M. E.
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2 7 1975

INITIALS	CODE

Mr. Edward P. Miller
1102 Skyline Drive
Tacoma, Washington 98406

Dear Mr. Miller:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since December 23, 1973, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since December 23, 1973, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

Purchaser *(name and address)*	Quantity	Value

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

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

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

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

Disposition of Material	Quantity	Value
No work has been done at the mine for several years except that required to keep claims current. All efforts to sell the operation and equipment have failed.		

Submitted by:

Name	*Title*
Edw. P. Miller	Owner-Contract purchaser
Address	*Date*
1102 Skyline Drive, Tacoma, Wash. 98406	February 4, 1975

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

May 30, 1974

Mr. Edward P. Miller
1102 Skyline Drive
Tacoma, Washington 98406

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

Dear Mr. Miller:

The Region I Office of Minerals Exploration field office is being transferred to Denver, Colorado, on June 7, 1974.

After June 5, 1974, please address all correspondence concerning OME and mail all required royalty payments to:

Office of Minerals Exploration
U. S. Geological Survey
Building 53, Room 28
Federal Center
Denver, Colorado 80225

Royalty checks should still be made payable to U. S. Geological Survey.

Sincerely,

Willard P. Puffett
Field Officer, Region I

cc: DRF
MRF
Puffett/at

United States Department of the Interior

GEOLOGICAL SURVEY

XXXXXXXXXXXXXXXXXXXXXXXXXX

Reston, Virginia 22092

IN REPLY REFER TO: Office of Minerals Exploration

December 20, 1973

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

Mr. Edward P. Miller
1102 Skyline Drive
Tacoma, Washington 98406

Dear Mr. Miller:

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

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

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
OR PROJECT UNDER ROYALTY AGREEMENT

1. Since December 19, 1972, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since December 19, 1972, has there been any production from the land subject to the contract? Yes ☐ No ☒

None

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

Purchaser (*name and address*)	Quantity	Value

None

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

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

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

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

Disposition of Material	Quantity	Value
Required Assessment work only	for Past 3	years

Submitted by:

Name Edw. P. Miller	*Title* Owner
Address 1102 Skyline Drive, Tacoma, Wa 98406	*Date* December 23, 1973

kyline Drive
ne 9-6161
oma, Wash. 98406

EDW. P. MILLER, President
GLEN W. MILLER, Vice-President

~~7301 Narrows Drive~~
~~Skyline 2-7761~~
~~Tacoma, Wash.~~

MILLER construction co., inc.

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January 9, 1973

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of Interior
Washington, D. C.

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

Dear Mr. Kirkemo:

In 1961 Pacific Mineral & Chemical Co. obtained an OME loan, about which we have corresponded a few times, for the purpose of mineral exploration.

We now have a prospective buyer for the claims and equipment. Both the prospective buyer and Pacific officers claim that there is a ten year limit on such loans - if not paid within 10 years from royalties on ore produced, the loan is cancelled.

Since I have no copy of the loan agreement, I am in no position to interpret the terms and conditions. Can you give any pertinent facts along these lines?

Sincerely,

Edw P Miller

Edw. P. Miller

EPM:jm

A MILLER-BUILT HOME IS A GUARANTEED HOME

DEVELOPERS OF SKYLINE TERRACE OVERLOOKING PUGET SOUND AND THE NARROWS BRIDGE
VIEW RIDGE • PANORAMA PARK • DOWERDELL ESTATES

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 9920
September 26, 1969

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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

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

I visited the Mother Lode mine on Wednesday afternoon, August 17, 1969. There was no one at the mine, but it appeared that someone had left there only temporarily for a lonely dog met me, and there was a panel delivery truck parked near the bunkhouse. A large supply of stakes, made of laths and painted red on one end, were stockpiled near the bunkhouse and apparently were made to mark stations for some sort of survey being conducted. Recent correspondence from former owners of the mine suggested that geophysical surveys were being made. A large sign near the gate to the mine showed that the Midnight Consolidated Mines, Ltd., had control of the property.

The open pits and areas near portals of the adits were inspected, and there were no signs of recent activity. The Herreshoff furnace and the two D-tubes looked clean and relatively unused. It appeared obvious that there had been no recent production, and there seemed little likelihood that production would begin again soon.

The Government has a lien on future production from the property until December 15, 1974, or until the Government's contribution to the exploration work is repaid with interest at 6-1/2 percent per annum.

Willard P. Puffett
Willard P. Puffett

Distribution:
OME(Orig.&1)
Docket
CPF

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
August 11, 1969

(8/18/69)
(Dispatched)

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

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

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INTRODUCTION

This report summarizes an OME exploration project for mercury ore at the Mother Lode mine, Crook County, Oregon. The contract, dated December 15, 1961, was for a total estimated cost of $69,720.00, of which the Government would contribute 50 percent or $34,860.00. The contract was amended eight times and was terminated as of October 15, 1963. The accepted cost of the completed work was $12,969.05, of which the Government contributed $6,489.52. There is a lien on future production from the property until the Government's contribution at 6-1/2 percent interest per annum is fully repaid or until December 15, 1974, whichever occurs first.

OPERATOR

Pacific Minerals&Chemical Co., Inc.
1301 South K Street
Tacoma, Washington 98405

This corporation was inactive after December 31, 1965. Information concerning it can be obtained from the former secretary of the corporation whose address is:

Mr. Joe M. Price
Summit View Furniture and Appliance Company
5308 E. 112th Street
Tacoma, Washington 98445

63 recent cert mail
1/26/70

Field Final Report

PROPERTY

The land consists of three groups totalling 21 unpatented lode mining claims (fig. 1) including all rights pertaining thereto in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E. W.M., 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	Golliard
Eastern Belle	7	327	Zimmerman
Canyon Creek No. 1	7	419	Werdenhoff
Canyon Creek No. 2	7	417	
Canyon Creek No. 3	7	551	
Cobar Group			
MD	7	312	
View Point	7	401	Werdenhoff R. K. Ruff
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	
Lookout Mountain Group			
Lookout No. 1	11	328-329	
Lookout No. 2	11	330-331	Pacific mining
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	

Pacific Minerals and Chemical Co., Inc., was the owner of the claims listed in the Lookout Mountain group and had possession of the claims listed in the Mother Lode and Cobar groups under a "Contract," dated April 3, 1961, with Werdenhoff Mining Company, an Idaho Corporation.

Werdenhoff Mining Company was the owner of the claims listed in the Cobar group and had 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 who are Earl Zimmerman and Jessie Zimmerman, husband and wife; Roger Golliard and Marie Golliard, husband and wife; Frank O. Reid and Ann Reid, husband and wife; and Keith H. Parkinson and Betty J. Parkinson, husband and wife. The Werdenhoff Mining Company no longer exists, and the claims have reverted to the owners whose adresses are as follows:

Mr. and Mrs. Roger Golliard, P. O. Box 1895, Page, Arizona 86040 63 rtd. 12/13/69 NP

Mr. and Mrs. Earl Zimmerman, 815 West Jack Pine, Redmond, Oregon 97756 63 rtd 12/27/69 NP

Mr. and Mrs. Frank O. Reid, P. O. Box 731, Redmond, Oregon 97756 63 sent 12/4/69 mail rtd. "Moved not forwardable"

Mr. and Mrs. Keith H. Parkinson, P. O. Box 487, Redmond, Oregon 97756 63 resent Cert. Mail 1/26/70

The National Minerals Corporation, P. O. Box 696, Cottage Grove, Oregon 97024, had an option in 1965 which gave them operational rights of the Mother Lode mine and mill. Apparently, this option was never exercised.

The Mother Lode group was sold to Edw. P. Miller, Miller Construction Company, Inc., on December 31, 1965. The Midnight Mining Company, based in Vancouver, British Columbia, Canada, took an option on the property in the summer of 1969, after which they planned geophysical prospecting prior to underground or surface mining. Mr. Miller's address is:

Edw. P. Miller, President
Miller Construction Company, Inc.
1102 Skyline Drive
Tacoma, Washington 98406

63 rtd 12/6/69 NP

The property may be reached from Prineville, Oregon, by following U.S. Highway 26 eastward for 16.2 miles; turn right off highway and proceed along Lookout Mountain road 8.8 miles to an old Civilian Conservation Corps camp now used as quarters for Ranger Station;

turn right and follow graveled county road for 7.5 miles; turn sharp right and follow logging road for 0.7 mile, then turn right and follow mine road for 0.4 mile to the property. Altitudes at the property range from 5,900 to 6,500 feet, and slopes are generally steep.

The mine is an old one and there has been extensive underground work as well as open pitting. The several adits are shown on figure 1. Brooks (1963, p. 141) has detailed some of the history of the mine and reports that between 1906 and 1960 the mine had been owned by 10 different companies who had produced a total of 352 flasks of quicksilver. During this period the Reconstruction Finance Corporation, in 1936, took possession of the property in lieu of repayment of a $12,000.00 development loan.

PURPOSE OF PROJECT

The purpose of the project was to explore for mercury ore bodies in a series of andesitic tuffs, flows, and porphyry of Eocene age. The work was to include geochemical soil testing, bulldozing access roads and drill sites, churn drilling, and percussion drilling long holes from an adit.

GEOLOGIC JUSTIFICATION

Cinnabar has been deposited along fractures in shear zones that cut andesite flows, tuff, and agglomerate at the Mother Lode mine. The sheared rocks are part of the Clarno Formation of Eocene age. Picture Gorge Basalt of the Columbia Group of Middle Miocene age unconformably overlies the Clarno Formation and crops out on the hillslopes south and west of the mine (Swinney, Waters, and Miller, 1968). A strong shear zone, known locally as the Johnson Creek shear zone, extends N. 60° E. from the Mother Lode mine for more than 3 miles. Hydrothermally altered tuff crops out along the shear zone. There are many concentrations of cinnabar in the shear zone, and at least three mines have been developed along it. Some of the cinnabar has been localized where north- to northwest-trending faults cut the Johnson Creek shear zone. Wet and runny ground has been a barrier to successful underground development of some of the mines. Many underground workings (fig. 1) and two open pits have explored the zone at the Mother Lode mine. The deepest workings in which ore bodies have been found at the mine are about 60 feet below the surface.

Cinnabar in the open pits is on the footwall side of faults in favorable areas in tuff and andesite porphyry. Most of the deposits are along or closely related to faults that strike N. 20° E., although some have been found on faults that strike N. 40° E. and N. 60° E. Hydrothermally altered tuff is the most favorable host rock. The cinnabar is in lenticular or chimneylike bodies, roughly oval in plan, that are 40-800 square feet in area.

The property was examined in September 1956 by D. C. Alvord and R. D. Sample, USGS, and E. W. Parsons, USBM, in connection with an application for Defense Minerals Exploration Administration assistance (Docket No. DMEA-4428). The DMEA examiners recommended denial of the application because of lack of a worth-while exploration target, and the lack of potential for a large low-grade deposit.

Work in the early 1960's by the Pacific Minerals and Chemical Co., Inc., in enlarging the open pit exposed evidence that indicated a large low-grade ore body might be found by further exploration. The exploration was to search ore-bearing structures to learn if deposits of cinnabar are sufficiently close spaced to constitute a low-grade ore body that could be mined profitably in an open pit.

CONTRACT

The contract, no. 2132, was dated December 15, 1961, and work was to start on or before June 1, 1962. Work was to be completed within 14 months from the date of the contract. The estimated costs of the original contract work were as follows:

Actual Costs		
Independent Contracts		
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
Personal Services		
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
Operating Materials and Supplies		
Gasoline for jeep and 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

Actual Costs (Cont'd.)

Operating Equipment

Depreciation for one jeep or pick-up truck, 227 days @ $2.00/day	$ 454.00	$ 454.00

Miscellaneous

Payroll taxes and insurance 15.98% of $10,922.56 (salaries)	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 drll 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

The contract was amended eight times as follows:

Amendment No. 1, dated November 20, 1962, made the following changes: The provision for a full-time engineer-geologist-supervisor was delted. The second paragraph of Phase 3 was deleted and the following 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."

A new nondiscrimination requirement, as set out in Section 301 of Executive Order 10925, dated March 6, 1961, was inserted, in lieu of Article 12 of the original contract.

Amendment No. 2, dated January 28, 1963, made the following changes: The bulldozer used for preparation of access roads and leveling of drill sites shall be a D-8 or D-7 or equivalent size of any other make.

Under Estimated Costs of the Project, 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"

Work under the contract was suspended during the period beginning December 31, 1962, and was to be resumed not later than May 15, 1963. The time fixed for completion of the work was extended from 14 months to 20 months.

The maximum period for royalty payments and for the lien to secure the payment thereof provided for in Article 7 of the contract was extended from 10 to 11 years.

Amendment No. 3, dated May 21, 1963, extended the date of suspension or work from May 15, 1963, to June 15, 1963.

Amendment No. 4, dated September 6, 1963, made the following changes: Extended the time for completion of the contract from 20 months to 36 months from the date of the contract.

Extended the maximum period for royalty payments and for the lien to secure payment thereof from 11 to 12 years.

Reduced the total cost of the contract from $69,720.00 to $67,800.00 and reduced the Government's participation from $34,860.00 to $33,900.00.

Deleted the word "certificates" in the fifth paragraph of General Provisions, and replaced the word by "reports."

Deleted the second paragraph under Phase 2 of Description of the Work.

Deleted all words and figures under heading Estimated Costs of the Work, and substituted the following:

Estimated Costs of the Project

Actual Costs	
Category (1) Independent Contracts	
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

Amendment No. 5, dated October 9, 1963, made the following changes: The total allowable cost of the work was reduced to $63,000.00, and the Government's participation at 50 percent was reduced to $31,500.00, and included trenching, in addition to the geochemical soil sampling, bulldozing, and churn drilling.

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, could be used to explore mineralized areas indicated by the trench work. The holes were to be drilled to a depth not to exceed an average of 300 feet and were not to be closer than approximately 100 feet from any other hole drilled under the contract.

The following changes were made under the heading Estimated Costs of the Project:

Under Actual Costs, the following was 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 was revised to read $45,196.00.

Under Fixed Unit Costs, the following was deleted:

Long-hole drilling 6,000 feet @ $1.60/ft	$9,600.00

and the words "long hole samples" were deleted and replaced by the words "trench samples."

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% were revised to read $17,804.00, $63,000.00, and $31,500.00, respectively.

Amendment No. 6, dated November 27, 1963, suspended work under the contract during the period beginning October 15, 1963, and ending not later than June 1, 1964.

If work is not resumed on or before the termination of the period of suspension, the contract and all obligations were to be terminated effective October 15, 1963. If the contract were terminated a pseudo-certification would be in effect, whereby the Government would have a lien on future production the same as if a Certification of Possible Production had been made.

Amendment No. 7, dated June 10, 1964, extended the starting date after the suspension period from June 1, 1964, to September 1, 1964.

Amendment No. 8, dated September 10, 1964, rescinded Amendments Nos. 6 and 7, extended the time for completion of the contract from 36 months to 48 months, and extended the maximum period for royalty repayments from 12 to 13 years from the date of the contract.

The contract and all obligations of the parties thereunder were to be terminated as follows:

(i) Effective October 15, 1963, if the work has not been resumed on or before June 1, 1965.

(ii) Effective December 15, 1965, if the work was started but not completed on or before that date.

A pseudo-certification requirement, identical to that in Amendment No. 6, was included.

PROJECT WORK

The work was designed to explore the area along the fault system that strikes N. 20° E. and passes through the open pit on the Merry Widow claim (fig. 1). The work was planned as four phases:

Phase 1.--Establish three parallel lines, about 100 feet apart. 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 stations; on the easternmost line southwest of the pit there shall be not more than seven 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.

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 road 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 of 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.

Phase 4.--In the event that No. 5 Adit 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 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 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 cuttings from outside of ore zones shall be over 10-foot intervals.

The project work started in June 1962. By the end of the calendar year a total of 65 soil samples and 210 feet of churn drilling had been completed. In addition to this contract work, the Operator collected several soil samples for his own account. The method of analyses of the samples was that described by F. N. Ward and E. H. Bailey on page 343, AIME Transactions (Mining), volume 217 (1960). The sampling under Phase 1 was completed between June 20 and June 26, 1962; the sampling under Phase 2 was completed by July 31, 1962. The churn drilling was suspended as of December 30, 1962, due to winter conditions. Work was recessed until June 1963.

There was a change in supervisors at the mine when work was resumed in June. The former supervisor, W. G. Johnson had left and the new supervisor was Juan Munoz. Work was resumed during the week of June 3, 1963.

Only churn drilling was done in 1963. Holes 4, 5, and 6 were done and hole 3, which had been started in 1962, was finished. The drilling was completed by October 10, 1963. This essentially was the last OME contract work. The driller left the property on October 13, 1963.

There were several discussions between the OME Field Officer and Mr. Munoz regarding future work under the contract. The many amendments attest to the changes in plans. It was decided that additional work would not include drilling holes from an adit, but funds originally allotted for this drilling would be used for bulldozing trenches at right angles to the supposed trend of the Johnson Creek shear zone and for churn drilling favorable exposures in the trenches.

C. M. Ellingsen resigned as president of Pacific Minerals and Chemical Co., Inc., on December 1, 1963, and Fred Sepic became acting president.

The OME Field Officer visited the property on August 5, 1964, and found it deserted. He learned later that Mr. Munoz had been doing some prospecting and geologic work there during the summer and located an area of some promise on which he planned further work. Consequently, the contract was recessed until June 1, 1965 (Amendment No. 8).

The OME Field Officer again visited the property on June 13, 1965, and found that no contract work had been started. A Dick Tooley, Foreman, was at the property and had been instructed by the owners to clean out old trenches for inspection by individuals from an unnamed company who had expressed an interest in operating the mine. The Field Officer recommended that the contract be terminated according to Amendment No. 8. Later correspondence shows that the unnamed company was probably National Minerals Corporation, Cottage Grove, Oregon.

The Pacific Minerals and Chemical Co., Inc., was notified in a letter dated January 25, 1966, that the Government had a lien on future production from the property according to the terms of Amendment No. 8. The contract was considered terminated as of October 15, 1964.

The units of work completed under the contract and their accepted costs are as follows:

Category (1) Independent Contracts:		
Bulldozing - 18-1/2 hours @ $12.50/hr	$ 231.25	
Mobilization of churn drill (job)	250.00	
Churn drilling - 1,385 feet @ $6.50	9,002.50	$ 9,483.75
Fixed Unit Costs:		
Phases 1 and 2	1,000.00	
Incidental drilling allowance 1,385 feet @ $1.67/ft	2,312.95	
Sample sacks - 94 @ $0.15 each	14.10	
Mercury determinations:		
Soil samples - 65 @ $1.25/determination	81.25	
Drill samples - 29 @ $3.00/determination	87.00	3,495.30
Total Accepted Cost		$12,979.05
Government Participation @ 50%		$ 6,489.52
Less: Amount withheld by Government because Operator did not submit final report		200.00
Total amount paid to the Operator		$ 6,289.52

The Government has no equity in any equipment and supplies at the Mother Lode mine.

REPORTS

The Operator never submitted a final report. An Interim Report of Review is dated May 18, 1964, and a Report of Cost Review, for an audit performed March 9-11, 1966, is dated April 18, 1966. There have been no Royalty Reviews.

PROJECT RESULTS

The results of the soil sampling are shown on figure 1. Only 65 soil samples were taken as part of the contract work (Phases 1 and 2); however, the Operator collected many more samples for his own account and they are included in the data shown on the map. The sample results show a fair concentration of cinnabar west and southwest of the pit but very little northeast of the pit.

Five churn drill holes were completed under terms of the contract. Logs of these holes were submitted by the Operator, and assay data for holes 1, 2, and 3 were received. The results of the drilling were somewhat unsatisfactory for the holes were vertical, and the known ore occurrences are in steeply dipping fractures; hence, the intersection between the hole and the mineralized fractures was at a low angle.

The depths of the churn drill holes are as follows:

Hole No.	Depth (feet)
1	305
2	210
3	330
4	210
6	330

(Hole 5 was not approved by the Government.)

Assay data from the churn drill holes are as follows:

Hole No.	Interval	Pounds mercury per ton
1	65-70	0.6
	105-110	0.2
	110-115	0.44
	250-255	6.6
2	10-15	0.9
	15-20	nil
	20-25	0.4
	25-30	nil
	30-35	nil
	35-40	Tr.
	195-200	0.6
3	85-90	3.8
	90-95	3.2
	95-100	2.1
	100-105	1.8
	105-110	0.8
	110-115	7.7
	310-315	2.6
	315-317.5	9.2
	317.5-320	1.5

The log of hole 4 indicates that no colors were found by panning the drill cuttings. The log of hole 6 states that "fair to good" colors were panned from cuttings at 105-110 feet and that colors in varying amounts were found between 165 and 195 feet, but no samples

were assayed. The holes in which only a few colors were found contain pyrite, calcite, and some opalite. Films and thin seams of hydrocarbon material are associated with cinnabar in some of the holes.

No meaningful correlation can be made between the ore zone cut in hole 1 with either the 5-foot or the two 10-foot ore zones cut in hole 3. No reserve estimate can be made based on the OME work.

The work was not conclusive in that it did not definitely prove or disprove the existence of a large low-grade deposit of mercury ore on the property. At the time the contract was terminated there were plans to intensively explore the trend of the Johnson Creek shear zone by trenching and drilling. This work might have some merit because other mines in the area have been developed on the shear zone.

There was no Certification of Possible Production issued as a result of the work. A pseudo-certification, however, resulted from the failure of the Operator to resume exploration work according to terms of Amendment No. 8 to the contract. The Government has a lien on future production from the property until December 15, 1974, or until the sum of $6,289.52 is fully repaid with interest at the rate of 6-1/4 percent per annum whichever occurs first.

PRODUCTION AND ROYALTIES

There has been no production of mercury from the mine since the contract was terminated and there has been no payment of royalties.

SUMMARY

Only a small proportion of the originally proposed work was done. The completed work did not disclose the presence of a large low-grade ore body that could be profitably mined in an open cut. The work did indicate that the Johnson Creek shear zone cuts across the Merry Widow claim. Further exploration along this shear zone might be warranted; the new work could be similar to that outlined in Amendment No. 5 to the contract.

There were several problems in administering the contract. The Operator was soil sampling for his own account concurrently with the OME sampling; this created problems in determining how to pro-rate some of the costs of the work. The original supervisor failed to keep adequate records and when he was replaced with a new supervisor during the second year of the contract, there were difficulties in clarifying and justifying some of the earlier claimed costs. Some of the problems were alleviated by Amendment No. 4 which converted various Actual Cost items to Fixed Cost items.

It was learned in August 1969 that exploration has been continuing at the mine under at least two different parties. No production has resulted from this new work.

Willard P. Puffett

Willard P. Puffett

Enclosure
Distribution:
OME ✓ USGS(SRO)
Docket Puffett

References Cited

Brooks, H. W., 1963, Quicksilver in Oregon: Oregon Dept. of Geology and Mineral Industries Bull. 55, 223 p.

Swinney, C. M., Waters, A. C., and Miller, C. P., 1968, Reconnaissance geologic map of the Lookout Mountain quadrangle, Crook and Wheeler counties, Oregon: U. S. Geol. Survey Misc. Geol. Inv. Map I-543.

MME FORM 6 REFERENCE SLIP

REV. 2- OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

DATE INITIALS

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

M. L. S.

M. L. Smelser for

FROM: Willard P. Puffett, Fld. Officer, OME, Reg

8/21/69

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FOR: Check items for action desired

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____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS:

The attached copy of a memo received from Mr. Edw. Miller of Tacoma, Washington, is in accordance with the request in your memo of 8/ 7/69.

MEMO

EDW. P. MILLER, President
GLEN W. MILLER, Vice-President
1102 Skyline Drive
SKyline 9-6161
Tacoma, Wash. 98406

MILLER construction co., inc.

FROM DESK OF EDW. P. MILLER

Date August 20, 1969

TO: Mr. Willard Puffett

SUBJECT: Mother Lode Mining Claims

The address you requested of the people who have taken an option on the above claims is shown below. They have flown the area with a helicopter equipped with magnotometer, including the rest of the claims in the zone, but as of yesterday did not have an interpretation of the readings yet.

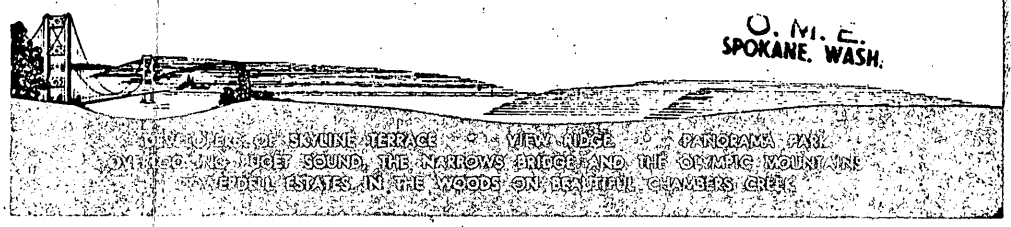
Sincerely

Ed Miller

Midnight Consolidated Mines Ltd. (N.P.L.)
Ste. 806, 840 Broughton Street
Vancouver, British Columbia

RECEIVED
AUG 21 1969
O. M. E.
SPOKANE, WASH.

A MILLER-BUILT HOME IS A GUARANTEED HOME



UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
August 7, 1969

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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

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

Enclosed are copies of a Memorandum of Understanding, three letters to Mr. Max-Welton Stell, President, Pacific Minerals and Chemical Co., Inc., from Edw. P. Miller, and a letter from and to attorneys concerned with judgments by and against former members of the Pacific Minerals and Chemical Co., Inc. These papers were mailed to this office by Mr. J. M. Price, former Secretary of Pacific Minerals and Chemical Co., Inc., in response to my request in a telephone conversation August 5, 1969. My memorandum of August 5 details the subject matter of the telephone conversation.

The enclosed papers detail some of the activity that has taken place at the Mother Lode mine since the OME contract was terminated and should be included in our files.

My files show that for the past 3 years the owners of claims at the Mother Lode mine have reported no production and no change in ownership. The enclosed papers plus the information in my memorandum of August 5 clearly show that there has been some activity at the mine and that several different parties have had agreements where they have exercised temporary control of the property. I wonder, therefore, if it would not be proper to notify the owners that we are aware of the recent changes in temporary ownership of the mine and request that they keep us better informed. The owners to whom I refer are Messrs. Earl Zimmerman and Roger Golliard.

Willard P. Puffett
Willard P. Puffett

Enclosures

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AUG 11 1969

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U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
August 6, 1969

Mr. J. M. Price
5308 East 112th Street
Tacoma, Washington 98445

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

Dear Mr. Price:

Enclosed is the copy of the Memorandum of Understanding that you mailed to me on August 5, 1969. We have made copies of it and the other documents in your letter so that now, hopefully, our files are complete as regards recent transactions concerning the Mother Lode mine.

I certainly appreciate your immediate response to my telephone request of yesterday.

Sincerely yours,

Willard P. Puffett
Field Officer, OME
Region I

Enclosure

WPPuffett:mls

cc: OME
Director's Reading File

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AUG 6 1969

O. M. E.
SPOKANE, WASH.

August 5, 1969

Dear Mr. Puffett:

Enclosed are papers which may be helpful to you in connection with the OME-6141 (Mercury) Pacific Minerals & Chemical Co., Inc. Please return the Memorandum of Understanding to me after you have made copies of it. The other papers you may retain. The last President of Pacific Minerals was Mr. Max Stell, Rt. 2, Box 2608, Gig Harbor, Wash. The Corporate License expired June 30, 1968. My resignation as Secretary of the Corporation was effective Jan. 13, 1968. The expiration of the Miller "Agreement" Dec. 31, 1967 concluded any hopes the Corporation had to salvage anything.

Sincerely yours,

J. M. Price

J. M. Price

5308 East 112th St.
Tacoma, Wash.

September 7, 1966

Mr. Max-Nelson Snell, President
Pacific Mineral & Chemical Co.
Route 2, Box 2608
Gig Harbor, Washington

Dear Max:

Since my last report to you on July 30th, I have made a final concentrated effort to locate salable ore on or near the surface with negligible results. I have had a large angle blade dozer at the mine most of this time, cleaning out and removing the overburden from all the old pits and cuts, and making a few new ones. The four men working at the mine have concentrated on panning the entire area and especially the pits and cuts, both old and new. About two weeks ago we located one vein about three yards wide and three yards high which assayed from 7.5 pounds to 9.4 pounds per ton; however, after removing about 250 tons the vein completely disappeared and no further trace has been found. Any further exploration of the surface areas would seem to be useless and a waste of money.

Late in June I interviewed Mr. Geo. Kosmos of Seattle, at the suggestion of Mr. Richard Muffo, regarding the possibility of locating mercury veins near the surface and tentatively arranged for him to spend some time at the mine for this purpose. However, contrary to the report given me previously, that he would charge only if he was successful in finding the mercury ore and producing mercury from the retort tube, he told me that he could guarantee nothing but would spend some time at the mine and try to find ore for a fee of $1,000.00. He claimed to have some special new method of locating mercury ore. The following day another man came to my office claiming to have a machine that could not only locate any mercury ore we might have but tell the distance from the surface and the grade of the ore - all for a $1,000.00 fee, of course. Subsequent discussions with the superintendents and/or general managers of the Almaden Mine at Weiser, Idaho, the Cordero and the Bretz Mines at McDermitt, Nevada, and the Glass Butte Mine in Oregon - all men with 20 to 35 years experience in mercury mining and milling - convinced me that neither of these propositions could succeed except by a stroke of luck. All of these men assured me there was no other way to locate mercury veins except the old fashioned way of digging or drilling and panning. This is the method we have been using.

Before exhausting the mercury vein we had discovered, and on the assumption that it might continue, we started processing some of the ore

September 7, 1966

through the Herreschoff, while continuing to dig and haul. After 48 hours of operation we still had recovered no mercury so it was obvious that something was wrong with the Herreschoff installation. I tried to get Mr. Rankin of the Pacific Foundry (chief engineer of the manufacturing company) to the mine but he said they could not have anyone available for such purpose for about two months, and knew of no other Herreschoff experts. I then offered the general manager of the Cordero Mine the same fee to spend a weekend at our mine and give us his advice, but due to family and business circumstances he could not get away for weekends for a month or two. I, therefore, sent Dick Cooley and one other of the men to the Cordero Mine for two days for indoctrination in Cordero's method of operating the Herreschoff. The Cordero people were extremely gracious and helpful in explaining all details of the operation, including adjustments and revisions of the furnace needed for a successful recovery. Dick and the men have spent better than a week in making all of the recommended changes since returning from Cordero, and now have completed all but one - a regrouping of the furnace jets to increase the capacity of the furnace. This is a major undertaking which I am reluctant to tackle at this time. We have now started the furnace again and are starting to process the available ore, but with this small tonnage it will only serve as a test to determine efficiency, with very little income resulting. I have now spent nearly $20,000.00 on repairs, exploration and miscellaneous costs at the mine, in addition to nearly three months of my own time, since we started last June but do not feel that I can continue further with no income for the operation.

There is now a prospect of a lease again, with a different company, providing the Herreschoff, as revamped, will recover the mercury satisfactorily and efficiently. The people have inspected the property but have not yet made a decision.

It is my opinion that we should check over the details of the proposed sale of last year to the Canadian company and also other possible sales. Two other large companies, to my knowledge, have evidenced some interest in the area. Recently I have discussed with all other claim owners in the area, the possibility of working out an option agreement whereby we could offer the entire Johnson Creek ridge as a unit, and all have voiced approval. Within the next few days I expect to start negotiating for a written agreement and believe all can be signed up within a reasonable time, thus removing another big obstacle encountered previously in

September 7, 1966

attempted sales. This would require that Pacific and Werdenhoff decide on a figure at which they will sell, in order that we can be in a position to deliver title, if a purchaser is found. It is my suggestion that this matter be decided as expeditiously as possible so that we can be prepared if someone should make an offer to purchase.

Yours very truly,

EPM:jm

EDW. P. MILLER

RECEIVED
SEP 8 1966
M.E.
WASH

September 1[illegible], 1[illegible]

Mr. [illegible]
[illegible] Rd, [illegible]
[illegible] Harbor, Washington

Dear Max:

[illegible]

This will be, [illegible], a written confirmation of the [illegible] reported verbally to the joint board meeting of the [illegible] Mining Company and Pacific Mineral Chemical Company last [illegible], plus a summary of the existing problems in connection with the [illegible] and milling operation. I will also list the additional requirements, together with estimated costs for a probable profitable operation at the mine (will be profitable if installation of a small rotary kiln plus re-[illegible] of the furnace burners will cause the mill to produce more efficiently, and if the 400 foot tunnel will reach a commercial grade of mercury in sufficient quantities to supply the mill, as noted by the geologists who recommended it).

The [illegible] were laid off by because of inability to recover the [illegible] proceeds. One of the men was discharged and [illegible] another job in Prineville. Two of the three remaining will have to [illegible] instructed to "winterize" the buildings [illegible] to prevent freezing damage before leaving. Jack Cooley will remain for a few days to insure that all possible precautions have been taken to prevent damage and pilfering. The entrance gate has been moved out a block farther from the buildings (to where the forest road turns up the hill), and logs moved in by dozer to both sides of the gate to prevent vehicle entrance to the bunkhouse area. All other entrance roads have been dozer [illegible] and "No Trespassing" signs have been posted at approximately [illegible] feet intervals on all sides of the building and mill area, at a sufficient distance away to prevent shooting damage during the hunting season. In addition, an elderly retired man in Prineville has been tentatively engaged to live in the mine bunkhouse until the heavy snows make the area inaccessable. An inventory has been made of the removable equipment, including serial numbers for identification purposes in case of theft (there are many electric motors which can easily be detached).

Since the three men remaining have had some excess time, after completing the winterizing operation as instructed, they have used the

September 15, 1966

time to make several new dozer cuts where mineralization seemed promising. Panning of these cuts has revealed no ore that would even justify the making of an assay.

The following problems must be overcome before a successful mining and milling operation can be conducted:

1. No ore. A tunnel approximately 400 feet in length must be drilled to intersect the known ore veins as recommended by the geologists who did substantial drilling and testing on the property.

2. No ore recovery. Tests conducted this week have proven that there is mercury in the mud recovered the Herreschoff but extensive hand hoeing has failed to liberate it. I was told by the Bureau of Mines that this was because of excessive arsenic in the soil. Mr. Tooley felt sure that an automatic hoeing table, as has been used for many years by all producing mercury mines would eliminate the problem. However, a telephone conversation today with New Idrea Mine in California, the Black Butte Mine in Oregon and the Cordero manager in Nevada seems to prove this is a universal problem with low grade ore. All three reported that it was virtually impossible to separate the mercury by hand hoeing and that only 50 to 60 percent recovery can be achieved with the automatic hoeing machine. Two of these have already abandoned the hoeing table in favor of a small rotary kiln as giving much more efficient recovery. The third is now in process of building such a furnace.

3. Low capacity of mill. Present capacity of furnace is approximately 35 tons per 24 hours. Addition of two new furnace jets plus relocation of two of those now in the furnace would increase the capacity to 60 tons per day.

4. Insufficient ore storage. The fine ore bin over the furnace holds 20 3/4 yards of ore. Ideally this should hold a minimum of 40 yards so it could be filled at the close of the day shift, and keep the furnace supplied until morning when the mine crew returns to work. This is impossible because of the building limitations but bin sides should be built up another four feet to hold a total of 35 yards, thus requiring a minimum

of off hour or split work by the crusher operator. Conveyer belt must then, of course, be lifted on the fine ore bin end, and should be lengthened by 3 feet to pour the ore in the center of the hopper for equal loading to maximum capacity. This will, in turn, require raising of the conveyor room roof by one foot at the mill end.

5. Hot, stinky ore. A lengthy and extensive investigation indicates the best cure for this problem is an ore dryer, in front of the ore crusher. This would, hopefully, prevent the ore sticking in the crusher, but would also further increase the furnace capacity by having the ore pre-dried.

6. Water shortage. Having had an unusually dry summer, the water in Canyon Creek is so low there is not enough for the mill requirements. A new water line should be run from Pit No. 4 to the calcine bin. The water coming from this tunnel is sufficient for this purpose and the mine shaft would act as a storage reservoir, storing large quantities for large demands. Size of the small pond on the main water line should be greatly increased to handle peak demands for other purposes.

When the tunnel is constructed, testings should be made to determine the amount of gold, silver, copper, molybdenum and arsenic in the soil. Old records of the mining operations show as much as .64 ounce of gold and 2.16 ounces of silver per ton, with untested quantities of the other minerals. These amounts sound small but when processing 60 tons per day become large, and the total value could well be more than that of the mercury to be milled. Recovery of these additional minerals would require installation of a flotation concentration plant, but such a plant would also concentrate the mercury ore thereby greatly increasing the capacity of the present mill.

Following are estimated minimum costs for additional equipment and revisions needed:

400 foot tunnel, including shoring and track	$20,000.00
Small rotary furnace for extracting ore from concentrates..	1,500.00
Two furnace jets $360.00, move 2 jets, labor & mat. 400.	760.00
Increase size of rough ore bin, mat. $300.00, Labor $400.	700.00

September 15, 1966

Mr. Max-Felton Stell
Page 4

	$22,960.00
Increase size of rough ore bin, install flow control,	$ 1,220.00
Bridge across road for access to enlarged bin	520.00
Used dryer and accessories (new $27,500.00)	10,000.00
New water line, enlarge present pond	500.00
Additional conveyors, incl.motors and misc. equipment needed to move ore from new mine shaft to ore bin.	2,000.00
	$37,200.00

These are minimum figures based on a minimum size ore bin, used machinery and minimum labor costs; also, it does not include mining machinery which could be leased.

A new concentration plant of adequate size would cost in excess of one million dollars. Estimates from the consulting engineers on the cost of a used plant have varied from $25,000.00 to $150,000.00.

I will be returning to the mine tomorrow for a final check on everything there.

Yours very truly,

KPM:jm

KEN. P. MILLER

November 7, 1966

Mr. Max Stell, President
Pacific Mineral & Chemical Co., Inc.
Tacoma, Washington

Dear Max:

Enclosed is a proposed addendum to our Memorandum of Agreement dated December 31, 1965, which I feel is necessary for my protection if I am to proceed with the digging of the tunnel at the Mother Lode mine.

The indeterminate wording of the paragraph granting the option to repurchase in our December 1965 agreements, leaves too much room for disagreement and personal interpretation as to what is meant by "the sum of money advanced".

Also, even though we should agree on a total figure for repurchase, if I should penetrate a few rich veins with the proposed tunnel, I could still be eliminated with nothing for my year's effort but a smaller bank account.

If some such further agreement cannot be reached and concluded immediately, I feel that it would be better to remove the men and machinery from the mine now than risk further disagreement later. Any agreement, should, of course, be more detailed and put in a more legal form for the adequate protection of everyone, but this can be done as time permits if we can agree on the basic provisions.

Some time ago we were asked to take over another mine on a very attractive basis, where there would be immediate income. If it is determined that it is not essential or important to have the proposed tunnel at the Mother Lode constructed now, I will move the men and equipment to the other location but a decision must be made immediately before the snow becomes too deep.

Yours very truly,

EPM:jm

Edw. P. Miller

SUPPLEMENT AGREEMENT

This agreement made and executed this ___ day of November, 1966, as an addendum to Memorandum of Agreement dated December 31, 1965 between Edward F. Miller, hereinafter called Miller; and Wordenhoff Mining Company, Inc., an Idaho corporation, and Pacific Mineral and Chemical Co., Inc., a Washington corporation, hereinafter called Wordenhoff-Pacific.

Witnesseth:

Whereas Wordenhoff-Pacific is desirous of trading the Oregon Mercury claims belonging to Wordenhoff-Pacific and Miller for stock in a Canadian mining company, and

Whereas the mercury properties would be much more valuable and marketable, if a tunnel was constructed to intercept a commercial vein of ore, thereby making possible operation of the Hayrenhoff Mill installed at the site, and consequent production of income through the sale of mercury, and

Whereas Miller is willing to finance and construct such tunnel:

It is now, therefore, agreed by the parties hereto that Miller will finance and construct tunnel 600 feet in length, complete with track and necessary timbering to the area under the "wet cut". Miller further agrees to enter into a legal agreement with Wordenhoff-Pacific and Crest Ventures, in accordance with proposals which have been previously submitted in writing by Miller and on which tentative agreement has been reached and to sign the necessary documents, when proposed agreement has been reduced to legal terminology.

