DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. DMEA-3196

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This document has been recorded as

Exploration Assistance

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

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To:	Oper Com.	Date	8-2-54
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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Joplin, Mo.

OFFICIAL BUSINESS

Operating Committee
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

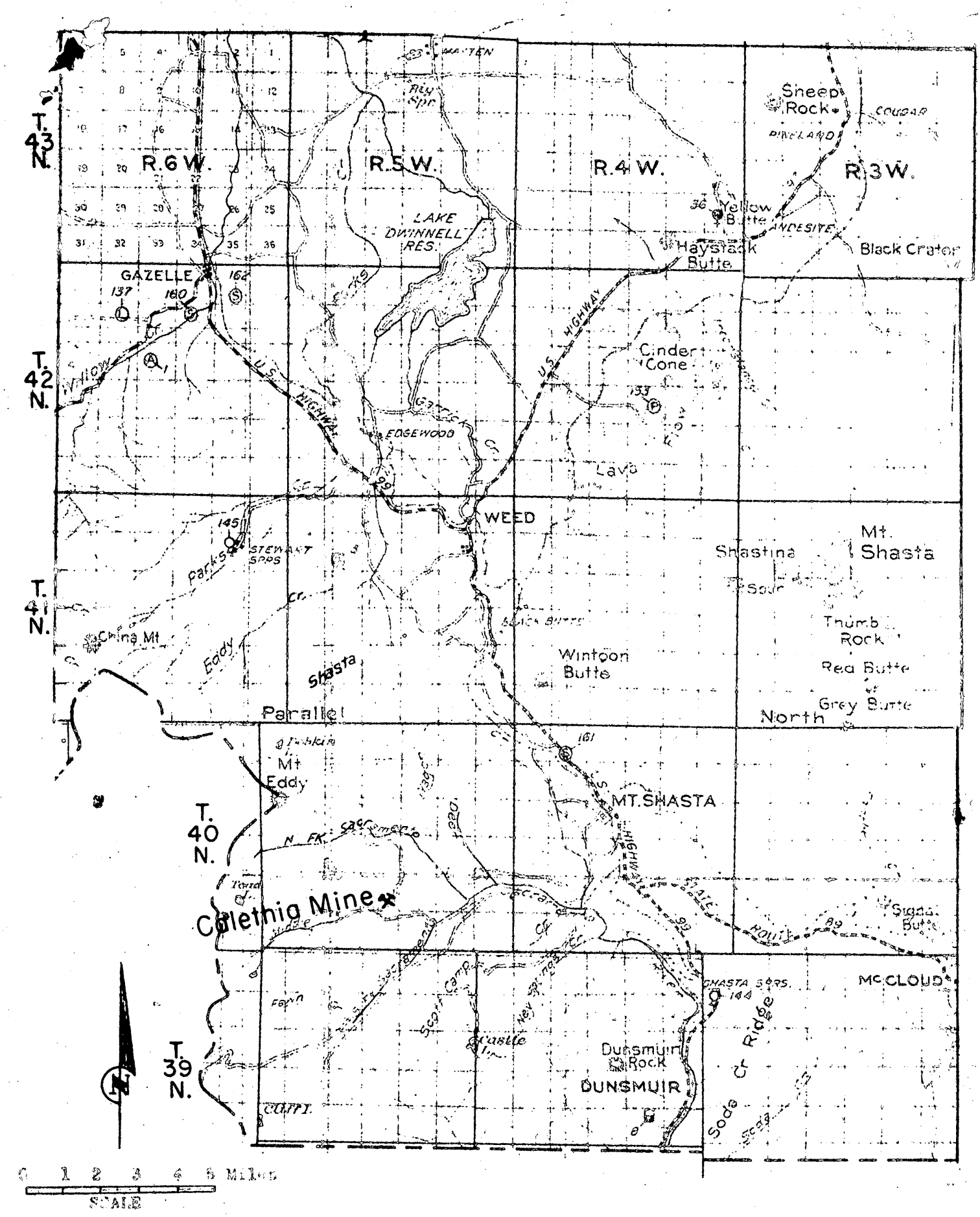
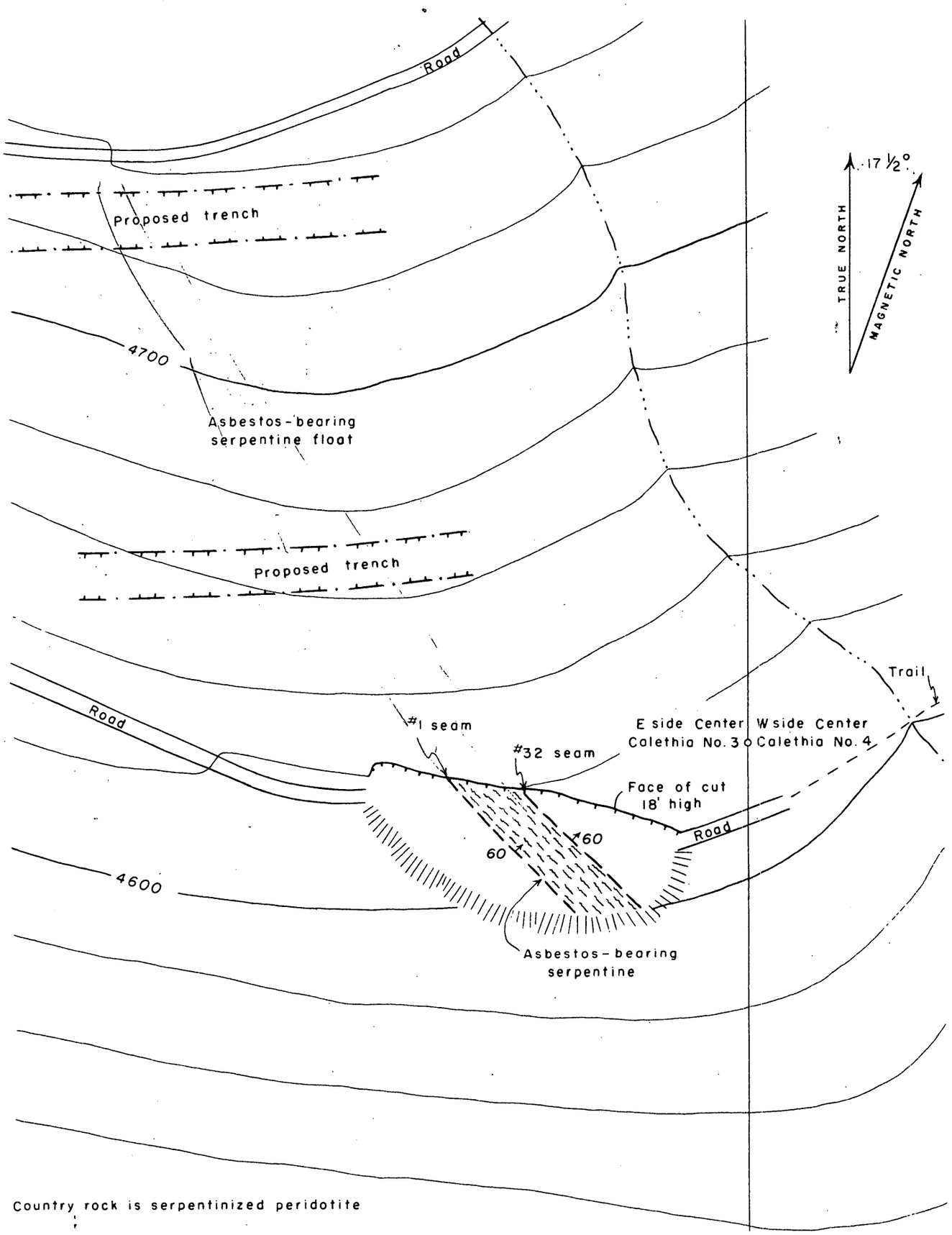