In consideration of the above work to be performed by Miller, and the agreement to sign the proposed legal documents, Wordenhoff-Pacific hereby agree to relinquish all rights to repurchase the 7 Mother Lode Claims, as set forth in Memorandum of Agreement referred to above.

PACIFIC MINERAL & CHEMICAL CO., INC.

BY_____

WORDENHOFF MINING CO.

BY_____

A. B. COMFORT
RICHARD J. DOLACK
JOHN F. HANSLER
ROBERT A. COMFORT
PATRICK C. COMFORT
ALLAN R. BILLETT
GERALD L. HULSCHER

COMFORT, DOLACK, HANSLER & BILLETT
ATTORNEYS AT LAW
819 SOUTH K STREET
TACOMA, WASHINGTON 98405

TELEPHONE
FULTON 3-4783

IN REPLY REFER TO
OUR FILE NO.
2998

January 5, 1966

McKay, Panner, Johnson & Marceau
Attorneys at Law
1026 Bond Street
Bend, Oregon

Mr. Jennings P. Felix
Attorney at Law
Northern Life Tower
Seattle, Washington

Mr. Ralph J. Brown
Attorney at Law
Prineville, Oregon

Dear Sirs:

We are now advised that action has been commenced to declare a forfeiture by Werdenhoff Mining Company of all its right, claim, title and interest under the contract for purchase of the "Mother Lode" claims, dated July 29, 1958. Werdenhoff Mining Company has not yet been served, although we understand that it will be served very shortly.

Also, at this time, there is pending, and imminent, as I understand it, an execution sale of certain mining equipment, including Herschoff Cinnabar Mill, on the "mother lode" claims, in the case of Ellingsen vs. Pacific Minerals, Circuit Court of the State of Oregon for Crook County, case #7331.

The above two proceedings are related, necessarily. If both are successful, it will result in 86 2/3% interest in the "mother lode" claims being lost to Werdenhoff, and its contractor, Pacific Minerals, and vested in the sellers of said "Mother Lode" claims (one of whom is Conrad M. Ellingsen, or his assigns); and will further result in the sale of certain of the mining equipment on the claims (but not all), including the Herschoff Cinnabar Mill, being vested in a person or persons unknown, for

66 2/3

reasons which I will explain.

I write this letter, again, as the basis for what I hope might be a settlement of all outstanding issues, affecting all interested parties.

I take up, first, the matter of the pending execution sale of the Herschoff Cinnabar Mill and other equipment. As I understand it, the sale has now been postponed to Wednesday, January 13, 1966. Affecting this question, there is a question pending, as I understand it, to be heard January 27, 1966, in the Circuit Court, Crook County, Oregon, on the question of the validity of a certain judgment held of record, in the Superior Court of the State of Washington, County of Pierce, by M.M. Reese, as against Conrad M. Ellingsen, and registered as a foreign judgment, in Crook County, Oregon.

There is also pending, to be tried late in March, 1966, an action to set aside this judgment, held by M.M. Reese, of record, as against Conrad M. Ellingsen, in the Superior Court of the State of Washington for Pierce County.

Meanwhile, as we view the situation, there is a doubt as to what the effect of the execution sale of the Cinnabar Mill, and other equipment, will be. M.M. Reese, as we understand it, claims to have purchased the judgment of Conrad M. Ellingsen. M.M. Reese, as we also understand it, has levied on the judgment of Conrad M. Ellingsen, in Crook County. Since M.M. Reese has not requested the execution sale in question, and in fact opposes it, at this time, there is considerable doubt, as to what right, title or interest the purchaser at said execution sale will obtain. We do understand that both Pacific Minerals, and M.M. Reese, will not recognize the title of any purchaser at the execution sale.

Whether any other action will be undertaken by said M.M. Reese, incident to said execution sale, we do not know at this time.

The result, in any event, of such execution sale, appears to be that the actual right and title to the said Cinnabar Mill, which rests on the "Mother Lode" claims, will probably be clouded for some time.

We turn now to the matter of the "Mother Lode" claims themselves. As before stated, Werdenhoff Mining Company, or its contractor, Pacific Minerals, expended more than $300,000.00, since the execution of the contract, in efforts to achieve a profitable

mining operation. Most of this money was invested under the direct supervision of Conrad M. Ellingsen who is now, through his assign, (who we understand is attorny Ralph Brown's secretary) joining in the forfeiture action. We also now understand that $54,500.00 has actually been paid out on the purchase price of the said mining claims. Also, most of this money was paid out under the direct supervision of said Conrad M. Ellingsen, as President of Pacific Minerals.

Mr. Ellingsen is now in the anomalous position of seeking this drastic forfeiture of an immense investment, and taking back, for himself, a substantial portion of the mining claims, enhanced by such investments.

This is not all. Since December, 1963, Mr. Ellingsen has had under attachment, or execution, the "Mother Lode" claims themselves, the Herschoff Cinnabar Mill, and all other equipment on the "Mother Lode" claims. This attachment, and execution, in effect, paralyzed efforts to try to raise funds to improve, or develop, or conduct mining operations upon, the subject claims. For a substantial portion of this time, Mr. Ellingsen maintained this attachment, even though he was a Vice-President, and member of the Board of Directors, of Werdenhoff Mining Company. Moveover, as the Circuit Court for Crook County ruled in a recent case, many of these items of equipment, which Mr. Ellingsen had under attachment, or execution, for this two year period, were in fact the properties of Werdenhoff Mining Company (against whom Mr. Ellingsen had no judgment), as was well-known to Mr. Ellingsen.

I have not briefed the question under Oregon law, but I would presume that an action to forfeit a contract interest, and acquire title, is an equitable action under Oregon law, and also that forfeitures are not favored under the law.

It seems to me to be material for a substantial trial on the merits whether, under the circumstances, the sellers, including Mr. Ellingsen, should now have the right to a forfeiture. We do not think the other sellers, Parkinson, Zimmerman and Golliard, can isolate themselves from Mr. Ellingsen's activities. One of these, Mr. Parkinson, was in fact, and I believe still is, represented by Mr. Ellingsen's attorney, Mr. Jennings Felix.

But let us assume that the other sellers, Zimmerman, Golliard, and Parkinson, or some of them, should prevail in the forfeiture action. This, as I understand it, would then leave the rather peculiar situation of Mr. Zimmerman, Mr. Golliard, and Mr. Parkinson, being tenants in common with Mr. Ellingsen, and Mr. Ruffo, who together would own 26 2/3% of the subject claims, subject to the contract to Werdenhoff Mining Company. This would carry with it substantial other questions, such as the power of decision to determine how the claims are to develop, the rights of partition, and the other questions which are familar to you.

The problem of reinstating the contract of July 29, 1958, as to Ellingsen, is further complicated by the fact that an order and judgment was entered, pursuant to the judgment of M.M. Reese as against Ellingsen, here in Pierce County, Washington, directing that any amounts to be paid by Werdenhoff Mining Company, for the interest of Ellingsen, under the "Mother Lode" contract, shall be paid into court here in Pierce County, in that action.

Aside from the pending execution sale, and the suit to forfeit contract, mentioned above, and the actions and proceedings involving the Reese judgment, hereinabove mentioned, there is a trial, set for May 9, 1966, in this County, on a suit by Mr. Ellingsen on certain notes, of Werdenhoff Mining Company, and a cross-claim of Werdenhoff Mining Company as against Ellingsen; and a suit on various other notes signed by Mr. Ellingsen, not yet set for trial, here in Pierce County.

The above, vexed state of affairs is certainly not of Werdenhoff Mining Company's making, or choosing. But the blunt fact now is that Werdenhoff Mining Company, and Pacific Minerals, its contractor, will, inevitably, have to do the best they can, to prevent the total loss of their immense investment. Moreover, if this immense investment should be lost to them, we have occasion to wonder whether persons in the future will be persuaded to gamble funds on the "Mother Lode" claims, as Werdenhoff Mining Company, and Pacific Minerals did. As I recall, Werdenhoff Mining Company purchased shortly after an earlier purchaser had paid substantial funds for the property, and forfeited all of his interest.

This letter is not to be considered all inclusive of the issues involved, and all of this letter, including all statements herein made, are parts of an offer of compromise settlement, and should be treated as such.

You have our letter of December 6, 1965. We are now in a position to make a tender of the funds therein set forth; that is, Werdenhoff Mining Company and Pacific Minerals, will forthwith pay the sum of $5,000.00, to cure the delinquent installments under the "Mother Lode" contract, of $1,000.00 each, for October and November, 1965, and will prepay the $1,000.00 monthly installments for March, April, and May, 1966. This would give Mr. Golliard the sum of $1,338.35; Mr. Zimmerman the sum of $1,338.35; and Mr. Parkinson the sum of $1,828.54. Because Mr. Ellingsen did not get any payments on the contract, last year, when Golliard, Zimmerman, and Parkinson did receive such payments, Werdenhoff and Pacific would negotiate with Mr. Ellingsen for an additional payment, toward his share. We believe we can get the cooperation of M.M. Reese to allow payments of said sums to Mr. Ellingsen, or his assigns, and release the same from the garnishment in the Pierce County Superior Court judgment.

The big problem in getting any persons to invest funds in further operations on the "Mother Lode" claim, has been, since 1963, the presence of the attachment, and the Ellingsen judgment. Operators simply do not like to pay for "dead horses," such as the Ellingsen judgment, which does promote the actual exploration or development of the property. However, we now are able to state that we can commit the sum of $17,000.00, cash, provided Mr. Ellingsen will satisfy and discharge the judgment, in full, and release Werdenhoff Mining Company and Pacific Minerals from any and all claims, demands, or causes of action, of any kind or nature whatsoever.

I believe that we will have the cooperation of M.M. Reese, and counsel, that M.M. Reese will not attempt to reach any portion of the $17,000.00 paid to Mr. Ellingsen, as hereinabove mentioned; nor the funds payable to Ellingsen, pursuant to Mr. Ellingsen's interest in the "Mother Lode" contract; and that, further, the judgment of M.M. Reese will be satisfied, and Frank Ruffo will be granted judgment over as against Ellingsen in the amount of 50% of the full amount of the judgment in Pierce County cause #161139; further, Frank Ruffo will not attempt to reach the $17,000.00 paid to Ellingsen under the terms of the "Mother Lode" contract. Both Ruffo and Ellingsen will be granted judgment over as against Pacific Minerals, for any amounts paid by them on the judgment in Pierce County #161139.

I believe the above would settle all questions, and eliminate all pending suits and proceedings, except a pending suit of Ellingsen as against American Strategic Minerals in Portland. As I understand the position of Pacific Minerals, Werdenhoff, M.M. Reese, and Frank Ruffo, they will do nothing to prevent Ellingsen from obtaining judgment in said suit in accordance with the prayer. However, these people also take the position that American Strategic Minerals has no interest in any of the claims owned by Pacific Minerals or Werdenhoff, in Crook County, Oregon; or any of the personal property owned by eitherof said companies in said County and State; or any of the personal property owned by either of said companies in said County and State; and the persons concerned further deny that American Strategic Minerals holds any stock, or is entitled to any stock, in Pacific Minerals and Chemical Company, Inc.

It is, of course, regrettable that funds for settlement of these matters, along the lines hereinabove set forth, were not available until this time. However, such are thefacts. We trust that you will study the above, and give us your reactions as soon as possible. If the above are not acceptable, the action to forfeit the July 29, 1958 contract, will, of necessity, be resisted, and, it appears at this time, a deposit will be made in court of the amounts of the delinquent installment on the "Mother Lode" contract (taking into account the moratorium given by Parkinson, Zimmerman, and Golliard, to October 1, 1965).

This entire letter is an offer of compromise settlement, and all parts of it are to be treated as such.

Because the matters involved are complex, I am sending a copy of this to counsel for all of the parties involved, so that they can communicate with me immediately, if there is any part hereof that does not reflect their understanding.

Yours very truly,

COMFORT, DOLACK, HANSLER & BILLETT

JFH:dd

John F. Hansler

cc
Fred Sepic, President, Pacific Mineral & Chemical Company, Inc.
Richard K. Ruffo, President, Werdenhoff Mining Company
Carl Skoog, Attorney, Pacific Mineral & Checmical Company, Inc.
Frank Ruff, Attorney for M.M. Reese

John Paglia, Attorney for Frank Ruffo
Rodney Glantz, Attorney for Werdenhoff Mining Company
Cash R. Perrine, Attorney for M.M. Reese
George Rokestraw, Attorney, Pacific Mineral & Chemcial Company
Frank Peters, Attorney, Conrad M. Ellingsen

RECEIVED
AUG 6 1969
O. M. E.
SPOKANE, WASH.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, made and executed this 31 day of December, 1965, between EDWARD MILLER of Tacoma, Washington, hereinafter called "Miller"; and WERDENHOFF MINING COMPANY, an Idaho corporation, and PACIFIC MINERALS and CHEMICAL COMPANY, INC., a Washington corporation, hereinafter referred to as "Werdenhoff-Pacific",

WITNESSETH:

WHEREAS, Werdenhoff Mining Company is purchasing on contract seven mining claims in the Ochoco Mining District, Crook County, Oregon, hereinafter called the "Mother Lode" claims, and is presently in default with reference to contract payments thereof; and

WHEREAS, Werdenhoff Mining Company is the owner of fourteen additional mining claims in the same area, hereinafter called the "Werdenhoff" claims, and Pacific Minerals and Chemical Company, Inc. is the owner of seven mining claims in said area, hereinafter called the "Pacific" claims; and

WHEREAS, Werdenhoff-Pacific is desirous of having the aforementioned mining claims further developed and operated; and

WHEREAS, Miller is willing to invest money in and receive certain rights with reference to said claims and equipment located thereon; and

WHEREAS, Miller is desirous of developing and mining said claims;

IT IS, NOW THEREFORE, AGREED AS FOLLOWS:

1. Miller will forthwith pay to Werdenhoff-Pacific the

sum of $15,000, and they agree to forthwith apply $12,000 of said sum to cure present delinquent installments with reference to the Mother Lode claims being purchased, and will prepay future installments that become due through and including the May 15, 1966 payment. The balance of $3,000 shall be used to pay miscellaneous past-due bills, taxes and other obligations of Pacific Minerals and Chemical Company, Inc. It is agreed by all parties hereto that the money will be held by Werdenhoff-Pacific and not used for any purpose unless and until all parties are assured that the contract with reference to the Mother Lode claims may be reinstated and placed in good standing and may be assigned to Edward Miller.

2. Upon receiving assurance that the contract above mentioned may be reinstated and assigned to Miller, the companies herein referred to as Werdenhoff-Pacific agree to take immediate steps to see that the purchaser's interest in and to said real property upon which the Mother Lode claims are located are assigned to Miller, together with all mineral rights therein.

3. In the event the aforementioned contract with reference to the Mother Lode claims cannot be reinstated and placed in good standing, Werdenhoff-Pacific will forthwith return to Miller the sum of $15,000 mentioned in Item 1 above.

4. In the event Miller is not able to profitably mine, as hereinafter defined, one or more of the Mother Lode claims within ten months of the signing of this agreement, then Werdenhoff-Pacific shall have the option to repurchase from Miller for cash within ninety days after the expiration of said ten-month period the purchaser's interest in the contract covering the aforementioned Mother Lode claims for the sum of money

advanced by Miller, including contract payments made by Miller, plus interest at the rate of six percent per annum.

Should an offer be received by Miller or Wardenhoff-Pacific to purchase the twenty-eight mining claims, together with the equipment now at the mine, before the expiration of the ten-month period, and such offer is acceptable to both Miller and Wardenhoff-Pacific, the proceeds of such sale shall be distributed twenty-five percent to Miller and seventy-five percent to Wardenhoff-Pacific.

5. Commencing with the contract payment due June 15, 1966, Miller agrees to keep the payments current with reference to the contract under which the aforementioned Mother Lode claims are being purchased, and will continue to make said payments until such payments are made from the profits of the mining operation or until Miller advises Wardenhoff-Pacific that he no longer intends to conduct a mining operation upon any of the aforementioned Mother Lode claims.

6. In the event that Miller within ten months from the date of this agreement operates a mining operation on one or more of the aforementioned Mother Lode claims, so as to show a net operating profit of $5,000, or more, per month over and above all operating expenses (but which expenses shall not include the contract payments of $1,000 per month, or ten percent of the smelter receipts as provided in the contract, and shall not include capital investments by Miller in connection with the mining operation) for a period of two consecutive months, all parties hereto shall consider said mining operation to be profitable. In computing income from said mining operation, there shall be included ore in transit, or in stock, which was mined during the specific months being considered, as well as cash received from the sale of the minerals mined.

7. In the event the mining operation shows a net operating profit as hereinabove mentioned, Wardenhoff-Pacific shall have the option of acquiring from Miller within twenty-four months from this date a forty percent interest in the aforementioned Mother Lode claims (which will include forty percent of the net operating profit) the consideration for which shall be the conveyance and transfer to Miller of a sixty percent interest in the aforementioned twenty-one additional mining claims, herein called the Wardenhoff Claims and Pacific Claims, including the mineral rights therein.

8. Miller shall have the complete control of the mining operation on the aforementioned Mother Lode claims, and upon the additional twenty-one mining claims in the event Wardenhoff-Pacific exercises its option set forth in the paragraph above. In addition to the payment of all normal and necessary operating costs in connection with the mining operation, a reasonable sum may be held in reserve by Miller to provide for contingencies that may arise during the course of the mining operation upon all of the claims herein mentioned.

Miller's right to control the mining operations upon any one or more of the aforementioned total of twenty-eight mining claims shall continue for so long as said mining operation shows a net operating profit in each year.

Miller agrees to pay sufficient money to satisfy and discharge a judgment presently held by Conrad M. Ellingson, which judgment is in the approximate sum of $25,500, and which judgment is against Pacific Minerals and Chemical Company, Inc. Upon the satisfaction of said judgment, Pacific Minerals and Chemical Company, Inc. agrees to forthwith convey and transfer to Miller, by bill of sale or other appropriate document, title to all of the personal property presently located upon any or all of the personal property presently located upon any or all

all of the aforementioned twenty-eight mining claims, which personal property includes a Herschoff mill. In the event that Miller is not conducting a mining operation showing a net operating profit within ten months from the date of this instrument, Pacific Minerals and Chemical Company, Inc. shall have the option of repurchasing for cash within ninety days after the expiration of said ten-month period the aforementioned personal property for the sum of money paid by Miller to discharge the above-mentioned Ellingsen judgment, plus interest at the rate of six percent per annum.

9. After the exercise of the option set forth in Item 7, from the proceeds of the mining operations there shall be paid the regular payments upon the contract for the purchase of the Mother Lode claims in the manner provided therein, and there shall then be paid all of the operating expenses incurred with reference to the mining operations, and there shall then be paid to Miller any and all monies advanced by him or invested by him, except the $15,000 paid pursuant to Item 1, whether for capital improvements or otherwise. There shall next be paid into a reserve account such reasonable sum as may be necessary and desirable for further exploration and development with reference to the twenty-eight claims. The balance of the net profits shall be paid sixty percent to Miller and forty percent to Werdenhoff-Pacific.

10. It is understood and agreed that Miller may assign and transfer to any corporation which he controls all of his rights and obligations hereunder; Miller agrees that within ten months from this date he will not assign his rights hereunder to any other person or corporation not controlled by him without first obtaining the written consent of Werdenhoff-Pacific, which consent will not be unreasonably withheld.

11. It is understood that Werdenhoff Mining Company will transfer and convey to Pacific Minerals and Chemical Company, Inc. the Werdenhoff claims hereinabove referred to in exchange for stock in Pacific Minerals and Chemical Company, Inc., and Werdenhoff-Pacific will advise Miller as to the proper distribution of the forty percent of the net profit referred to in Item 9.

12. The legal descriptions of the Mother Lode claims, Werdenhoff claims and the Pacific claims are set forth in exhibit "A" attached hereto and by this reference made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this 31 day of Dec, 1965.

/s/ Edw. P. Miller
EDWARD MILLER

WERDENHOFF MINING COMPANY

By /s/ Richard K. Reppe
President

/s/ William A. Thompson
Secretary

PACIFIC MINERALS & CHEMICAL COMPANY, INC.

By /s/ Fred Sepin
President

/s/ J. M. Price
Secretary

16. Round Mountain #4, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 566, Record of Mines in the records of Crook County, Oregon.

17. Round Mountain #5, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon.

18. Three L's #1, as located in the Notice of Mining Location filed October 23, 1956 and recorded in Book 10 at page 353, Record of Mines in the records of Crook County, Oregon.

19. Three L's #2, as located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 380; Record of Mines, in the records of Crook County, Oregon.

20. Three L's #3, as located in the Notice of Mining Location, filed October 23, 1956, and recorded in Book 10 at page 363, Record of Mines in the records of Crook County, Oregon.

21. Three L's #4, as located in the Notice of Mining Location, filed July 30, 1957 and recorded in Book 10 at page 574, Record of Mines in the records of Crook County, Oregon.

22. Lookout No. 1, Book 11, Page 328-329.

23. Lookout No. 2 Book 11, Page 330-331.

24. Lookout No. 3 Book 11, Page 332-333.

25. Lookout No. 4 Book 11, Page 334-335.

26. Lookout No. 5 Book 11, Page 336-337.

27. Lookout No. 6 Book 11, Page 338-339.

28. Lookout No. 7 Book 11, Page 340-341.

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
[illegible] SOUTH K STREET
TACOMA, WASHINGTON [illegible]
PULTON [illegible]

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
910 SOUTH 8 STREET
TACOMA, WASHINGTON 98405
PULTEN 2-4788

EXHIBIT A--OREGON CLAIMS

1. Jack Knife, as more particularly described in the Notice of Claim recorded May 9, 1954, in Book 7 of Mines at page 356, records of Crook County, Oregon.

2. Merry Widow, as more particularly described in the Notice of Claim recorded May 5, 1954, in Book 7 of Mines at page 356, records of Crook County, Oregon.

3. Western Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 325, records of Crook County, Oregon.

4. Eastern Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 327, records of Crook County, Oregon.

5. Canyon Creek No. 1, as more particularly described in the Notice of Claim recorded May 13, 1952, in Book 7 of Mines at page 419, records of Crook County, Oregon.

6. Canyon Creek No. 2, as more particularly described in the Notice of Claim recorded May 13, 1955, in Book 7 of Mines at page 417, records of Crook County, Oregon.

7. Canyon Creek No. 3, as more particularly described in the Notice of Claim recorded August 25, 1955, in Book 7 of Mines, at page 551, records of Crook County, Oregon.

8. MD, quarts mining claims, as located in the Notice of Location of Quarts Claim filed August 19, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon.

9. View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, and recorded in Book7 at page 401, Records of Mines in the records of Crook County, Oregon.

10. Kelly, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book 7 at page 403, Record of Mines in the records of Crook County, Oregon.

11. Neva Mae #1, as located in the Notice of Mining Location of Quarts Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon.

12. Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 173, Records of Mines in the records of Crook County, Oregon.

13. Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon.

14. Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10, page 277, Record of Mines in the records of Crook County, Oregon.

15. Round Mountain #3, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page566, Record of Mines in the records of Crook County, Oregon.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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AUG 7 1969

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

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

Thank you for your memorandum of August 5, 1969, concerning information obtained from several telephone conversations with four individuals to learn the present status of the subject property. We will look forward to your further report when you have visited the property on your next trip to Oregon. If possible, will you please obtain the address of the Midnight Mining Company.

Harold Kirkemo (GLA)

Harold Kirkemo

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130 (2)

GLAult/a 8-7-69

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
August 5, 1969

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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

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

The following information has been obtained from several telephone conversations in which I attempted to learn of the present status and recent history of the Mother Lode mine. Individuals with whom I talked include the following:

Mr. Fred Sepic
7419 South Bell
Tacoma, Washington 98408 (Telephone: Greenfield 2-3447)
(Past Acting President of Pacific Minerals and Chemical Co., Inc.)

Mr. Joe Price
Summit View Furniture and Appliance Company
5308 E. 112th Street
Tacoma, Washington 98445 (Telephone: Lenox 7-8676)
(Former Secretary of Pacific Minerals and Chemical Co., Inc.)

Mr. Edward P. Miller, President
Miller Construction Company, Inc.
1102 Skyline Drive
Tacoma, Washington 98406 (Telephone: Skyline 9-6161)

Mr. Dick Tooley
947 E. Third Street
Prineville, Oregon 97754 (Telephone: 447-7357)
(Miner who worked at Mother Lode mine for Miller Construction Co.)

The call to Mr. Sepic was to learn if copies of the transfer of the interest in the Mother Lode group from Pacific Minerals and Chemical Co., Inc., to Miller Construction Company, Inc., had been furnished the Government as instructed in the letter from Mr. Frank E. Johnson dated January 25, 1966. Mr. Sepic was not certain if this had been done. He said that at the time of the transfer he was no longer president of Pacific Minerals and Chemicals Co., Inc., but that a Mr. Max Stell, Gig Harbor, Washington, was president. Mr. Sepic suggested that Mr. Price might have the information I was seeking.

Mr. Joe Price said that, insofar as he knew, no copies of the transfer in interest in the Mother Lode group were furnished the Government. He mentioned that only the Mother Lode group was involved in the transaction and that the Cobar group of claims had reverted back to its original owners in Oregon. Mr. Price is going to forward copies of the transaction to our office. With these he will also include the address and telephone number of Mr. Max Stell. According to Mr. Price, the Pacific Minerals and Chemical Co., Inc., is inactive. None of the officers care to take the responsibility of dissolving the corporation.

Mr. Edward P. Miller was contacted to learn of the current status of the Mother Lode mine. He has optioned the property to Midnight Mining Company, a corporation based in Vancouver, British Columbia, Canada. It was his understanding that the Midnight Mining Company was making an aeromagnetic survey of the property prior to conducting an exploration project on the ground. Mr. Miller said that some work had been done underground at the Mother Lode mine in the past 2 years and possibly some quicksilver was produced. He suggested that I call Mr. Tooley in Prineville to learn about these activities.

Mr. Tooley said that about 200 feet of drift had been rehabilitated at the mine, but heavy ground made it impossible to continue the work. He said that some ore from the Mercury Queen mine had been burned in the retort at the property and about a half of bottle of quicksilver was recovered. There has been no production from the Mother Lode property. The Mercury Queen mine is several miles from the Mother Lode mine.

So, currently, the Mother Lode mine is optioned by Midnight Mining Company from the Miller Construction Company who purchased it from Pacific Minerals and Chemical Co., Inc., a presently inactive corporation.

I plan on visiting the property on my next trip to Oregon and learn of more recent developments.

Willard P. Puffett

Willard P. Puffett

cc: CPF
Director's Reading File

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/2	Johnson	110
		120
	Long	140
		220

JUN 8 1967

Mr. Owen M. Panner
Law Offices
McKay, Panner, Johnson & Marceau
1026 Bond Street
Bend, Oregon 97701

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

Dear Mr. Panner:

Your letter of May 26, 1967, to Mr. D. R. MacLaren, Field Officer, Region I, requesting on behalf of the sellers of the property under the subject contract, advice as to the status of the exploration contract and the amount of funds contributed by the Government to the cost of the exploration, has been referred to this office.

The contract was terminated effective October 13, 1963. Payments of the Government's contribution to costs for work completed under the contract were made in October 1962, December 1963 and March 1964. The total amount of the Government's contribution to exploration costs under the contract and accrued interest as of May 31, 1967, is as follows:

Amount of Government's contribution	$6,289.52
Accrued interest at 6 1/4% per annum as of 5/31/67	1,974.11
Total payable to the Government as of 5/31/67	$8,263.63

The Government holds a lien on the land until December 5, 1974 or until the total amount of its contribution plus accrued interest is repaid, whichever occurs first.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I

FEJohnson/bih 6/2/67
Rewritten: RWLong/jfg:6-7-67

23263

MME FORM [illegible] RENCE SLIP
REV. 2-59 [illegible] OFFICE OF MINERALS EXPLORATION

TO:		DATE	INITIALS
1.	Chief, OME	5/29/67	
2.	Re: OME-6141 (Mercury) Pacific Minerals & Chemical Co., Inc.		
3.	Mother Lode, Cobar, and Lookout Moutain Group		
4.	Crook County Contract 2132		
5.	M. L. Smelser for M. L. Smelser		
FROM:	D. R. MacLaren, Fld. Officer, Reg. I		

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 1 1967
INITIALS CODE
gla 120 M
110
Surname
Signature
File 220

FOR: Check items for action desired

X Action ____ Reply for signature of
____ Approval ____ Investigate
____ Comment ____ Recommendations
____ Conference ____ Rewrite
____ Instructions ____ Your information

REMARKS: Attached is a letter 5/26/67 from the representative of the sellers of the above-cited property for your reply.

LAW OFFICES
McKAY, PANNER, JOHNSON & MARCEAU
1026 BOND STREET
BEND, OREGON 97701

DUNCAN L. McKAY
OWEN M. PANNER
LYMAN C. JOHNSON
RONALD L. MARCEAU
DAVID F. BERGER

AREA CODE 503
TELEPHONE 382-3011

May 26, 1967

Mr. D. R. MacLaren
Acting Field Officer
Office of Minerals Exploration
Region 1
United States Department of the Interior
South 157 Howard Street
Spokane, Washington 99200

Re: Contract No. 2132 - Crook County, Oregon
Your Docket No. OME-6141

Dear Mr. MacLaren:

Could you please advise us as to the status of the above mentioned contract?

We would appreciate knowing how much money has been advanced by the Office of Minerals Exploration and the dates of such advances.

Our office represents the sellers of this property, who still retain a security interest. These sellers that we represent are Mr. and Mrs. Earl Zimmerman and Mr. and Mrs. Roger Golliard.

Thank you very kindly.

Very truly yours,

McKAY, PANNER, JOHNSON & MARCEAU

Owen M. Panner

OWEN M. PANNER

OMP:IM

RECEIVED
MAY 29 1967
SPOKANE, WASH.

TELEPHONE BR. 2-0386

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1301 SOUTH KAY STREET
TACOMA, WASHINGTON 98405

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 8 1967
INITIALS CODE
HW 110

March 3, 1967

Frank E. Johnson
Chief, Office of
Minerals Exploration
Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Re: OME-6141 (Mercury)
Crook County, Oregon

Dear Mr. Johnson:

In accordance with instructions contained in your letter of February 24, 1967 we copied for your file and information two true copies of the Memorandum of Understanding with Mr. Edward P. Miller.

It is understood that royalty shall be paid to the Government from all production until the sum of $6,289.52, plus 6¼% interest, has been repaid to the government and that such royalty is secured by a lien upon the land (Contract 2132).

Sincerely yours,

J. M. Price, Secretary
Pacific Minerals and Chemical
Co., Inc.

Enclosure: Two (2) copies Miller Agreement.

JP:jp

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, made and executed this 31 day of December, 1965, between EDWARD MILLER of Tacoma, Washington, hereinafter called "Miller"; and WERDENHOFF MINING COMPANY, an Idaho corporation, and PACIFIC MINERALS and CHEMICAL COMPANY, INC., a Washington corporation, hereinafter referred to as "Werdenhoff-Pacific",

WITNESSETH:

WHEREAS, Werdenhoff Mining Company is purchasing on contract seven mining claims in the Ochoco Mining District, Crook County, Oregon, hereinafter called the "Mother Lode" claims, and is presently in default with reference to contract payments thereof; and

WHEREAS, Werdenhoff Mining Company is the owner of ~~fourteen~~ seven additional mining claims in the same area, hereinafter called the "Werdenhoff" claims, and Pacific Minerals and Chemical Company, Inc. is the owner of ~~seven~~ fourteen mining claims in said area, hereinafter called the "Pacific" claims; and

WHEREAS, Werdenhoff-Pacific is desirous of having the aforementioned mining claims further developed and operated; and

WHEREAS, Miller is willing to invest money in and receive certain rights with reference to said claims and equipment located thereon; and

WHEREAS, Miller is desirous of developing and mining said claims;

IT IS, NOW THEREFORE, AGREED AS FOLLOWS:

1. Miller will forthwith pay to Werdenhoff-Pacific the

sum of $15,000, and they agree to forthwith apply $12,000 of said sum to cure present delinquent installments with reference to the Mother Lode claims being purchased, and will prepay future installments that become due through and including the May 15, 1966 payment. The balance of $3,000 shall be used to pay miscellaneous past-due bills, taxes and other obligations of Pacific Minerals and Chemical Company, Inc. It is agreed by all parties hereto that the money will be held by Werdenhoff-Pacific and not used for any purpose unless and until all parties are assured that the contract with reference to the Mother Lode claims may be reinstated and placed in good standing and may be assigned to Edward Miller.

2. Upon receiving assurance that the contract above mentioned may be reinstated and assigned to Miller, the companies herein referred to as Werdenhoff-Pacific agree to take immediate steps to see that the purchaser's interest in and to said real property upon which the Mother Lode claims are located are assigned to Miller, together with all mineral rights therein.

3. In the event the aforementioned contract with reference to the Mother Lode claims cannot be reinstated and placed in good standing, Werdenhoff-Pacific will forthwith return to Miller the sum of $15,000 mentioned in Item 1 above.

4. In the event Miller is not able to profitably mine, as hereinafter defined, one or more of the Mother Lode claims within ten months of the signing of this agreement, then Werdenhoff-Pacific shall have the option to repurchase from Miller for cash within ninety days after the expiration of said ten-month period the purchaser's interest in the contract covering the aforementioned Mother Lode claims for the sum of money

advanced by Miller, including contract payments made by Miller, plus interest at the rate of six percent per annum.

Should an offer be received by Miller or Werdenhoff-Pacific to purchase the twenty-eight mining claims, together with the equipment now at the mine, before the expiration of the ten-month period, and such offer is acceptable to both Miller and Werdenhoff-Pacific, the proceeds of such sale shall be distributed twenty-five percent to Miller and seventy-five percent to Werdenhoff-Pacific.

5. Commencing with the contract payment due June 15, 1966, Miller agrees to keep the payments current with reference to the contract under which the aforementioned Mother Lode claims are being purchased, and will continue to make said payments until such payments are made from the profits of the mining operation or until Miller advises Werdenhoff-Pacific that he no longer intends to conduct a mining operation upon any of the aforementioned Mother Lode claims.

6. In the event that Miller within ten months from the date of this agreement operates a mining operation on one or more of the aforementioned Mother Lode claims, so as to show a net operating profit of $5,000, or more, per month over and above all operating expenses (but which expenses shall not include the contract payments of $1,000 per month, or ten percent of the smelter receipts as provided in the contract, and shall not include capital investments by Miller in connection with the mining operation) for a period of two consecutive months, all parties hereto shall consider said mining operation to be profitable. In computing income from said mining operation, there shall be included ore in transit, or in stock, which was mined during the specific months being considered, as well as cash received from the sale of the minerals mined.

7. In the event the mining operation shows a net operating profit as hereinabove mentioned, Werdenhoff-Pacific shall have the option of acquiring from Miller within twenty-four months from this date a forty percent interest in the aforementioned Mother Lode claims (which will include forty percent of the net operating profit) the consideration for which shall be the conveyance and transfer to Miller of a sixty percent interest in the aforementioned twenty-one additional mining claims, herein called the Werdenhoff claims and Pacific Claims, including the mineral rights therein.

8. Miller shall have the complete control of the mining operation on the aforementioned Mother Lode claims, and upon the additional twenty-one mining claims in the event Werdenhoff-Pacific exercises its option set forth in the paragraph above. In addition to the payment of all normal and necessary operating costs in connection with the mining operation, a reasonable sum may be held in reserve by Miller to provide for contingencies that may arise during the course of the mining operation upon all of the claims herein mentioned.

Miller's right to control the mining operations upon any one or more of the aforementioned total of twenty-eight mining claims shall continue for so long as said mining operation shows a net operating profit in each year.

Miller agrees to pay sufficient money to satisfy and discharge a judgment presently held by Conrad M. Ellingsen, which judgment is in the approximate sum of $25,500, and which judgment is against Pacific Minerals and Chemical Company, Inc. Upon the satisfaction of said judgment, Pacific Minerals and Chemical Company, Inc, agrees to forthwith convey and transfer to Miller, by bill of sale or other appropriate document, title to all of the personal property presently located upon any or

~~all of the personal property presently located upon any or all~~

16. Round Mountain #4, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 566, Record of Mines in the records of Crook County, Oregon.

17. Round Mountain #5, as located in the Notice of Mining Location filed July 29, 1957 and recorded in Book 10 at page 570, Record of Mines in the records of Crook County, Oregon.

18. Three L's #1, as located in the Notice of Mining Location filed October 23, 1956 and recorded in Book 10 at page 353, Record of Mines in the records of Crook County, Oregon.

19. Three L's #2, as located in the Notice of Mining Location, filed October 23, 1956 and recorded in Book 10 at page 380; Record of Mines, in the records of Crook County, Oregon.

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22. Lookout No. 1, Book 11, Page 328-329.

23. Lookout No. 2 Book 11, Page 330-331.

24. Lookout No. 3 Book 11, Page 332-333.

25. Lookout No. 4 Book 11, Page 334-335.

26. Lookout No. 5 Book 11, Page 336-337.

27. Lookout No. 6 Book 11, Page 338-339.

28. Lookout No. 7 Book 11, Page 340-341.

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
619 SOUTH K STREET
TACOMA, WASHINGTON 98405
FULTON 3-4783

all of the aforementioned twenty-eight mining claims, which personal property includes a Herschoff mill. In the event that Miller is not conducting a mining operation showing a net operating profit within ten months from the date of this instrument, Pacific Minerals and Chemical Company, Inc. shall have the option of repurchasing for cash within ninety days after the expiration of said ten-month period the aforementioned personal property for the sum of money paid by Miller to discharge the above-mentioned Ellingsen judgment, plus interest at the rate of six percent per annum.

9. After the exercise of the option set forth in Item 7, from the proceeds of the mining operations there shall be paid the regular payments upon the contract for the purchase of the Mother Lode claims in the manner provided therein, and there shall then be paid all of the operating expenses incurred with reference to the mining operations, and there shall then be paid to Miller any and all monies advanced by him or invested by him, except the $15,000 paid pursuant to Item 1, whether for capital improvements or otherwise. There shall next be paid into a reserve account such reasonable sum as may be necessary and desirable for further exploration and development with reference to the twenty-eight claims. The balance of the net profits shall be paid sixty percent to Miller and forty percent to Werdenhoff-Pacific.

10. It is understood and agreed that Miller may assign and transfer to any corporation which he controls all of his rights and obligations hereunder; Miller agrees that within ten months from this date he will not assign his rights hereunder to any other person or corporation not controlled by him without first obtaining the written consent of Werdenhoff-Pacific, which consent will not be unreasonably withheld.

11. It is understood that Werdenhoff Mining Company will transfer and convey to Pacific Minerals and Chemical Company, Inc. the Werdenhoff claims hereinabove referred to in exchange for stock in Pacific Minerals and Chemical Company, Inc., and Werdenhoff-Pacific will advise Miller as to the proper distribution of the forty percent of the net profit referred to in Item 9.

12. The legal descriptions of the Mother Lode claims, Werdenhoff claims and the Pacific claims are set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this 31 day of Dec, 1965.

Edward P. Miller
EDWARD MILLER

WERDENHOFF MINING COMPANY

By Richard K. Duff Jr.
President

William G. Thorpe
Secretary

PACIFIC MINERALS & CHEMICAL COMPANY, INC.

By Fred Segni
President

[illegible]
Secretary

EXHIBIT A OREGON CLAIMS

1. Jack Knife, as more particularly described in the Notice of Claim recorded May 9, 1954, in Book 7 of Mines at page 356, records of Crook County, Oregon.

2. Merry Widow, as more particularly described in the Notice of Claim recorded May 5, 1954, in Book 7 of Mines at page 356, records of Crook County, Oregon.

3. Western Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 325, records of Crook County, Oregon.

4. Eastern Belle, as more particularly described in the Notice of Claim recorded September 14, 1954, in Book 7 of Mines at page 327, records of Crook County, Oregon.

5. Canyon Creek No. 1, as more particularly described in the Notice of Claim recorded May 13, 1952, in Book 7 of Mines at page 419, records of Crook County, Oregon.

6. Canyon Creek No. 2, as more particularly described in the Notice of Claim recorded May 13, 1955, in Book 7 of Mines at page 417, records of Crook County, Oregon.

7. Canyon Creek No. 3, as more particularly described in the Notice of Claim recorded August 25, 1955, in Book 7 of Mines, at page 551, records of Crook County, Oregon.

8. MD, quarts mining claims, as located in the Notice of Location of Quarts Claim filed August 19, 1954, and recorded in Book 7 at page 312, Record of Mines in the records of Crook County, Oregon.

9. View Point, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, and recorded in Book 7 at page 401, Records of Mines in the records of Crook County, Oregon.

10. Kelly, quartz mining claim, as located in the Notice of Location of Quartz Claim filed January 20, 1955 and recorded in Book 7 at page 403, Record of Mines in the records of Crook County, Oregon.

11. Neva Mae #1, as located in the Notice of Mining Location of Quartz Claim, filed June 27, 1956 and recorded in Book 10 at page 171, Record of Mines in the records of Crook County, Oregon.

12. Neva Mae #2, as located in the Notice of Mining Location, filed June 27, 1956 and recorded in Book 10 at page 173, Records of Mines in the records of Crook County, Oregon.

13. Round Mountain #1, as located in the Notice of Mining Location, filed July 27, 1956, and recorded in Book 10 at page 275, Record of Mines in the records of Crook County, Oregon.

14. Round Mountain #2, as located in the Notice of Mining Location, filed July 27, 1956 and recorded in Book 10, page 277, Record of Mines in the records of Crook County, Oregon.

15. Round Mountain #3, as located in the Notice of Mining Location, filed July 29, 1957, and recorded in Book 10 at page566, Record of Mines in the records of Crook County, Oregon.

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH K STREET
TACOMA, WASHINGTON 98405
FULTON 3-4783

MEMORANDUM OF UNDERSTANDI

THIS MEMORANDUM OF UNDERSTANDING, made and executed this 31 day of December, 1965, between EDWARD MILLER of Tacoma, Washington, hereinafter called "Miller"; and WERDENHOFF MINING COMPANY, an Idaho corporation, and PACIFIC MINERALS and CHEMICAL COMPANY, INC., a Washington corporation, hereinafter referred to as "Werdenhoff-Pacific",

WITNESSETH:

WHEREAS, Werdenhoff Mining Company is purchasing on contract seven mining claims in the Ochoco Mining District, Crook County, Oregon, hereinafter called the "Mother Lode" claims, and is presently in default with reference to contract payments thereof; and

WHEREAS, Werdenhoff Mining Company is the owner of ~~fourteen~~ seven additional mining claims in the same area, hereinafter called the "Werdenhoff" claims, and Pacific Minerals and Chemical Company, Inc. is the owner of ~~seven~~ fourteen mining claims in said area, hereinafter called the "Pacific" claims; and

WHEREAS, Werdenhoff-Pacific is desirous of having the aforementioned mining claims further developed and operated; and

WHEREAS, Miller is willing to invest money in and receive certain rights with reference to said claims and equipment located thereon; and

WHEREAS, Miller is desirous of developing and mining said claims;

IT IS, NOW THEREFORE, AGREED AS FOLLOWS:

1. Miller will forthwith pay to Werdenhoff-Pacific the

sum of $15,000, and they agree to forthwith apply $12,000 of said sum to cure present delinquent installments with reference to the Mother Lode claims being purchased, and will prepay future installments that become due through and including the May 15, 1966 payment. The balance of $3,000 shall be used to pay miscellaneous past-due bills, taxes and other obligations of Pacific Minerals and Chemical Company, Inc. It is agreed by all parties hereto that the money will be held by Werdenhoff-Pacific and not used for any purpose unless and until all parties are assured that the contract with reference to the Mother Lode claims may be reinstated and placed in good standing and may be assigned to Edward Miller.

2. Upon receiving assurance that the contract above mentioned may be reinstated and assigned to Miller, the companies herein referred to as Werdenhoff-Pacific agree to take immediate steps to see that the purchaser's interest in and to said real property upon which the Mother Lode claims are located are assigned to Miller, together with all mineral rights therein.

3. In the event the aforementioned contract with reference to the Mother Lode claims cannot be reinstated and placed in good standing, Werdenhoff-Pacific will forthwith return to Miller the sum of $15,000 mentioned in Item 1 above.

4. In the event Miller is not able to profitably mine, as hereinafter defined, one or more of the Mother Lode claims within ten months of the signing of this agreement, then Werdenhoff-Pacific shall have the option to repurchase from Miller for cash within ninety days after the expiration of said ten-month period the purchaser's interest in the contract covering the aforementioned Mother Lode claims for the sum of money

advanced by Miller, including contract payments made by Miller, plus interest at the rate of six percent per annum.

Should an offer be received by Miller or Werdenhoff-Pacific to purchase the twenty-eight mining claims, together with the equipment now at the mine, before the expiration of the ten-month period, and such offer is acceptable to both Miller and Werdenhoff-Pacific, the proceeds of such sale shall be distributed twenty-five percent to Miller and seventy-five percent to Werdenhoff-Pacific.

5. Commencing with the contract payment due June 15, 1966, Miller agrees to keep the payments current with reference to the contract under which the aforementioned Mother Lode claims are being purchased, and will continue to make said payments until such payments are made from the profits of the mining operation or until Miller advises Werdenhoff-Pacific that he no longer intends to conduct a mining operation upon any of the aforementioned Mother Lode claims.

6. In the event that Miller within ten months from the date of this agreement operates a mining operation on one or more of the aforementioned Mother Lode claims, so as to show a net operating profit of $5,000, or more, per month over and above all operating expenses (but which expenses shall not include the contract payments of $1,000 per month, or ten percent of the smelter receipts as provided in the contract, and shall not include capital investments by Miller in connection with the mining operation) for a period of two consecutive months, all parties hereto shall consider said mining operation to be profitable. In computing income from said mining operation, there shall be included ore in transit, or in stock, which was mined during the specific months being considered, as well as cash received from the sale of the minerals mined.

7. In the event the mining operation shows a net operating profit as hereinabove mentioned, Werdenhoff-Pacific shall have the option of acquiring from Miller within twenty-four months from this date a forty percent interest in the aforementioned Mother Lode claims (which will include forty percent of the net operating profit) the consideration for which shall be the conveyance and transfer to Miller of a sixty percent interest in the aforementioned twenty-one additional mining claims, herein called the Werdenhoff claims and Pacific Claims, including the mineral rights therein.

8. Miller shall have the complete control of the mining operation on the aforementioned Mother Lode claims, and upon the additional twenty-one mining claims in the event Werdenhoff-Pacific exercises its option set forth in the paragraph above. In addition to the payment of all normal and necessary operating costs in connection with the mining operation, a reasonable sum may be held in reserve by Miller to provide for contingencies that may arise during the course of the mining operation upon all of the claims herein mentioned.

Miller's right to control the mining operations upon any one or more of the aforementioned total of twenty-eight mining claims shall continue for so long as said mining operation shows a net operating profit in each year.

Miller agrees to pay sufficient money to satisfy and discharge a judgment presently held by Conrad M. Ellingsen, which judgment is in the approximate sum of $25,500, and which judgment is against Pacific Minerals and Chemical Company, Inc. Upon the satisfaction of said judgment, Pacific Minerals and Chemical Company, Inc, agrees to forthwith convey and transfer to Miller, by bill of sale or other appropriate document, title to all of the personal property presently located upon any or

~~all of the personal property presently located upon any or all~~

all of the aforementioned twenty-eight mining claims, which personal property includes a Herschoff mill. In the event that Miller is not conducting a mining operation showing a net operating profit within ten months from the date of this instrument, Pacific Minerals and Chemical Company, Inc. shall have the option of repurchasing for cash within ninety days after the expiration of said ten-month period the aforementioned personal property for the sum of money paid by Miller to discharge the above-mentioned Ellingsen judgment, plus interest at the rate of six percent per annum.

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12. The legal descriptions of the Mother Lode claims, Werdenhoff claims and the Pacific claims are set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this 31 day of Dec, 1965.

Edward Miller
EDWARD MILLER

WERDENHOFF MINING COMPANY

By Richard K. Fuggi
President

William A. Thorpe
Secretary

PACIFIC MINERALS & CHEMICAL COMPANY, INC.

By Fred Segesi
President

D. Lane
Secretary

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COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH K STREET
TACOMA, WASHINGTON 98405
FULTON 3-4783

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27. Lookout No. 6 Book 11, Page 338-339.

28. Lookout No. 7 Book 11, Page 340-341.

COMFORT, DOLACK & HANSLER
ATTORNEYS AT LAW
819 SOUTH K STREET
TACOMA, WASHINGTON 98405
FULTON 3-4783

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/24		110
		220

FEB 24 1967

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:

We recently have been informed that your company had transferred its interest in the property under the subject contract to Mr. Edward P. Miller of Tacoma, Washington.

Your attention is called to the obligation of your company concerning royalty due the Government on any production from the property pursuant to Article 7 of the exploration contract, as amended, and Item 5 of Amendment No. 8 thereto. In this respect, please forward us two true copies of the instrument of transfer of your interest in the property as provided for under Article 2(c) of the exploration contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I
120,M

FEJohnson/bih 2/24/67

43683

Form 7
(-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/24		110
		220

FEB 24 1967

Mr. Edward P. Miller
President
Miller Construction Company, Inc.
1102 Skyline Drive
Tacoma, Washington 98406

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

Dear Mr. Miller:

This is in reply to your letter of February 17, 1967, concerning the Government's lien on the property under the subject contract and any production therefrom.

In response to your request, the amount of the Government's participation in this contract and accrued interest as of December 31, 1966, is as follows:

Amount of Government participation	$6,289.52
Accrued interest as of 12/31/66	1,581.01
Total payable to the Government as of 12/31/66	$7,870.53

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I w/cy in.ltr.
120-M

FEJohnson/bih 2/24/67

43683

1102 Skyline Drive
SKyline 9-6161
Tacoma, Wash. 98406

EDW. P. MILLER, President
GLEN W. MILLER, Vice-President

~~2301 Narrows Drive~~
~~SKyline 2-7761~~
~~Tacoma, Wash.~~

MILLER construction co., inc.

A MILLER-BUILT HOME IS A GUARANTEED HOME

ORIGINAL COPY
O. M. E.
RECEIVED
FEB 23 1967
INITIALS | CODE
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February 17, 1967

Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Johnson:

According to your letter of August 8, 1966 I will be obligated to pay a sum of money borrowed by Pacific Mineral & Chemical Company several years ago under Contract No. 2132, in the event any ore is produced at the Mother Lode Mine in central Oregon.

In my purchase of the mine equity and equipment, no mention was made of any such obligation and my bill of sale specifies that the property is free and clear of encumbrances.

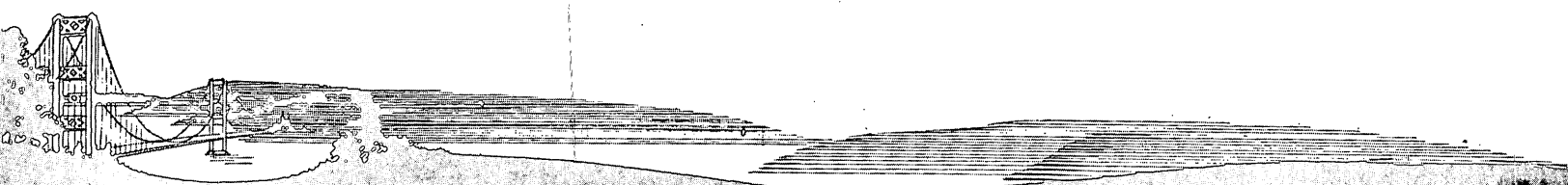
Please let me know the amount of the loan in question plus the amount of interest that has been added to date.

Yours truly,

Edw P Miller

EDW. P. MILLER

EPM:jm



MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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8/66	Kirkham	120
8/8	Coe	
		220
		2012

AUG 8 1966

Mr. Edw. P. Miller
President
Miller Construction Co., Inc.
1102 Skyline Drive
Tacoma, Washington 98406

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

Dear Mr. Miller:

Your letter of July 30, 1966, to Mr. D. R. MacLaren, Field Officer, OME Region I, Spokane, Washington, concerning the subject contract has been referred to this office.

As work under this contract was terminated effective October 15, 1963, an assignment of the contract to another party cannot be made. The Government holds a lien on the property and any production therefrom until December 5, 1974, or the full amount of the Government's contribution to the cost of the exploration performed under contract is repaid, plus interest, whichever occurs first.

You may, however, apply for assistance to further explore the property. We are enclosing literature which describes the exploration assistance program and a set of forms for filing an application.

Under the program funds are not provided for work that is primarily for development of known ore bodies or for mining purposes.

If you decide to file an application you may be assured that it will be given prompt and careful consideration.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region 1

FEJohnson/bih 8/8/66

Enclosures

23263

(2)

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
August 1, 1966

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 5 1966
INITIAL HOLE
gla 120 m
110
220

Mr. Edw. P. Miller
Miller Construction Co., Inc.
1102 Skyline Drive
Tacoma, Washington 98406

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

Dear Mr. Miller:

We received your letter of July 30, 1966, requesting information regarding the procedure necessary to transfer the above-cited contract to you as you acquired the property some time ago.

Your letter is being sent to our Washington office for reply.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

MLSmelser mls

cc: OME(2) w/cys incoming
MacLaren
Voucher File

Director's Reading File

1102 Skyline Drive
Skyline 9-6161
Tacoma, Wash 98406

EDW P. MILLER President
GLEN W. MILLER, Vice-President

construction co., inc.

July 30, 1966

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

Dear Mr. MacLaren

Some time ago I acquired the Mother Lode claims, near Prineville, Oregon, from the Pacific Mineral and Chemical Company (formerly Pacific Development Corp.). We have gotten the Herreschoff Mill and the D tube retorts repaired and ready for operation, but thus far have not found any ore in sufficient quantity, or of a grade that would justify starting either machine.

It has recently been called to my attention that a loan for purposes of exploration was established with your office by the Pacific Co., but was never fully used. It is my understanding that the balance was held in abeyance and can still be used for specified exploration purposes.

Will you please let me know if this is true, and if so, what procedure is required to re-activate the loan, and for what purposes it can be used. Specifically, we would like to install a mine shaft, as recommended by two mining engineers who have made a study of the property from the area of the Herreschoff Mill, to intersect three or four possible or probable veins of ore, at a total cost of about $30,000.00. Could the loan be used for this purpose?

Yours very truly,

(S) Edw. P. Miller

EDW. P. MILLER

EPM:jm

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
May 10, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 1966

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

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

This refers to that part of the ultimate paragraph of your memorandum dated April 27, 1966, requesting a recommendation as to certification of possible production from the subject claims as a result of the completed OME work. A report relative to production will be delayed until I can visit the property.

At the approximate present price of mercury ($400/flask) a cut-off grade of 3 pounds mercury per ton ($15.80/ton) is about the minimum that could be considered ore. Since October 1965 when the E&MJ quotations were $630 to $640 per flask, the price has been falling each month through March when it was quoted at $445 to $455 per flask, so possibly 3.5 pounds mercury per ton would be a more realistic cut-off grade.

Holes 1, 2, 3, 4, and 6 were authorized and drilled; although hole 5 was never authorized, it was drilled to a depth of 225 feet at the Operator's expense. The location of these holes are best shown on Map No. 2 which accompanied a letter dated April 18, 1964, from Juan Munoz, then engineer-geologist-supervisor for the Operator. Samples were assayed from parts of holes 1, 2, and 3 only. The log of hole 4 indicates that not even any colors were found by panning the drill cuttings. The log of hole 5 mentions 2 to 4 colors per pan from 40 to 45 feet, but no samples were assayed. The log of hole 6 states that "fair to good" colors were panned from cuttings at 105 to 110 feet and that colors in varying amounts were found between 165 and 195 feet, but again no samples were assayed. A total of 31 samples, of which only 29 conformed to contract specifications, were taken from holes 1, 2, and 3. Of these, four samples from hole 3, one sample from hole 1, and none from hole 2 showed more than 3 pounds mercury per ton. They were:

Hole	Depth of sample (feet)	Lbs/ton mercury	Av.lbs./T mercury	Depth of averaged samples (feet)
1	250-255	6.6		
3	85-90	3.8)	3.5	85-95
	90-95	3.2)		
	110-115	7.7		
	310-315	2.6)*		
	315-317.5	9.2)		
	317.5-320	1.5)*	3.9	310-320

*Included for continuity and average with 315'-317.5' sample assay.

The second and fourth paragraphs of Munoz's letter of April 18, 1965, are essentially correct. He points out the inadequacy of the churn drill holes because they are vertical or nearly so while the veins range in dip from 75° to 85°. He also says that holes 1, 2, 3, and 6 all penetrated mineralized ground in an area south of the open pit. However, at present market prices, the 6.6 pounds mercury per ton cut at 250' to 255' in hole 1, the average of 3.5 pounds mercury per ton cut at 85' to 95' and the average of 3.9 pounds mercury per ton cut at 310' to 320', cut in hole 3 could now be considered ore grade. More detailed geologic mapping would have to be done to correlate the 5-foot ore zone cut in hole 1 with either the 5-foot or the two 10-foot ore zones cut in hole 3. No reserve estimate can be made based on the OME work, and therefore a certification of discovery would be based on very tenuous grounds.

Those holes in which no mercury or at best a few colors were found show occurrences of pyrite, calcite, and possibly opalite, all of which are associated with known mercury deposits in this area. This mineral association taken in conjunction with the four zones of ore grade is considered as justification for a program of more extensive diamond drilling angle holes as proposed by Munoz. It is believed that such a program could lead to a bona fide certification.

It is concluded that results of the OME program are only conducive to further work and that no certification of discovery can be justified. However, since the Operator defaulted the contract by not

resuming work after an overly long recess, it is recommended that the pseudo-certification which is part of Amendment No. 8 be maintained.

D. R. MacLaren

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		110
		120
		220

MAY 6 1966

Memorandum

To: Chief, Branch of Budget & Finance

From: Chief, Office of Minerals Exploration

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

Enclosed is a copy of the Report of Cost Review issued in April 1966, covering the subject contract. Also enclosed is a copy of the Field Officer's memorandum of May 2, 1966, indicating his concurrence in the facts stated in the report.

This account may now be closed and the sum of $200.00 withheld in lieu of an acceptable final report from the Operator be applied as indicated in the Report of Review.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I
120

FEJohnson/bih 5/6/66

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/27/66	Memo	120
		110
		~~120~~
4/27	CAC	220
		120

APR 27 1966

Memorandum

To: OME Field Officer, Region I

From: Chief, Office of Minerals Exploration

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

As requested in your memorandum of January 14, 1966, a Report of Cost Review has been prepared. Enclosed are two copies of the report. We do not feel it necessary to send a copy to the Operator in this instance since there are no adjustments to be made and the Operator has been notified that the sum of $200.00 withheld from payments due has been applied to processing the preparation of a suitable final report and accounting.

If you concur in the facts as stated in the report, please indicate such concurrence by duplicate memorandum. If you do not concur, the two copies of the report should be returned with your appropriate comments.

Although the Royalty Agreement provision of Amendment No. 8 is in effect, may we also have your recommendation as to certification of possible production and comments as to whether or not any production has been made from the property described in the contract since December 15, 1961.

FRANK E. JOHNSON

Frank E. Johnson

Enclosure

cc: Director's reading file
Division file
Economic Geology File
OME file
OME reading file
Budget and Finance/Room 5408
130

FEJohnson/bih 4/26/66

23263

Tweto

IN REPLY REFER TO:

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

OFFICE OF THE DIRECTOR

OFFICIAL COPY
O. M. E.
RECEIVED
APR 25 1966

INITIALS	CODE
	~~120~~ 110
	110

APR 20 1966

Memorandum

To: Chief Geologist (65)
Through: Assistant Director

From: Chief Auditor

Subject: Internal Audit of Contract 2132
Docket No. OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Crook County, Oregon

Enclosed are four copies of the report of our cost review of the subject contract. This review was made at the request of the Chief, Office of Minerals Exploration.

William T. McClelland

William T. McClelland

Enclosure

NOTED
APR 21 1966
OGDEN TWETO
ASSISTANT CHIEF GEOLOGIST

MME Form 7
(2/63)

A-66-2125.11

OFFICIAL FILE COPY

Date	Surname	Code
1/19/66	Selfridge	120
		220
1/21	Lang	140
	App. Int. Off.	
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JAN 2 5 1966

Mr. and Mrs. Frank O. Reid
Box 731
Redmond, Oregon

INTERIOR DEPT.
JAN 24 1966
SOLICITOR

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

Dear Mr. and Mrs. Reid:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the Lien of Subordination Agreement signed by you on November 17, 1961, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

RECEIVED
JAN 1 1966
Division of Mineral Resources
General Legal Div.

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

Identical letter to Mr. and Mrs. Keith H. Parkinson,
Box 487, Redmond, Oregon

FROM SOLICITOR
JAN 21 1966
FOR SIGNATURE

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

GCSelfridge/gla (1-19-66)

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

GEOLOGICAL SURVEY

JAN 25 1965

Mr. and Mrs. Frank O. Reid
Box 731
Redmond, Oregon

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

Dear Mr. and Mrs. Reid:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the Lien or Subordination Agreement signed by you on November 17, 1961, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

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

GEOLOGICAL SURVEY

JAN 8

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:

Pursuant to Article 7 of the subject contract, as amended, and Item 5 of Amendment No. 8 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 $6,289.52 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 I, 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 2(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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON, D. C. ~~20245~~ 20242

OFFICIAL BUSINESS

GEOLOGICAL SURVEY

RETURNED TO SENDER

REASON CHECKED

Unclaimed ____ Refused ____
Addressee unknown ____
Insufficient address ____
No such street ____ number ____
No such office in state ____
Moved, left no forwarding address ____

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

Mr. and Mrs. Frank O. Reid
Box 731
Redmond, Oregon

forwarding address
expired

40

REDMOND
JAN 31
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1966
OREGON

MME Form 7
(2/63)

OFFICIAL FILE COPY

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1/21	Long	140
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INTERIOR DEPT.
A-66-212 J
JAN 20 1966
SOLICITOR

Werdenhoff Mining Company
1005½ South 11th Street
Tacoma, Washington

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

Gentlemen:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract. This relates to the two Lien and Subordination Agreements executed on October 24, 1961, by Mr. Richard K. Ruffo, president of your company, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by Mr. Ruffo, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region I
OME Reading File
Mr. Selfridge
120M

GCSelfridge/gla (1-19-66)

FROM SOLICITOR
JAN 21 1966
FOR SIGNATURE

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

GEOLOGICAL SURVEY

JAN 25 1966

Werdenhoff Mining Company
1005½ South 11th Street
Tacoma, Washington

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

Gentlemen:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract. This relates to the two Lien and Subordination Agreements executed on October 24, 1961, by Mr. Richard K. Ruffo, president of your company, under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by Mr. Ruffo, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

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

GEOLOGICAL SURVEY

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:

Pursuant to Article 7 of the subject contract, as amended, and Item 5 of Amendment No. 8 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 $6,289.52 is fully repaid with interest at the rate of 6¼ 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 I, 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 2(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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON, D. C. ~~20240~~ 20242

OFFICIAL BUSINESS

GEOLOGICAL SURVEY

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

Werdenhoff Mining Company
1005½ South 11th Street
Tacoma, Washington

☐ Moved, left no address
☐ No such number
☐ Moved, not forwardable
☒ Addressee unknown

RETURN TO WRITER

TACOMA FEB 1 PM 1966 WASH.

40

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/19/66	Selfridge	120
		220
1/21	Long	140
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		120M

INTERIOR DEPT.
JAN 20 1966
SOLICITOR

INTERIOR DEPT.
JAN 24 1966
SOLICITOR

A-66-2125.4

JAN 25 1966

Mr. and Mrs. Robert Colliard
P. O. Box 1895
Page, Arizona

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

Dear Mr. and Mrs. Colliard:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the Lien and Subordination Agreements signed by you in August 1961 under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

RECEIVED
JAN 1966
Division of Mineral Resources

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region I
OME Reading File
Mr. Selfridge
120M

FROM SOLICITOR
JAN 21 1966
FOR SIGNATURE

GCSelfridge/gla (1-19-66)

23263

MME Form 7
(2/63)

A 66-2125.4

INTERIOR D
JAN 20 1966
SOLICITOR

OFFICIAL FILE COPY

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1/19/66	Selfridge	120
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Mr. and Mrs. Earl Zimmerman
c/o McKay, Panner & Johnson
1026 Bond Street
Bend, Oregon

INTERIOR DEPT.
JAN 24 1966
SOLICITOR

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

Dear Mr. and Mrs. Zimmerman:

Enclosed is a copy of a self-explanatory letter to the Operator under the subject contract. This relates to the Lien and Subordination Agreements signed by you in August 1961 under the Office of Minerals Exploration program.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advanced notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

RECEIVED
JAN 2[illegible] 1966
Division of [illegible] Resources
[illegible]

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

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

FROM SOLICITOR
JAN 21 1966
FOR SIGNATURE

GCSelfridge/gla (1-19-66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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		110
2/4	cal	220
		120M

FEB 4 1966

Memorandum

To: Chief Auditor

From: Chief, Office of Minerals Exploration

Subject: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Geber, and Lookout Mountain Group
Crook County, Oregon
Contract 2171

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 $200.00 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
CA&A
OME Region I

GCSelfridge/gla 2-3-66

UNITED STATES
DEPARTMENT OF THE INTERIOR
• OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
January 14, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 17 1966
INITIALS | CODE
120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

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

Work under the subject contract was terminated by Amendment 8 effective October 15, 1963.

The number of units of work completed by the Operator and accepted by the Field Officer as conforming to contract specifications were:

Actual Cost

Phase 3 - Bulldozing access roads and drill sites	18.5	hrs
Churn drilling (holes 1,2,3,4 and 6)	1385.0	feet
Mobilization and demobilization of churn drill	1	job

Fixed Unit Cost

Phases 1 and 2	1	unit
Phase 3 - Incidental drilling allowance	1385.0	feet
Soil samples	65	each
Drill hole samples	29	each
Sample sacks	94	each

An Operator's final report was requested by the Acting Director, OME, in a letter dated June 23, 1965, and by the Chief, OME, in letters dated October 6 and October 20, 1965. Finally, in a letter dated December 1, 1965, the Chief, OME, advised the Operator that if a final report was not received within 30 days, the sum of $200.00 being withheld from funds due would be applied to processing the preparation of a suitable final report and this account closed.

A Report of Review, in lieu of a final audit, is in order and requested. For this purpose, the original copies of the final (June-October 1963) MME-60 and MME-61, together with supporting documentation, were forwarded to the Chief, Fiscal Section, on March 24, 1964.

D. R. MacLaren

D. R. MacLaren

OFFICIAL FILE COPY

Date	Surname	Code
1/18	Selfridge	120
1/19	Johnson	110
		220
		120M

JAN 19 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(a) 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)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/30	Johnson	110
	Selfridge	120
12/1		220

DEC 1 1965

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:

Reference is made to our letter to you of October 20, 1965, concerning the operator's final report under the subject contract which has not been furnished as required by the provisions of the contract.

In compiling the final report, it is not necessary to report the information given in the monthly progress reports. The report should be a concise summary of the work performed and costs as shown on the monthly progress reports. It should include a description of the geologic and engineering aspects of the project with appropriate maps or sketches and complete assay data. An evaluation of the results of the work should also be given and an estimate of ore reserves, if any, found by the exploration work.

To cover the operator's share in the cost of the final report, the sum of $200.00 was withheld from payments due the operator. We cannot release the amount withheld for payment to the operator until a satisfactory final report is received. Unless we receive such a report within 30 days from the date of this letter, the amount withheld will be applied to processing the preparation of a suitable final report and this account closed.

Please give this matter your prompt attention.

Sincerely yours,

FEJohnson/bih 11/30/65

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/20	Johnson	110
	On leave	120
10/20	Cole	220
		120M

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:

We have your letter of October 12, 1965, concerning the Operator's final report under the subject contract. A copy of Amendment No. 8 to the contract, mentioned in your letter, is enclosed for your information.

Under the provisions of the exploration contract, upon completion or termination of the contract the Operator shall furnish the Government with five copies of a final report. This 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 (if any) 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.

Your prompt compliance with these provisions will permit early closing of our accounts under this contract and will be greatly appreciated.

FEJohnson/gla (10-20-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
OME Region I w/cy
incoming letter

Sincerely yours,

(signed) FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

23263

PHONE BR. 2-0386

Pacific Minerals & Chemical Co., Inc.

Mining and Developing
1301 SOUTH KAY STREET
TACOMA, WASHINGTON 98405

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 18 1965
INITIALS CODE
120 m
120

October 12, 1965

United States Department of the Interior
Office of Minerals Exploration
Geological Survey
Washington 25, D. C.

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

Attention: Frank E. Johnson
Chief, Office of
Minerals Exploration

Dear Mr. Johnson:

With reference to your letter to us dated October 6, 1965, please indicate information required for final report and account. Amendment No. 8 with the stipulations contained in Item 5 (c) is not avialable for our review at this time.

We regret that lack of adequate financing has prompted termination of further exploration. We feel that the Mother Lode properties are highly promising and that some day they will yield a sizable amount of mercury ore.

Sincerely yours,

Fred Sepic

Fred Sepic
Acting President

FS:jp

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/5	Selfridge	120
10/6	Johnson	110
		220
		120M

OCT 6 1965

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

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 June 23, 1965, we informed you that the subject contract had been automatically terminated as of October 15, 1963, under the provisions of Amendment No. 8. At the same time we requested that a final report and account be submitted. Will you please inform us as to when we might receive such report and accounting.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

GCSelfridge/gla (10-6-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
OME Region I
Mr. Selfridge

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/15	Johnson	110
	Selbridge	120
9/15	Case	220
		120 m

SEP 15 1965

Mr. Orville W. Taber
General Manager
National Minerals Corporation
P. O. Box 696
Cottage Grove, Oregon

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

Dear Mr. Taber

A copy of your letter of September 1, 1965, addressed to the United States Department of the Interior, Office of Minerals Exploration, Spokane, Washington, requesting information concerning the subject contract has been referred to this office.

Information such as you have requested should be obtained from the Pacific Minerals and Chemical Company, Inc., or, we will furnish you with such information upon written authorization from that company.

If you desire to submit an application to further explore the property, we shall be glad to give it our careful consideration.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

FEJohnson/bih 9/15/65
cc to: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I (Mr. MacLaren)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
September 9, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 13 1965

INITIALS	CODE
	120
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Acting Field Officer, Region I

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

The enclosed Thermo-Fax copy of a letter dated September 1, 1965, is forwarded for reply.

Amendment No. 8 of the subject contract contains a mandatory termination and psuedo-certification effective October 15, 1963 "if the work has not been resumed on or before June 1, 1965."

A visit to the property was made June 13, 1965, and is described in a memorandum report dated July 17, 1965. As the contract has been inactive since October 1963, it is obvious that the Operator either cannot or will not complete it. A Report of Review, dated May 18, 1964, covering the period June 1962 to October 15, 1963, indicated a balance of $200.00 due the Operator. According to our records this sum is still being withheld.

An amendment changing the program considerably was never completely processed, pending receipt of a request for further changes as mentioned in an Interim Inspection Report dated September 4, 1964. I know nothing about National Minerals Corporation or what their plans regarding the property may be. If they employ Juan Munoz, it is most probable that another proposed change will be received.

It is strongly recommended that the Operator be advised that the contract is terminated and that the pseudo-certification is in effect. It is also recommended that Mr. Taber be advised of this and told that should he wish to submit an application for additional exploration, OME will be happy to consider it.

D. R. MacLaren

Enclosure

National Minerals Corporation
P.O. Box 696
Cottage Grove, Oregon

[illegible] September [illegible]

United States Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane, Washington

Dear Sir

In reference to an OME Loan granted to Pacific Minerals and Chemicals Company, Inc., 1301 South "K" Street, Tacoma, Washington, in the year of 1963, on the Mother Lode Mine in the Ochoco National Forest, Southeast of Prineville, Oregon.

We have an option from Pacific Minerals and Chemicals Co., giving us the operational rights of the mine and mill. It is our intentions to thoroughly explore the property and with this in mind, I would like to know how much of the loan was used and if any of the original loan is left and if so, how much? Also, could this loan be transferred to our company?

It would be appreciated if you could expedite these questions, in the form of written answers, at your earliest convenience. Any suggestions that you might make would be greatly appreciated.

Sincerely

Orville W. Taber
General Manager

OWT/rms

RECEIVED
SEP 2 196[illegible]
OME
SPOKANE, WASH.

Ome

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
September 9, 1965

120 m
120

Mr. Orville W. Taber
General Manager
National Minerals Corporation
P. O. Box 696
Cottage Grove, Oregon

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

Dear Mr. Taber:

Your letter relative to the status of the above-cited contract has been forwarded to our Washington, D. C. office for reply.

Sincerely yours,

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

DRMacLaren/mls
cc: OME w/cy incoming

Director's Reading File

Mac

National Mineral Corporation
P.O. Box [illegible]
[illegible]

United States Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane, Washington

Dear Sir

In reference to an OME Loan granted to Pacific Minerals and Chemicals Company, Inc., 1301 South [illegible] Street, Tacoma, Washington, in the year of 1[illegible], on the Mother Lode Mine in the Ochoco National Forest, Southeast of Prineville, Oregon.

We have an option from Pacific Minerals and Chemicals Co., giving us the operational rights of the mine and mill. It is our intentions to thoroughly explore the property and with this in mind, I would like to know how much of the loan was used and if any of the original loan is left and if so, how much? Also, could this loan be transferred to our company?

I would be appreciated if you could expedite these questions, in the form of written answers, at your earliest convenience. Any suggestions that you might make would be greatly appreciated.

Sincerely

Orville W. Taber
General Manager

OWT/rms

RECEIVED
Sep [illegible] 1965
OME
SPOKANE, WASHINGTON

E Form 7
/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	150
6/22	[illegible]	110
	[illegible]	100
6/23	Cal	220
		122m

JUN 2 3 1965

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

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

Dear Mr. Sepic:

The subject contract was executed December 15, 1961, for a period of 14 months in which to do the work set forth therein. Since then it has been largely in a recess state.

The project area was visited by our field representative on June 13, 1965, who found that no work had been or was being done under the contract. Amendment No. 8 stipulates, in part, that the period for suspension of work under the contract is to end not later than June 1, 1965; and if work is not resumed, the contract is terminated as of October 15, 1963. As the contract has now been automatically terminated, will you please furnish us with a final report and account as mentioned in Item 5(c) of Amendment No. 8.

This action does not preclude submittal of a new application if the company wishes to do so. Exploration plans should be definite, and there should be some assurance of adequate financing being available.

Sincerely yours,

George Fumich, Jr

Acting Director

GCSelfridge/mm (6/22/65)
cc: Director's Reading File
Region I
Docket
Mr. Selfridge

23263

So. 157 Howard Street
Spokane, Washington 99204
December 29, 1964

OFFICIAL FILE COPY
D. O. M. E.
12/31
1964

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

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

Dear Mr. Sepic:

Enclosed are Thermo-Fax copies of your narrative reports and drill hole logs for the months of June through October 1963. We hope that this is the data you require as it is all that we received with your last voucher.

Sincerely yours,

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

Enclosures

cc: OME w/cy incoming

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

1301 So. K St.
Tacoma, Washington
Br2 0386

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

Re: OME-6141 (Mercury)
Mother Lode
Crook County, Oregon
Contract 2132

Dear Mr. MacLaren:

Would you be so kind as to return to me a copy of our last report sent to you on Holes #3, #4, #5 and #6. We are in the process of preparing a geological report and desire to include this information.

Very truly yours,

Fred Sepic
Acting President

FS:jp

MME FORM 6 REFERENCE SLIP

REV. 2 OFFICE OF MINERALS EXPLORATION

TO:		DATE	INITIALS
1.	Chief, Div. of Exploration Operations	9/21/64	
2.			
3.			
4.			
5.	D. R. MacLaren		

FROM: Acting Fld. Officer, Reg. I

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 23 1964

DATE	INITIALS	CODE
9/23	mlearc	120
		120

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

Instructions Your information

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

Transmittal of Government, Audit, and Fiscal Section copies of Amendment No. 8 to the cited contract.

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 15 1964

DATE	INITIALS	CODE
9/16	W Lane	120
		120

So. 157 Howard Street
Spokane, Washington 99204
September 14, 1964

Mr. Fred Sepic, Vice-President
Pacific Minerals & Chemical Co., Inc
1301 South Kay Street
Tacoma, 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 four copies of a proposed Amendment No. 8, signed by the Acting Director for the Government. The period for completion of the work has been extended from 36 to 48 months, and it is doubtful that any additional extension would be granted.

If the proposed amendment is satisfactory, please sign all five 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 to this office with a statement of any proposed changes for consideration.

Sincerely yours,

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

Enclosures

cc: OME
MacLaren

Director's Reading File
Resources Research Branch Chief

MLSmelser:mls

Form 7
(53)

OFFICIAL FILE COPY

Date	Surname	Code
	GCS	130
9/10	JMcas	110
	[illegible]	100
		220
		120 M

SEP 11 1964

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Exploration Operations

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

Enclosed are the original and four copies of a proposed Amendment No. 8, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Period for completion of the work has been extended from 36 to 48 months, and it is doubtful that any additional extension would be granted.

George C. Selfridge (gla)

Enclosures

GCSelfridge/mm (9/10/64)
cc: Director's Reading File
Review Committee
Docket

23263

Re: MacLaren's call monday Aug. 31

Pacific Mines.

Amendment Recess till ~~[illegible]~~ June 1, 1966

extend completion date? Willcome in with new proposal

shall x-ing of Est [illegible]

[illegible] will only [illegible] and mobilization [illegible]

Munoz has been on job all summer.

will write in a few.

OFFICIAL FILE COPY

Date	Surname	Code
8/26	FMM	120M
8/26	Talbert	800
	On Leave	130
8/26	Johnson	110
		100
8/26	cal	220
		120M

AUG 2 6 1964

AIR MAIL

Memorandum

To: Acting Field Officer, Region I

From: Acting Chief, Division of Exploration Operations

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

Our last information on the subject contract is the Operator's letter to you of July 6, 1964, and the drilling bids.

The date fixed for starting work in Amendment No. 7 is September 1, 1964. Should we proceed with the amended contract recommended in your memorandum of May 8, 1964? Please advise.

/s/ F. M. Murphy

FMMurphy/ama/gla
8-26-64
ccto: Docket
Director's Reading File
Review Committee

Phone conv. today 2.30 - 4/28 [illegible]
[illegible]
Washington [illegible] - 1 PM

Will prepare amendment [illegible]

23263

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Div. of Exploration Operations	7/ 8/64	
2. Re: OME-6141 (Mercury) ~~Pacific Minerals & Chemical~~ Co., Inc.		
3. Mother Lode, Cobar, and Lookout Mountain Groups		
4. Crook County, Oregon Contract 2132		
5. M. L. Smelser		
FROM: M.L.Smelser for D. R. MacLaren Acting Fld. Officer, Reg. I		

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Transmittal of bids from three independent contractors for drilling proposed in amendment requested in memo to DC of 5/8/64.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

~~1024 BIGELOW STREET~~
~~OLYMPIA, WASHINGTON~~
Telephone Fleetwood 2-2206

1301 South K St.
Tacoma, Washington
Br2 0386

OME

July 6, 1964

D. R. MacLaren
Acting Field Officer, OME
Region 1
So. 157 Howard Street
Spokane, Washington 99204

Re: OME 6141(Mercury)
Contract 2132

Dear Mr. MacLaren:

Enclosed are 3 copies each of bids obtained from three (3) independent contractors for the proposed diamond drilling on our property near Prineville, Oregon.

The Hansen Drilling Company of Vancouver regrets that it will not be able to furnish us with a bid due to a prior commitment and the J. S. Drilling Company of Everett plans to visit the property today or tomorrow in order todetermine the local drilling conditions. We expect to have their bid around the end of the week.

Very truly yours,

/S/ Fred Sepic

FRED SEPIC, Vice President

OFFICIAL FILE COPY

RECEIVED J 4

DATE		
7/10		800
7/13		120

FS:jp

OME
SPOKANE WASHINGTON

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

Boyles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS
General Offices and Plant
1624 Pioneer Road P. O. Box 58 HUnter 7-7595
SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

June 16, 1964

Reply to:

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

Dear Mr. Sepic:

As indicated in my letter of June 11, 1964, I did visit the Mother Lode Mine location. Since that visit, we are pleased to present this proposal for doing the work as outlined in your letter of May 18, 1964, and enclosed map.

1. Drilling & casing unconsolidated overburden 10.00 per ft.

2.

	Ex Core Drilling	Ax Core Drilling
0.0' to 250'	$5.40 per ft.	$5.90 per ft.

3. Reaming EX Hole f/EX Casing $3.00 per ft.
AX Hole f/AX Casing $3.25 per ft.

4. Cementing, drilling out cement and waiting for cement to set will be at the rate of $10.60 per hour plus the cost of cement, cement substitutes and for drilling mud.