Figure 1. - Location map, Colethia asbestos mine, Keystone Asbestos Corporation, Siskiyou County, California.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3196
(ASBESTOS)



Country rock is serpentinized peridotite

Brunton and tape map by H. K. Stager and F. J. Wiebelt

50 0 50 100 Feet

Contour interval 20 feet

Elevation estimated

SKETCH MAP OF CALETHIA ASBESTOS PROPERTY
KEYSTONE ASBESTOS CORPORATION
SISKIYOU COUNTY, CALIFORNIA

FIGURE 2

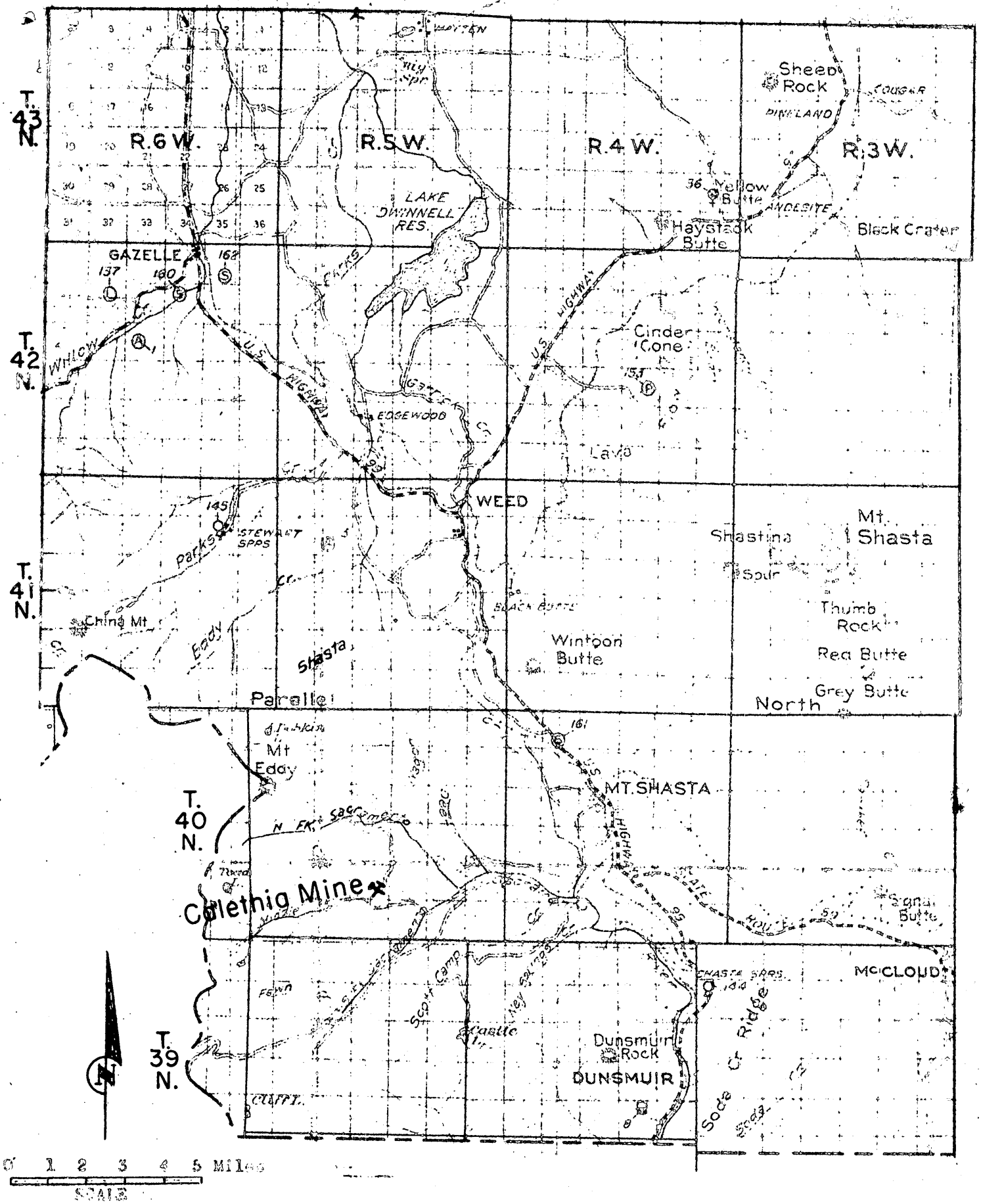
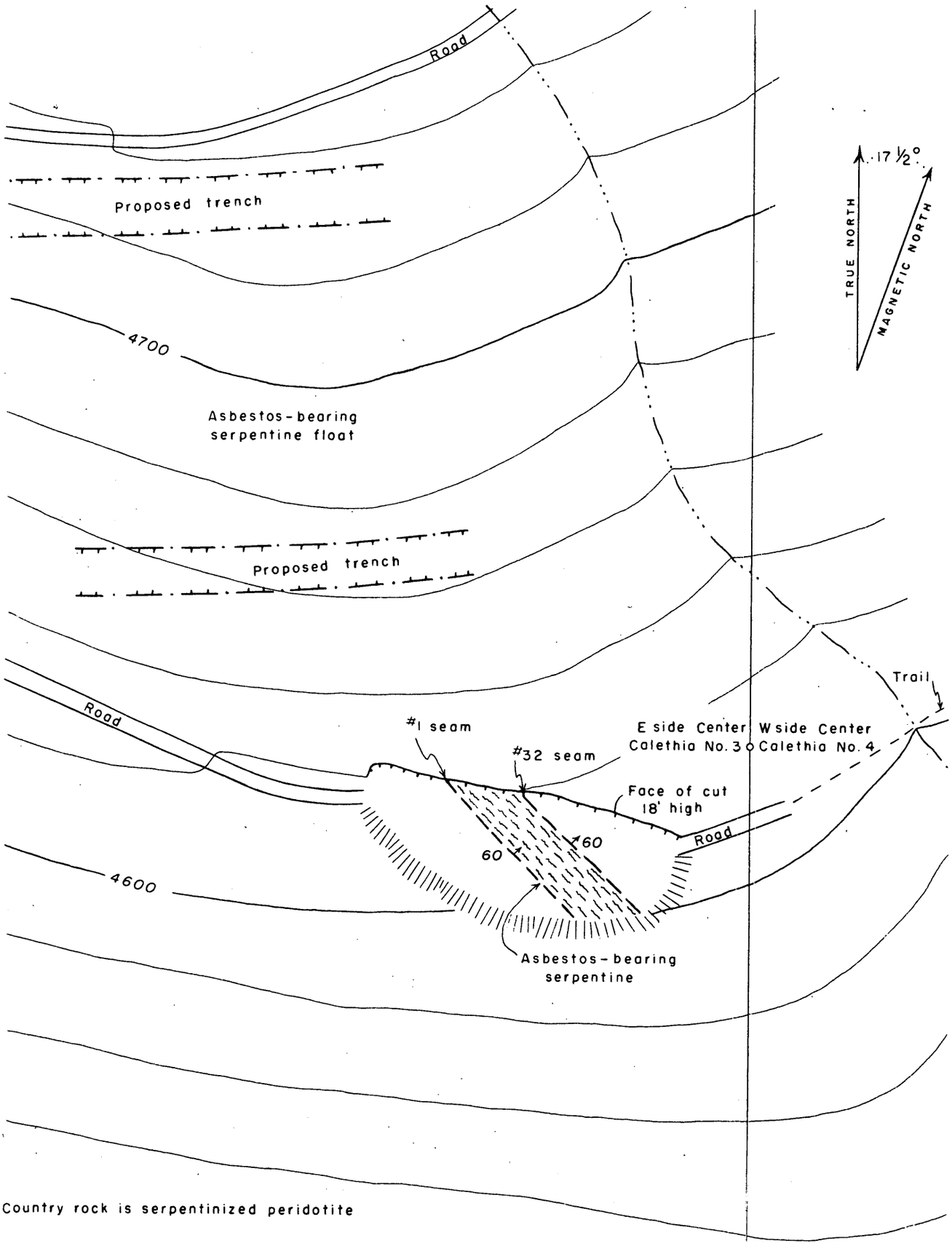


Figure 1. - Location map, Calethia asbestos mine, Keystone Asbestos Corporation, Siskiyou County, California.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA 3196
(ASBESTOS)



Country rock is serpentinized peridotite

Brunton and tape map by H. K. Stager and F. J. Wiebelt

50 0 50 100 Feet

Contour interval 20 feet

Elevation estimated

SKETCH MAP OF CALETHIA ASBESTOS PROPERTY
KEYSTONE ASBESTOS CORPORATION
SISKIYOU COUNTY, CALIFORNIA

FIGURE 2

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1953

Form Approved
Budget Bureau No. 42-R1035.2.