5. Delays for hole surveying, or your convenience, will be at the rate of $10.60 per hour.

6. Casing left in holes at your request will be invoiced at list price f.o.b. the drill site.

7. A mobilization fee of $500.00 will be charged for moving the equipment to the site, and setting up on the first hole.

8. For moving from hole to hole and setting up, including laying water line, there will be a charge of $75.00 per 8 hour shift, per 2 man crew.

9. Access roads required to service the work will be provided and maintained by you at no cost to Boyles Bros. Drilling Co.

10. All drill cores and/or samples will be furnished to you in your containers at the drill sites.

11. If required, you will furnish bachelor facilities for the crew at no cost to Boyles Bros. Drilling Co.

Should we be awarded the work we would provide one drill of suitable capacity with all accessory equipment operated on a 2 or 3 shift basis. The drill would be under the direct supervision of a competent Foreman driller. The other operators will be experienced drillers.

Our intent would be to obtain maximum core recovery, however we are of the opinion that EX size core is too small to effectively core the mineral zone. Our recommendation is that BX or NX equipment be considered should core recovery present a critical problem.

Thank you for your interest in our services and please contact me at our Spokane address or phone number should any further information be desired.

Sincerely yours,

E.G. Tucker
District Manager

EGT:gh

RECEIVED
JUL 8 1964
OME
SPOKANE, WASHINGTON

Juan Muñoz
Box 746
Prineville, Ore.

June 1, 1964

Pacific Minerals & Chemical Co. Inc.
1301 So. K St.
Tacoma 5, Washington.

Dear Sirs:

Thank you for your recent letter with your Invitation to Bid on the Diamond Core Drilling you contemplate on your Mother Lode Property in Oregon.

I could undertake to do this work at the following rates:

Diamond Core Drilling, EX Core	$5.00 per foot
Casing in Overburden	7.00 per foot
Reaming and casing in bedrock	2.50 per foot
Cementing and redrilling	8.00 per hour

Core boxes can be supplied at cost, varying from $2.00 to $3.00 each, depending on the style and quality desired.

Should you wish me to provide a sampler to take, handle, dry and ship the sludge and core samples as well as providing the engineering and geological supervision required, I will undertake to do this work at a lump sum price of $3,000. for the total proposed program, or at $.80 per foot in the event that the entire program is not completed.

Trusting this is the information you desire, I am,

Sincerely,

Juan Muñoz

Juan Muñoz

RECEIVED
JUL 8 1964
OME
SPOKANE, WASHINGTON

ROBERT E. WOODS

Manufacturer's Agent
for

R. S. McCLINTOCK
Diamond Drill Co.
DIAMOND PRODUCTS

Telephone TE 8-3588
P.O. Box 66
Spokane 10, Washington

Address reply to:

XXXX

Seattle Area
PR 8-8462
5015 244th S.W.
Mountlake Terrace, Wash.

May 20, 1964

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

Dear Sir:

In reply to your letter, and invitation to bid on the 3500 feet of proposed diamond drill holes in EX size or larger, I would be interested in the job, and hereby submit the following bid:- Holes would be S.P.O. 1 1/16th inch core at a cost of $7.00 per foot, Casing at $7.00 Per foot, and mobilization charges $250.00 and demobilization charge at $150.00. Grouting would be paid out of this footage charge.

Total bid to be $24,900.00 payable weekly by footage, and the company would have to have their share in escrow releasable on the weekly footage basis.

Sincerely yours

Robert E. Woods

Robert E. Woods

RECEIVED
JUL 8 1964
OME
SPOKANE, WASHINGTON

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

Boyles Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS
General Offices and Plant
1624 Pioneer Road P. O. Box 58 HUnter 7-7595
SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

June 16, 1964

Reply to:

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

Dear Mr. Sepic:

As indicated in my letter of June 11, 1964, I did visit the Mother Lode Mine location. Since that visit, we are pleased to present this proposal for doing the work as outlined in your letter of May 18, 1964, and enclosed map.

1. Drilling & casing unconsolidated overburden 10.00 per ft.

2.

	Ex Core Drilling	Ax Core Drilling
0.0' to 250'	$5.40 per ft.	$5.90 per ft.

3. Reaming EX Hole f/EX Casing $3.00 per ft.
AX Hole f/AX Casing $3.25 per ft.

4. Cementing, drilling out cement and waiting for cement to set will be at the rate of $10.60 per hour plus the cost of cement, cement substitutes and for drilling mud.

5. Delays for hole surveying, or your convenience, will be at the rate of $10.60 per hour.

6. Casing left in holes at your request will be invoiced at list price f.o.b. the drill site.

7. A mobilization fee of $500.00 will be charged for moving the equipment to the site, and setting up on the first hole.

8. For moving from hole to hole and setting up, including laying water line, there will be a charge of $75.00 per 8 hour shift, per 2 man crew.

9. Access roads required to service the work will be provided and maintained by you at no cost to Boyles Bros. Drilling Co.

ROBERT E. WOODS

Manufacturer's Agent
for

R. S. McCLINTOCK
Diamond Drill Co.
DIAMOND PRODUCTS

Telephone TE 8-3588
P.O. Box 66
Spokane 10, Washington

Address reply to:

Seattle Area
PR 8-8462
5015 244th S.W.
Mountlake Terrace, Wash.

XXXX

May 20, 1964

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

Dear Sir:

In reply to your letter, and invitation to bid on the 3500 feet of proposed diamond drill holes in EX size or larger, I would be interested in the job, and hereby submit the following bid:- Holes would be S.P.O. 1 1/16th inch core at a cost of $7.00 per foot, Casing at $7.00 Per foot, and mobilization charges $250.00 and demobilization charge at $150.00. Grouting would be paid out of this footage charge.

Total bid to be $24,900.00 payable weekly by footage, and the company would have to have their share in escrow releasable on the weekly footage basis.

Sincerely yours

Robert E. Woods

Robert E. Woods

RECEIVED
JUL 8 1964
O M E
SPOKANE, WASHINGTON

10. All drill cores and/or samples will be furnished to you in your containers at the drill sites.

11. If required, you will furnish bachelor facilities for the crew at no cost to Boyles Bros. Drilling Co.

Should we be awarded the work we would provide one drill of suitable capacity with all accessory equipment operated on a 2 or 3 shift basis. The drill would be under the direct supervision of a competent Foreman driller. The other operators will be experienced drillers.

Our intent would be to obtain maximum core recovery, however we are of the opinion that EX size core is too small to effectively core the mineral zone. Our recommendation is that BX or NX equipment be considered should core recovery present a critical problem.

Thank you for your interest in our services and please contact me at our Spokane address or phone number should any further information be desired.

Sincerely yours,

E.G. Tucker
District Manager

EGT:gh

RECEIVED
JUL 8 1964
O M E
SPOKANE, WASHINGTON

Juan Muñoz
Box 746
Prineville, Ore.

June 1, 1964

Pacific Minerals & Chemical Co. Inc.
1301 So. K St.
Tacoma 5, Washington.

Dear Sirs:

Thank you for your recent letter with your Invitation to Bid on the Diamond Core Drilling you contemplate on your Mother Lode Property in Oregon.

I could undertake to do this work at the following rates:

Diamond Core Drilling, EX Core	$5.00 per foot
Casing in Overburden	7.00 per foot
Reaming and casing in bedrock	2.50 per foot
Cementing and redrilling	8.00 per hour

Core boxes can be supplied at cost, varying from $2.00 to $3.00 each, depending on the style and quality desired.

Should you wish me to provide a sampler to take, handle, dry and ship the sludge and core samples as well as providing the engineering and geological supervision required, I will undertake to do this work at a lump sum price of $3,000. for the total proposed program, or at $.80 per foot in the event that the entire program is not completed.

Trusting this is the information you desire, I am,

Sincerely,

Juan Muñoz

Juan Muñoz

RECEIVED
JUL 8 1964
O M E
SPOKANE, WASHINGTON

500

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
June 30, 1964

Air Mail

Memorandum

To: Acting Director, Office of Minerals Exploration

From: Acting Field Officer, Region I

Subject: Program for trainee

Weather and priority of field referrals have pretty well dictated the following field plans:

July 18 through 25, application examination relative to OME-6337, Fischer Mining Company, Butte County, Idaho, followed by interim inspections in the Idaho-Montana area

If Mr. de la Cruz reports early enough on the morning of August 3 so that we can get away by noon, the following schedule will be undertaken:

August 3 - Travel from Spokane to Grangeville, Idaho

4 - Examination Clyde D. Painter property (OME-6354)

5 - Travel Grangeville to Prineville, Oregon

6 - Prineville to Madras, Oregon, making interim inspections at Pacific Minerals (OME-6141) and Oregon King (OME-6319) projects

7 - Travel Madras to Spokane

This is an ambitious schedule but unless we are delayed by rain and resulting bad roads or forest fires, we should have no difficulty in carrying it out.

D. R. MacLaren
MCS

[illegible]

[illegible] District [illegible]

Dear Mr. Maclaren:

This will acknowledge your letter of June 4, which was forwarded to me here in Tucson.

You raise two questions regarding the drilling I proposed and the manner of doing it: whether the [illegible] could get holes to depths of 140 feet to 150 feet, and what sort of core recovery might be expected with EX core.

With respect to the first question, I can offer the following observations based on my own experience with these machines. I might point out that I have used them extensively for about five years, under [illegible] conditions.

In the sand [illegible] Washington, [illegible] feet, and [illegible] feet.

[illegible] I [illegible] the Americas, diamond drilling [illegible] We put in holes [illegible] the depth out for being determined by the [illegible] the drill. The drilling was [illegible] in many cases it was altered to a [illegible] the alterations [illegible] and altered [illegible].

[illegible], the recent [illegible] of the company, had [illegible] in excess of [illegible] the loss of water in the [illegible] cementing the hole. The hole I had to case [illegible] feet [illegible].

I do believe that a certain amount of the success encountered with these light drills does depend on the experience, and at times the patience) of the operator, but I feel confident from the experience I have mentioned above, [illegible] the proposed work with the equipment. They are [illegible] of [illegible] more than people give them credit for.

As for the question of core recovery, if I were to do the work, it had been my intention of using a [illegible] hole tube, swivel type core bol that takes a core of 7/8" diameter. This has proven successfull in boring material as delicate as coal and clay, with the proper bit. It has often been my experience that the light machines will get better core recovery than [illegible] reason that they [illegible] the power to drill [illegible] plug or [illegible] in the core bol, as the big machines often [illegible]. Therefore, there is less [illegible] up core. The operator [illegible] that it is easier and quicker in the long run to pull the rods, clean the bol, and start again. This seems to be a big factor in core recovery, especially

OFFICIAL FILE COPY O. M. E RECEIVED JUN 18 1964		
DATE	INITIALS	CODE
6/18	[illegible]	800
[illegible]	[illegible]	500

So. 157 Howard Street
Spokane, Washington 99204
June 16, 1964

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

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

Dear Mr. Sepic:

Enclosed are the original and four copies of a proposed Amendment No. 7 to the above-cited contract, signed by the Acting Director for the Government. The purpose of this proposed amendment is to keep the subject contract in force while the requested change in program is being processed. As we have previously mentioned, processing cannot be continued until we receive bids for the requested drilling.

If the proposed amendment is satisfactory, please sign all five 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 to this office with a statement of any proposed changes for consideration.

Sincerely yours,

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

Enclosures

cc: OME
MacLaren
Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/11	Murphy	500
	[illegible]	500
6/11	Talbert	800
	GCS	130
"	[illegible]	110
"	[illegible]	100
6/11	[illegible]	220
		500

AIRMAIL

JUN 11 1964

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

Enclosed is the Operator's copy of Amendment No. 7 on the subject contract. This copy was inadvertently retained in the Legal Department and overlooked in mailing the original and other copies to you yesterday.

George C. Selfridge (gla)

Enclosure

MMerrithew/mm
6/11/64
cc: Director's Reading File
Review Committee
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/10	Murphy	500
	[illegible]	500
6/10	Talbert	800
	[illegible]	130
6/10	Johnson	110
	[illegible]	100
6/10	[illegible]	220
		500

JUN 1 0 1964

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

In accordance with our conversation during your visit in Washington, enclosed are the original and four copies of a proposed Amendment No. 7, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge (gla)

Enclosures

EMMurphy/mm
6/10/64
cc: Director's Reading File
Review Committee
Docket

43683

OFFICIAL FILE COPY O. M. E. RECEIVED JUN 8 1964		
DATE	INITIALS	CODE
6/8	[illegible]	800
		720
[illegible]	[illegible]	500

So. 137 Howard Street
Spokane, Washington 99204
June 4, 1964

Mr. Juan Munoz
P. O. 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. Munoz:

I have just returned from Washington, D. C., where, among other things, the proposed amendment to the subject contract was discussed.

Careful analysis of your proposal indicates that the depth of most of the drill holes will range from 145 feet to 165 feet, with some of the holes probably reaching 200 feet to assure crossing the indicated favorable zones. Serious doubts are expressed that a light machine, such as you propose using could drive an X-ray or EX size bit to such depths. The question was also raised as to what core recovery in sheared ground could be expected with anything less than an AX size coring bit.

Before continuing to process the request for amendment, we would appreciate any assurance you can give, based on your experiences with this type of drilling, that the indicated depths can be reached and that a reasonable percentage of core recovery can be expected.

Also, before processing can be continued, we must have bids for the drilling from three independent contractors.

Nothing in this letter should be considered as indicating that an amendment will be forthcoming, but without satisfactory assurance as to the practicability of the drilling and the bids, we cannot proceed to process the request.

Sincerely yours,

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

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

Director's Reading File
Resources Research Branch Chief

cc: OME
MacLaren

DRMacLaren:mls

OMe (r)

OFFICIAL FILE COPY
O. M. S.
RECEIVED MAY 26 1964

DATE	INITIALS	CODE
5/26	Murphy	E00

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: OME-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: OME(2)
CA&A
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

(Uncl'd)

6 4

5/24 Charge 500

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

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

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

Dear Mr. Sepic:

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, OME
Region I

Enclosure

cc: OME(2)
CA&A
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

OFFICIAL FILE COPY

Date	Surname	Code
5/18	[illegible]	500
	Selfridge	120
		220
5/18	cal	500

orm 7
AM
58)

memorandum

MAY 1 8 1964

To: Acting Field Officer, Region I

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

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

43683

me

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 11 1964

DATE	INITIALS	
5/11	[illegible]	800
		120
		500

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 cinnebar 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	2,312.95	$ 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

Unit Costs

or EX -

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:
QME(2) Director's Reading File
MacLaren Resources Research Branch Chief

So. 157 Howard Street
Spokane, Washington 99204
May 8, 1964

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

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

Dear Mr. Sepic:

Your request for amendment to the above-cited contract has been forwarded to our Washington, D. C. office for consideration.

In order to avoid possible necessary delay in processing the request you should submit to this office bids from three independent drilling contractors for the proposed X-ray drilling, casing, etc. In the event that no contractor desires to bid for this work, you should send us copies of letters so stating.

Nothing in this letter should be considered as any assurance that the requested amendment will be forthcoming.

Sincerely yours,

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

cc: OME(2)
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

when drilling in alternating hard and soft zones as we will encounter in the Ochocos.

In the drilling I have just completed there, I was using a single tube barrel and slightly smaller bit (3/4") than I proposed for the OME work. Even with this poor equipment, core recovery in places was better than 80%. Where it fell down was in the gouge zones, but I think that this was largely due to the fact that the core was not protected from the water coming down the inside of the rods under high pressure. This problem would be eliminated with the double tube barrels.

There are sections of these zones that I frankly doubt would yield decent core, even with NX bits, and for this we will have to rely on sludge samples. However, I feel very certain that the necessary information can be had with this equipment, and at appreciably less cost than with the bigger machines.

It is my understanding that the company has sent out for bids on this work, and these should be coming along to you in the very near future.

For the next couple of weeks or so I will be down here in Arizona, and should you wish to contact me, my address will be:

c/o John R. Stilb
Suite B, Santa Rita Hotel
Tucson, Arizona. 85700

I hope these remarks will be of some help to you, and if there is any further information I can supply you, please let me know.

Possibly it might interest you to call Ray Carlson of the Diamond Drill Contracting Company on the telephone. He is there in Spokane. The company is the one who makes these drills, and he has had a lot of experience with them. He knows of me thru a mutual friend. He might be able to give you some worthwhile information.

Yours Sincerely,

Juan Munoz

RECEIVED
via
1954
CNE

MME FORM 6 REFERENCE SLIP
REV. 2 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Division of Fld. Operations	6/16/64	
2. [illegible]	6/17	[illegible]
3.		
4. [illegible]		
5. D. R. MacLaren		
FROM: Acting Fld. Officer, Reg. I		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions X Your information

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

Reply to our letter of 6/ 4/64 to Juan Munoz, geologist-engineer for the above-cited company.

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 18 1964

DATE	INITIALS	CODE
6/18	[illegible]	~~800~~
		120
		500

PACIFIC MINERALS & CHEMICAL CO., INC.
1301 South K Street
Tacoma, Washington

April 29, 1964

Mr. D. R. MacLaren
Acting Field Officer, OME
Region 1
So. 157 Howard Street
Spokane, Washington

Dear Mr. MacLaren:

Following a review of the work to date on our mother lode claims, and considerable discussion with our geologist Mr. Juan Munoz as to our progress, the company has decided that in order to more quickly and ecomically arrive at a positive position of appraisement we must make certain changes in our exploration program.

The proposal as submitted by Mr. Munoz, and sanctioned by the company, is herewith enclosed.

Very truly yours,

Fred Sepic

Fred Sepic
Acting President

FS:jp

RECEIVED
MAY 4 1964
O M E
SPOKANE, WASHINGTON

April 18, 1964

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

Re: OME 6141 (Mercury)
Pacific Minerals &
Chemical Co, Inc.
Contract 2132

Dear Mr. MacLaren:

In reviewing the exploration contract on the Mother Lode Claims with the directors of Pacific Minerals, I was asked for suggestions as to how we could:

1-Speed up the work in the hope of completing the program this coming summer,
2-Get the maximum information regarding the potential of the property for the money expended, and lastly,
3-If, after one season of exploration on the ground, I felt there were any areas in which we might find better grade mineralization than that encountered to date.

My replies and suggestions to the company are presented to you in the following paragraphs at the company's request, in the form of an application to make several rather large changes in the existing contract. My reasons for thinking as I do, which I discussed briefly with you in Spokane, are also presented, in the hope of making a sufficiently strong case in favor of these changes that the Government will be willing to go along with us.

It is unfortunate that a contract change was applied for and granted last fall to delete the long hole drilling from the Consolidated Tunnel, and substitute several bulldozer trenches at a cost of from $5,000. to $6,000. Although this application was based on my own recommendations, I would like to underscore the fact at this time that I had suggested these trenches with the proviso that the company follow them up with diamond drill holes by "X-Ray" or "Packsack" Drill. This for the reason that due to the deep weathering in this area, especially of the mineralized rocks, results obtained solely from Bulldozer cuts are very misleading. This is true not only in the identification of rock types, extent of alteration, etc, but in the appraisal of the true extent of the mineralization as well.

It is my own feeling that there has already been too much dozing and earth moving on the property, to the extent that it will soon be necessary to move muck from one cut in order to make another, should further exploration be attempted at a later date. This,

coupled with the fact that our operating season coincides with the logging season making bulldozers difficult to hire, prompts me to suggest abandoning further dozing on this contract, except as necessary incidental to the drilling.

rotary?

We have, several times, discussed the inadequacy of the Churn Drill in the exploration of the vein systems we have encountered on the property, as it is limited to vertical holes and these veins to date all appear to be of steep dips, varying from 75 to 85 degrees. The Churn Drill has also proved to be exceedingly slow, with an overall advance of about ten feet per day on the average. This has been the real cause of the slow progress of the work. This could, of course, be relieved to some extent by putting two, or even three drills on the job, but the nature of the contract discourages this. As the holes have been subject to approval on a hole to hole basis, or at most, two approved at one time, the contractor is naturally hesitant to commit more than one machine to the job knowing that each hole may be the last.

These two factors, inadequacy of the machines for the work and their poor drilling rate have prompted me once again to urge that further Churn Drilling be deleted from the contract, and diamond drilling be substituted for it. I feel very certain that this is the only way in which it will be possible to finish, or at least make reasonable and efficient progress with the exploration this coming summer.

The exploration accomplished to date leaves little doubt that the area to the south of the open pit, for a distance of about 700 ft along strike of the exposed veins, is mineralized ground. Holes 1, 2, 3 and 6 all penetrated it, and cut low grade cinnabar. However, to date, the material drilled is not really ore at present market prices.

The accompanying Map No. 2, which I will discuss in more detail, shows the known vein systems on the property as seen on the surface, in the underground workings which are also plotted, and as suggested by the drilling to date. The pattern and attitude of these veins is known, and it is my belief that the fastest and most economical way to appraise the potential of the property lies in cutting these vein systems with a number of short (150 to 200 foot) small bore diamond drill holes. If the holes I propose turn up nothing in the way of an orebody, it would seem best to terminate further work on the contract. If they indicate the presence of better grade material, additional drilling or tunneling could then be

undertaken to exploit the known target.

At this point an explanation of the maps would be in order, as well as a discussion of my reasons for wishing to explore both Zone "A" and Zone "B", also referred to as the Johnson Creek Shear Zone.

Map No. 1 shows the position of the presently known properties along the Johnson Creek Shear Zone, the property boundries, the position of the orebodies mined, and the area intersected by this Shear Zone on the Mother Lode Property. USGS Bulls. 846-A and 940-C give information as to strike and posion of the orebodies mined, as well as the recently published Bull. 55 of the Oregon State Dept. of Geology by Howard Brooks; "Quicksilver in Oregon". You will note in these discussions that every orebody encountered to date on these properties has been of the N 60 E strike, except at the Mother Lode, where more attention has been drawn to the veins of a N 20 E strike. However, Bull. 846-A, in their map of the Consolidated Tunnel, shows and discusses a stope on a N 60 E vein. There is also a narrow but high grade N 60 E vein exposed in the floor of the open pit, as well as there having been one previously exposed in what has been referred to as the Wet Cut. These three known exposures of veins of N 60 E strike coincide with the plotted position of the Johnson Creek Shear Zone on the Mother Lode Property.

I feel that it is also important to stress the history of this district. The Blue Ridge and Amity properties on the Johnson Creek Shear have produced largely from high grade orebodies, varying in metal content from 20 to 50 pounds of mercury per ton. A similar situation exists in the other major known (and parallel) shear zone along Ochoco Creek where some of the ore mined yielded as high as 100 pounds of mercury per ton on recovery. (Bull. 846-A). These mines were also exploiting veins of a N 60 E trend, with minor variations of strike, with the exception of the Taylor Ranch Mine where a vein of a N 30 E strike produced good ore, as well as the N 60 E vein. My point, in short, is that 95% of the production from this district has been from veins of a N 60 E strike, and for this reason I feel that we should not ignore this same structure on the Mother Lode, especially since its location is known.

Last winter the company initiated a small diamond drilling program on its own, starting in the area of the Wet Cut, but this attempt was thwarted by weather. However, we did succeed in drilling 90 ft.

fanning out from the Wet Cut, with the initial ones planned to test the previously observed veins there. These would, of course, be curtailed, if results along that strike were not encouraging. If they are encouraging, I feel that these holes represent the minimum drilling required to appraise it.

You will notice four proposed holes to the east of the present drilling. These are to explore the mineralization reported by the RFC's examining engineer Byram in the then open Lucky Strike Adit, as well as to investigate the fact that cinnabar colors can be panned in the soil uphill from all the presently exposed veins. There seems to be strong evidence pointing to the presence of additional N 20 E veins to the east of the known ones.

On the south side of Canyon Creek I am suggesting to the company that we do some soil sampling before proposing any further work over there. If the veins continue across the creek, which is not known for sure one way or another, I feel that they are probably offset, as there are rock exposures on the other side of the creek along the strike of the Hanging and Footwall veins, and these exposures show no mineralization. If there are good results from this sampling, a hole or two would be warranted. Otherwise it would not.

I am proposing that the diamond drill holes be drilled at angles varying from -15 to -30 degrees for lengths varying from 150 to 200 feet. I am requesting this tolerance in the degree of dip, to be decided at the individual drill sites, for the reason that although the flatter holes will explore a greater width of shear zone per foot of drilling, the steeper holes may at times be advisable in order to avoid penetrating an excessive amount of overburden. I am also requesting a leniency of 50 feet in the length of the holes in order that we may continue them if they are bottoming in altered, (and therefore favorable), rock; stop them if they are in unaltered fresh material.

The proposed holes would give an estimated total of 3700 feet of drilling, allowing for some holes to go to a depth of 200 feet, while others are stopped at 150 feet. If this drilling is done with a small drill that is easily moved around, taking either X-Ray or EX Core, the cost should not exceed $5.00 per foot for drilling. Possibly $7.00 to $7.50 per foot should be allowed for casing in overburden, and an allowance of $1.50 to $2.50 per foot made for reaming and casing holes in caving bedrock. From observations on the property, I would expect that casing in overburden would be

necessary for an average depth of 20, or at most 25 feet per hole. For the total proposed program, this would work out to the following estimate:

Casing in overburden, 21 holes, average 20 ft of casing at $7.50/ft.	$ 3,150.00
Diamond Core Drilling, 21 holes, average depth drilled in rock (after casing) 160 ft at $5.00/ft.	16,800.00
Est. 500 ft. of reaming and casing at $2.50/ft.	1,250.00
Total estimated drilling costs	$21,200.00

It is estimated that this could be completed in three months time, which would mean an additional $2,100. for an engineer-supervisor at the approved contract rate of $700./month, as well as a sampler-assistant for the three month period at $16.00/day for the 66 working days at a cost of $1,056.00, or a total cost of $3,156.00 for the supervision and sampling. For the estimated 3700 feet of diamond drilling, this would mean a per foot cost of $0.85 per foot. 1200/mo

An estimated 80 samples would be taken for mercury determination by assay. At the contract price of $3.00, this would be $240.00.

If core boxes were to be used for storing the core, they would cost an estimated $2.50 each. Assuming 75% to 80% core recovery, and assuming each box held 100 feet of core, 27 core boxes would be required at a cost of $67.50.

An estimated 80 sample sacks would have to be used for the assay samples. At $0.20 each, this would be a cost of $16.00.

The only additional expense would be for the use of the company pickup, for which a small additional allowance has previously been made.

In summation, the costs for the proposed program would be:

Drilling	$21,200.00
Supervision and sampling	3,156.00
Core Boxes and Sample Sacks	83.50
Total Cost of program	$24,679.50

Largely due to the expected increase in the speed with which the work will be completed, a considerable saving will be realized in the supervision and sampling allowance.

The total figure for this proposed work amounts to a little less than half the remaining funds allotted for this contract. If the balance could be held in abeyance for a while, it would appear to be the most practical way of handling it. If nothing of a worthwhile nature is discovered from the work outlined here, it is unlikely that either the Government or the Company will want to continue the program. On the other hand, if this work gives good results, it can be better determined as the work progresses in just what fashion the remaining contract funds could best exploit the finds.

I will greatly appreciate your giving these proposals your consideration, and would be most interested to hear any comments you may care to make regarding them.

Sincerely,

Juan Muñoz

Juan Muñoz

RECEIVED
MAY 4 1964
OME
SPOKANE, WASHINGTON

Ore (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 23 1964
DATE | INITIALS | CODE
3/23 | | 800
500
Murphy

No. 197 Howard Street
Spokane, Washington 99204
March 19, 1964

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

Re: OME-6141 (Mercury)
Mother Lode, Cedar, 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.

MME Form 61 - Operator's Progress Report

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 vouchersable 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.

MMK Form 60 - Operator's Monthly Voucher

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

In the column headed "Previously Reported" enter from the MMK 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 MMK Form 60 should be entered where shown on the MMK 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 donor work for company account rather than by an independent contractor or with other than a D-8 or a D-7 donor, 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, OMR
Region I

Enclosures

cc: OMR(2)
Voucher file
MacLaren

Director's Reading File
Resources Research Branch Chief

DRMacLaren:mls

Pacific Minerals & Chemical Co., Inc.

OME (2)

Mining and Developing

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

Telephone [redacted] Br2 0316

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 23 1964

DATE	INITIALS	CODE
3/24		800
3/24		500

March 14, 1964

D. R. MacLaren
Acting Field Officer
Office of Minerals Exploration
South 154 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

Ome(2)

OFFICIAL FILE COPY

RECEIVED 13 64

DATE		
3/12	CAP	800 ~~120~~
3/12	~~[illegible]~~	~~600~~

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

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:

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.

Right see [illegible]

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 sum 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 55 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 MMK 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 MMK Forms 60 and 61 agree. We can make the necessary disallowances.

Sincerely yours,

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

Enclosures

cc: OMK(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

~~1624 BIG BLOW STREET~~ 1301 South Kay St.
~~OLYMPIA WASHINGTON~~ Tacoma, Washington

Telephone ~~Hemlock 4-2206~~ Br2 0386

One (2)

March 4, 1964

D. K. 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.

OMC 1

OFFICIAL FILE COPY
RECEIVED
DEC 23 1963

On leave
Finish

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 Manor, 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 vouchereble. 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)
Voucher file MacLaren

MME FORM 6 REFERENCE SLIP

REV. 2 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Div. of Fld. Operations	12/16/63	
2.		
3.		
4.		
5. D. R. MacLaren		

FROM: Acting Fld. Officer, Region I

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 18 1963
DATE

FOR: Check items for action desired

X Action		Reply for signature of			
Approval		~~Investigate~~		Surname	
Comment		Recommendations		Signature	
Conference		Rewrite		File	
Instructions		Your information			

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

Transmittal of Amendment No. 6.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

OME (2)

OFFICIAL FILE COPY
RECEIVED DEC 23 1963

DATE		
12/18		8.00
12/19	Murphy	

December 14, 1963

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

Dear Mr. MacLaren:

I wish to acknowledge receipt of Office of Minerals Exploration funds in the amount of $2550.82 on OME contract No. 2131. This covers the period June-December 1962.

Please advise if there is anything left to furnish you on OME No. 2132 for the period June to October 15, 1963 ?

Amendment No. 6 to OME-6141 has been signed by myself, acting for Pacific Minerals & Chemical Co., Inc., and is herewith enclosed.

Sincerely yours,

FRED SEPIC
Vice President
Pacific Minerals & Chemical Co.
1301 South Kay Street
Tacoma 5, Washington

FS:jp

DEC 1963

OFFICIAL FILE COPY
RECEIVED
DATE
12/11 Murphy 800 500

No. 157 Howard Street
Spokane, Washington 99204
December 9, 1963

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

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

Dear Mr. Sepic:

Thank you for your letter of December 7, 1963, under the signature of J. M. Price advising us of your new office address.

Enclosed are the original and four copies of a proposed Amendment No. 6 to your OME contract, which has been signed by the Acting Director for the Government. This proposed amendment has been written in accordance with the request in C. M. Ellingsen's letter of October 23, 1963.

If the proposed amendment is 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 to us unsigned with a statement of your proposed changes for consideration.

Sincerely yours,

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

Enclosures

cc: OME(2) w/cys incoming letter
12/7/63
MacLaren
Voucher file

Director's Reading File
Resources Research Branch Chief
MLMacLaren:mls

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

Mre (2)

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

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 SEPIC
Vice President
/s/ J. M. Price
By J. M. PRICE

FS:jp

MME Form 7
(10-58)

NOV 2 9 1963

OFFICIAL FILE COPY

Date	Surname	Code
11/27	Murphy	500
11/27	Ostrand	500
11/27	Talbert	800
	[illegible]	130
11/27	Johnson	110
	[illegible]	100
11/29	[illegible]	220
		500

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

In accordance with our memorandum of November 8, 1963, enclosed are the original and four copies of Amendment No. 6, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge (gcs)

Enclosures

MMerrithew/mm
11/27/63
cc: Director's Reading File
Review Committee
Docket

43683

Pacific Minerals & Chemical Co., Inc.

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

[illegible] 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 5 1963

DATE	INITIALS	COST
12/5	[illegible]	800
12/6	Murphy	~~700~~ 500

Mr. D. A. MacIlvren
[illegible]

Dear Mr. MacIlvren:

This is to advise that I have resigned as President, Director and Manager of the Pacific Minerals & Chemical Co. Inc., effective December 1st, 1963.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO. INC.

C. M. Ellingsen

CME/E

DRAFT 11/20/63
FMMurphy/mm

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 6

It is agreed this _____ day of _____, 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 ~~shall~~ 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 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 ~~XXX~~ 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 _____
Acting Director, Office of
Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By _____

Title _____

(one (2))

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 22 1963

DATE		
11/22		800
11/22	Murphy	500

So. 157 Howard Street
Spokane, Washington 99204
November 20, 1963

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

Re: OME-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cedar, 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 OME contract provides that the Government may make payments "for the account of the Operator" directly to independent contractors. It has been the practice of OME 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, OME
Region I

cc: OME(2)
Voucher file
MacLaren

Director's Reading File
Resources Research Branch Chief

(Excerpt of Memorandum to File by Mr. Selfridge concerning telephone call on 11/18/63 to Mr. McLaren. Complete memorandum dated 11/19/63 filed in OME-6324, Clayton Silver Mines.)

With regard to Pacific Minerals & Chemical Co., Inc., OME-6141, he stated that the recess started on October 11 as he had visited the property on the 10th and the diamond driller was folding up.

Mr. McLaren examined the Lombardi property on August 11. There is a claim conflict and the Applicant plans to submit a new application.

Mr. McLaren asked what if the Operator at the Grand Deposit Mining Company, OME-6263, had already sold the pipe and rail. The writer informed Mr. McLaren that the Government would participate to 50 per cent of the net. He has already written to Mr. Bauer to learn the status of these types of equipment.

Mr. McLaren asked if it would be all right for him to take leave between December 26, 1963, and January 3, 1964, to accompany his boy on a visit to certain schools. The writer informed him that he could think of no reason why he shouldn't be able to do this. In this connection, the writer informed Mr. McLaren that we would like to write as many contracts as warranted before early January. He also suggested that we might use the services of the Bureau of Mines to do some field work in order to give Mr. McLaren an opportunity to write up his reports. Mr. McLaren stated that his last trip had involved 3100 miles and that he would not be going into the field again until after the holidays. He further stated that there were three or possibly four projects that warranted OME assistance and that after clearing a couple of vouchers he would start to write up the favorable reports.

Mr. McLaren also asked if we had received a copy of a letter from Mr. James A. Williams, Director, Division of Mines and Minerals, State of Alaska. The writer informed him that the inquiry had been referred to the Legal Division for comment and that we would answer from here.

George C. Selfridge

GCSelfridge/gla (11-19-63)
cc to: Director's Reading File
Docket OME-6324
Copies of page 2 in Dockets OME-6141, OME-6263, and OME-6316
M&R, Region I file
Mr. Selfridge

of hole. You will no doubt remember the mineralized pieces of core that I showed you from this hole. Although not ore, they definitely showed cinnabar mineralization, and I might stress the fact that the drill hole had not as yet, (and never did), reach the actual target: the mineralized area previously exposed in the Wet Cut. This mineralization was on the periphery of this target.

Churn Drill Hole No. 5, which was not included under the OME Program, showed cinnabar colors for the first 30 to 50 feet, and then was in barren, though highly altered and pyritized rock. It was rock typical of the mineralized zones encountered in the other holes and observed in the Open Pit. There is no doubt in my mind that the hole was in this N 60 E zone, but due to the steep dips of the veins in it, the vertical hole was unable to explore more than a very limited lateral dimension of the fault zone. All these points combined do, I feel, definitely establish the fact that this zone goes through the Mother Lode Property where I have mapped it, and that it is, in places at least, mineralized. For the reasons outlined above, this zone does, I believe, offer the best chances for finding good ore on the property. My one line of panned soil samples to the NE of the pit further points to the existence of mineralization in that area.

On Map No. 2 I have plotted the known veins on the property, and also my own postulated extensions and parallel veins. By different symbols I have attempted to show the source of my information or criteria used in plotting the veins as I have. I have drawn the suggested positions for the proposed diamond drill holes, as well as the grouping I would propose for them. For example, holes in Group II would not be undertaken until the related holes in Group I had been drilled with encouraging results. The same for Groups III and IV. Holes from Groups II, III and IV would be deleted as necessary in areas where the previous holes had been discouraging.

You will note that I have proposed several holes along the northern extension of the N 20 E zone, north of the pit. I have done this for three reasons. Almost everywhere in that area, cinnabar colors can be panned in the soil. Churn Drill Hole No. 4, even though it failed to cut mineralization, definitely did cut a zone of intense shearing, which indicated, to my mind, that the N 20 E Zone did continue north of the pit. And lastly, I definitely feel that Hole No. 4 did not adequately explore the zone.

On the N 60 E structure I have plotted holes at 100 foot intervals

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
November 15, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 18 1963

DATE		
11/18	400	800
	Murphy	500

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 Munoz 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

D. R. MacLaren

Pacific Minerals & Chemical Co., Inc.

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

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 18 1963

DATE	INITIALS	CODE
11/18	[illegible]	800
	Murphy	500

October 7, 1963

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

OME 6141 Mercury
Pacific Minerals & Chemical Co
Mother Lode, Cedar & Lookout
Mountain Groups, Crook County,
Oregon Cent. 8132

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 MME 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. Manes' 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 1963 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.

Form 7
(58)

OFFICIAL FILE COPY

Date	Surname	Code
11/12	Talbert	800
11/12	Murphy	500
	GL	130
11/12	Jones	110
		100
11/13	Cal	220
		500

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, Cobar, 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 (gla)

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/8	Murphy	500
11/8	on leave	500
11/8	Talbot	800
	GCS	130
11/8	On leave	110
9	Fund	100
11/8	Cole	220
		500

NOV 8 1963

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

We will prepare the amendment recommended in your memorandum of November 4, 1963. Kindly advise the date on which the recess period should start.

George C. Selfridge (gla)

FMMurphy/mm
10/8/63
cc: Director's Reading File
Review Committee
✓Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
November 6, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 8 1963

DATE		
11/12	WOD	800 500

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

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 amonnt of one-half the approved costs of Holes 4, 5, and 6? Is the Operator's concurrence necessary?

D R MacLaren
D. R. MacLaren

Enclosures

Ome(r)

Hansen Drilling

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

Date November [illegible]

NAME D. R. MacLaren
Office of Minerals Exploration
ADDRESS South 157 Howard St.
Spokane 4, Washington

Dear Sir:

I am coming to you in the hope that you may be able to advise me if there is anything that may be done in order that I may be sure of getting all or part of the money due under our contract with Pacific Minerals and Chemicals Inc. of 1224 Bigelow St., Olympia, Washington. The following is the itemization of the amount they owe for drilling done on the property on Lookout Mt.

Work completed in July 1963	Hole #4 ...210 feet	1365.00
	Hole #5 ... 55 Feet	357.50
Work completed in August 1963	Hole #5 ..200 feet	1300.00
	Hole #6 ..105 feet	682.5[illegible]
Work completed in September 1963	Hole #6 ..100 feet	650.[illegible]
Work completed in October 1963	Hole #6 105 feet	682.50

Under our contract the Company was to make payment on or before the 10th of each month, for work completed the previous month. We would appreciate any information that you may be able to give to us.

Sincerely

Gene E. Hansen

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
November 4, 1963

OFFICIAL FILE COPY O. M. E RECEIVED NOV 6 1963		
DATE	INITIALS	CODE
11/6	[illegible]	800
		120
	Murphy	500

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

D. R. MacLaren

Enclosures

Ome(2)

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

Oct. [illegible] 1963

Mr. D. [illegible] MacLaren,
Acting Field Officer
U. S. Dept. of Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington.

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

Dear Mr. MacLaren:

In reply to your letter of October 23rd, kindly be advised that our company does not plan on doing any further drilling nor to begin the Cat 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 granting a recess of our program and we expect to resume work on or before June 1st, 1964, depending upon the weather.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

CME/E

By

OCT [illegible]

Washington

OFFICIAL FILE COPY

Date	Surname	Code
11/6	Murphy	500
11/6	Ollestre	500
11/6	Talbutt	800
	[illegible]	730
11/6	Johnson	110
	[illegible]	100
11/7	[illegible]	220
		500

NOV 7 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, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

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

With regard to the soil sample maps, uncolored prints showing all the locations, company and OME, for both phases combined will be satisfactory.

With reference to the last paragraph, indication of the samples, mercury parts per million, shown on the map can be considered "soil sample assay reports." Therefore, it appears that the soil sampling unit (Phase 1 and Phase 2) and the 65 assays mentioned are acceptable and can be approved for payment.

George C. Selfridge (gfa)

FMMurphy/mm
11/6/63
cc: Director's Reading File
Review Committee
Docket

43683

Re: OMC-6141

Although addressed to me, I believe MacLaren's 11/1 memo should have a "professional" reply as to the problem in 3rd paragraph.

As to last paragraph, it seems to me that both the soil sampling unit (Phase 1 & 2) and the 65 assays are acceptable (and, if not, neither are). Indication on maps of parts per million can be considered "reports" (See Amend #4).

Talbot
11/5/63

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
November 1, 1963

OFFICIAL FILE COPY
RECEIVED NOV 4 1963

800
120
Murphy 500

Memorandum

To: Chief, Contract Administration and Audit Division

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

Please refer to the last paragraph on page 1 of your memorandum of September 5, 1963, and the final paragraph of my September 24th letter to Mr. Ellingsen.

We have received a single voucher for the period June-December 1962, as suggested, accompanied by bulldozing and churn drilling invoices, drill logs, drill assay certificates and a narrative, but no soil sample reports. Also included were copies of Munoz' map showing among other things the locations of the three churn drill holes put down during that interval.

With his letter of August 11, 1962, W. G. Johnston, the geologist-supervisor, sent me a print of a map which showed the locations and parts per million of many soil samples. Of these, 35 met the requirements of Phase 1 and 30 met those of Phase 2. I underlined the acceptable Phase 1 samples in red and the Phase 2 samples in blue and, with my letter of September 25, 1962, returned the map to Johnston so that he could use it as a guide in preparing similar maps to accompany vouchers. He returned it with his letter of October 6, 1962. Request for copies of the map showing the Phase 1 and Phase 2 holes underlined in red and blue, respectively, was again made in letters to Mr. Ellingsen September 6, 1962, January 11, 1963, and February 4, 1963; to Mrs. Ellingsen March 5, 1963; and in my letter cited in the opening paragraph above with which my office copy of the map was sent to him for his guidance in preparing maps to accompany the voucher. So far I have succeeded in getting several uncolored prints, a positive intermediate tracing and a negative intermediate tracing. Hence, I can make copies and do the coloring here. It appears that it would be pointless to correspond further with Mr. Ellingsen on this matter. Do you need the prints colored to indicate which Phase 1 and Phase 2 soil sample locations are

acceptable or will uncolored prints showing all such locations, OK.
company and OME, suffice? The prints will show a dark line under
the OME samples but will not differentiate those of each stage. OK

If the map is acceptable, it seems that Phase 1 and Phase 2 sampling as a unit under Amendment No. 4 can be approved for payment. However, as there are no soil sample assay reports -- and I doubt there is any record of Johnston's soil sample assays other than the parts per million shown on the sample map -- it also seems that the claim for 65 soil sample assays should not be approved. Is this correct, and if so, can the unit Phase 1 and Phase 2 soil sampling be accepted?

D. R. MacLaren

D. R. MacLaren

Pacific Minerals & Chemical Co. Inc.

One (2)

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

October 28, 1963

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 4 1963

DATE		CODE
11/4	[illegible]	800
	Murphy	500

Mr. B. E. MacLaren
Acting Field Officer
U. S. Dept. of Interior
E.187 Howard Street
Spokane, 4 Washington (99204)

Re: OME-6141 (Mercury)
Pac. Minerals & Chemical Co
Mother Lode, Schar & Lookout Mountain Groups, Grant County, Ore. Spot Fill

Dear Mr. MacLaren:

This will acknowledge receipt of your letter of Oct. 22nd.

We have signed Amendment No. 5 to our OME contract and return herewith original and three copies, as requested.

Thanking you, we are,

Sincerely yours

PACIFIC MINERALS & CHEMICAL CO.

By /s/ C. M. Ellingsen

CME/E

REC[illegible]
OCT [illegible] 1963

Washington • Oregon • Idaho

Ome (2)

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 25 1963
CODE
800
500

10/28 10/28 Murphy

So. 137 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, Cobar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

Dear Mr. Ellingsen:

I was rather surprised when I visited the Cobar 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

Mne (v)

OFFICIAL FILE COPY
C. M. E.
RECEIVED OCT 25 1963

No. 137 Howard Street
Spokane, Washington 99204
October 25, 1963

10/28 Wood 800
10/28 Murphy 500

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

Re: OME-61A1 (Mercury)
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. 5 to your OME contract, which has been signed by the Director for the Government. This proposed amendment has been written in accordance with the request in your letter of September 1, 1963.

If the proposed amendment is 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 to us unsigned with a statement of your proposed changes for consideration.

Sincerely yours,

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

Enclosures

cc: OME(2)
MacLaren
Voucher file

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

OFFICIAL FILE COPY

Date	Surname	Code
10/9	Mersky	500
10/8	Onledre	500
10/9	Tallent	800
	Selfridge	130
10/9	Johnson	110
	Fennis	100
10/9	Cue	520
		500

OCT 9 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, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

In accordance with your recommendation of September 24, 1963, enclosed are the original and four copies of Amendment No. 5, signed by the Director for the Government. Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

George C. Selfridge

MMerrithew/mm
10/8/63
cc: Director's Reading File
Review Committee
✓Docket

43683

Dme (2)

Pacific Minerals & Chemical Co., Inc.

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

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 11 1963

DATE	INITIALS	CODE
10/11	[illegible]	800
10/11	[illegible]	500

October 7, 1963

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

OME Cat Mercury
Pacific Minerals & Chemical Co
Mother Lode, Sober & Lookout
Mountain Groups, Crook County
Oregon. Cont. 8132

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 OME 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. Ellingsen

CME/E

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EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 5

It is agreed this _____ day of _____, 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, effective September 15, 1963, as follows:

1. In Article 1(b) of the contract, the figures $69,720.00 and $34,860.00 as revised by Amendment No. 4 are further revised to read $63,000.00 and $31,500.00, respectively.

2. In Exhibit A in the second sentence of the first paragraph, the words "and percussion drilling from an adit" are deleted and replaced by the words "and trenching."

3. In Exhibit A, under Description of the Work, the work described under Phase 4 is deleted and replaced 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 more than a length of 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 ~~all~~ these 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. In Amendment No. 4, under Estimated Costs of the Project, the following changes are made:

a) Under Actual Costs, Category (1) Independent Contracts, the following is added:

Bulldozing tranches, 300 hours

@ $16.00/hr. for D-8 of $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 tranches 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 _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
September 24, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 26
MINERALS
9/26 800
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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, Cobar 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 halos 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 (OME-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:

Actual Cost

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

D. R. MacLaren

Enclosures

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

September 20, 1963

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

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

Dear Mr. MacLaren:

This will acknowledge receipt of your letter of September 4th.

We are enclosing herewith four copies of the basic consolidated map as prepared by Mr. Munoz.

Replying to paragraph 4 of your letter with reference to packsack drilling in conjunction with any trenching that would be done, the Company would do this work on its own, therefore, would not expect to include this work in the OME contract.

Paragraph No. 5. Access roads are included in the time estimated for cat work.

Paragraph No. 6. The best figure we have been able to obtain for the rental of a D-8 cat is $20.00 per hour.

Paragraph No. 7. It is estimated that twenty trench samples will be required for assaying.

Trusting the foregoing is the information you require, we are,

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By

OME/E
Encl-4

RECEIVED
SEP 23 1963
U.S.G.S.

MOTHER LODE PROPERTY
CROOK COUNTY, OREGON

Further Notes on General Geology

The following notes on the geology of the Mother Lode Property are by way of addition, with some alteration, of the notes submitted on July 6, 1963 by the writer. To accompany this report, additions have been made to the original base map.

In the first report the importance to localization of mineralization of the N 55 W faults, where they crossed the N 20 E zone was stressed. Further study of the area has suggested that a N 60 E zone, which at present is of unknown width, is of greater importance. This zone crosses the N 20 E structure in the vicinity of the open pit.

A projection of this N 60 E zone, if one hypothetically projects it for a distance of three miles, passes through the Westbrook, Amity and Blue Ridge properties. This zone has been referred to as the Johnson Creek Shear Zone by other writers and for the purpose of clarity, this name will be used for the N 60 E structure passing through the Mother Lode Property in spite of the fact that it has not been definitely established that it is one and the same zone exposed in the other mines.

At this point it might be well to emphazie the importance in the Ochoco District of the N 60 E trending zones. Reports describing the various mines and prospects of the district which were written at the time when the workings were accessible clearly show that almost all of these deposits were associated with N 60-70 E trending structures; the ore occurring where cross faults cut this zone. These cross faults were usually of a N 12-20 E or N 45-55W trend. Within a confined radius of these intersections, the cross faults were mineralized, but the mineralization in them did not persist to any great extent laterally. On the other hand, the mineralization did persist, albeit of sub-ore grade, long distances in the N 60 E zones.

The original exploration program planned at the Mother Lode and submitted to OME assumed that in this locality the N 20 E structure was the prominent mineral bearing zone. Further, it was thought that this zone carried an area of fairly wide, rather low grade, disseminated cinnabar mineralization. The hope was that in this zone, higher grade, chimney-like ore shoots would occur, probably at intersections of cross faults. That the Johnston Creek Shear Zone passed through this area, and that it was important in the introduction of cinnabar was not taken into account as far as exploration proposals was concerned.

As can be seen in the cross-sections submitted by the writer in July of 1963, the drilling to date has shown that the mineralization

so far explored in the N 20 E faults is confined to very definite vein walls, with barren ground in between. Whether it be accident or actual representation of the fact is not known, but the drill holes Nos. 2 & 3 which are the farthest holes to the southwest of the pit, show better ore than encountered in Hole No. 1, or, for that matter, better ore than is presently exposed in the open pit.

Therefore, the first of the writer's exploration proposals is to further test these veins to the southwest, as they already represent known shoots of mineralization 450 feet in length. Extending these known shoots to the southwest will be an important addition to the value of the property.

In the interest of exploring these veins without drilling to excessive depths, and yet cutting them at sufficient depth to evaluate their full potential, it is proposed that a S 20 W line of drill holes should be started from a point halfway between Holes 2 & 3, with drill holes put down at 100 foot intervals. Each additional 100 foot extension of the line, or each new drill hole, would be dependent on the results of the previous one. If no mineralization is encountered at the vein intersections in one hole, the next one would not be drilled, on the assumption that the mineralization in the veins has stopped.

Expressing this proposal in terms of the coordinate system, three drill holes are proposed, Nos. 6, 7, & 8 to be drilled in that order, No. 7 being drilled only if mineralization is encountered in No. 6, No. 8 to be drilled only if mineralization is encountered in No. 7, at the following approximate coordinates:

DH No. 6: 200 N x 50 W
DH No. 7: 100 N x 50 W
DH No. 8: 0 N x 50 W

These proposed sites are plotted on the attached base map.

Some mineralization was found in what is known as the "Wet Cut" near station A-6 on the base map. The cinnabar occurred in both N 55 W shears and N 60 E shears. Further examination of the presently exposed mineralized faces in the open pit has also shown that there is an appreciable amount of mineralized N 60 E fractures. As these locations coincided with the theoretical projection of the Johnson Creek Shear Zone, pannings were made of the soil to the east and north of the Wet Cut, all of which showed particles of cinnabar in the pan concentrate.

In USGS Bulletin 846-A, a map of some of the underground workings of the Mother Lode Property is shown on page 122. Three veins are

shown that were being stopped at the time of the examination. A vein striking N 45 W, one striking N 20 E, and another striking N 60 E were all exposed on this level. This is further proof of N 60 E shearing carrying cinnabar existing on the property.

On the basis of the above outlined facts, Drill Hole No. 5 was spotted by the writer to test this N 60 E zone. Its entire depth to date of 255 feet has been in the typical highly altered material that is associated with cinnabar in this district. A few colors were noted in the pan between 25 and 30 feet and 45 and 50 feet, but not enough to warrant assaying. This hole, although it has failed to show significant cinnabar mineralization to date, has established the position of at least a segment of the N 60 E zone. As of this writing, the hole has been stopped, but with the ten inch pipe left in to permit re-entry, pending the results of the further exploration as outlined below. A more complete discussion of this hole and its bearing on the program will be undertaken at a later date after additional work has been done in the area. (See map for location of Hole No. 5.)

The reasons for drilling Hole No. 4 where drilled, at coordinates 1560 N x 70 W were outlined in the July report. This was to test the northward extension of the N 20 E shear zone, which has appeared to be the major controlling structure on the property. The hole was successful in testing at least part of this zone, although it showed no ore. A study of the drill log shows that a zone of strong faulting was cut by this hole, with numerous gouge and slickensided areas. The hole was stopped at 210 feet because the rock, although highly faulted, did not show the alteration to clayey minerals that seems to invariably accompany cinnabar on the property. The results of Hole No. 4 could be summated by saying that it has explored a part of the northward extension of the N 20 E zone (north of the open pit), it has proved the existence and persistenne of the zone to this point, and has also shown that the widespread rock alteration seen in the zone to the south of the pit does not continue to the north. It was because of Hole No. 4 that attention was centered on the N 60 E zone which has now proved (with Hole No. 5) to have the extensive alteration expected in the N 20 E zone.

The inferences drawn by the writer from the information assimilated to date may be summated by saying that:

1 - The property is now proving to have a structural environment typical of the other mines of the district in that there is a prominent N 60 E zone along which cinnabar mineralization was probably introduced.

2 - Concentrations of this mineralization occur at intersections of cross faulting, chiefly of a N 20 E and N 45-55 W strike.

3 - When more fully explored, the main mineralized zone will appear to bend in the vicinity of the open pit, changing its N 60 E

strike to N 20 E, as suggested by drill holes 1, 2 and 3.

In view of the above ideas, a change in the program is proposed by the writer to more fully and quickly test the areas of probable mineralization. This plan is outlined below, with the further suggestion that the surface bulldozer work should be included in the OME program, and the previously planned long hole drilling from the Consolidated Tunnel be deleted entirely.

With respect to the longhole drilling, the reasons for abandoning it are as follows:

1-From seeing the ground in this area, plus reading previous reports which refer to "tight lagging in all underground workings" and "square-sets are used in all the stopes", it is obvious that previous operators were contending with badly caving ground. It is the writer's conviction that the cost of reblaiming this tunnel would prove almost prohibitive to the company, and certainly prove to be far in excess of any benefits that the company might expect to derive from opening the workings.

2-Relating the level of the Consolidated Tunnel to the floor of the open pit, there is only a difference in elevation of about 50 ft. at most. In short, a very nominal additional depth of the orebody would be explored by this work, and equally small backs would be proven by it.

3-As it has now been seen by the drilling of Holes 1, 2 & 3, the N 20 E zone to be explored is not a side zone of disseminated mineralization but rather, is a zone of fairly narrow veins confined to fairly well defined walls. Information gleaned from the non-coring longhole drilling would not be as helpful, in this instance.

The proposed exploration program would include the following:

1-Testing the southern extension of the N 20 E zone with Churn Drill Holes Nos. 6. 7, & 8.

2-Additional exploration of this zone on the south side of Canyon Creek with a sidehill bulldozer cut of 300 to 400 feet in length to see if the structure and/or mineralization extends across Canyon Creek, as the creek is presumed to be the surface expression of the postulated Canyon Creek Fault.

3-Bulldozer cuts across the N 60 E zone to the NE of the open pit, these to be followed by and done in conjunction with the Packsack Drilling that the company proposes to undertake.

4-A few additional bulldozer cuts, also followed by the Packsack Drilling, across the northern extension of the N 20 E zone beyond)to the north of) Hole No. 4, as the writer does not consider that this zone has been adequately explored by the single Churn Drill Hole.

The proposed Bulldozer Cuts have been marked by Roman Numerals on the attached map.

No. I: Cleaning out the existing "Wet Cut" that is now sloughed, in order to expose mineralization encountered in it.

No.II: 200 feet NE of No. I, along the assumed extension of the vein striking N 60 E previously exposed in the Wet Cut. This trench would not be dug if significant mineralization is not encountered in cleaning out the "Wet Cut/"

No.III: A trench or series of trenches aggregating 300 feet in length tocut across the strike of the N 60 E zone as suggested by observations in the Open Pit and surface pannings in the area of the proposed trench. The cutting of this trench would be followed by shallow Packsack Drill Holes where advisable, with the objective of pinpointing one or more Churn Drill Targets for more adequate testing at depth.

No.IV: A trench, similar to No. III, to be cut another 350 feet along strike of the N 60 E zone, also to be followed by Packsack Drilling if warranted, but with the stipulation that this trench would Not be cut if nothing of significance is uncovered in Trench No. III.

No. V: A sidehill cut across Canyon Creek from the present workings to test for the continuance of the structures and mineralization observed to date on the property. This trench would require an additional 300 feet of bulldozer access road to be made before it could be dug. This trench should be dug before thefinal decision on the location of Proposed Churn Drill Hole No. 8 is made, as information derived from it could very possibly change the target area for that hole.

No.VI: A cut of about 200 feet in length crossing the N 20 E zone about 250 feet beyond the site of Hole No. 4. If this trench showed signs of mineralization, it would be followed by appropriate Packsack Drilling.

No.VII: A trench similar in size and objectives to No. VI, but with the stipulation again that it would not be cut if there were no encouragement from Cut No. VI. If important mineralization is found in either Cut No. VI or VII, this would later be followed by a Churn Drill Hole.

In addition to the above proposals, an extra 300 feet of trenching

is requested that could be used as a follow-up in any of the areas where the presently proposed trenching showed encouraging results, such as possibly again cutting the N 60 E zone an additional 300 to 400 feet beyond Cut No. IV, if conditions warranted. This additional allowance would not be used if none of the proposed trenches gave good results.

It is the writer's contention that there are two fault zones on the property to be explored, each of unknown width, and each possibly carrying one to several narrow shear zones in which is centered the cinnabar mineralization. These are, as mentioned before, the N 60 E zone and the N 20 E. zone. As these zones, particularly the N 60 E zone, are quite wide, there is the chance for several intersections of their contained shear zones, which, of course, are the most favorable locii for oreshoots. Further, there is faulting of a N 45-55W strike that has carried mineralization on the property, but the extensiveness of this system is totally unknown. But this system is, nevertheless, of importance in forming oreshoots in the two large zones.

The proposed program of bulldozer cuts followed by the Packsadk Drilling on the part of the company would explore these two zones quite thoroughly, and if ore were encountered, would then provide definite targets for the Churn Drill. It would probably reduce the amount of Churn Hole Drilling required to prove or disprove the property. The writer believes that unless some program of this type is initiated to rapidly narrow down the area worthy of further work, possibly futile probing with Churn Drill Holes will result, the end product being a negative or at least neuter answer on a property which may carry mineable bodies of ore. The veins known to date are steeply dipping, varying from 75 to 85 degrees; vertical holes are not the best way to find them.

It should be further pointed out that the bulldozer cuts alone may not give the needed information. Due to the depth of surface weathering in this area, a wide dissemination of cinnabar often results from what are actually, at depth, well confined veins. This was what largely caused the original misconception about the wide, low-grade orebody in the open pit, which the drilling to date has shown to be erroneous. However, with the bulldozer cuts done in conjunction with the shallow depth Packsack Diamond Drilling, a fairly accurate appraisal of the mineralization can probably be achieved.

It is the sincere hope of the writer that this program, as outlined, will be approved and undertaken with all possible expediency.

RECEIVED
SEP 4 1963
U.S.G.S.
SPOKANE, WASH.

(Sg'd) Juan Munoz
Pacific Minerals & Chemical Co.

Orig (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 26 1963
DATE 9-26 Murphy

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Sc. 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: OME-6141 (Mercury)
Mother Lode, Cedar 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 OME 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 Munos' 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 churn 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, OMK
Region I

Enclosures

cc: OMK(2)
Voucher file
MacLaren
Reading copies to:
Nolan
Killagaard

Mne (1)

OFFICIAL FILE COPY
O. M. E.
RECEIVE SEP 26 1963

DATE	INITIALS	CODE
	Murphy	500

So. 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, Cohar and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

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, 1963. Confirmation is also given to drill Hole 4 but at the location proposed by Mr. Manos 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 Manos 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
Kiilsgaard

Pacific Minerals & Chemical Co., Inc.

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 26 1963

DATE		
9/26	[illegible]	800
	Murphy	500

Sept. 4, 1963

AIR MAIL

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

OME 6141 Mercury
Pacifid Minerals and
Chemical Co. Mother Lode
Cobar & Lookout Mountain
Groups Crook County, Ore.
Contract 2132

Dear Mr. MacLaren:

We attach hereto schedule of Proposed Bulldozer Cuts which was inadvertently overlooked in our transmittal of Sept. 1st.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

CME/E
Encl-two copies

RECEIVED
SEP 5 1963
U. S. G. S.
SPOKANE, WASH.

PROPOSED BULLDOZER CUTS

Estimate of Hours Required for
D-8 Cat

Cut I	16 hrs.
Cut II	25 hrs.
Cut III	40 hours
Cut IV	50 hrs.
Cut V	40 hrs
Cut VI	20 hrs.
Cut VII	20 hrs.
Total	211 hrs.

If the previously suggested schedule is followed, Cuts I, III, V and VI would be made, for a total of 116 hours. If no encouragement is had from this work, the balance of 95 hours would not be needed. Or, if III finds ore but VI does not, then only the 20 hours needed for Cut VII would be deleted.

In addition to the above requested 211 hours, and additional 30 hours is requested as reserve to be used where and if warranted, pending the results of the above. If approved, this would make a total maximum of 241 hours requested under OME.

(Sgd) Juan Munoz
Pacific Minerals & Chemical Co.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

OMC

OFFICIAL FILE COPY
RECEIVED SEP 23 1963

AIR MAIL

September 19, 1963

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

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

Dear Mr. MacLaren:

Replying to your letter of September 11th, we enclose herewith original and three copies, duly signed, of Amendment No. 4 to our original contract.

Our company also considers the fixed unit cost basis a more practical arrangement and we are pleased that this change has been made.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By

CME/E
Encl-4

SEP 26 1963

Mel 2)

OFFICIAL FILE COPY

9/17 800
~~9/17 500~~

So. 157 Howard Street
Spokane, Washington 99204
September 11, 1963

Mr. C. M. Ellingson, President
Pacific Minerals & Chemical Co., Inc.
1094 Bigelow Street
Olympia, Washington

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

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(2)
Voucher File
MacLaren
Reading copies to:
Nelson; Killingsord

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/6	Murphy	500
9/6	on leave	500
9/6	Talbert	800
		130
"	Erickson	110
"	Fuller	100
9/6	GS	220
		500

SEP 6 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, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

As mentioned in the third paragraph of Mr. Talbert's memorandum of September 5, 1963, enclosed are the original and four copies of Amendment No. 4, signed by the Director for the Government. Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

George C. Selfridge (gla)

FMMurphy/mm
9/6/63
cc: Director's Reading File
Review Committee
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/5	Murphy	500
	[illegible]	120
	[illegible]	100
		220

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 MME 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.

43683

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

One

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 6 1963
DATE
9/6
9/9 Naughty

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

Re: OME-6141 (Mercury)
Mother Lode, Cedar and Lookout
Mountain Groups
Crook County, Oregon
Contract P132

Dear Mr. Ellingsen:

I have read with much interest the "Further Notes on General Geology" by Juan Munoz which accompanied your letter of September 1, 1963. Before submitting the requested program changes to our Washington office for consideration combining of map data, some additional information, and clarification would be most helpful.

I am returning the maps for the combining into one of certain features mentioned in the report but presently shown some on one map, some on the other. The prints are not sharp enough to view the maps over a light table. Moreover, it would be more meaningful to have all the various elements mentioned in the report appear on one map. The outline of the main pit will add greatly to the value of the map.

I do not have the time to combine the various items on each of the three prints. Moreover, I am sure Mr. Munoz would prefer to have his basic tracing as up-to-date as possible.

Item 3 of Munoz' proposal mentions Packsack drilling in conjunction with trenching. If it is proposed to do this drilling as part of the OME contract, the breakdown of a cost estimate for this work should be included.

Item 2 proposes a trench 300 to 400 feet long south of Canyon Creek plus an additional 300 feet of access road. Does the estimated required time shown on the map as 40 hours include the access road time? If access roads will be required to any of the other trenches is it included in the estimated time required for each?

Regarding costs, as I emphasized both to you and to Munoz, it is most difficult to increase the total cost of a contract. Therefore,

in addition to the estimated total number of hours that will be required to bulldoze the 7 trenches plus the extra 300 feet of trenching and access roads, you should indicate whether you propose to do the work at the present contract price of $12.50 per hour for a D-7 and $16.00 per hour for a D-8 or whether it will cost more or less.

How many trench samples do you estimate will be required? The contract only provides for soil samples and drill hole samples.

As soon as I receive the above data and clarification and four prints of the more up-to-date map, I shall forward to OME your request and the justification prepared by Munos which I am not returning. However, I wish to emphasize that no statement made in the latter should be construed as in any way giving assurance that the proposal will be approved.

Sincerely yours,

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

Enclosures

DRMacLaren:mls
cc: OME w/cy incoming let 9/1
w/Munos rept.
MacLaren
Sending copies to:
Nolan
Killegnard

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

September 1, 1963

AIR MAIL

Mr. D. R. MacLaren
Acting Field Officer
U. S. Dept. 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, Ore. Cont. 2132

Dear Mr. LacLaren:

We are enclosing original and one copy of exploration procedures recommended by our Geologist, Mr. Munoz.

Also enclosed are two copies each of maps of proposed churn drill holes and bulldozer cuts.

Should additional copies of any of the above be required, please advise.

In view of the added geological information at hand to date, we respectfully request that our program be modified or ammended as outlined and submitted herewith.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

CME/E
Encls-6

RECEIVED
SEP 4 1963
U. S. G. S.
SPOKANE, WASH.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing
1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone Fleetwood 2-2216

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 5 1963

DATE	INITIALS	CODE
9/5	WO	500
	Murphy	500

August 31, 1963

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 26th, 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 analysed 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.

Sincerely yours,

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

RECEIVED SEP 3

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane, Washington 99204
August 27, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 29 1963

DATE	INITIALS	CODE
8/30		800
8/30		100
		500

Air Mail

Memorandum

To: Chief, Contract Administration and Audit Division

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 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. Ellingsen, 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 MME 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 included 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-OME 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 85 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 OME 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-OME work. Some of the gas so purchased was undoubtedly used for OME work, some for non-OME 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 OME 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 OME 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 OME work and also of jeep use on the project, parts of every day were spent on OME and non-OME 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 MME 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:

accepted ?

Hours of bulldozing? Supervision time (particularly on phone, 1 & 2)

65 soil samples have been taken

625 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, Juan Munoz, 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. Munoz 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	330N	0E	290N	10W

A copy of this map is also included.

D R MacLaren

D. R. MacLaren

Enclosures

Pacific Minerals & Chemical Co., Inc.

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

August 24, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 29 1963

DATE	INITIALS	CODE
8/30		800
		500
		502

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:

We do not have the original sketch of the map prepared by Mr. Johnston which we discussed when we were together in Prineville recently. I was able to contact Mr. Johnston and he advised he has the original and is sending it to us and as soon as received, we shall immediately have additional prints made and forward two copies to you.

We regret this delay but it was difficult contacting Mr. Johnston in order to get the original sketch.

Kindest regards.

Sincerely yours

PACIFIC MINERALS & CHEMICAL CO.

OME/E

By /c/ C. M. Ellingson

RECEIVED
AUG 26 1963

Orme (r)

OFFICIAL FILE COPY
ORME
RECEIVED AUG 14 1963

DATE	INITIALS	CODE
8/14	409	800
	Gruewald	500
8/14	Murphy	500

Rm. 137 Howard Street
Spokane, Washington 99201
August 12, 1963

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

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

Dear Mr. Kilingsen:

This will confirm our telephone conversation of the evening of August 9 to the effect that we will not reach Prineville until 6:30 or 7:00 p.m. on August 16 and will have all day of the 17th to go over vouchers, visit the property, if necessary, and discuss any contract problems you may have.

Sincerely yours,

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

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

OME(2) ✓
MacLaren
Reading copies to:
Nolan
Kiilsgaard

One (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 9 1963

DATE	INITIALS	CODE
8/9	[illegible]	800
		120
	Reviewed	500
8/19	Murphy	

Sa. 157 Howard Street
Spokane, Washington 99204
August 7, 1963

Mr. C. M. Ellingsen, 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. Ellingsen:

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, 1963.

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 1962 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. Munoz.

Sincerely yours,

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

cc: Mr. Juan Munoz, 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. (Ore 12)

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

July 29, 1963

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:

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. Munos.

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

Kindest regards.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By

CMK/E
Encl

RECEIVED
JUL 30 1963

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone Fleetwood 2-2206

July 22, 1963

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, or course, pulled it. I believe he lost 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

Juan Muñoz

RECEIVED
JUL 30 1971

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 19 1963

DATE	INITIALS	CODE
7/19	[illegible]	800
"	[illegible]	500
7/22	Murphy	300

So. 157 Howard Street
Spokane, Washington 99204
July 16, 1963

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

Re: OME-6141 (Mercury)
Mother Lode, Cedar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 213P

Dear Mr. Ellingsen:

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. Manox' 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. Manox 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. R. MacLaren
Acting Field Officer, OME
Region I

DRMacLaren:mlc
cc: OME(2) w/cy of incoming letter, report, and maps
MacLaren
Reading copies to: Nolan; Killegaard

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 Munoz 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 Chura 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 Munoz clearly indicate that Hole No. 2 has not yet been completed.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

July 13, 1963

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:

We are enclosing herewith two copies of geological report dated July 4th as prepared by our Geologist, Mr. Juan Munoz. We have also mailed you under separate cover two sets of two copies each of maps relating to this report.

We would appreciate receiving your comments after you have had an opportunity of reviewing this material.

We are wondering at this time if you know when you will be making your visit to our Mother Lode property as I would like to arrange to meet you there if possible.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

OME/E
Encls-

RECEIVED
JUL 12 1963
U. S. G. S.
SPOKANE, WASH.

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

July 4, 1963

MOTHER LODE PROPERTY - CROOK COUNTY, OREGON

NOTES ON GENERAL GEOLOGY

The dominant structure at the Mother Lode property is a fairly strong and apparently persistent shear zone striking N 20 E and dipping 75 degrees to the west. This zone is comprised of several parallel faults twenty to fifty feet apart. Cinnabar mineralization has followed these channels, and is locally concentrated by cross faulting.

A second system of faults important to the mineralization strikes N 55 W, dipping 60 degrees to the north. One of these was exposed in the so-called Wet Cut, and it persisted in a southeasterly direction to the un-named cut above (to the east) of the Wet Cut. Another of these faults passes across the northern boundary of the open pit, and probably contributed a great deal to the local concentration of ore exposed there. The presence of a third such fault is suggested by a small stream that follows this N 55 W strike, passing by the bunk house.

The cut just northwest of station A-10 exposed a small shear striking N 20 E, from which free mercury was panned. As will be seen on the map, this is on the strike of the faults exposed in the pit. Its slight offset from the faults in the pit could be due to one of several things. It could be another parallel fault that has not been exposed on the eastern side of the pit because the pit was not extended that far into the hill. It could be a minor shear in the system with limited lateral extent that doesn't persist to the pit area, or the zone as a whole may have been offset slightly by the N 55 W fault exposed in the Wet Cut that presumably crosses the N 20 E structure. In this latter case, it could be presumed to be the extension of the pit faults.

Extending in a southerly direction from the pit, it can be seen from the map and vertical sections that the drill holes completed to date have cut the mineralized ~~ation~~ faults exposed in the pit. Drill holes Nos. 1 and 3 have been the most useful, although No. 2 is valuable in corroberating the dip of the veins. Where Hole No. 2 barely passed into the hanging wall of the Hanging Wall Vein, Holes Nos. 1 and 3 actually cut them.

Due to the combination of the hillside topography, being a rather steep slope to the west, combined with the very steep dip of the veins to the west, no further drill holes should be contemplated on the lower line (N 20 E or S 20 W extension of the line passing

through hole No. 2) as they must be drilled to a depth of 200 feet or more before cutting the hanging wall of the lode. For the same or less drilling footage, much more information as to the character, grade and extent of the deposit can be gleaned from drilling along the upper line. (Extension of the line passing through Hole 1 and 3). Later, if further testing of the veins at greater depth appears advisable, drilling along the lower line can be resumed.

It is the writer's belief that the soil anomaly discovered in the area of the present drilling may be misleading. It will be noted from both of the cross-sections that sub ore grade mineralization was encountered in all three drill holes persisting to a uniform depth in the holes; as much as fifty feet in Hole No. 3. At least two mineralized faults are known in the zone, definite evidence is at hand for a reasonable suspicion of a third, and the presence of one to several others would not be surprising. Due to the depth that mercury mineralization persisted below the surface, it is the writer's contention that the soil anomaly was actually the surface outcrop of a third vein in the series, and did not reflect ore shoots in the other two veins cut by the drill holes. Due to the deep weathering in the area, the bedrock is highly incompetant for fifty to 75 feet below the surface. Mineralization in it does not remain confined to narrow walls, but has a tendancy to diseminate itself in a halo around the vein.

There appears to be no doubt that the mineralization cut in the three drill holes is an extension of that exposed in the pit. In Hole No. 3, after passing through the footwall of the Hanging Wall Vein, nearly 100 feet of barren rock was pierced, but the presence of the Footwall Vein was predicted from plotting of the data to date, and it was cut at the expected depth. At depth, clear of surface weathering, these veins are confined to more definite walls. As the drilling has now extended the orebody, or the ore-bearing zone, 500 feet to the southwest, it would appear reasonable to probe for its limits to the northeast. The cut by station A-10 presents reasonable assurance that it extends at least that far. It probably persists beyond that point. However, merely cutting the zone itself need not be a solution to finding the better ore shoots. Areas of cross-faulting must be found and delineated in order to prospect the best potential of the zone.

Proposed Hole No. 4 is designed to accomplish two things. (Location 1525 N x 75 W. approx.) It will probe for the northeasterly extension of the N 20 E vein system, and if successful will add about 800 ft. to the known strike length, and at the same time will prospect for an extension of the N 55 W system exposed im the Wet Cut. It should cut the intersection of these two fault systems at about the 5900 foot elevation, or a depth of some 140 feet in the Drill Hole. If these two systems intersect, there is a good chance for an oreshoot.

As surface and underground prospecting continue, it is hoped that indications of other cross faults will be found and these projected

intersections with the main N 20 E zone should be probed. At the same time, if Hole No. 4 does cut the N 20 E zone, the continuance of the zone to both the northeast and southwest should be sought for.

It is the present feeling of the writer that it may well be possible to establish a 2000 to 3000 foot strike length of the N 20 E zone. In this strike length ore shoots will be likely to occur at the intersections of cross faults, resulting in orebodies that will probably be somewhat cylindrical in outline, plunging on a dip that is in effect a vector of the dip and strike of the crossing faults. The areal extent of these ore shoots will probably not be great, but the chance for persistence at depth is good. Working on this hypothesis, further prospecting of the oreshoot uncovered in the pit should be done to the northeast rather than the southwest. Its downward extension will not be found directly under the pit floor, but rather, will found to be plunging to the northeast.

On the strength of the above outlined theories, the writer is urging that the present exploration program be expanded to test more thoroughly the mineralized fault systems as indicated by the geology, rather than being limited to testing areas of surface soil anomalies which may well be misleading due to the topography of the area combined with the fact that one is dealing with several parallel veins in the system, as suggested previously in this report. Two or three holes along the strike N 20 E can delineate the mineralized boundries of the structure very rapidly, giving a more concrete idea of the potential area to be explored in detail. It is the writer's belief that a more efficient expenditure of exploration funds will be achieved in this manner.

Juan Munoz

Juan Munoz

PACIFIC MINERALS & CHEMICAL CO.
Prineville, Oregon

RECEIVED
JUL 12 1963
U.S.G.S.
SPOKANE, WASH.

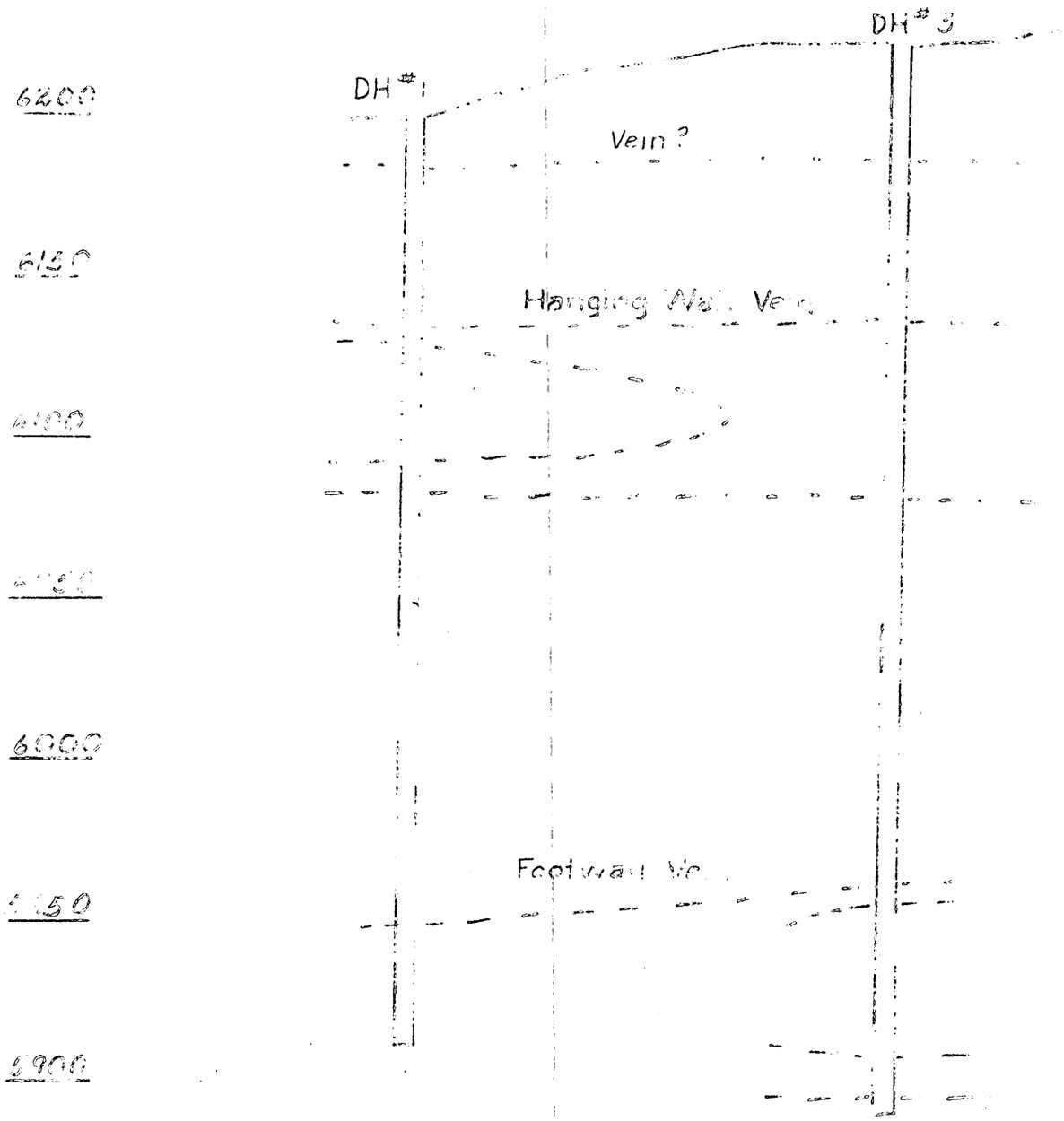
6150
6100
6050
5950
Hanging Wall Vein
Footwall Vein

RECEIVED
JUL 12 1963
U. S.
SPOKANE, WASH.

Section through Drill Holes Nos. 1 & 3

Scale 1" = 50'

J.E.M. 7/1/52



RECEIVED
JUL 12 1963
U. S. G. S.
SPOKANE, WASH.

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RECEIVED JUL 1 1963

DATE	INITIALS	CODE
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June 27, 1963

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

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

Dear Mr. MacLaren:

We are returning herewith the drill log, maps and copies of assays you so kindly sent to Mr. Munoz. I might mention that in the meantime we have supplied him with additional copies which we had made from our office copies.

The Hanson Drilling Company arrived on the property June 13th and resumed drilling on hole No. 3 June 17th.

Mr. Munoz will have some additional mappings, etc to submit to us in the near future.

Will you kindly send us a supply of MME forms 60 and 61?