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA 3196
Metal or Mineral
Date Received 10-20-53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Keystone Asbestos Corporation
1005 Investment Building
Washington, D.C.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract South ½ of Section 28, T. 40 N, R 5 W, in Siskiyou County, California

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Chrysotile Asbestos

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within 120 days and be completed within 12 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7; DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

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.

Dated October 19, 1953

Keystone Asbestos Corporation
(Applicant)

By George C. Vournas
George C. Vournas, President

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

1. Name of Applicant.

(a) The Keystone Asbestos Corporation
1005 Investment Building
Washington D.C.

(b) Corporation, incorporated under the Laws of Delaware.

(c) Names, titles and addresses of officers.

President	-	George C. Vournas 1005 Investment Building Washington, D.C.
Vice President	-	Christ J. Petrow 1009 North Broad Street Fremont, Nebraska
Secretary	-	Ward McCarthy 1005 Investment Building Washington, D.C.
Treasurer	-	George H. Payne 1413 Douglas Street Omaha, Nebraska
Director	-	Thos. B. Heffelfinger 1005 Investment Building Washington, D.C.

(d) Not applicable

2. General. --------

3. Applicant's property rights.

(a) The south one half of Section 28, Township 40 North, Range 5 West, in Siskiyou County, California. This land is between the Middle Fork and the North Fork of the Sacramento River and is posted, claimed and recorded as the Calethia Asbestos Group, Claims 1 to 8.

(b) Calethia Asbestos Group 1 to 8.

(c) Owners of mining claims Calethia Asbestos Mine Group 1 to 8, Recorded by the Keystone Asbestos Corporation, 5 October 1953, in Volume 81, pages 90, 92, 94, 96, 98, 100, 102, 104, of Mining Records of Siskiyou County, California.

(d) Claims attached.

(e) Not applicable

(f) Recorded 5, October, 1953, in Volume 81, pages 90, 92, 94, 96, 98, 100, 102, 104, of Mining Records of Siskiyou County, California.

4. Physical description.

(a) The Keystone Asbestos Corporation has done trenching which determined the mineralization. The trench is approximately 150 feet long and 18.6 feet deep. Workings are only exploratory. Production facilities are still unknown. The prospect is accessible, for examination purposes, by a Forest Service trail. It may be reached by jeep or any four wheel driven vehicle.

(b) None

(c) Chrysotile Asbestos present in Serpentine, apparently a vein deposit, containing Chrysotile veins up to nearly two inches in width which should be further explored. Accompaning sketch indicates strike, dip and width of Chrysotile veins discovered in preliminary work conducted on the property.

(d) There is a good County road to within 4 miles of the propsect. From here there is a Forest Service road to within a mile of the site then a Forest Service trail directly to the workings. To do further work and to take in equipment the present trail must be widened and the two existing bridges over the Middle Fork of the Sacramento River must be repaired. Mt. Shasta, California is 12 miles distance and Dunsmuir is 22 miles distance. Both cities are rail centers as well as supply and residence points.

(e) Manpower, materials, supplies and equipment are available from Mt. Shasta or Dunsmuir, California. Water is available from the middle fork of the Sacramento River which flows through the claims. Power is available from the California, Oregon Power Co., and the closest power line is 4 miles from the site. For exploratory work power may be furnished by a portable generator, if required.

5. The Exploration project.

(a) Chrysotile Asbestos.

(b) Make two additional trenches above the present trench. Each trench to be approximately 150 feet in length and 15 to 20 feet in depth. After outlining the deposit by trenching, core drilling will be undertaken in order to determine the outline and extent of the deposit.

(c) The work will start within 120 days and be completed within 12 months from the date of the exploration project contract.

(d) Mr. C. J. Petrow, Vice President of the Keystone Asbestos Corporation, has been Managing Director of the Bet-American Asbestos Company of South Africa the past two years. The Keystone Asbestos Corporation has maintained a Field Office and staff in Northern California since 1952, doing prospecting and exploratory work in Shasta, Siskiyou and Trinity Counties. The services of reputable Mining Geological Engineers have been used by the Field Staff to outline and program this work. The Bureau of Mines, Region 111, has sent Enginerrs and Geologist to inspect some of the areas worked by the Field Staff.

6. Estimate of Costs.

(a) Independent contracts.

Diamond core drilling to be contracted. Contract to be issued on a basis of competitive bidding. Bids to be submitted to internationally reputable concerns.

Estimate 3000 ft. of core drilling at $5.70 per ft.	$17,100.00

(b) Labor, Supervision, Consultants

1 Foreman, 8 weeks at $100.00 a week	$ 800.00
3 Men at $1.85 per hr., 5 day week, 8 hr. day, 5 week at $222.00 a week	1,110.00
1 Geological Engineer Consultant. Two trips, total 3 days at $200.00 a day	600.00
Transportation for Geological Engineer, San Francisco to work site $56.00 round trip.	112.00
	$ 2,622.00

(c) Operating Materials and Supplies

300 lbs. explosives (6 cases at $13.50 a case)	$ 81.00
2 spools of connecting wire at $1.50 each	3.00
2 spools lead wire (250 ft.) $9.00 each	18.00
2 boxes electric caps at $9.75 each	19.50
1 Galvonometer	28.50
1 (30 hole blaster	46.00
2 carset bits, 1 3/8", $15.00 each	30.00
2 2 foot alloy steels 7/8", $4.50 each	9.00
2 each 4 foot alloy steel 7/8",$6.10 each	12.20
2 each 6 foot alloy steel 7/8",$9.40 each	18.80
1 Wheel barrow	29.95
3 picks at $5.20 each	15.60
3 shovels at $3.25 each	9.75
2 12 lbs. sledge hammers, $6.00 each	12.00
4 safety hats at $5.20 each	20.80
1 First aid kit	10.60
200 gallons gasoline for compressor 23¢ a gal.	46.00
1 pale compressor lub. oil	4.12
150 core boses at $3.75 each	562.50
	$ 977.32

(d) Estimate of Costs - Operating Equipment

Rent of compressor for 5 weeks at $200.00 month	225.00
Rent of jackhammer, accessories, such as hose, connections, etc. for 5 weeks at $100.00 month	125.00
Rent of D-6 Bulldozer and operator for 5 weeks, 5 day per week, 8 hr. day at $11.50 per hr, or $92.00 a day	2,300.00

6. Estimate of Costs

(d) Operating Equipment (Cont'd)

Rent of truck to haul bulldozer from Redding, Cal., to work site and back, $56.00 each way	$ 112.00
Maintenance of company owned jeep at $10.00 per week for 5 weeks	50.00
	$ 2,812.00

(e) Rehabilitation and Repairs - None

(f) New Building, Improvements and Installations

2 tent frames for tents at $100.00 each	$ 200.00
2 tents 9½ ft. by 11 3/4 ft., $82.95 each	175.90
1 storage shed for tools and equipment	200.00
	$ 575.90

(g) Miscellaneous

Repair and construct the two existing bridges over the Middle Fork of the Sacramento River	$ 300.00
Camp Cook stove $19.50	19.50
12 piece aluminum cook set $8.19	8.19
2 Coleman camp lanterns $14.95 each	29.90
2 wood burning stoves for tents $12.95 each	25.90
2 metal flumes for stoves $2.50 each	5.00
Planking wood	25.00
Workmens compensation, payroll taxes, Social Security and unemployment compensation for 5 weeks payroll of $1,910.00 at 14%	267.40
	$ 680.89

(h) Contingencies $ 200.00

GRAND TOTAL $24,968.11

7. (a) Yes.

(b) Money

MF-203
(Revised July 1, 1953)

Defense Minerals Administration
RECEIVED
OCT 20 1953

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Siskiyou, described as follows:1/ South ½ of section 28, T 40 N, R5W, being a group of mining ~~claims known as The Calethia Asbestos Mine Group 1 to 8,~~ Recorded by the Keystone Asbestos ~~Corporation Oct. 5, 1953~~ in Volume 81, pages ~~90, 92, 94, 96, 98, 100, 102 and 104,~~ of Mining Records of Siskiyou County, California.

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

2/ Keystone Asbestos Corporation
1005 Investment Bulding
Washington D,C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 17 day of Oct, 1953.

[Seal]

[Seal]

[Seal]

1/ 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 cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior--Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

Defense Minerals Administration
RECEIVED
OCT 20 1953

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Madison, described as follows:1/

South ½ of section 10, T 10 S, R 3 W, being a group of mining claims known as the Colombia Asbestos Mine Group 1 to 8, recorded by the Bayerno Asbestos Corporation Oct. 5, 1953 in Volume 61, pages 98, 99, 98, 97, 96, 100, 102 and 104, of Mining Records of Madison County, California.

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

2/ Bayerno Asbestos Corporation
1005 Investment Building
Washington D.C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 17 day of Oct, 1953.

_____ [Seal]

_____ [Seal]

_____ [Seal]

1/ 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 cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior—Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1953

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of ~~California~~, County of ~~Siskiyou~~, described as follows:1/

South ½ of section 28, T 40 N, R5W, being a group of mining claims known as The Calethia Asbestos Mine Group 1 to 8, Recorded by the Keystone Asbestos Corporation Oct. 5, 1953 in Volume 81, pages 90, 92, 94, 96, 98, 100, 102 and 104, of Mining Records of Siskiyou County, California.

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

2/ Keystone Asbestos Corporation
1005 Investment Bulding
Washington D,C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 17 day of Oct., 1953.

[Seal]

[Seal]

[Seal]

1/ 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 cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior--Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1953

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of California, County of Lassen, described as follows:1/

South ½ of section 28, T 40 N, R7, being a group of mining claims known as the Calethia Asbestos Mine Group 1 to 8, Recorded by the Keystone Asbestos Corporation Oct. 5, 1956 in Volume 81, pages 90, 92, 94, 96, 98, 100, 102 and 104, Lassen County, California.