Kindest regards.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By

OME/S
Encl

RECEIVED
JUN 28 1963
U. S. G. S.
SPOKANE, WASH.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	220
6/27	[illegible]	220
		500

JUN 27 1963

Memorandum

To: Acting Field Officer, Region I

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

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

Enclosed are your office copies of the subject Operator's August/September 1962 MME 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) Bulldozing - Approval of $115.63 for 9¼ 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 ($650.00) 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) Gasoline - 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).

43683

Cat. (3) Sample Sacks - Costs have been claimed on the basis of $.1390 each for bags plus $.0144 each for ties, whereas invoice supports costs of only $.1309 each; accordingly only $8.51 for 65 bags is proper.

Cat. (4) Depreciation - Claimed costs of $18.00 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 provisos therein 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	1,061.66
" (2) - Labor	-	119.14
" (3) - Gasoline	30.57	30.57
" (3) - Sample Sacks	8.51	8.51
" (4) - Depreciation	18.00	88.00
" (7) - Payroll Taxes & Insurance	21.13	46.70
Totals	$ 637.83	$ 1,551.46
Government Contribution @ 50%		$ 775.73
Paid to Operator on June/July Voucher		$ 621.50
Payable on August/September Voucher		$ 154.23

Your penciled 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 columnar 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 MME 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, churn 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 MME Form 61:

Drilling, Churn
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 $81.25 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 MME Forms 60 and 61, together with the originals of all documentary support and your specific statement as to the acceptable work performed.

Enclosures

EDTalbert/mm
6/25/63
cc: Director's Reading File
Fiscal Section
CA&A Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
June 19, 1963

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 24 1963

DATE	INITIALS	CODE
6/25	[illegible]	800
		500

Air Mail

Memorandum

To: Chief, Contract Administration and Audit Div.

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

The above project has been in recess and is now starting up. Piling 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. Ellingsen (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. Ellingsen 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 erasures appearing on the MME 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/
Churn 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 0.03125 = $11.34 Unemployment $362.74 x 0.027 = 9.79	31.99	21.13	21.13
Fixed Unit Cost Soil samples: Stage 1 - 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 Munoz 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 MME Form 61 and the "remarks" are sufficient.

D. R. MacLaren

D. R. MacLaren

Enclosures

O.M.E.

June 13, 1963

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

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

Dear Mr. MacLaren:

This is to advise that our Geologist-Supervisor, Mr. Munoz, left Olympia for the Mother Lode property Monday, June 3rd, as we had recent reports about the weather from Prineville which were favorable. I went to the property Tuesday and just returned today.

Mr. Munoz gave me a report of his telephone conversation with you of Monday and he informed me that the coordinates and surveys checked satisfactorily and that when we resume drilling it will be on the No. 3 hole at the 110' depth where we were forced to suspend drilling last December 30th. because of the weather.

Mr. Hansen, our driller, and two of his men were on the property yesterday getting their equipment and camp in shape and they will be able to start drilling next Monday.

Should you have any suggestions we shall be pleased to hear from you.

Kindest regards.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By_____

OME/D

RECEIVED
JUN 14 1963
U. S. G. S.
SPOKANE, WASH.

Ome

OFFICIAL FILE COPY
RECEIVED
DATE
6/20 800
500

So. 137 Howard Street
Spokane 4, Washington
June 18, 1963

CERTIFIED

Mr. Juan Munoz, Supervisor
Pacific Minerals & Chemical Co., Inc.
Box 746
Prineville, Oregon

Re: OMS-6141 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 9132

Dear Mr. Munoz:

We do not have the facilities necessary to copy the churn drill and other data which has been submitted with various vouchers. Therefore, I am returning to you copies of the following:

1. Operator's Narrative Reports for the months of October, November, and December 1962.

2. The only two assay reports on churn drill samples which we have received.

3. Drill Records for Churn Drill Holes 1, 2, and 3.

4. The only map submitted to us which shows the locations and assay results of soil samples -- 35 Stage I samples underlined in red and 30 Stage II samples underlined in blue; the approximate locations of Churn Drill Holes 2 and 3, the drilling of which was authorized in our letter of September 5, 1962, to W. G. Johnston, and the approximate locations of Churn Drill Holes 1 and 4, the drilling of which was provisionally authorized in the same letter to Johnston.

As each of these documents are necessary to support certain vouchers, they should be returned as soon as they have served their purpose.

You will note from the Drill Records that the coordinates at which the holes were drilled are:

Hole 1 450N - 1E

Hole 2 300N - 99W

Hole 3 350N - 1E

The coordinates of 350N - 50W for Hole 1 which you gave us on the telephone does not approximate any of the above, but the latter approximate very closely the locations shown on the accompanying map if the N 20° E lines of Stage I holes are used as N lines. This matter is discussed in the second paragraph of my letter of January 11, 1963, to C. M. Ellingsen, president of the company.

The map including the proposed drill hole location was prepared by Johnston and two copies were sent to me with his letter of August 31, 1962. I underlined the soil sample stations that appeared to be acceptable under Stages I and II and returned one copy to him with my letter of September 27, 1963, so he could use it as a guide when he made a new map which in his letter of August 31 he implied he would make. As mentioned in the next to the last paragraph of my January 11 letter to Mr. Ellingsen, the August-September voucher lacks two copies of a map differentiating between 1st and 2d stage soil samples and the location of the Chaco Drill Hole 1. If the enclosed map is a correct presentation of this data, one additional copy should be returned with it, along with all the other enclosed documents.

Sincerely yours,

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

Enclosures

cc: C. M. Ellingsen

CMX
MacLaren
Reading copies to:
Nolan; McKelvey

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 28

DATE	INITIAL	
5/29	[illegible]	800
5/29	[illegible]	500
	~~Murphy~~	~~500~~

So. 157 Howard Street
Spokane 4, Washington
May 27, 1963

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:

We are enclosing the original and four copies of a proposed Amendment No. 3 to your OME contract, which extends the recess authorized by Amendment No. 2 to June 15, 1963.

If the proposed amendment is 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.

Sincerely yours,

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

Enclosures

DRMacLaren:my

cc: OME
Reading copies to:
Balsa
McKalvey

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/20	Murphy	500
	Hughes	500
5/21	Talbert	800
	[illegible]	130
5/21	Johnson	110
	[illegible]	100
5/21	Cox	220
		500

MAY 2 1 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, Cedar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

In accordance with your recommendation of May 6, 1963, enclosed are the original and four copies of Amendment No. 3, signed by the Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Thomas G. Selfridge (gla)

Enclosures

FMMurphy/mm
5/20/63
cc: Director's Reading File
Review Committee
Docket

43683

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 3

It is agreed this _____ day of _____, 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:

The final date for the work suspension period fixed 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

PACIFIC MINERALS & CHEMICAL CO., INC. By _____
Director, Office of Minerals Exploration

By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
May 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, Cobar, and Lookout Mountain Groups
Crook County, Oregon
Contract 2132

Mr. Ellingsen telephoned this morning to say there is now five feet of snow at the property. Work cannot be resumed by May 15, 1963, as provided in amendment No. 2.

It is requested that an amendment be prepared to extend the recess to June 15, 1963.

D. R. MacLaren

D. R. MacLaren

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 8 1963

DATE		CODE
5/9		800
	Forwarded	500
	D Murphy	500

So. 157 Howard Street
Spokane 4, Washington
March 5, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 7 1963

DATE	INITIALS	CODE
3/7	GEO	800
	~~Trowell~~	500
~~3/11~~	~~Murphy~~	~~500~~

Mrs. C. M. Ellingsen
1024 Bigelow Street
Olympia, Washington

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

Dear Mrs. Ellingsen:

Thank you for your letters of February 10th, with which you returned the copies of Amendment No. 2, and March 2nd.

I am indeed sorry to learn of Mr. Ellingsen's illness, first flu and then gall stones. He does not believe in half measures, does he! Please give him my sincere hopes for a speedy recovery.

The only information required at the moment is the map mentioned in my letters of January 11 and February 4, 1963.

Sincerely yours,

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

DRMacLaren:my

cc: OME
Reading copies to:
Nolan
McKalvey

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Divn. of Field Operations	2/12/63	
2.		
3.		
4.		
5. DRMacLaren		
FROM: D. R. MacLaren, Act. Fld. Offr. Region I		

FOR: Check items for action desired

X Action	____ Reply for signature of ____	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	____ Your information	

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

Government, Fiscal Section's and Audit's copies of signed Amendment 2 to above contract.

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 14 1963

DATE	INITIALS	CODE
	Hrawold	500
2/14	Naughton	500

February 10, 1963

Mr. D. R. MacLaren
Acting Field Officer, OME Region 1
U.S.Department of Interior
Office of Minerals Exploration
So. 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:

Mr. Ellingsen has been down with a severe siege of the "flu" the past week but am sure he will be up and around in a couple of days now, and he will contact you as I know he is very anxious to do so.

In the meantime he has signed the Amendment No. 2 which is returned herewith.

Yours sincerely

PACIFIC MINERALS & CHEMICAL CO.

By

E
Encl

RECEIVED
FEB 12 1963
U.S.G.S.
SPOKANE, WASH.

OFFICIAL FILE COPY O. M. E RECEIVED FEB 6 1963		
DATE	INITIALS	CODE
2/6	[illegible]	800
	[illegible]	500
2/7	Murphy	500

So. 157 Howard Street
Spokane 4, Washington
February 4, 1963

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:

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:
Nelson
McKelvey

OFFICIAL FILE COPY

Date	Surname	Code
1/28	Murphy	500
	[illegible]	500
1/28	Talbot	800
	Selfridge	130
1/29	[illegible]	110
1/28	[illegible]	100
1/28	[illegible]	220
		500

JAN 28 1963

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

In accordance with your memorandum and teletype of January 8 and 10, 1963, respectively, enclosed are the original and four copies of Amendment No. 2, signed by the Director for the Government. Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge (gla)

Enclosures

FMMurphy/mm
1/28/63
cc: Director's Reading File
Review Committee
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220
	Transmitted	
1/28	Murphy	500

January 15, 1963

Memorandum

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

From: E. D. Talbert, Chief
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

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

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
January 10, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 14 1963

DATE	INITIALS	CODE
1/15	[illegible]	800
		~~120~~
		500

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, & 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 25, 1962 (revised December 6, 1962) from W. G. Johnston, engineer-geologist-supervisor, certifying the days the jeep was in use on OME 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 OME work and the certified dates Johnston or Haglund did project work.

I suspect one or the other man could properly have been certified as doing OME 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

D. R. MacLaren

Enclosures

Box [illegible],
Prineville,
Oregon,
October [illegible], 1962,
(Revised Dec. 26/62)

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

Re: O.M.E. - 5147 (Merc[illegible])
Pacific Minerals & Chemical Co. Inc.,
Mother Lode, Silver, and Lookout
Mountain Groups
Crook County, Oregon
Contract 5147

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 O.M.E. contract work.

June - 15*, 16, 17, [illegible], [illegible], 21, [illegible], 23, 24, [illegible], [illegible], [illegible], 30.

July - 3, 4, [illegible], [illegible], [illegible], 11, 12, 14, 15, 16, [illegible], [illegible], [illegible], [illegible], 21, 22, 23, [illegible], [illegible], [illegible], [illegible], [illegible], 31.

W. G. [illegible]

*Three or four [illegible] days were necessary in addition with preparation [illegible] and a project [illegible] have been charged to O.M.E. work.

Dec. 30, 1962

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

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

Dear Mr. MacLaren:

As requested in your letter of Dec. 18th, we enclose herewith Mr. Johnston's amended certification for time our 4x4 pick-up truck was used on OME contract in June and July.

Will you please forward to us three additional sets of Form MME 60 and 61 for our October, November and December reports?

Our August/September report is completed with the exception of Mr. Johnston's amended certification for the 4x4 pick-up truck. As in the case of the June/July report, we noticed that the days on the truck for Aug/Sept did not correspond with the days worked by Mr. Johnston and we have asked him for a corrected certification.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

OME/E
Encls-

RECEIVED
JAN 2 1963
U S G.S.
SPOKANE, WASH.

MME FORM 6 REFERENCE SLIP

REV. 2 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Divn. of Field Operations	1/15/63	
2.		
3.		
4.		
5. Margaret Yourt		

FROM: Margaret Yourt for D. R. MacLaren
Acting Field Officer, Reg. I

FOR: Check items for action desired

____ Action ____ Reply for signature of _____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

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

Government's, Fiscal Section's, and Audit's copies of signed amendment No. 1 to above contract.

NAME OF AGENCY
Office of Minerals Exploration, Reg. I
S. 157 Howard Street
Spokane 4, Washington

PRECEDENCE
ACTION:
INFO.:

TYPE OF MESSAGE
[X] SINGLE [ ] BOOK
[ ] MULTI-ADDRESS

SECURITY CLASSIFICATION

ACCOUNTING CLASSIFICATION

THIS BLOCK FOR USE OF COMMUNICATIONS UNIT

STANDARD FORM 14 REV. MARCH 15, 1957
GSA REGULATION 2-IX-203.04

TELEGRAPHIC MESSAGE

OFFICIAL BUSINESS
U. S. GOVERNMENT

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

THIS COL. FOR AGENCY USE

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 14 1963

DATE	INITIALS	
		~~120~~
		~~500~~

START MESSAGE ADDRESS HERE

TELETYPE CONFIRMATION

GEORGE C. SELFRIDGE
CHIEF, DIVISION OF FIELD OPERATIONS
OFFICE OF MINERALS EXPLORATION
DEPARTMENT OF THE INTERIOR
WASHINGTON 25, D.C.

REOURLET JANUARY 8, 1963, OME-6141 (MERCURY), PACIFIC MINERALS & CHEMICAL CO., INC., CROOK COUNTY, OREGON, CONTRACT 2132. INCLUDE IN REQUESTED AMENDMENT UNDER EXHIBIT A, GENERAL PROVISIONS, CHANGE FROM D-8 DOZER AT $16.00 PER HOUR TO D-7 DOZER AT $12.50 PER HOUR. HAVE JUST REVIEWED VOUCHER FOR AUGUST-SEPTEMBER WITH WHICH DOZER OPERATOR'S INVOICE INDICATES D-7 AT $12.50 PER HOUR WAS USED.

D. R. MACLAREN
ACTING FIELD OFFICER
REGION I

DO NOT TYPE MESSAGE BEYOND THIS LINE

PAGE NO. 1 | NO. OF PAGES 1

NAME AND TITLE OF ORIGINATOR (Type)
D. R. MacLaren, Acting Field Officer

ORIGINATOR'S TEL. NO.
TE 8-2084

DATE AND TIME PREPARED
January 10, 1963, 9:40 AM

SECURITY CLASSIFICATION

I certify that this message is official business, is not personal, and is in the interest of the Government.

(Signature)

GPO : 1957 O-F—423399

OFFICIAL FILE COPY
O M E
RECEIVED [illegible] 1963

DATE		
1/17	Fogy	500

January 12, 1963

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

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

Dear Mr. MacLaren:

Enclosed herewith please find original and three copies of Amendment No. 1 to our contract duly signed.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By

CME/E
Encl

RECEIVED
JAN 15 1963
U. S. G. S.
SPOKANE, WASH.

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 14 1963

DATE	INITIALS	
1/14	[illegible]	800
		120
	Approved	500
	Employee	500

So. 157 Howard Street
Spokane 4, Washington
January 11, 1963

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:

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 45CN-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 OME, 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, 1962, 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:mg

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

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 14 1963

DATE	INITIALS	CODE
1/14	[illegible]	800
		~~[illegible]~~
	[illegible]	500
	~~[illegible]~~	

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

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:

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, can be extended. I hope this will meet with your approval.

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

Forms MME 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 MME 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
DMMacLaren:mp
cc: OME(2), CPF
Reading copies to: Nalan, McKelvey

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

RECEIVED
JAN 10 1 30 PM '63
GSA-REGION 3
TCS
COMMUNICATIONS

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 10 1963

DATE		
1/10		800
		120
		500

AXXXXXXXB055K

AXXXXXXXB056K

AXXXXXXXB057K

AXXXXXXXB058K

XDXXXXXXB059K

YWA034-WWAF FSP 03 I-MME

SPOKANE WASH 1-10-63 0951U

GEORGE C SELFRIDGE CHIEF DIVN OF FIELD OPERATIONS OFFICE OF MINERALS EXPLORATION DEPT OF INTERIOR WASH D C

REOURLET JAN 8, 1963, OME-6141/MERCURY/ PACIFIC MINERALS AND CHEMICAL CO. INC., COOK COUNTY, OREGON, CONTRACT 2132, INCLUDE IN REQUESTED AMENDMENT UNDER EXHIBIT A, GENERAL PROVISIONS, CHANGE FROM D-8 DOZER, AT $16 PER HOUR TO D-7 DOZER, AT $12.50 PER HOUR. HAVE JUST REVIEWED VOUCHER FOR AUG-SEPT. WITH WHICH DOZER OPERATOR INVOICE INDICATES D-7 AT $12.50 PER HOUR WAS USED.

D R MACLAREN ACTG FIELD OFCR REGION 1

CFM 8 1963 OME-6141/MERCURY/ 2132 A D-8 $16 D-7 $12.50 D-7 $12.50

HLC 0955U

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
January 8, 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 10 1963

DATE	INITIALS	
1/10	[illegible]	800
		120
	~~[illegible]~~	500
	Murphy	

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 is a self-explanatory letter dated December 31, 1962, from the subject operator.

In view of the operator's uncertainty regarding the time when winter weather will abate sufficiently to permit resumption of work, it is recommended that a recess be authorized to begin December 31, 1962, and end on or before May 15, 1963, and that the completion date be extended six months. There may still be considerable mud-forming moisture in the ground by the middle of May, but it is probable that work can be resumed before then.

D. R. MacLaren

Enclosure

Also, change D-8 cat. or D-7 @ $12.50/hr.
See T.T. Jan. 10th. below.
Murphy

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

December 31, 1962

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

Re: OM E-6141 (Mercury)
Pacific Minerals & Chemical Co.
Mother Lode, Cobar and Lookout
Mountain Groups
Crook County, Ore. Cont. 2132

Dear Mr. MacLaren:

We wish to advise that it has been necessary to suspend our drilling operations as of Dec. 30th due to winter weather conditions.

It is impossible to determine at this time when we will resume operations as this, of course, will be contingent upon the weather. As a rule the month of March has been a good barometer for the length of the winter season and we can only hope this will be the case this coming year.

As mentioned to you in our letter of December 11th the Hansen Drilling Company have agreed to place two drill outfits in operation when drilling is resumed.

I was at the property two days last week and the sample pannings from hole #3 appeared very good. However, assays will not be available for a few days.

Will you please advise what is required of the Company in respect to extension of time relating to the contract due to this shut-down.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

CME/E

RECEIVED
JAN 2 1963
U. S. G. S.
SPOKANE, WASH.

Pacific Minerals & Chemical Co., Inc.

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

Dec. 21, 1962

OFFICE COPY
RECEIVED DEC 1 1962
REC
DEC 26
SPOKANE, WASH.

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

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

Dear Mr. MacLaren:

Replying to your letter of December 18th:

This will acknowledge receipt of the Amendment to our Contract referred to in your letter. This matter is being taken up with our Board of Directors and you will hear from us in this regard just as soon as possible after the holidays.

With reference to the revised certification on the pick-up truck which you have requested, we have written to Mr. Johnston and as soon as we hear from him will communicate with you further.

Happy Holiday Wishes to you.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By _____

CMR/E

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 20 1962

12/21 1107 800
+20
500

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

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

Dear Mr. Kilingsen:

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 Maglund, 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

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

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, Divn. of Field Operations	12/14/62	
2.		
3.		
4.		
5. DRMacLaren		

FROM: D. R. MacLaren, Act. Fld. Offr.
Region I

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

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

Reply to our letter of December 6, 1962.

(Enclosures referred to in ltr. not rec'd)
Talbot

INT.-DUP. SEC., WASH., D.C. M56300-59

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 17 1962

DATE	INITIALS	CODE
12/17		800
		130
	Yearwood	500
	Murphy	500

December 11, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
U.S.Department of Interior
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 -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 provision of the contract specifications between ourselves and the Office of Minerals Exploration.

Part 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 view of the slowness

RECEIVED
DEC 13 1962
U. S. G. S.
SPOKANE, WASH.

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 OME 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 payrool 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 $18.46.

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.

Also in the fourth paragraph you say you are preplexed regarding the designation "Social Security. The Employer's Tax Guide published by the government (Circular E, IRS - publication 15 Rev. January 1962) specifically refers to this tax as 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

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/12	Murphy	500
	Warner	500
12/12	Talbot	800
	JCS	130
12/12	Johnson	110
		100
12/12		220
		500

DEC 1 2 1962

AIRMAIL

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

In the third paragraph of the second page of your memorandum of December 7, 1962, you recommend deleting the word "full-time" supervisor. On November 21, 1962, an Amendment No. 1 to the subject contract was mailed to you. This amendment deletes the word "full-time," and also allows the sample procedure requested by the Operator in its letter of October 2, 1962, to you. According to your teletype of November 26, 1962, you must have received the copies of this amendment.

With regard to the fourth paragraph on page 2 of your memorandum relating to the helper-sampler, no amendment is required as the amounts are estimates.

FMMurphy/mm
12-12-62

George C. Selfridge (gla)

cc: Director's Reading File
Review Committee
Docket

43683

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
12/11	[illegible]	220
11	Grimwood	500
12/12	Murphy	

DEC 1 1 1962

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 (Mercury)
Pacific Minerals & Chemical Co., Inc.
Mother Lode, Cobar, 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 I was advised that none 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. Ellingsen, 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,

43683

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
December 7, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 10 1962

DATE		
12/10		800
		120
	Greenwell	500
12/12	Murphy	500

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.

Amend. required

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.

No amend. required; only adm. adjustment only

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.

days?

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

D. R. MacLaren

Enclosures

December 1, 1962

Mr. D. R. MacLaren
Office of Minerals Exploration
So. 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 14th 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_____

OME/E
Encl-4

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 20, 1962

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

Re: OMX-6141 (Mercury)
Pac.Minerals & Chemical Co.
Mother Lode, Geber and Lost
out 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	OER.I.T.	LODGING	[illegible]
7-16-62	650.00	50.00	700.00	20.51	78.80	15.70	50.00	[illegible]
8-16-62	650.00	50.00	700.00	20.51	78.80	15.70	50.00	[illegible]

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

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO., INC.

[illegible]

OER/R

RECEIVED
DEC [illegible]
V.E.A.

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, Cedar and
Lookout Mountain Groups
Crook County, Oregon
Contract 2152

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 60 for June and July 1962.

PAYROLL Wayne Saglund - $400.00 per mo.

	Wages	FICA	WH	Ore. 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]

CMK/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
U.S.G.S.
SPOKANE, WASH.

AMENDED 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 Property, Lookout Mountain
Crook 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

W.G. Johnston

November 14, 1962.

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

So. 157 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

MINERALS EXPLORATION
ENT OF THE INTERIOR
ASHINGTON 25, D. C.

X

X

NOV 27 1962

OFFICIAL FILE COPY

Date	Surname	Code
11/27	Murphy	500
		120
"	[illegible]	110
"	Finch	100
		500

TO: ACTING FIELD OFFICER, REGION I
OFFICE OF MINERALS EXPLORATION
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

REURTT 11-26-62 DISREGARD INSTRUCTIONS IN THIRD PARAGRAPH OF LETTERS TRANSMITTING AMENDMENTS RELATING TO CMM 6141 AND 6189.

George C. Selfridge (gla)

GEORGE C. SELFRIDGE, CHIEF
DIVISION OF FIELD OPERATIONS

FMMurphy/mm
11-27-62

cc: Director's Reading File
Review Committee
Dockets 6141 and 6189

Fred M. Murphy, Division of Minerals RE 7-1820 5424 1:05 p.m. Nov. 27, 1962

43683

K

XXB182K

XXXXXB183K

YWB220-WWAF FSP 52 [redacted]

WWAF FSP 52 [redacted]

SPOKANE WASH 11-26-62

MR GEORGE C SELFRIDGE CHIEF DIVN OF FIELD OPERATIONS OFFICE OF MINERALS EXPLORATION DEPT OF INTERIOR WASH D C

REURLET NOV 21, 1962, OME 6189, TROUT MINING COMPANY, AND OME 6141, PACIFIC MINERALS & CHEMICAL INC., WHERE SHOULD I SIGN AMENDMENTS AS REQUESTED IN THIRD PARAGRAPH OF EACH LETTER

D R MACLAREN OFFICE OF MINERALS EXPLORATION REGION 1

CFM 21 1962 OME 6189 6141

HLC 1655U

So. 157 Howard Street
Spokane 4, Washington
November 26, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 28 1962
DATE
11/28 800
500
Murphy 500

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:

Enclosed are the original and four copies of a proposed Amendment No. 1 to the referenced contract, signed by the Director of OME for the Government.

If the amendment is 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.

Sincerely yours,

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

Enclosures
DRMacLaren:my
cc: OME
Reading copies:
Nolan
McKelvey

OFFICIAL FILE COPY

Date	Surname	Code
11/20	Murphy	500
	Brownell	500
11/20	Talbut	800
	GCS	730
11/21	Johnson	110
11/21	[illegible]	100
11/21	[illegible]	220
		500

NOV 2 1 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, Cobar, and Lookout
Mountain Groups
Crook County, Oregon
Contract 2132

In accordance with the Director's letter of October 10, 1962, to Mr. Johnson, enclosed are the original and four copies of Amendment No. 1, signed by the Director for the Government.

Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosure

George C. Selfridge (ga)

FMMurphy/mm
11-20-62
cc: Director's Reading File
Review Committee
Docket

43683

OFFICIAL FILE COPY

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

11/5 2487 800
+20
Grieved 500
~~48 Murphy 500~~

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

Re: ~~OME-6141 (Mercury)~~ 6141
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 $584.67; 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 Haglund 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 Haglund 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.

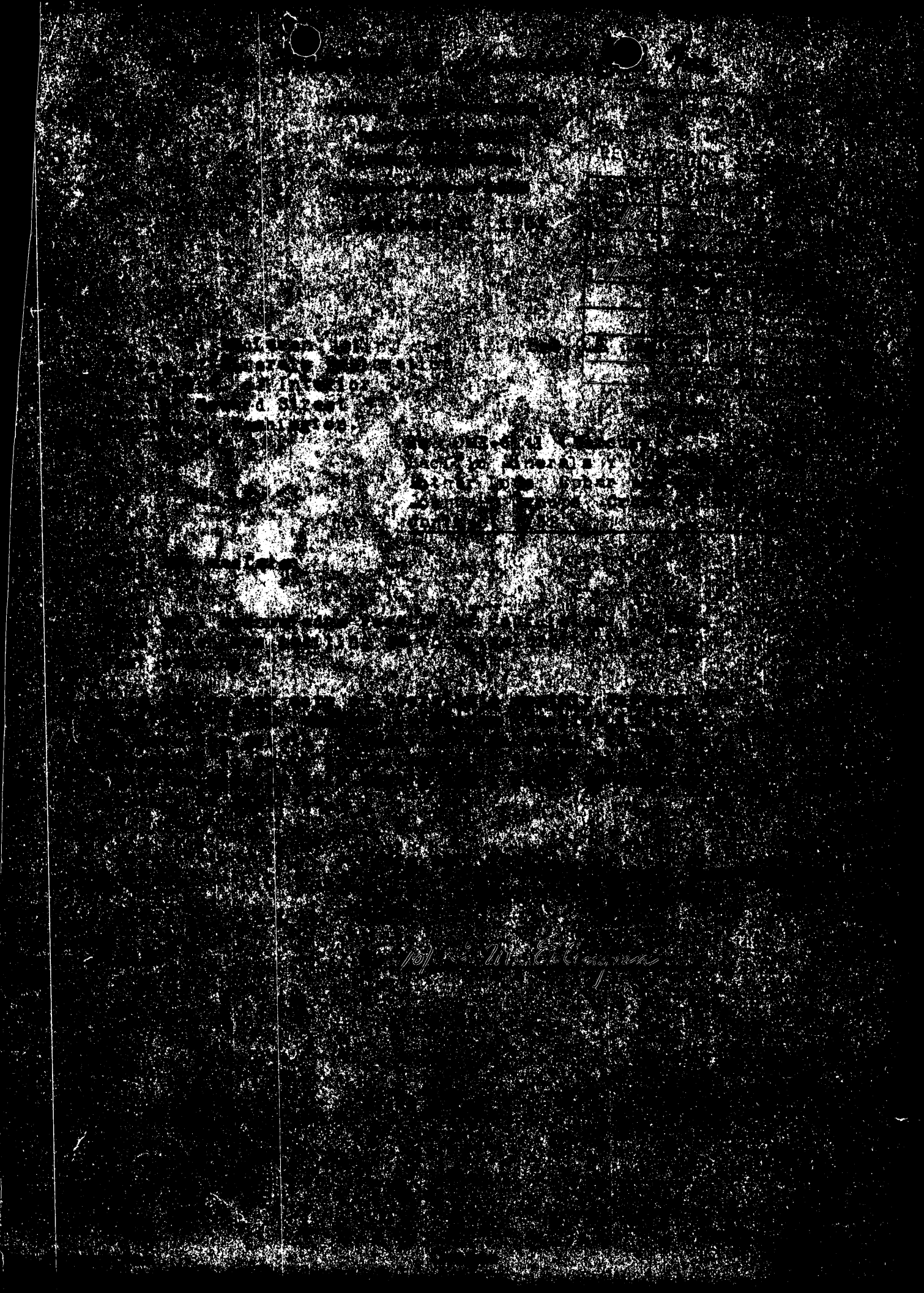
I plan to leave for the field November 6 and to arrive in Prineville the afternoon of Tuesday, November 13. I plan to visit the property the next day and will remain in Prineville that night. The inspection should not take long. If you could meet me at the Carolina Motel either in time to accompany me 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, OME
Region I

DRMacLaren:ny

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



OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 19 1962
DATE | INITIALS | CODE
10/19 | 800
10/19 | Murphy | 500
6141

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, CMX
Region I

DRMacLaren:my

cc: C. M. Ellingsen
1024 Bigelow St.
Olympia, Wash.

CMX(2)
CFF
Reading copies to:
Nolan
McKelvey

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

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 19 1962
DATE | INITIALS
10/19 | 800
10/19 | Murphy 500
6141

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, Cober, and LookOut
Mountain Groups
Crook County, Oregon
Contract 2152

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

DRAFT
Z:Murphy/mm
10-15-62

Copy for the Docket

EXPLORATION CONTRACT
PACIFIC MINERALS & CHEMICAL CO., INC.
OME-6141

AMENDMENT NO. 1

It is agreed this _____ day of _____, 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, under Phase 3 the second paragraph is deleted and replaced as follows:

"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 revised and amended to read as follows:

"Article 16. Changes and Added Provisions.

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 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 _____
Director, Office of Minerals Exploration

PACIFIC MINERALS & CHEMICAL CO., INC.

By _____

Title _____

Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/10	Friemel	500
10/10	Murphy	500
10/10	Talbot	800
10/10	Selbridge	120
11	Johnson	110
10/11	Fumich	100
10/10	Coe	220
		500

OCT 1 0 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:

Mr. D. R. MacLaren forwarded your letter of October 2, 1962, and recommended that your request to permit use of a Jones sampler to reduce samples for assay instead of coning and quartering be approved.

This is to advise that this office will prepare an amendment, effective December 15, 1961, granting your request. This amendment will be forwarded to the Operator by the Region I Field Office. In the meantime, you can use the proposed sampling method at your own risk.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/ama 10-9-62

cc:
Docket
Director's Reading File
Region I (2)

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/9	Talbot	800
	Brown	
10/9	Murphy	500
"	Bailey	500
10/10	Selbardge	130
"	Johnson	110
10/9	Hamch	100
10/10	Coe	220
		500

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, Cobar, 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

43683

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)

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
October 3, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 5 1962

DATE	INITIALS	C.
		~~420~~
10/8	~~Received~~	500
	Murphey	

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 is a self-explanatory letter from the subject operator requesting that the Exhibit A of the contract be amended to permit use of a Jones sampler to reduce samples for assay instead of coning and quartering.

In view of the reasons given for this change, it is recommended that the application be approved.

D R MacLaren
D. R. MacLaren

Enclosure

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

Box 746,
Prineville, Oregon,
October 2, 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 further reference to our telephone conversation of October 2 regarding the difficulty in following the core sampling as laid out in our contract - we would appreciate your consideration of amending the sampling procedure.

Our contract states the churn drill cuttings shall be coned and quartered to obtain sample for check and assay. A difficulty was encountered in following this procedure in that the cuttings are a mud approximately 55 gallons per 5 feet of hole at starting hole diameter. None of the water can be removed from the cuttings by decanting or other simple means. The only way the cuttings can be properly prepared for coning is by almost complete drying.

Considerable drying facilities are available on the property in the form of two large combat army bake ovens but their capacity is inadequate to handle the cuttings. Due to the fall deason, altitude over 6,000 feet and present rainy season, natural drying is also inadequate and unsatisfactory.

Drill cuttings are sometimes dried in tubs or similar receptacles over open fires but mercury samples must be dried with care and under temperatures that can be very accurately controlled to prevent loss of mercury.

Under the above circumstances we are wondering if you could amend the contract to permit reduction of the wet cuttings by a Jones splitter rather than coning and quartering. If you were to do so this would be of great advantage to us. We have every reason to believe the results would be satisfactory.

Yours very truly,

W.G. Johnston
Agent for Pacific Minerals &
Chemical Co. Inc.,

RECEIVED
OCT 3 1962
U.S.G.S.
SPOKANE, WASH.

c.c. Mr. Ellingsen

So. 157 Howard Street
Spokane 4, Washington
September 25, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 27 1962
DATE
9/27 800
Invoiced 500
10/8 Murphy

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 5 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 further 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)
CYF
Reading copies to:
Nolan
McKelvey

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 10 1962

DATE		
9/10		800
	Murphy	500

So. 157 Howard Street
Spokane 4, Washington
September 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:

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 MMK 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)
CPF, Spokane
Reading copies to:
Nelson
McKelvey

OFFICIAL FILE COPY O. M. E RECEIVED SEP 7 1962		
DATE	INITIALS	
9/7	[illegible]	800
"	[illegible]	500
2/10	Murphy	

So. 157 Howard Street
Spokane 4, Washington
September 5, 1962

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

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

Dear Mr. Johnston:

This will confirm the oral authorization given after our telephone discussion on September 4, 1962, to churn drill the four holes at the approximate locations shown on the map accompanying your letter of August 31, 1962. However, it is stipulated that holes #2 and #3 be drilled first and if they are not successful, additional soil samples at 20-foot intervals be taken on grid about the proposed locations of holes #1 and #4 before starting to drill them in order to find a possibly better location for these last two holes. In other words, holes #1 and #4 are hereby authorized only if the first two holes are successful.

Sincerely yours,

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

DRMacLaren:my
cc: C. M. Ellingsen
OMR
Reading copies to:
Nolan
McKelvey

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 7 1962

DATE	INITIALS

Box 746,
Prineville,
Oregon,
August 31, 1962.

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

Dear Mr. MacLaren: Re Mother Lode Property
Pacific Minerals and Chemical Company Incorporated,
O.M.E. 6141 (Mercury)

I regret that you have not been provided with a better map than the enclosures but wonder if they might serve until something better can be prepared. As you mentioned when here, you might be able to send me a copy of your 100 scale map I put off making anything better. Have been alone here for sometime and have been devoting all possible time to sampling as would like to get the entire favorable part of the property covered by the soil survey.

The 200-scale map has some discrepancies so that for me to blow it up is not a solution to the problem. We must get some surveying done and a half descent map made. However, if you could send me your 100 scale would be very glad to put data on it.

Mr. Ellingsen has suggested I call you before lunch on September 4 so if you could look into this before that time we can discuss it then.

I sincerely regret this inadequacy in our reporting.

Very truly yours,

W. G. Johnston

W.G. Johnston

c.c. Mr. Ellingsen

RECEIVED
SEP 3 1962
U.S.G.S.
SPOKANE, WASH.

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 13 1962

DATE	INITIALS	CODE
7/13	WD	800
7/16	Brownell	500
7/16	Murphy	

So. 157 Howard Street
Spokane 4, Washington
July 11, 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:

I plan to arrive at Carolina Courts Motel in Prineville the afternoon of Tuesday, July 17, and to visit the property the next day.

I am sorry I could not give you earlier notice, but plans of necessity develop rapidly this summer. I tried to telephone your office this afternoon but could get no answer.

Sincerely yours,

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

DRMacLaren:my
cc: OME
Reading copies to:
Nolan
McKelvey

6141

Pacific Minerals & Chemical Co., Inc.

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

March 11, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 16 1962

DATE	INITIALS	CODE
3/16	Murphy	200

Mr. George Fumich, Jr., Director
United States Dept. of Interior
Office of Minerals Exploration
Washington 25, D.C.

Dear Mr. Fumich:

Thank you for your letter of February 28th., enclosing copy of U. S. Dept. of Interior news release.

We find this very interesting and would appreciate if you would send us an additional six copies.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]

CME/E

see Mr. Dakan's letter in OME-6163
6 cys. Press Release 2/6/62
sent by Catherine Curtin
3/16/62 w/o covering letter

OME 6141

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 15 1962

DATE	INITIALS	CODE
2/15	[illegible]	800
2/19	[illegible]	500

Co. 157 Howard Street
Spokane 4, Washington
February 12, 1962

Mr. Ralph S. Mason, Mining Engineer
Oregon State Department of Geology
and Mineral Industries
1069 State Office Building
Portland 1, Oregon

OME-6141

Dear Mr. Mason:

The mailing address of Pacifice Minerals & Chemical Co., Inc.,

C. M. Ellingsen, President, is:

1024 Bigelow Street

Olympia, Washington

Sincerely yours,

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

DRMacLaren:mls
cc: OME w/cy incoming
Reading copies to:
Nolan
Hobbs
Guild

OMe

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 8 1962

DATE	INIT.	
1/8	GW	800
		500

Co. 157 Howard Street
Spokane 4, Washington
January 4, 1962

Mr. C. M. Ellingsen
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. Ellingsen:

We are forwarding a 3-month supply of Operator's Monthly Voucher and Progress Report, MME Forms 60 and 61.

The completed report forms MME 60 and 61, as well as the narrative, maps, assays and all technical data, should be submitted in quadruplicate for each month in which costs have been incurred under the contract.

Delay in processing can be avoided if reports are submitted promptly to this office.

Sincerely yours,

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

Enclosures

MLSmelser:mls
cc: OME; MacLaren
Reading copies to:
Nolan
Hobbs
Guild

LAW OFFICES OF
CARTANO, BOTZER & CHAPMAN
1415 JOSEPH VANCE BUILDING
SEATTLE 1
MAIN 0-6700

JOHN D. CARTANO
WILLIAM H. BOTZER
JOHN W. CHAPMAN
HUGO E. OSWALD, JR.
ROBERT A. O'NEILL
STEPHEN C. WATSON
DOUGLAS J. SMITH
DAVID W. SOUKUP

ETHAN ALLEN PEYSER-1958
JAMES M. BAILEY-1946

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 8 1962

DATE	INITIALS	CODE
1/8	Coc	210
1/8	[illegible]	~~500~~
		500

January 2nd, 1962

Mr. D. F. MacLaren
Acting Field Officer, OME
Region I
United States Department of the Interior
Office of Minerals Exploration
South 157 Howard Street
Spokane 4, Washington

Re: OME-0141 (Mercury)
Mother Lode, Conar, and Lookout Mountain Groups
Crook County, Oregon
Your letter to Mr. Ellingsen dated December 19th, 1961.

Dear Mr. MacLaren:

At Mr. C. M. Ellingsen's request we enclose the original and three copies of the exploration contract in the above captioned matter, all executed, with the date of commencing work filled in as June 1st, 1962.

Very truly yours,

CARTANO, BOTZER & CHAPMAN

By

WHB:sms
Enclosures--4

RE[illegible]
JAN 3 [illegible]

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 22 1961

DATE	INITIALS	CODE
12/26	[illegible]	500
12/26	Murphy	

So. 157 Howard Street
Spokane 4, Washington
December 19, 1961

Mr. C. M. Ellingsen
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

Dear Mr. Ellingsen:

Enclosed are the original and four copies of a proposed exploration contract, signed by the Director for the Government. The contract consists of MME Form 50 (Long Form), Annex I (two pages), five Lien or Subordination Agreements, Exhibit A (four pages), Exhibit B, and two maps (plates 1 and 2).

If the contract meets with your approval, kindly insert in Article 1 the date on or before which work will commence and sign the original and all copies; keep the Operator's Copy and return the original and remaining three copies to this office.