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

2/ Keystone Asbestos Corporation
1005 Investment Building
Washington D.C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 12 day of July, 1953.

_____ [Seal]

_____ [Seal]

_____ [Seal]

1/ 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 cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior--Duplicating Section, Washington, D. C. 47318

IN REPLY REFER TO:

G-MD-CNM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

October 22, 1953

Memorandum

REVIEW OF APPLICATION DMEA-3196 (asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration
From: Donald A. Brobst, U. S. Geological Survey
Applicant: Keystone Asbestos Corp., 1005 Investment Bldg., Washington, D. C.
Name of property: Calethia Asbestos Group, Claims1 to 8.
Location of property: S½ of Sec. 28, T. 40 N., R. 5 W., in Siskiyou County, California.
Estimated cost of project: $24,968.11.
Summary of applicant's proposal:
Make 2 additional trenches above the present trench, each new one to be 150 feet long and 15 to 20 feet deep. After outlining the deposit by trenching, core drilling is to be undertaken to determine the outline and extent of the deposit.
Sources of information on applicant's property:
Nothing in the files on these properties.
Comments:

1. More geological information is needed concerning the character and extent of the deposits, which can be seen from the surface and in the present trench.

2. Field examination is required to determine the feasibility of the applicant's plans for exploration. Possibly a 2-stage contract may be needed -- Stage I for trenching and Stage II for drilling if warranted after Stage I.

RECOMMENDATION:
Refer to the field team for an examination of the property.

Donald A. Brobst

Donald A. Brobst

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

Keystone Asbestos Corporation
1005 Investment Building
Washington, D. C.

October 20, 1953

Subject: DMEA-3196
Re: Exploration Assistance
The Calethia Asbestos Mine Group 1to8

Dear Mr. Vournas:

The receipt of your application dated October 19, 1953, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3196 and referred to the Nonmetallic Minerals Division.

Kindly refer to DMEA-3196 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Chief, Operations Control
and Statistics Division

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1953

NATIONAL 5582

KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON 5, D.C.

October 20, 1953

United States Department of
the Interior
Defense Minerals Exploration
Administration
Washington 25, D. C.

In re: Application of Keystone Asbestos Corporation

Gentlemen:

I take leave to submit herewith application for aid in an exploration project, pursuant to DMEA Order 1, under the Defense Production Act of 1950, as amended for the Keystone Asbestos Corporation covering deposits of Chrysotile Asbestos in quadruplicate.

Very truly yours,

George C. Vournas

George C. Vournas

GCV:b
Enc.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1953

MDS

NATIONAL 5582

KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON 5, D.C.

November 2, 1953

Lawrence G. Houk, Chief
Nonmetallic Minerals Division
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA-3196

Dear Mr. Houk:

With further reference to the above application now pending before the Bureau, it occurs to the writer that the enclosed photostatic copy of a bid made by Boyles Bros. in connection with the previous applications might be useful to the Bureau in apprising and estimating costs in this matter.

Very truly yours,

George C. Vournas

George C. Vournas

GCV:b

1 cy to - USBM.
1 cy to - USGS
1 cy to - Region
mds

Boyles Bros. DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS AND MANUFACTURERS

Phone 6-8555 1321 South Main

SALT LAKE CITY 4, UTAH

Colorado Mineral Industries
RECEIVED
1953

October 19, 1953

Keystone Asbestos Corporation
1005 Investment Bldg.
Washington 5, D. C.

Attention: Mr. George Vournas

Gentlemen:

After examining your three properties to be diamond drilled near Mt. Shasta, California, we wish to submit the following prices for your approval:

For a Minimum Program of 3,000 feet

1. Mobilization and demobilization $800.00.

2. Drilling Rates:

	0' to 200'	200' to 400'
EX size, 13/16" core	$ 4.10 per ft.	$ 4.60 per ft.
AX size, 1 3/16" core	4.40 per ft.	4.80 per ft.
BX size, 1 5/8" core	4.70 per ft.	5.20 per ft.
NX size, 2 1/8" core	5.10 per ft.	5.70 per ft.

3. Reaming and casing, if necessary:

EX size to AX size	$1.75 per ft.
AX size to BX size	2.20 per ft.
BX size to NX size	2.75 per ft.

4. For cementing, should it be necessary, the rate will be $8.00 per hour, plus cost of cement or cement substitute.

We understand your company will furnish the following:

1. A pioneer camp at which board will be furnished to our men at cost.

2. Transportation will be provided over all roads not negotiable by an ordinary two wheel drive truck.

We anticipate starting the drilling program about July 1, 1954, subject to changes due to weather conditions. It is our understanding that one drill working two shifts and possibly three shifts later, will be adequate.

Wooden core boxes are available in Salt Lake City at $4.75 each. They have the following capacities:

EX - 35 feet
AX - 30 feet
BX - 25 feet
NX - 20 feet

Should the foregoing prices meet with your approval, a signed copy of this letter will suffice in lieu of a formal contract.

Yours very truly,

R. C. Karlsten

R. C. Karlsten

RCK:rfb

cc: Mr. George J. Petrow

Accepted by:

_____

_____
Date

mdl

NATIONAL 5582

KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON 5, D.C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1953

November 17, 1953

Lawrence G. Houk, Chief
Nonmetallic Minerals Division
United States Department of Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Attn: Mr. Anderson

In re: Docket No. DMEA 3196

Dear Mr. Houk:

With further reference to the above application I take leave to submit herewith sample fibers from the Sacramento River area, covered by our application under the above heading.

Very truly yours,

George C. Vournas

GCV:b

Sample rec'd
Nonmetallic Minerals
Divisn
11-17-53
gad

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

600

NOV 25 1953

Houk
Martin
Larrabee
Hofman

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Miller:

Please review the subject application and arrange for a field examination if you deem it advisable.

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed for your information.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (JHB)

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

D. M. Larrabee (JHB)
Member, Geological Survey

Enclosures 4

WCAnderson:gad 11/23/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

HHH 11-25-53

FILE COPY
SURNAME:

Houk
Martin
Turner
Hedges
Anderson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

600

NOV 25 1953

Mr. George C. Vournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. H. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco 2, California, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance that you may give the members of the field team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:gad 11/23/53

Copy to: Admr. A. File
Docket File
Field Team, Region III
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk
Operating Committee

11-25-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1953

November 18, 1953

Memorandum

To: Lawrence G. Houk, Director, Nonmetallic Minerals Division, Defense Minerals Exploration Administration

From: Oliver Bowles, Commodity Specialist, Construction and Chemical Materials Branch

Subject: Application of Keystone Asbestos Corporation, DMEA No. 3196

The asbestos sample from Siskiyou County, California, has been examined. It appears to be chrysotile asbestos in bundles of fibers having a maximum length of about 3/4 inch. Some of the bundles have fair strength and flexibility while others are weak and brittle. The sample shows some discoloration indicative of weathering, and weathering may account for the weakness of some of the fiber bundles.

I would recommend that the field team examine this property and during the examination secure samples if possible below the zone of weathering. These samples should be submitted to Washington for examination.

Oliver Bowles

Oliver Bowles, Commodity Specialist
Construction and Chemical Materials Branch

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

June 30, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Reference is made to the letter dated November 25, 1953, signed by Mr. W. S. Martin, Acting Chairman, Operating Committee, requesting an examination of the subject property.

Attached are four copies of a report of an examination of the property entitled "DMEA-3196, Calethia No. 1-8 group of claims, Keystone Asbestos Corporation, Siskiyou County, California," by F. J. Wiebelt, Mining Engineer, U. S. Bureau of Mines, and H. K. Stager, Geologist, U. S. Geological Survey, dated June 24, 1954.

According to their report, a deposit of chrysotile asbestos is exposed in an open cut on the Calethia No. 3 claim. The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide which strike about N 45° W and dip steeply northeast. There are no measured ore reserves. However, a preliminary visual inspection in the field indicates the fiber length in most cases will pass the test for spinning grade and that the fiber strength is adequate.

They have recommended that an exploration program in two stages be given favorable consideration for a DMEA loan. Stage I would consist of trenching and Stage II would be a program of diamond drilling planned to outline the downward and lateral extent of the asbestos bearing zone.

Reviewed by
DMEA OPERATING COMMITTEE

7-9-54
(date)

Mr. Roscoe Smith and I concur with the recommendations that the application be given favorable consideration.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

EXAMINATION REPORT

DMEA-3196, Calethia No. 1-8 group of claims

Keystone Asbestos Corporation

Siskiyou County, California

F. J. Wiebelt, Mining Engineer
U. S. Bureau of Mines

H. K. Stager, Geologist
U. S. Geological Survey

June 24, 1954

Reviewed by
DMEA OPERATING COMMITTEE

7-9-54
(date)

EXAMINATION REPORT

Docket No.: DMEA-3196 (Asbestos)

Name and address of applicant: Keystone Asbestos Corporation
1805 Investment Bldg.
Washington, D.C.

Name and location of property: Calethia Asbestos Group,
Claims 1 to 8 inclusive,
Siskiyou County, Calif.

SUMMARY

The Calethia property is approximately 12.5 miles by road and trail southwesterly from the City of Mt. Shasta, Siskiyou County, Calif. The asbestos claims are underlain by a mass of serpentine. On the Calethia No. 3 claim an open cut in the hillside has exposed a zone of asbestos-bearing serpentine. There are no other exposures in the vicinity although fragments and boulders of asbestos-bearing material are present in the slope wash above and below the open cut. The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide. A section across the asbestos-bearing serpentine zone contained 32 seams ranging in width from 1/8 to 1-3/4 inches and averaging 1/2 inch. The total width of asbestos fiber in the 18-foot section across the deposit was 17.5 inches or about 8 percent fiber. A preliminary visual inspection in the field indicates the fiber length in most cases will pass the requirements for spinning grade and that the fiber strength is adequate. If the asbestos-bearing zone is inferred for a strike length of 300 feet and to a depth of 100 feet

below the outcrop, 50,000 tons of ore averaging 8 percent fiber can be inferred. The applicant proposes an exploration project consisting of two trenches, each about 150 feet long and from 15 to 20 feet deep and about 3,000 feet of core-drilling to outline the downward and lateral extent of the asbestos-bearing zone. The total cost of the proposed program is estimated at about $24,958.11.