If any part of the contract does not have your approval, please return all copies unsigned with a statement of the proposed changes for consideration.

The 6½ percent interest mentioned in Article 1(c) accrues from the dates upon which individual payments are made by the Government and, like the principal, is repayable from royalty on production.

Sincerely yours,

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

Enclosures

DRMaclaren:mls
cc: OME
Reading copies to: Nolan, Hobbs, Guild

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/1	Murphy	500
	Lusson	500
12/4	Talbot	800
12/14	Johnson	130
12/15	[illegible]	130
12/15	Finch	100
12/15	gad	220
		500

DEC 1 5 1961

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

Enclosed are the original and four copies of a proposed contract, signed by the Director, to provide Government assistance in exploring the subject property. The contract consists of MME Form 50 (Long Form), Annex I (two pages), five Lien or Subordination Agreements, Exhibit A (four pages), Exhibit B, and two maps (Plates 1 and 2).

If the contract meets your and the Applicant's approval, kindly insert the starting date in the contract form and have an authorized representative of the subject corporation sign the original and all copies. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 6½ percent interest in Article 1(c) of the contract accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

/s/ George C. Selfridge (GHS)

Enclosures

FMMurphy/gla
12-1-61
cc to: Director's Reading File
Review Committee
Docket

43683

STATE OF OREGON
DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES
1069 STATE OFFICE BLDG.
PORTLAND 1

February 8, 1962

Mr. D. R. MacLaren
Acting Field Officer, OME
Region I
Office of Minerals Exploration
So. 157 Howard Street
Spokane 4, Washington

Dear Mr. MacLaren:

Would you please send us the mailing address of Pacific Minerals & Chemical Company operating the Mother Lode, Cobar and Lookout Mountain groups in Crook County, Oregon.

Sincerely yours,

Ralph S. Mason
Mining Engineer

RSM:lk

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 13 1961

DATE	INITIALS	CODE
12/13	Greswald	500
12/13	Murphy	500

December 11, 1961

AIR MAIL

Mr. George Fumich, Jr., Director
United States Department of Interior
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Fumich: Re: OME-6141 (Mercury) Pacific Minerals & Chemical Co. Inc.,; Mother Lode, Cobar and Lookout Mountain Groups: Crook County, Oregom.

Confirming our telephone conversation of today, we are enclosing signed copies of authorization for changes to be made in MME form52 of June 1961 as set forth in your letter of November 9, 1961.

Trusting this will expedite the processing of our application, we are,

Yours very truly,

PACIFIC MINERALS & CHEMICAL CO.Inc.

By C.M.Ellingsen
C.M.Ellingsen, President

CME/E

Encl-2

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

November 17, 1961

Mr. and Mrs. Keith H. Parkinson
Box 487
Redmond, Oregon

Dear Mr. and Mrs. Parkinson:

You will find enclosed verifax copy of letter f November 9th, 1961 from the United States Department of the Interior, Office of Minerals Exploration, Washington 25, D. C., concerning the OME Application 6141 (Mercury) of the Pacific Minerals & Chemical Co., Inc., requesting certain changes to be made in MME Form 52 of June, 1961, in four particulars set forth in the letter from Director George Fumich, Jr.

You will also find enclosed a copy of MME Form 52 corrected as requested by the Director over your signatures and over the signatures of Frank O. Reid and Dorothea Ann Reid, also known as Ann Reid.

To complete the paper work in this matter, will you kindly sign your consent tp these changes in the space indicated below and return the original of this letter to me.

Very truly yours,

PACIFIC MINERALS & CHEMICAL CO., INC.

C. M. Ellingsen, President

WBM:ab
Enclosures
Letter-OME, 11/9/61
Revised Lien or Subordination Agreement

We hereby consent and agree to the corrections made in MME Form 52 to read in accordance with the corrrcted form attached hereto and by reference made a part hereof and we hereby confirm and ratify the making of such changes.

Keith H Parkinson — Keith H. Parkinson

Betty J. Parkinson — Betty J. Parkinson

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

November 17, 1961

Mr. and Mrs. Frank O. Reid
Box 731
Redmond, Oregon

Dear Mr. and Mrs. Reid:

You will find enclosed verifax copy of letter of November 9th, 1961 from the United States Department of the Interior, Office of Minerals Exploration, Washington 25, D. C., concerning the OME Application 6141 (Mercury) of the Pacific Minerals & Chemical Co., Inc, requesting certain changes to be made in MME Form 52 of June, 1961, in four particulars set forth in the letter from Director George Fumich, Jr.

You will also find enclosed a copy of MME Form 52 corrected as requested by the Director over your signatures and over the signatures of Keith H. Parkinson and Betty J. Parkinson.

To complete the paper work in this matter, will you kindly sign your consent to these changes in the space indicated below and return the original of this letter to me.

Very truly yours,

PACIFIC MINERALS & CHEMICAL CO., INC.

C. M. ELLINGSEN, President

WBM:ab
Enclosures
Letter-OME, 11/9/61
Revised Lien or Subordination Agreement

We hereby consent and agree to the corrections made in MME Form 52 to read in accordance with the corrected form attached hereto and by reference made a part hereof and we hereby confirm and ratify the making of such changes.

Frank O. Reid
Frank O. Reid

Dorothea Ann Reid
Dorothea Ann Reid, aka Ann Reid
Also Ann Reid
Rt 1., Box 201
Madras, Ore

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. Fenwick - OMF DATE: 1/30/64

~~FROM~~ : Please see me before you sign the Pacific Minerals & Chemical Co. contract, attached

Chris Sollen

I asked Sollen about this, he said that he wanted to ask if the Loan and Sales Agreements are o.k. specifically where Pacific Minerals stamped its name in item 3 and did not state interest of original owners, as in the other L.&S. agreements

Fenn

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

November 17, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 20 1961

DATE	INITIALS	CODE
		~~N00~~
11/20	Murphy	N00

United States Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Attention: Mr. George Fumich, Jr., Director.

Gentlemen:

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

You will find enclosed five executed copies of Lien or Subordination Agreement revised as of November 17th, 1961.

We wish to thank you for your cooperation in this matter and your sending to us the revised forms for execution.

Very truly yours,

PACIFIC MINERALS & CHEMICAL CO., INC.

C. M. Ellingsen, President

WBM:ab
Enclosures

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/8	Murphy	500
	Wright	500
	On leave	120
11/9	Jensen	110
11-9	Turner	100
11-9	gad	220
		500

NOV 9 1961

Air Mail

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

Dear Mr. Ellingsen:

Due to an oversight, in my letter of October 18, 1961, I failed to request properly executed copies of the enclosed Lien or Subordination Agreement. Will you kindly have the interested parties sign five of the copies and return them to this office.

Also, we are returning the original copies of an agreement submitted. It is defective in the following respects:

1. It fails to describe the land with sufficient particularity to permit its identification without reference to records, documents, or information outside itself.

2. It does not identify the Operator in the space provided on the face of the form.

3. It does not describe in Paragraph 3 the interest of Werdenhoff Mining Company acquired under the Agreement of July 29, 1958.

4. It is signed by Dorothea Ann Reid. If this is the same person as that who is identified and signed as Ann Reid in the Agreement of July 29, 1958, the document should so state. Her address should be given.

I am truly sorry for causing this delay; however, as soon as this agreement is received we shall promptly continue the processing of the subject application.

FMMurphy/gla
11-8-61
cc to: Dir.'s Reading File
Region I (2)
Docket
Enclosures

Sincerely yours,

George Fumich, Jr.

Director

43683

IN REPLY REFER TO:

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

NOV 6 1961

Memorandum

To: Director, Office of Minerals Exploration

From: Associate Solicitor, Division of Mineral Resources

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

We are again returning, with some reluctance, the file on the subject application . Most of the inadequacies pointed out in our memorandum of October 13, 1961, appear to have been remedied satisfactorily, with the exception of the Lien or Subordination Agreement signed by Frank O. Reid, Dorothea Ann Reid, Keith H. Parkinson and Betty J. Parkinson on September 8, 1961.

The agreement referred to is defective in the following respects:

1. It fails to describe the land with sufficient particularity to permit its identification without reference to records, documents, or information outside itself. For a proper land description, see Lien or Subordination Agreement of October 24, 1961, signed by Werdenhoff Mining Company and submitted with Mr. Griswold's memorandum of October 31, 1961.

2. It does not identify the Operator in the space provided on the face of the form.

3. It does not describe in Paragraph 3 the interest of Werdenhoff Mining Company acquired under the Agreement of July 29, 1958.

4. It is signed by Dorothea Ann Reid, If this is the same person as that who is identified and signed as Ann Reid in the Agreement of July 29, 1958, the document should so state. He address should be given.

5. It is signed by Keith H. Parkinson. If this is ths same person as that who is identified and signed as Keith Parkinson in the Agreement of July 29, 1958, the document should so state.

C. Stuart Brown
Associate Solicitor
Division of Mineral Resources

Attachment

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/31	Murphy	500
		140

October 31, 1961

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: W. R. Griswold, Chief, Division of Minerals

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

Reference is made to your memorandum of October 13 and the Director's subsequent letter to the Applicant, dated October 18, requesting certain documents in accordance with your memorandum. Please refer to the October 25 letter of Pacific Minerals & Chemical Co., Inc., transmitting the data required.

We are returning the proposed contract draft, with three Lien or Subordination Agreements and two Lien and Subordination Agreements, and six copies each of two maps (Plates 1 and 2), for typing in final form.

W. R. Griswold (fla)

Attachments.

GLAult/a
10-31-61
Copy to: Docket

43683

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET
OLYMPIA, WASHINGTON
Telephone FLeetwood 2-2206

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 27 1961

DATE	INITIALS	CODE
10/27	Howard	500
10/31	Murphy	500

October 25, 1961

Mr. George Fumich, Jr.
U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

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

Dear Mr. Fumich:

In response to your letter of October 18th, 1961, we are pleased to enclose the following:

1. Statement from Werdenhoff Mining Company re their purchase contract
2. Amendment of Contract and Contract dated April 3, 1961 — filed left-hand side
3. Five copies of Subordination Agreement (Mother Lode)
4. Five copies of Subordination Agreement (Cobar Group)
5. Photostatic copy of Deed from Cobar Mines, Inc. to Trustee dated October 15, 1959 — filed left-hand side
6. Quit-Claim deed from Trustee to Werdenhoff Mining Company dated January 22, 1960. — filed left-hand side

If any further information is desired, we shall be glad to supply the same.

Very truly yours,
PACIFIC MINERALS & CHEMICAL CO., INC.

By [signature]

CME:r
Encls.

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 27 1961
DATE

WERDENHOFF MINING COMPANY
1005 1/2 South 11th
Tacoma, Washington

October 24, 1961

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

United States
Department of the Interior
Office of Minerals Exploration
Washington 25, D.C.

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

Gentlemen:

Werdenhoff Mining Company has been requested to supply certain data and documents in connection with the above referenced OME application of Pacific Minerals & Chemical Co., Inc.

In response to the requests made, and with particular reference to the letter of the director of the Office of Minerals Exploration, dated October 18, 1961, we advise as follows:

1. Attached hereto is a full, true and correct copy of the "Amendment of Contract" and "Contract", dated April 3, 1961, between Werdenhoff Mining Company and Pacific Minerals & Chemical Co., Inc.

2. Enclosed, herewith, please find Lien or Subordination Agreement, duly executed by Werdenhoff Mining Company, with reference to the Mother Lodge Group of Seven Claims.

3. Enclosed, herewith, is Lien or Subordination Agreement, duly executed by Werdenhoff Mining Company, with reference to the Cobar Group of Claims.

4. Enclosed, herewith, please find true and correct copy of a Deed,

Item 1. letter 10/25/61

whereby the Cobar Group of Claims was conveyed to William H. Botzer, as trustee, and true and correct copy of Quit Claim Deed, whereby William H. Botzer, as trustee, conveyed said claims to the Werdenhoff Mining Company. This is the means whereby Werdenhoff Mining Company acquired title to the claims in the Cobar Group. At the time of the conveyance of said claim to William H. Botzer, as trustee, an abstract of title to said claim was secured and it is in possession of Werdenhoff Mining Company.

5. Advice was requested whether the parties concerned are in good standing under their "Agreement", dated July 29, 1958. This is the agreement whereby Werdenhoff Mining Company purchased the Mother Lode Group of claims from the owners. Be advised that all required obligations under said contract have been met and the contract is in good standing, except that the payment due on October 15, 1961, has not yet been made, but there is a 30 day period in which to make the same, and the said payment, as well as payments to accrue, will be made.

6. With reference to the Lien or Subordination Agreement applicable to the Mother Lode Group of Seven Claims as indicate, the only known outstanding interest in the property is that of the sellers under the agreement of July 29, 1958.

7. With reference to the Cobar Group of Claims, as indicate, there is no known claim, lien or encumbrance upon the title of Werdenhoff Mining Company to said claims.

Trusting that the above will prove of assistance to you, I am

Yours very truly,

Richard K. Ruffo

RICHARD K. RUFFO, President
Werdenhoff Mining Company

MME Form 7
(10-58)

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

x

14X0108, S&E, OME, INTERIOR

OFFICIAL FILE COPY

Date	Surname	Code
10/20	Murphy On leave	500
	Friend	500
	On leave	800
10/20	Selfridge	230
"	Johnson	110
10/20	Griswold	100
10/20	gad	220
		500

OCT 2 0 1961

D. R. MAC LAREN ACTING FIELD OFFICER
OME, REGION I
SOUTH 157 HOWARD STREET
SPOKANE, 4, WASHINGTON

REURTT OCTOBER 19, OME-6141 PACIFIC MINERALS AND CHEMICAL COMPANY, INC., UNDOUBTEDLY YOU HAVE RECEIVED COPIES OURLET OCTOBER 18 TO APPLICANT REQUIRING NEW LIEN AND SUBORDINATION AGREEMENTS.

/s/ George C. Selfridge

GEORGE C. SELFRIDGE, CHIEF
DIVISION OF FIELD OPERATIONS

WRGriswold/gla
10-20-61
cc to: Director's Reading File
Review Committee
Docket
Confirmation to OME, Region I

1 1

W. R. Griswold, Chief
Division of Minerals

RE 7-1820X2971 Oct. 20, 1961 9:30 a.m.

43683

OXXXXXXB089K

YWA062-RUSH WAF SP 20 I-GS-G

SPOKANE WASH 10-19-61 1141U

MR. GEORGE C. SELFRIDGE

CHIEF DIV. OF FIELD OPERATIONS

OFFICE OF MINERALS EXPLORATION

DEPT. OF INTERIOR WASHN., D. C.

RE OME-6141-(MERCURY) - FOR PACIFIC MINERALS AND CHEMICAL COMPANY INCORPORATED MOTHER LODE COBAR AND LOOKOUT MOUNTAIN GROUPS- CROOK COUNTY- ORE- APPLICANT HAS TELEPHONED SEVERAL TIMES REGARDING DISPOSITION OF APPLICATION. PLEASE ADVISE STATUS OF PROCESSING.

D R MACLAREN ACTING FIELD OFFICER OME REGION Q

6141

VA 1142U

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 19 1961

DATE	INITIALS	CODE
		1410
10/19	Murphy	1500
	Brisvold	1500

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	C
10/17	Murphy	500
	[illegible]	500
10/17	Selfridge	120
"	[illegible]	110
[illegible]	[illegible]	100
		220
		500

OCT 1 8 1961

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

Dear Mr. Ellingsen:

A review of the subject application by our legal division disclosed that additional title and lien evidence relating to the above-listed claim groups must be submitted. The data required are as follows:

1. A true copy of the "Amendment of Contract" and "Contract," dated April 3, 1961, between Werdenhoff Mining Company and your corporation. Note: The copy submitted is barely legible and is also incomplete in that pages 5 and 8 are missing.

2. Mother Lode Group: If Werdenhoff Mining Company has a royalty interest in the Mother Lode group, then we will require five (5) signed copies of its Lien or Subordination Agreement covering this group. Enclosed are six (6) copies for this purpose. The extra copy may be retained by the company.

   Also, you should advise us whether the parties concerned are in good standing under their "Agreement," dated July 29, 1958, or how far they have carried their respective obligations.

3. Cobar Group: A statement showing the source of Werdenhoff Mining Company's title to the claims in the Cobar group.

   The Lien and Subordination Agreements submitted do not meet our requirements. We are returning them and enclosing new copies to be signed. Your corporation should not sign this nor the Mother Lode agreement.

The above-outlined data should be submitted as soon as possible.

FMMurphy/gla
10-17-61
cc to: Director's Reading File
Docket
Region I (2)

Sincerely yours,

George Fumich, Jr.

/s/

Director

Enclosures

43683

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

OFFICIAL FILE COPY
IN REPLY REFER TO:
RECEIVED OCT 13 1961

DATE	INITIALS	
		TNO

OCT 13 1961

Memorandum

To: Director, Office of Minerals Exploration

From: Associate Solicitor, Division of Mineral Resources

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

We are unable to approve the proposed contract informally referred to us on October 4, 1961, because of inadequate title and lien evidence contained in the file.

The applicant proposes an OME contract to explore for mercury in certain lands in Crook County, Oregon. The property is described in the application as consisting of twenty-one unpatented mining claims in three groups. The Mother Lode Group is described as consisting of the Merry Widow, the Jack Knife, the Western Belle, the Eastern Belle, and Canyon Creek Nos. 1, 2, and 3 claims. The Cobar Group is described as consisting of the MD, the View Point, the Kelly and the Three L's Nos. 1, 2, 3, and 4 claims. The Lookout Mountain Group is described as comprising the Lookout Nos. 1, 2, 3, 4, 5, 6 and 7 claims.

The application states that the claims in the Lookout Mountain Group are owned by the applicant, and that the claims in the other two groups are held by the applicant under lease from Werdenhoff Mining Company. The Werdenhoff Mining Company is said in the application to own the claims in the Cobar Group, and to be purchasing the claims in the Mother Lode Group "from four individuals, Messrs. Reid, Zimmerman, Golliard, and Parkinson." There are no documents in the file to support the claim to ownership of the Cobar Group (a copy of a deed of the claims in the group to William H. Botzer and others is of no value in this regard), although the file does contain a copy of an agreement dated July 29, 1958, in which Earl Zimmerman, Jessie Zimmerman, Roger Golliard, Marie Golliard, Frank O. Reid,

See F.T. Exam Report
also Item 2(a) of application

[illegible]

Purchase from lease.

Ann Reid, Keith Parkinson, and Betty J. Parkinson grant to Werdenhoff Mining Company an option to buy the claims comprising the Mother Lode Group. There is nothing to indicate whether the parties are still in good standing under the agreement, or how far they have carried their respective obligations.

The file contains a thermofax copy of a document entitled "Amendment of Contract" between Werdenhoff Mining Company and the applicant, dated April 3, 1961. The copy is barely legible and is also incomplete, in that numbered pages 6 and 8 are missing. A complete and more legible copy should be obtained before this office can pass upon the sufficiency of the application. A statement showing the status of the Werdenhoff Mining Company under its July 28, 1958, agreement and another showing the source of its title to the claims in the Cobar Group should also be furnished.

The Lien or Subordination Agreements submitted by the applicant are not in satisfactory form. In each case, the mining claims covered by the agreement should be individually and more adequately identified, and the name of the Operator should appear in the space provided and not elsewhere on the face of the form. At the very least, a new agreement should obtained from Frank O. Reid, Ann Reid, Keith Parkinson, and Betty J. Parkinson, each of whom should sign in the same name in which their ownership of the claims is held, which is presumably the name used in the agreement of July 28, 1958. Any variation should be explained.

The maps (Plates 1 and 2) accompanying the application do not, in our opinion, adequately locate the claims to be covered by the contract. They show the claims to be located in Crook County, Oregon, but that is about the extent of their detail. Certainly, the sections and townships should be shown, or at least identified with reference to the claims.

We will be glad to review the application when these deficiencies are corrected.

C. Stuart Brown
C. Stuart Brown
Associate Solicitor
Division of Mineral Resources

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
September 28, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 2 1961

DATE	INITIALS	CODE
10/2	Received	500
10/2	Murphy	500

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

I was in the office for a few hours September 16, 1961, at which time I found your memorandum of September 11 regarding bids for churn drilling relative to the subject application and telephoned the request to Mr. Ellingsen.

On September 26 Mr. Ellingsen visited the office and told me he had sent the bids directly to you. (Cor. received)

D R MacLaren
D. R. MacLaren

Recd. 9/21
3 bids

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
September 13, 1961

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 16 1961

DATE	INITIALS	CODE
		√ O O
		√ O O

AIR MAIL

Mr. George C. Selfridge, Chief
Division of Field Operations
Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

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

Dear Mr. Selfridge:

Mr. MacLaren is in the field at the present time and is not expected to return to the office until September 24, 1961. Upon his return he will reply to your letter of September 11, 1961.

Sincerely,

Relda R. Carlson

(Mrs.) Relda R. Carlson
Administrative Assistant

Pacific Minerals & Chemical Co., Inc.

Mining and Developing

1024 BIGELOW STREET

OLYMPIA, WASHINGTON

Telephone FLeetwood 2-2206

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 16 1961

DATE	INITIALS	CODE
		506
9/18	Fumich	506

September 15, 1961

AIR MAIL

Mr. George Fumich, Jr., Director
United States Dept. of the Interior
Office of Minerals Exploration
Washington 25, D.C.

Re: OME-6141 (Mercury)
Pacific Mines & Cjemical Co.Inc.
Mother Lode,Cobar & Lookout
Mountain groups,Crook Co.Oregon

Dear Mr. Fumich:

We are enclosing heewith five copies each of the signed Subordination Agreements executed by Mr. Earl Zimmmerman and Roger Golliard relating to the Mother Lode group of claims in the above application. This completes the Subordinations required.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO. INC.

By [signature]
President

CME/E
Encls-

Pacific Minerals & Chemical Co., Inc.

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

Sept. 9, 1961

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 11 1961

DATE	INITIALS	CODE
9/11	Greswold	500
9/12	Murphy	500
AIR MAIL		

Mr. George Fumich, Jr., Director
United States Dept. of Interior
Office of Minerals Exploration
Washington 25, D. C.

Dear Mr. Fumich:

This will acknowledge receipt of your letter of Sept. 1st.

We enclose herewith a true copy of page 14 of the contract between Werdenhoff Mining Company and ourselves relating to the Mother Lode and Cobar groups of claims.

We also enclose executed Subordination Agreements between Werdenhoff Mining Company and ourselves on the Cobar group of claims. } in envelope left side

Relative to the Mother Lode group we enclose signed Subordination Agreements from two of the four principals concerned. There are two additional principals associated with the Mother Lode group and as we have not been able to contact them personally ourselves (because of locaton) in order to obtain their signatures, it has been necessary for us to enlist the services of their attorney in this matter. We attach copy of letter from their attorney, to which we made an immediate reply, which is self-explanatory. We will forward these additional Subordination Agreements just as soon as we receive them.

Sincerely yours,

PACIFIC MINERALS & CHEMICAL CO.

By [signature]
President

CME/E
Encls.

COPY

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 11 1961

DATE	INITIALS	CODE

McKAY, PANNER & JOHNSON
1026 Bond St
Bend, Ore.

August 30, 1961

Mr. William B. Murray
Attorney and Counsellor at Law
525 Failing Building
Portland 4, Oregon.

Re: Pacific Minerals & Chemical Co. Inc.

Dear Mr. Murray:

I have discussed the loan with Mr. Zimmerman and Mr. Golliard and Mr. Golliard advised me on the telephone tonight that he was signing the Subordination Agreements prepared for his signature and returning them to me to forward on to you. However, both he and Mr. Zimmerman insisted as a prerequisite that your clients pay my charges in connection with this matter.

They are not significant. I did have two long distance telephone calls to Page, Arizona and spent two and one-quarter hours making a total charge of $60.00.

I assume your clients have no objection to such an arrangement since it was done to assist them.

Incidentally, one of the covenants contained in the agreement between Werdenhoff and our clients is that Werdenhoff will furnish to our clients monthly records showing the previous months operation, the amount of ore sold and its value together with any report of assays made during the preceding month and reports or results of all drillings conducted.

These have not been sent to the Zimmermans and Golliards and we would appreciate receiving such reports in this office for the benefit of both of them.

Very truly yours
McKAY, PANNER & JOHNSON

(Sgd) Owen M. Panner

OMP/jh

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/11	Murphy	500
	[illegible]	500
9/11	Talbot	800
9/11	[illegible]	130
11	Johnson	110
9-11	Kennedy	100
9-11	gad	220
		500

SEP 1 1 1961

Air Mail

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

Please forward the copies of the contractors' bids for the churn drilling recommended in your examination report of August 25, 1961, relating to the subject application. The bids received to date cover only diamond drilling.

/s/ George C. Selfridge

FMMurphy/gla
9-11-61
cc to: Director's Reading File
Review Committee
Docket

43683

OFFICIAL FILE COPY

Date	Surname	Code
9/1	Murphy	500
	[illegible]	500
9/1	Selfridge	120
		110
9-1	Fernald	100
9-1	gad	220
		500

SEP 1 1961

Air Mail

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

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

Dear Mr. Ellingsen:

To continue the processing of the application, please submit a true copy of page 14 of the contract between your company and the Werdenhoff Mining Company relating to the Cobar and Mother Lode groups of claims. The copy submitted does not show either the date or signatures.

Also, please forward the Lien or Subordination Agreements relating to these two groups of claims as soon as possible.

Sincerely yours,

/s/ George Fumich Jr. (242)
Director

FMMurphy/gla
9-1-61
cc to: Director's Reading File
Region I (2)
Docket

43683

OFFICIAL FILE COPY O. M. E RECEIVED AUG 31 1961		
DATE	INITIALS	CODE
		130
8-31		100
"	Heuvald	500
9/1	Murphy	500

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
So. 157 Howard Street
Spokane 4, Washington
August 25, 1961

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

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

INTRODUCTION

Pacific Minerals & Chemical Co., Inc., 1024 Bigelow Street, Olympia, Washington, applied for OME assistance to explore for mercury on the Mother Lode, Cobar, and Lookout Mountain claim groups in Crook County, Oregon. The applicant proposed a program comprising surveying, plane table geologic mapping supplemented by Brunton and tape traverses for more detailed geologic mapping, geochemical traverses, churn drilling, opening an old adit now caved, and underground diamond drilling, at an estimated total cost of $160,845.00.

The property was visited July 17, 1961, in the company of Winston M. Sabinon, retiring superintendent, and W. G. Johnston who will be in charge of further exploration work. About 4 hours was spent on the property.

The Mother Lode claims were the subject of a former application, DMEA-4428, which was denied; however, work done in the open-pit area since the denial compels the writer to disagree with the conclusions and recommendations in the report on the former application.

CONCLUSIONS

At eight locations within the area of an open-pit cinnabar concentrations have been found along the footwall side of N. 20° E. striking structures particularly where the host rocks have been

maps plate 1 and 2 in envelope L. side.

highly hydrothermally altered and closely fractured. From 1927 to 1934, incl., 317 flasks of mercury have been extracted from 3,829 tons of ore, indicating an average grade of about 6 pounds per ton. It is concluded that similar deposits will be found by exploring along these structures and that they may be sufficiently closely spaced to constitute a low-grade ore body that can be commercially mined by open-pit methods.

RECOMMENDATIONS

A reduced program involving geochemical traverses, churn drilling, and underground long-hole drilling is recommended. The estimated cost of this program is $72,381.93, of which the Government's share is $36,190.96.

PROPERTY, LOCATION, ACCESSIBILITY

The property comprises three claim groups, the Mother Lode group, the Cobar group, and the Lookout Mountain group, totalling 21 unpatented claims (pl. 1). The Mother Lode group is held under lease from Wordenhoff Mining Company who is in the process of purchasing the claims from the owners.* The Lookout Mountain group is owned by the applicant. The location notices are filed 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		
MO	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

*The Cobar group is held under lease from Wordenhoff Mining Co., owners.

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

owned by applicant

Only the Mother Lode group will benefit from the recommended program. Workings consist of five caved adits, a main open pit, and several trenches.

The claims are located in secs. 19, 20, 29, and 30, T. 14 S., R. 20 E. Willamette Meridian, Crook County, Oregon, about 33.4 miles southeasterly from Prineville, Oregon. The property may be reached from Prineville by following U. S. Highway 26 eastward for 16 miles; take turn off of old Highway 26 and proceed 8.8 miles to an old CCC camp now used as quarters for the Ranger Station; turn right and follow gravelled county road for 7.5 miles; turn sharp right and follow logging road for 0.7 miles then turn right and follow mine road for 0.4 miles to the property. Both the old and the new portions of U. S. Highway 26 are paved and along with the county road are kept free of snow for most of the year; in recent years logging operations have kept the logging road open.

GEOLOGY

The geology of the district is described in the following:

Gilluly, J., Reed, J. C., and Park, C. F., Jr., 1933, Some mining districts of eastern Oregon: U. S. Geol. Survey Bull. 846-A

Wilkinson, W. D., 1950, Geology of the Round Mountain quadrangle, Oregon: Dept. of Geology and Mineral Industries, State of Oregon, Planemetric Geologic Map, 1:96,000, and report on reverse side

Alvord, D. C., and Parron, E. W., 1956, Examination report: Docket DMEA-4428 (Mercury), Clyde R. Bellows, Mother Lode Quicksilver Mine, Crook County, Oregon

Sahinen, Winston M., 1961, Geological progress report period covering July 1960 to February 1961: Application for OME Assistance, Docket OME-6141

After examining the property with Sahinen and checking his observations, much of this section is taken from his report.

Rocks in the area are a series of andesite tuffs and flows, andesite porphyry, and basaltic flows. The andesite tuffs, flows, and porphyry have been called the Clarno Formation of Eocene Age. About 75 percent of the rock seen in the vicinity of the main open pit is tuff interbedded with small bodies of flow material. Two types of tuff have been noted, one hydrothermally altered, the other silicified; both types contain varying amounts of disseminated pyrite. The hydrothermally altered tuff is light-to-medium gray and is soft and friable, being easily crumbled between the fingers. Except for a few relict grains of completely altered feldspar the original minerals have been completely altered to clay and pyrite. Some secondary marcasite and calcite is present along fractures resulting from deuteric alteration. Cinnabar has been deposited along fractures in the altered tuff on the footwall side of faults that strike N. 20° E. and dip 64°-78° SE. (pl. 2) where it occurs in irregular small veinlets associated with quartz and calcite and as disseminations into the walls of the fractures. Areas in which commercial ore has been found are intricately fractured and the grade drops rapidly as the distance from the faults increases. Thus, the ore bodies tend to be lenticular with those of greatest thickness occurring in areas of most intense fracturing.

In the oxide zone the rocks have been almost completely leached resulting in a powdery light-tan clay crisscrossed with narrow seams of limonite. No cinnabar deposits of consequence were found in the completely oxidized material exposed in the pit walls. In this type of material which formerly overlay the residual ore bodies now exposed in the pit, probably residual cinnabar occurred in the kaolin-limonite mixture, but there is no record of the amount or grade.

Silicified tuff occurs as irregular masses within the altered tuff. Apparently, it is composed of the same material but is silicified and pyritized to a higher degree. The contacts between the altered tuff and the silicified tuff are irregular and do not appear to be related to any particular structural feature. In the pit area there are large homogeneous masses of silicified tuff which are well jointed. The rock has been shattered and recemented with quartz, calcite, and minor amounts of cinnabar. In places, there appears to be a second joint pattern superimposed upon the healed premineral fractures. The result is a jointed, dense rock with considerable pyrite disseminated between but not in the older set of healed fractures. Cinnabar deposition in the silicified tuff is notably ~~notably~~ less than that in the altered tuff. It has been found along some of the larger fractures, or in fractures later

than the first surge of quartz-calcite mineralization. The rock often breaks along cinnabar-bearing fractures resulting in showings of cinnabar which are spectacular but which are only a fraction of a millimeter thick. No commercial ore was seen in this rock.

In the oxidized zone leaching of the calcite results in a breakdown of the rock into small hard angular fragments. Cinnabar remains unchanged and some times notable faces of cinnabar-limonite "paint" are exposed.

No commercial ore was seen in this rock; one deposit of ore-grade material has been found in a small pocket of altered tuff surrounded by hard unaltered silicified tuff. This deposit is a true dissemination of cinnabar in a sugary altered tuff.

Andesite porphyry, sometimes called basalt, which comprises the remaining 25 percent of the rocks in the pit area, forms intrusive masses that have been considerably faulted. For the most part this unit has undergone premineral propylitization as well as surficial alteration. Fault movement has apparently been confined to a few fault planes, but the propylitized rock is for the most part very permeable due to open intersecting joint planes. At least three cinnabar-bearing areas have been found in this rock along the fault planes and joints, and where the joints are closely spaced the cinnabar is of commercial grade. Mineralizing solutions were apparently introduced along the N. 20° E. fracture system and migrated laterally for short distances into permeable areas in the propylitization rock. For reasons not yet clear, conditions in and near the fracture zone did not permit ore deposition.

Most of the area south of the open pit is covered by basalt which occurs in flows more or less parallel to the present ground surface. These rocks have been called the Ochoco Formation and are Late Pliocene or Early Pleistocene in age. The possibility of there being intrusive masses of this basalt in the tuffs to the north has been suggested by earlier investigators, but no clear-cut examples have been noted in any of the presently accessible workings. No cinnabar has been found in this rock anywhere in the district, but the association of cinnabar and a younger basalt in the underground workings described by Wilkinson (1950) raises the possibility of such an association. Structures associated with ore deposition in the tuffs have been traced into the basalt by Schlicht using areal photographs. This suggests that cinnabar deposits could have been found either in or beneath the basalt in favorable structure areas.

There are four major fault systems within the area which are locally called the Johnson Creek faults, the Ore faults, the Brush Creek faults, and the Canyon Creek faults. The Johnson Creek faults strike N. 60° E. with dips ranging from 82° to 85° S., and are represented on this property by only a few faint fractures and breccia zones much broken by later movements. Gilluly (1933) reports some stoping 60 feet below the surface on an ore body striking N. 60° E. which may be related to this faulting.

The Ore faults strike about N. 20° E. and ranges in dip from 40° to 70° S. They have been traced from the basalts southwest of the pit through the pit and to the northeast. The Ore faults are generally marked by an impervious gouge from a few hundredths of a foot to over a foot thick. The gouge apparently has acted as a dam to the ore-bearing solutions as cinnabar is mostly deposited in the footwall with concentrations below the fault plane. Most of the commercial ore found in the main open pit are associated with faults of this system.

The Brush Creek faults are reverse faults of small displacement which strike N. 40° W. and dip 85° SW. Most of the prior development on this property has been parallel to faults of this system. Gilluly (1933) reports a stope 60 feet below the surface on a vein falling in this group. However, in the more recent work no ore bodies were found parallel to this system.

The Canyon Creek faults are less distinct than those of the Brush Creek system, but they are prominent in the basalt south of the pit. They strike N. 15° W. and dip from 71° N. to 85° S. Air photos show a number of intersections between the Brush Creek and Canyon Creek fault which could localize ore deposition if they existed before mineralization took place. Assays of samples taken by the applicant at right angles to these faults show larger concentrations of cinnabar in the footwall, but no concentrations of commercial grade were found.

Cinnabar deposits have been found in the pit area and in some of the underground workings. Whether they should be described as lenticular or chimneylike bodies is difficult to determine. Certainly in plan they are roughly oval in shape ranging from about 40 square feet to 800 square feet in area. Also certainly some of the bodies exposed at the surface have had a short vertical length. The deepest workings in which ore bodies have been found are about 60 feet below the surface. As the workings are all caved and inaccessible it is not possible to determine whether stoping was stopped in ore or whether it was stopped because all the ore was mined out. Gilluly (1933) states on page 122:

"Considerable stoping has been done near the end of the northeast drift, a stope there in gouge basalt being about 40 feet high and 15 to 20 feet wide. A little cinnabar remains in the clay of the walls. Several other stopes have been worked; one, near the junction of the southwest branch with the main drift, is about 50 feet long and follows a vein that strikes N. 60° E. and dips steeply south. This stope extends to the upper level. Much of the old work in the mine is caved, so that the extent of other stoping was not determined.

"The tenor of the ore is unknown, but to judge from the material exposed in the mine it must be rather low. It would be difficult to select any considerable tonnage carrying more than one-half of 1 percent quicksilver; probably even this limit would be hard to maintain."

This estimate of 1/2 percent or a little less would indicate a grade of 6 to 8 pounds mercury per ton. This estimated probably grade corresponds to that calculated on the basis of production from 1927 to 1934 when 317 flasks or 24,092 pounds of mercury were produced from 3,829 tons of ore having an average grade of about 6 pounds per ton.

Past exploration underground was based on the hope of finding strong fissures containing high-grade mercury ore shoots. Neither underground nor in the surface pits have such occurrences of any extent been found. However, study of the cinnabar occurrences found in the pit indicates that minable ore bodies relatively small to undetermined size occur on the footwall side of faults in favorable areas within the unaltered tuff and the andesite porphyry. Most of the deposits have been found along or closely related to the faults that strike N. 20° E. although 1 or 2 each have been found associated with the N. 40° E. and N. 60° E. faults. The altered tuff appears to be the most favorable host rock, although one of the stopes described by Gilluly is in the andesite porphyry.

APPLICANT'S PROPOSAL

The applicant has proposed a program including the following steps:

1. Make a transit survey of the property to establish control points.

2. Make a 200-foot to the inch geologic map using plane table methods supplemented by smaller scale Brunton and tape mapping for more detail where indicated.

3. Run geochemical traverse lines to pick up anomalous areas of cinnabar concentrations, with secondary sample stations more closely spaced in those areas to outline them more closely.

4. Churn drill the more promising anomalous areas.

5. Open one of the caved drifts and drill long holes into the walls to search for ore bodies that were missed by the tunnel.

Although these steps are sound, there is a definite overlap of prospecting and exploration procedures. For example, the purpose of much of the surveying, mapping, and geochemical traversing is to search for presently unknown areas that might be shown to warrant exploration. The only known area in which exploration can now be justified is in the vicinity of the present surface and underground workings where the possible occurrence of ore bodies may be inferred on the basis of demonstrated structural and host rock control.

RECOMMENDED PROGRAM

The most favorable area in which to find ore is along the fault system that strikes N. 20° E. and passes through and close to the open pit. To explore this zone the following items are recommended:

1. Establish three parallel lines 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 ? from the pit, mark off sample stations at 100-foot intervals. Along each line northeast of the pit and along the westernmost and center lines southwest of the pit there will be not more than 6 stations; on the easternmost line southwest of the pit there will be not more than 7 stations. From each station a soil sample should be taken a few inches below the surface and assayed for parts per million mercury.

2. In areas of anomalous mercury content, additional soil samples may be taken at 20-foot intervals.

3. Where indicated by the anomalous mercury samples, churn drill holes 6 inches in diameter should be drilled to a depth not to exceed an average of 300 feet at locations to be determined later. It is estimated that 20 holes will be required. In general these holes should be collared near the east side of the anomalies and no 2 holes should be closer than 100 feet to each other in an east-west direction. Outside the ore zone the cuttings from each 15 feet of hole should be coned and quarter. If panning one quarter of the sampled material justifies it, a second quarter should be prepared for assay. In the ore zone each 5 feet of hole should be similarly sampled and assayed for mercury.

4. The applicant is presently reopening the No. 5 adit. After the adit has been reopened and if it is found to extend as far as the applicant indicates, 60 long holes should be drilled from 6 stations spaced at 80-foot intervals. From each station 10 holes should be drilled in a plane bearing N. 70° W.; 5 holes on each side of the drift should be drilled respectively at 15°, 30°, 45°, 60°, and 75° upwards to depths averaging 100 feet for the 60 holes. Cuttings from long holes should be collected and sampled as those from the churn drill holes, that is, from each 10-foot interval outside of ore zones and from each 5-foot interval in ore zones all cuttings should be coned and quarted.

It is estimated that the time required to complete this work is:

1. Establishing and sampling original 37 geochemical stations	3 days
2. Secondary geochemical stations and samples -- 200	10 "
Assaying 237 samples -- about 35 per day	7 "
3. Preparing 20 churn drill stations	7 "
Churn drilling 6,000 feet at 30 ft/day	200 "
4. Drilling 6,000 feet of long holes at 60 ft/day	100 "
Assaying 1,800 samples -- 30/day (50 days concurrent with drilling)	10 "
Total	~~337~~ days 227.
at 24 days/month	~~14~~ months 9 mo

COSTS

1. Independent contracts		
Bulldozing 20 churn drill sites -- 56 hrs at $16/hr	$ 896.00	
Churn drilling 6,000 ft at $6/ft	36,000.00	
Mobilization & demobilization	900.00	
Long hole drilling 6,000 ft at $1.25/ft	7,500.00	$45,296.00
2. Labor and supervision		
1 Engineer-Geologist-Supervisor 14 mos at $700/mo	$ 9,800.00	
1 Helper-Sampler -- 330 days at $16/day	5,280.00	
Overtime at 8% or $5,280	422.40	15,502.40
3. Operating materials and supplies		
Gasoline -- 5 gal/day 120 days at $0.35/gal	$ 210.00	
Car maintenance -- 100 days at $0.45/day	45.00	
7,300 sample sacks at $0.35/sack	2,555.00	2,810.00
4. Operating equipment to be furnished		
1 jeep or pickup truck -- ~~300~~ 227 days at $2/day		600.00
5. and 6.		none

Costs (Cont'd.)

7. Miscellaneous

FICA and other insurance 15.98% of $15,502.40	$2,477.28	
Geochemical assays -- 237 at $1.25 each	296.25	
~~Long-hole~~ assays -- 1,800 at $3 each	5,400.00	$ 8,173.53
Estimated total cost of project	(rounded)	$72,381.93
Government's share at 50 percent		$36,190.96

Enclosures
Distribution:
CME(3)
USGS(SRO)
Docket
Maclaren

EXAM REPORT

OFFICIAL FILE COPY O. M. E. RECEIVED AUG 3 1961		
DATE	INITIALS	CODE
8-3	gad	VVO
		~~VOO~~
8-3	Murphy	~~VOO~~

No. 157 Howard Street
Spokane 4, Washington
August 1, 1961

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

Re: OME-6141 (Mercury)
Mother Lode Group, Cobar Group,
and Lookout Mountain Group
Grook County, Oregon

Dear Mr. Ellingsen:

Referring to our letter of July 31, I have discovered the colored geologic map in the additional copy of the application which you sent us. I had looked for it in the roll of claim maps; that is how I missed it.

Many thanks.

Sincerely yours,

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

cc: W. G. Johnston
Geological Consulting Co.
525 Failing Building
Portland, Oregon

DRMacLaren:mls
cc: OME
Reading copies to:
Nolan
Hobbs
Guild

ORIGINAL FILE COPY
D. M. E.
RECEIVED AUG 8 1966

DATE	NAME	CODE

MME Form 7
(10-58)

OFFICIAL COPY

Date		Code
7/14		500
		500
7/14		500
7/14		0
7/14		
7/18		1
7-17		220
		500

JUL 1 4 1961

AIR MAIL

Memorandum

To: Acting Field Officer, Region I

From: Chief, Division of Field Operations

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

With reference to our teletype of July 14, 1961, enclosed are self-explanatory copies of our letter of today to the Applicant requesting additional information.

With regard to the Applicant's proposed Stage I work, a more modest geochemical survey might be considered. In this stage, as well as in all the following stages, the cost of "Engineering-Geology" is out of proportion; for example, under Stages II, III and IV, this cost alone would be about $166.00 for each proposed drill hole.

Concerning proposed Stages V and VI, we would probably agree to contribute to the cost of some long-hole drilling if the Applicant rehabilitated the drift for its own account. However, our usual estimates for long-hole drilling are closer to $1.00 per foot rather than $3.00 as estimated in the application.

Aside from the above, the proposed work and costs appear reasonable and well planned.

/s/ George C. Selfridge

(262)

FMMurphy/gla
7-14-61
cc to: Director's Reading File
Review Committee
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/14	Murphy	500
	Fruewald	500
7/14	Jaffert	800
7/14	Selfridge	130
7/14	Johnson	110
7/14	Fumich	100
7/17	gal	220
		500

AIR MAIL

JUL 1 4 1961

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

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

Dear Mr. Ellingsen:

Our Acting Field Officer, Mr. D. R. MacLaren, OME, Region I, South 157 Howard Street, Spokane 4, Washington, plans to be in Oregon during the third week of July. Therefore, he was requested by teletype to make an on-site examination of the subject claim groups. However, the above-referenced application lacks a few items of information we require, namely:

1. Under Financial Eligibility, copies of your letters to banks were submitted, but the bank letters were not included. In addition, we require a copy of a recent financial statement of your corporation showing its assets and liabilities.

2. A copy of your lease from Werdenhoff Mining Co., giving you control of the Mother Lode and Cobar groups of claims listed in the application.

3. Copies of the Lien or Subordination Agreement relating to the above claims. (Note: Mr. William B. Murray's letter of June 29, 1961, stated that these agreements and title opinion would be submitted.)

4. The map submitted does not show the location of the Eastern Belle, Canyon Creek No. 3, or the View Point claims.

Kindly supply the above-requested information as well as the bids from three independent contractors for the proposed work as mentioned under Item 7-Estimate of Costs in the application submitted.

The above additional information may be submitted either to Region I or this office.

FMMurphy/gla 7-14-61
cc to: Director's Read.File
Review Committee
Docket
Region I (2)

Sincerely yours,

George Fumich, Jr.

Director

43683

cc: Mr. William B. Murray

MME FORM 1
(10-58)

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

X

x

14X0108, S&E, Office of Minerals Exploration, Interior

OFFICIAL FILE COPY

Date	Surname	Code
7/14	Murphy	500
	Gruendel	500
7/14	[illegible]	130
"	Johnson	110
		[redacted]
7/14	gad	220
		500

JUL 1 3 1961

TO: D. R. MAC LAREN,
ACTING FIELD OFFICER, REGION I, OME
SOUTH 157 HOWARD STREET
SPOKANE 4, WASHINGTON

SUBJECT: OME-6141 PACIFIC MINERALS & CHEMICAL CO., INC.

REURMEMO JULY 11, OME-6141. PLEASE MAKE AN ON-SITE EXAMINATION OF THE PROPERTY WHILE ON YOUR TRIP. LETTER FOLLOWS.

George C. Selfridge

GEORGE C. SELFRIDGE
CHIEF, DIVISION OF FIELD OPERATIONS

FMMurphy/gla

7-14-61
cc to: Director's Reading File
Review Committee
Docket

1 1

W. R. Griswold, Chief
Division of Minerals

RE 7-1820 X 2971 July 14, 1961 8:57 A.M

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

JUL 3 1961

Pacific Minerals & Chemical Co., Inc.
1024 Bigelow Street
Olympia, Washington

Re: OME-6141

Gentlemen:

Your application for exploration assistance, dated June 24, 1961, submitted to our office at Spokane, Washington, has been assigned Docket Number OME-6141. Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Director

Copy to Region I

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
30. 157 Howard Street
Spokane 4, Washington
July 11, 1961

Air Mail

Memorandum

To: Chief, Division of Field Operations

From: Acting Field Officer, Region I

Subject: OMR-6027 (Mercury)
Oregon Cinnabar Mines, Inc.
Big Muddy Cinnabar Prospect
Jefferson County, Oregon
Contract 2008

It will probably be late in August or the middle of September before I will be able to get in a final report on the subject property. The preparation will not take very long, but pending field referrals may interfere somewhat. If I can get it in sooner, I will. Decertification will be recommended.

I plan to leave next weekend to make interim inspections at the Carbonate and Marietta mines in Montana, a royalty inspection at Golden Copper Queen, and application examinations for Dockets OME-6132 and OME-6136. Should a referral of Docket OME-6141 be received before I leave, I will make that examination and an interim inspection at the Musick mine before coming back to the office.

D. R. MacLaren

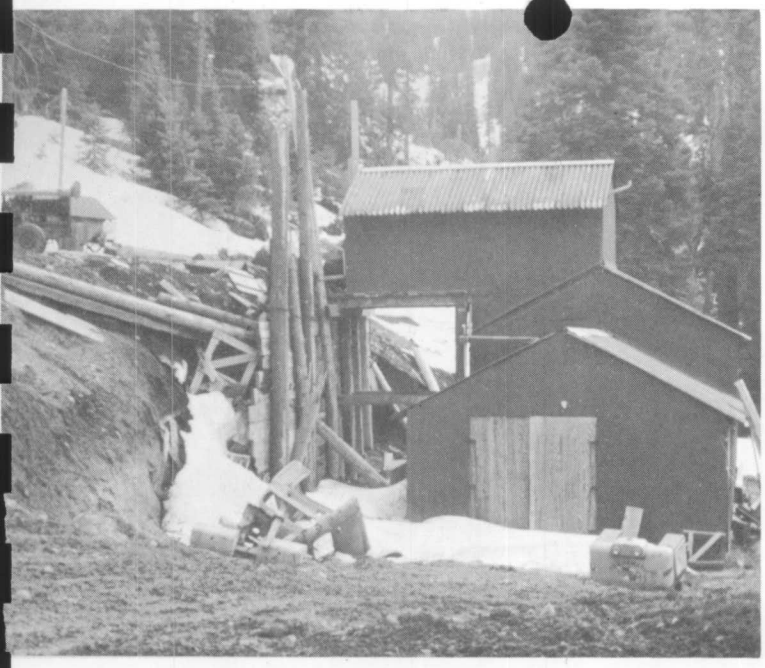


Fig. 4) Gravity concentrator building

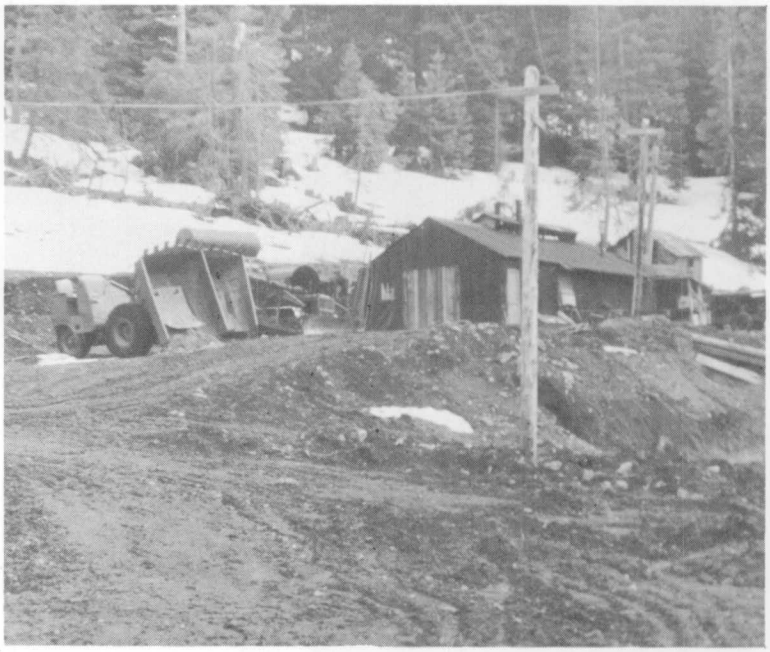


Fig. 5) D-Tube retort building.

Fig. 6) General view of camp, looking Northeast.

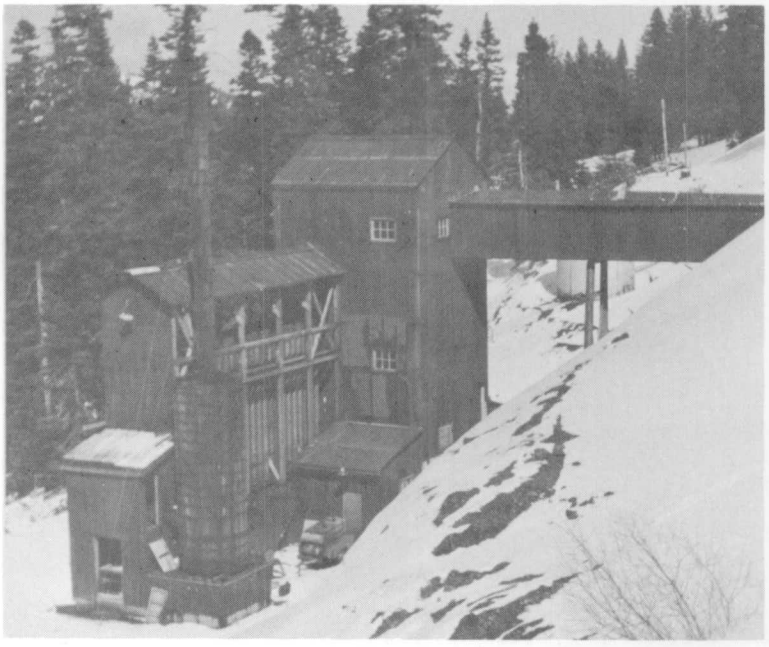


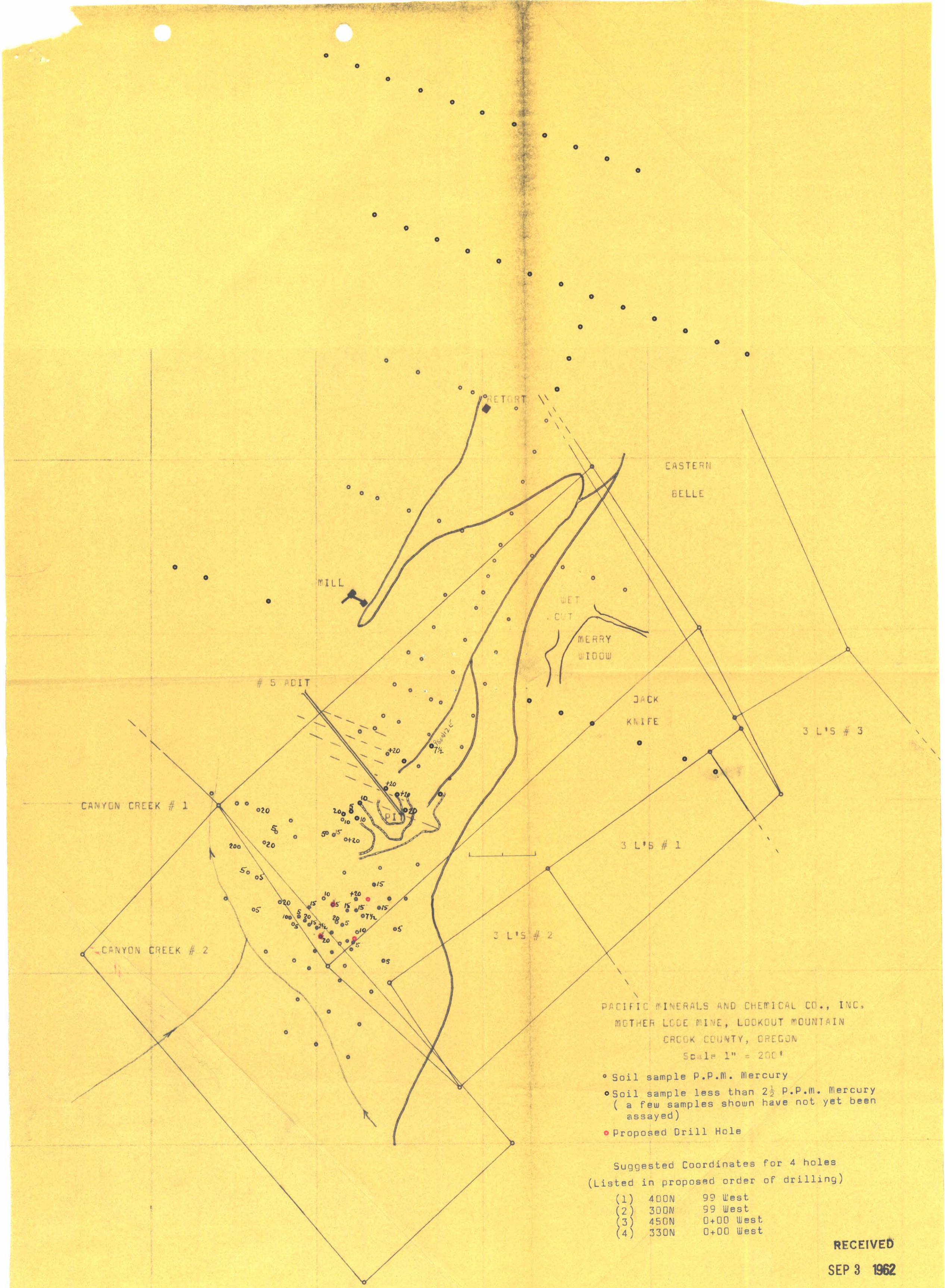
Fig. 7) 40 ton Herreshoff Furnace Plant and Condensers.

View of Mining Pictures:

Fig. 1) General view of the main open pit, looking South 40° East.

Fig. 2) Pit-face, ready to blast.

Fig. 3) Pit loading operation.



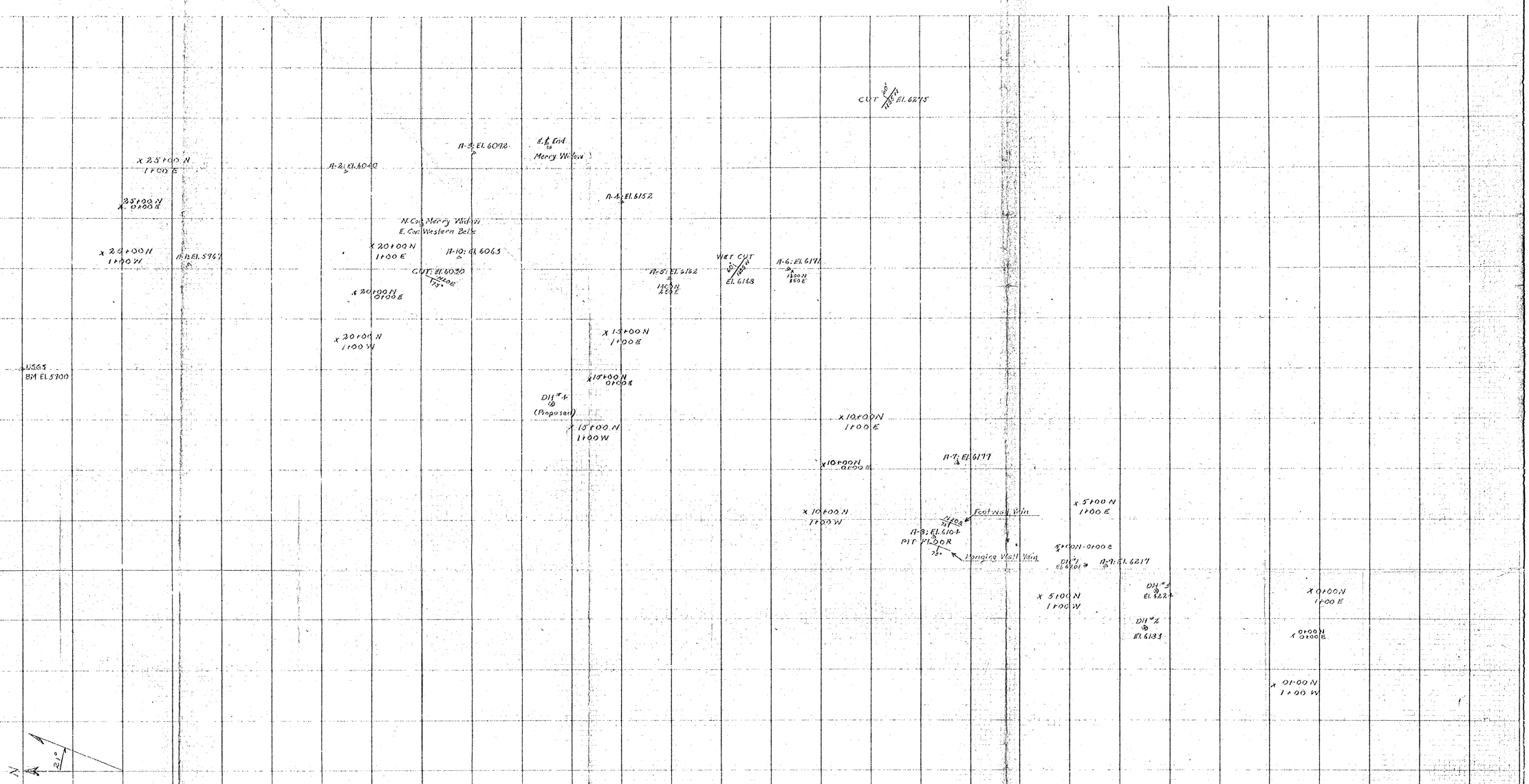
PACIFIC MINERALS AND CHEMICAL CO., INC.
MOTHER LODE MINE, LOOKOUT MOUNTAIN
CROOK COUNTY, OREGON
Scale 1" = 200'

- Soil sample P.P.M. Mercury
- Soil sample less than 2½ P.P.M. Mercury (a few samples shown have not yet been assayed)
- Proposed Drill Hole

Suggested Coordinates for 4 holes
(Listed in proposed order of drilling)

(1)	400N	99 West
(2)	300N	99 West
(3)	450N	0+00 West
(4)	330N	0+00 West

RECEIVED
SEP 3 1962
U S G S
SPOKANE, WASH.



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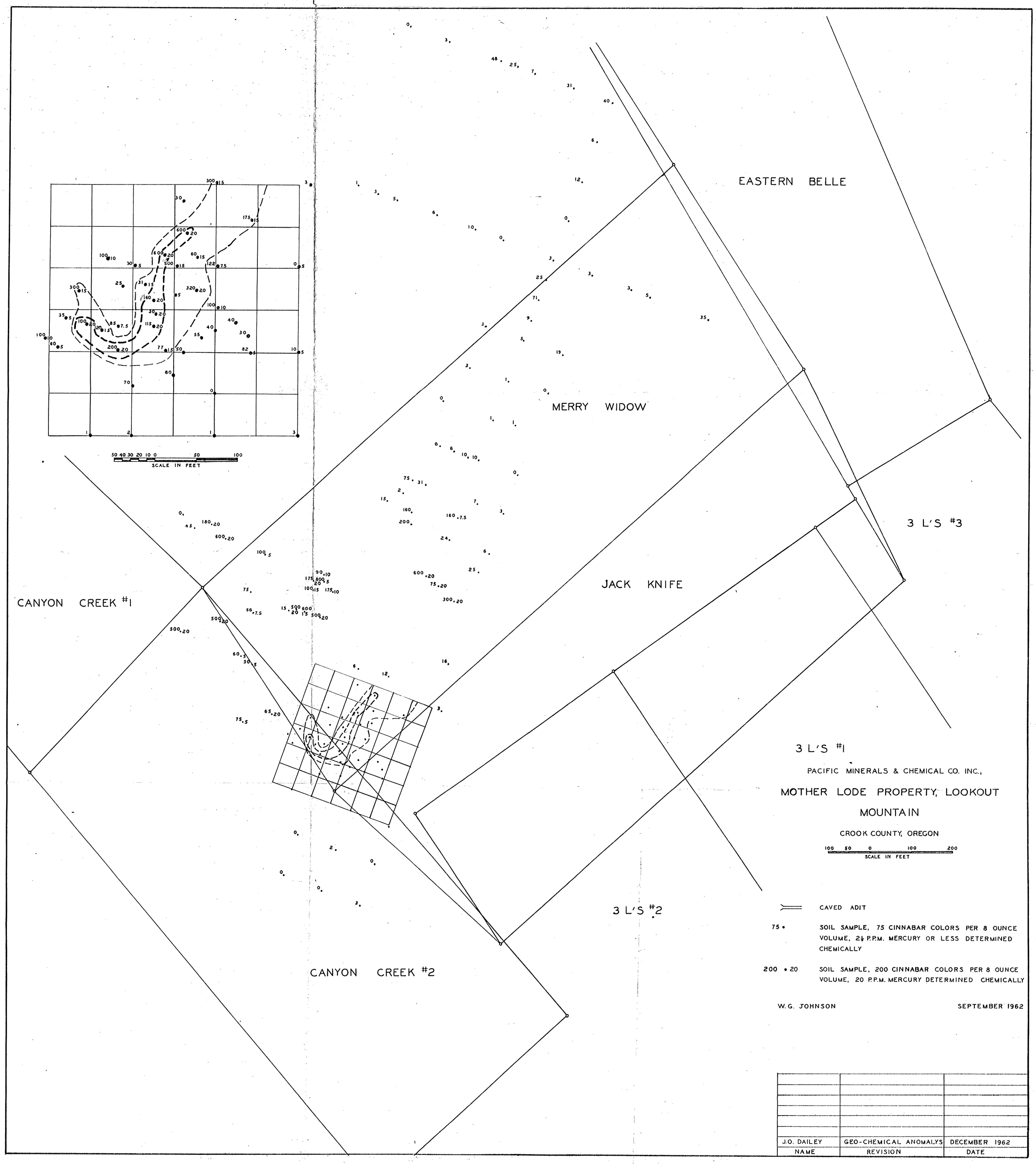
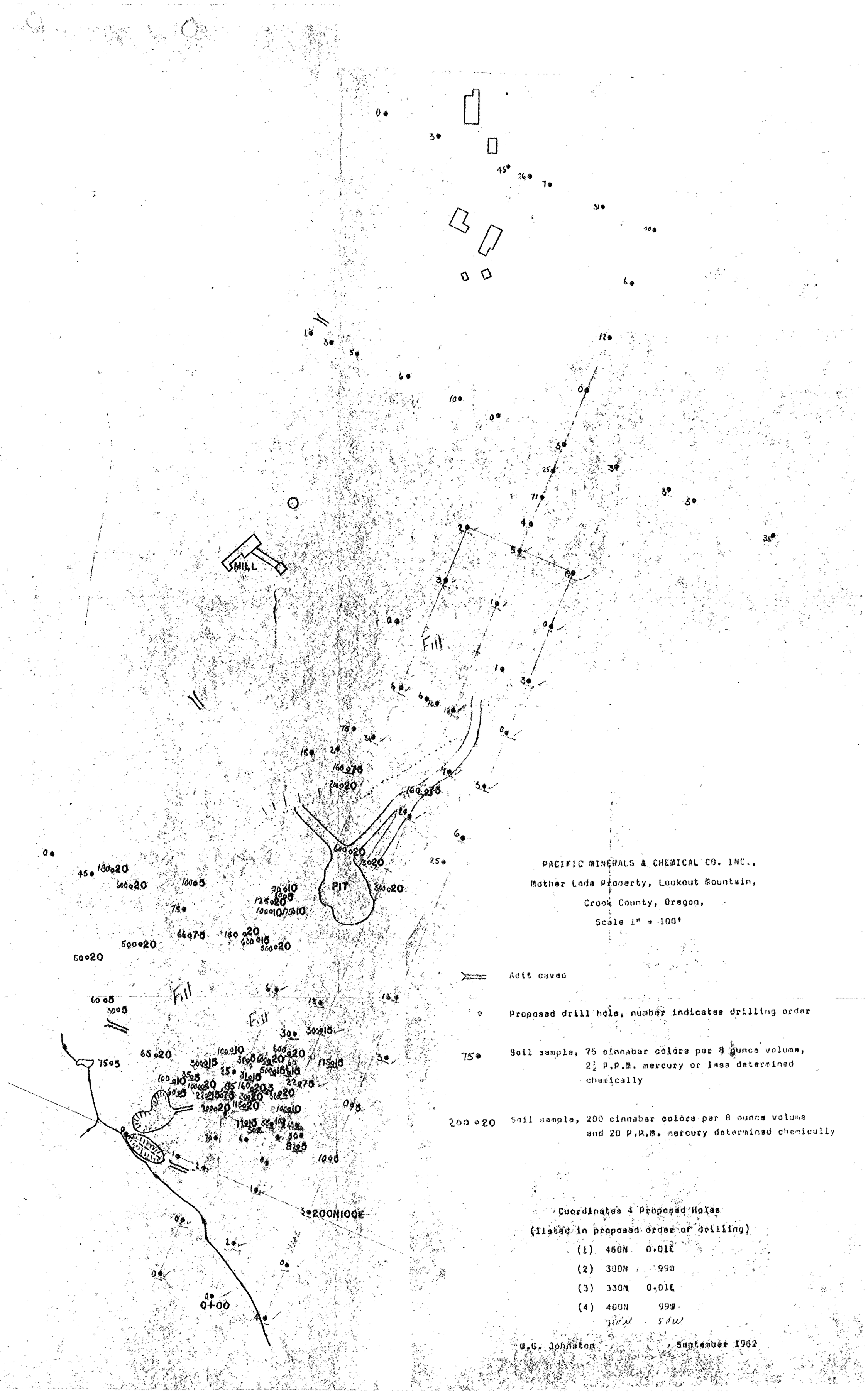
EUGENE DIETZGEN CO.



PACIFIC MINERALS & CHEMICAL CO. INC.,

MOTHER LODE PROPERTY, LOOKOUT MOUNTAIN

CROOK COUNTY, OREGON



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 •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)	460N	0+01E
(2)	300N	99W
(3)	330N	0+01E
(4)	400N	99W
	350N	50W

W.G. Johnston September 1962

Jim Hoop
Box 746

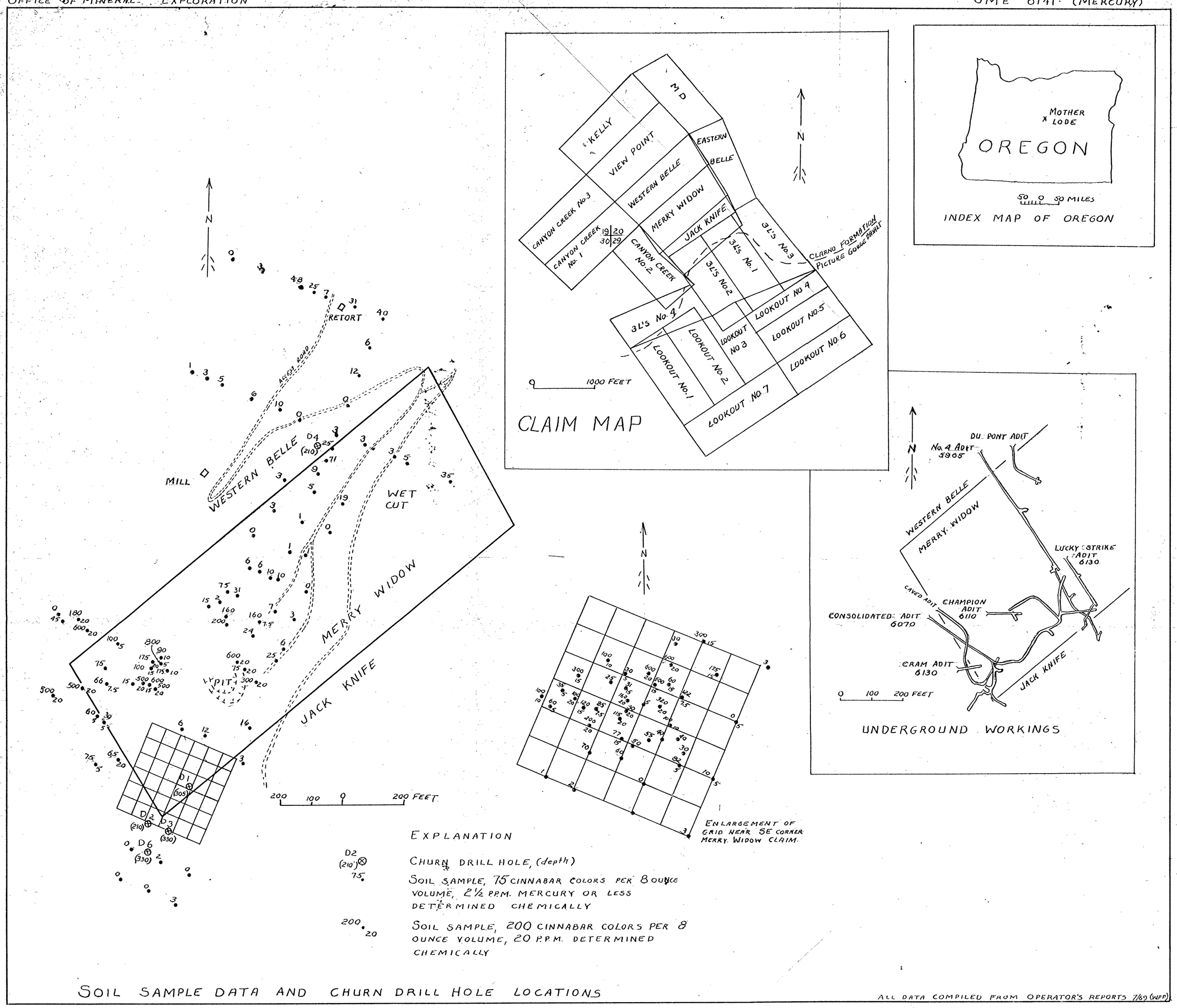
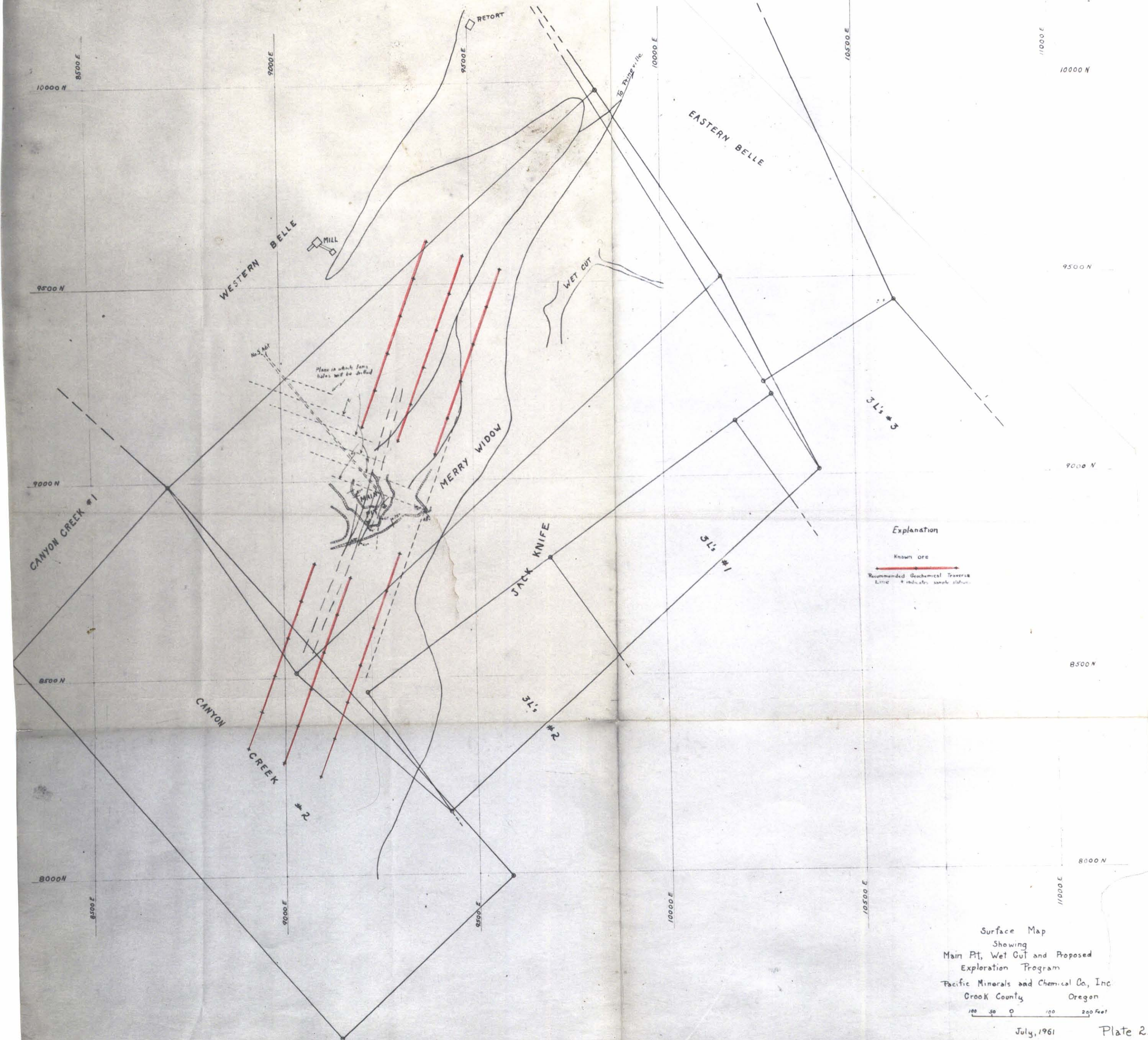


FIGURE 1. PACIFIC MINERALS & CHEMICAL CO. INC., MOTHER LODE PROPERTY, LOOKOUT MOUNTAIN SECS. 19, 20, 29, 30, T. 14 S., R. 20 E., CROOK COUNTY, OREGON.

U.S. Department of the Interior

Bureau of Minerals Exploration
Application Report

OME-6141



Surface Map
Showing
Main Pit, Wet Cut and Proposed
Exploration Program
Pacific Minerals and Chemical Co., Inc
Crook County Oregon

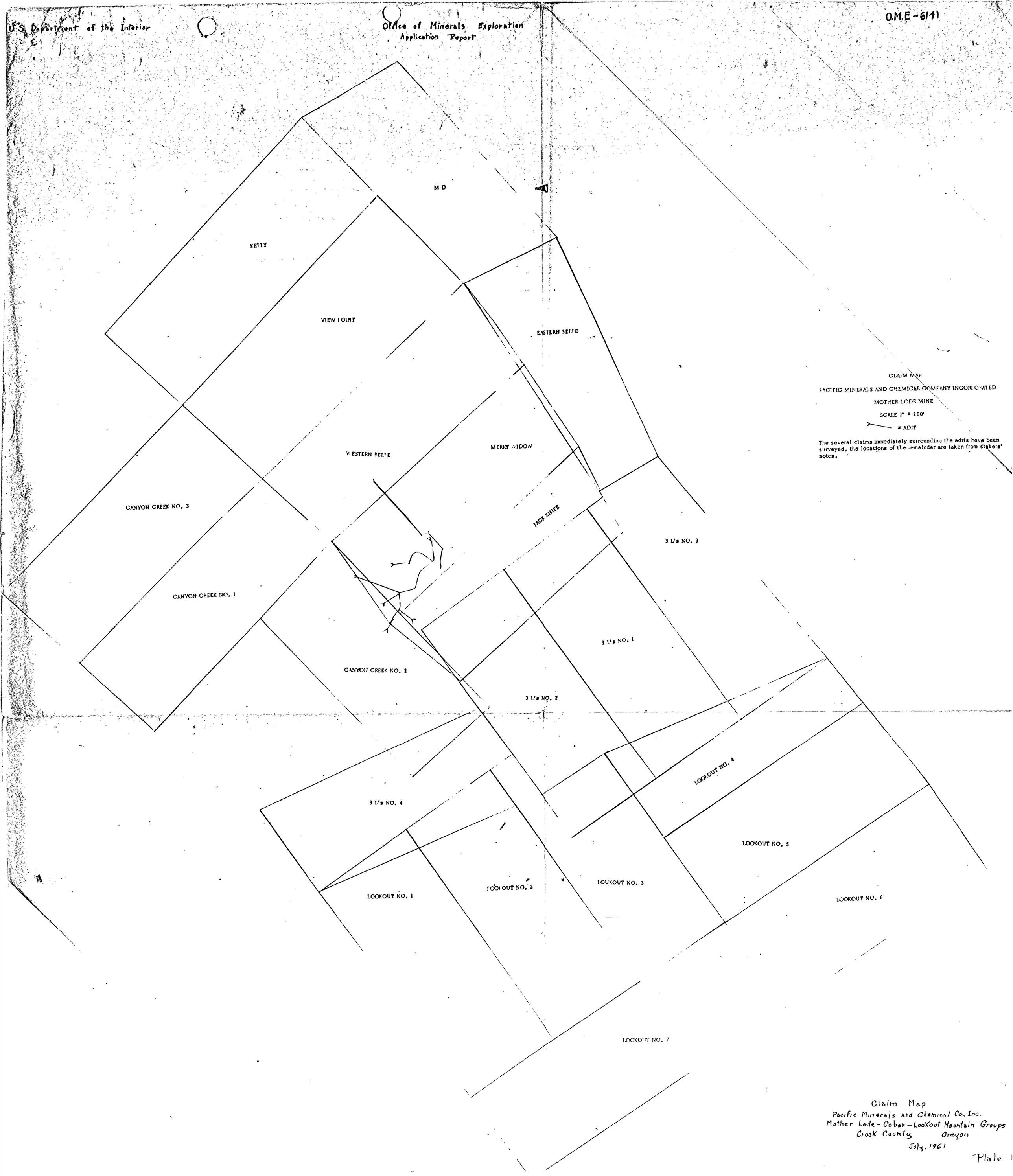
July, 1961

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