CONCLUSIONS

Asbestos-bearing serpentine of good spinning quality is exposed in one locality on the Calethia No. 3 claim. Further exploration will be necessary to determine if a minable deposit of asbestos exists. The program proposed by the applicants is believed adequate to test the limits and grade of the deposit. The area to be explored by the proposed program appears geologically favorable for the development of a moderate tonnage of asbestos ore.

RECOMMENDATIONS

It is recommended that the Government participation in the proposed exploration program be favorably considered.

It is further recommended that the contract be written to require that the applicant provide competent geologic assistance to guide the exploration and to evaluate the results obtained by the trenching and drilling.

INTRODUCTION

The examiners, consisting of Harold K. Stager of the Geological

Survey and Frank J. Wiebelt of the Bureau of Mines, spent May 18, 1954 on the property. They were accompanied by George J. Petrow, director of field operations for the Keystone Asbestos Corporation.

NAME AND LOCATION OF PROPERTY

The property is known as the Calethia Asbestos claims 1 to 8 inclusive and is situated in the southern part of sec. 28, T. 40 N., R. 5 W., in Siskiyou County, Calif. The claims lie between the Middle Fork and the North Fork of the Sacramento River.

The claims are accessible from Mt. Shasta, Calif., by turning west off U. S. Highway 99 at La Forta's cafe (more commonly known as Bud and Bobbies Cafe) about 2.5 miles south of the City of Mt. Shasta and continue on this road one mile, then turn left on the Porterhouse road and go 0.3 mile, thence turn left on the Castle Lake road and go 1.7 miles at which point turn right and go 4.2 miles, thence turn right on the Middle Fork Sacramento River road and go 0.8 mile. On account of washed out bridges and high water, this is as far as an automobile can go at the present time. The property is reached from this point by approximately a two mile walk along and above the Middle Fork of the Sacramento River.

The southern boundary line of the property is just north of the river.

ACCESSIBILITY

The property is inaccessible usually from the first late fall snow-

fall until about May 1 on account of heavy snowfall. It is readily accessible during the balance of the year.

COMPETENCY OF APPLICANT

The applicant is just commencing work on another DMEA exploration project in the same general region. The field team do not know the applicant well enough to comment on his competency. The applicant's program and estimated costs are considered reasonable.

APPLICANT'S PROPERTY RIGHTS

According to the application, the property involved in the exploration aid request consists of eight unpatented mining claims known as Calethia Asbestos Mine Group 1 to 8 inclusive, which are recorded in Volume 81, pages 90, 92, 94, 96, 98, 100, 102, and 104 of Mining Records of Siskiyou County, Calif. The claims are held by the applicant, the Keystone Asbestos Corporation.

DESCRIPTION OF PROPERTY

There are no buildings and mine equipment on the property.

The mine is in the prospect stage and exploration work to date consists of a bulldozer open cut into the hillside to a depth of 18 feet at the face. This cut exposes a zone of asbestos-bearing material averaging 8 percent fiber.

Asbestos-bearing float is present in the slope wash above the existing open cut in the vicinity of the proposed trenches and the trend of the zone, as near as can be determined from exposures in the open cut,

is in the direction of the proposed trenches.

A selected sample of the fiber in the open cut was taken by the representatives of the Field Team and sent to Washington for examination.

GEOLOGY

The Calethia Asbestos claims are underlain by a mass of serpentine that was probably derived from peridotite. Exposures on the property are poor due to a deep overburden of slope wash and a cover of brush and timber.

The serpentine, where exposed by road and prospect cuts, is light greenish-gray, massive, and is characterized by typical slickensided surfaces. On the Calethia No. 3 claim an open cut in the hillside has exposed a zone of asbestos-bearing serpentine. Small disseminated grains of magnetite and possibly chromite were noted in the freshly broken serpentine of the open cut and in fragments of serpentinized dunite in the slope wash.

Meager exposures and dense vegetation obscure any structures that might be related to the deposit.

ORE DEPOSITS

A deposit of chrysotile asbestos is exposed in an open cut on the Calethia No. 3 claim (see fig. 2). There were no other exposures of asbestos-bearing serpentine observed in the vicinity although fragments and boulders of asbestos-bearing material are present in the slope wash

above and below the open cut.

The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide which strikes about N. 45° W. and dips steeply northeast. The dominant trend of the seams is parallel with the zone although there are numerous random and irregular fiber-filled seams. A section across the asbestos-bearing serpentine zone contained 12 seams ranging in width from 1/8 to 1-3/4 inches and averaging 1/2 inch, separated by barren serpentine layers 1 to 30 inches wide. The total width of asbestos fiber in the 18-foot section across the deposit was 17.5 inches or about 8 percent fiber. A preliminary visual inspection in the field indicates the fiber length in most cases will pass the requirements for spinning grade and that the fiber strength is adequate.

ORE RESERVES

There are no measured ore reserves on the Calethia claims. The asbestos-bearing zone, where exposed in the cut on the Calethia No. 3 claim, averages about 18 feet wide, 60 feet long, and contains about 8 percent fiber. A few hundred tons of ore of this grade is indicated below the cut. If the asbestos-bearing zone is inferred to persist for a strike length of 300 feet and to a depth of 100 feet below the outcrop, 50,000 tons of ore averaging 8 percent fiber can be inferred.

PAST OPERATION

The property is a new discovery and is in the prospect stage. No production of asbestos from this property has yet been made.

MANPOWER, SUPPLIES, ETC.

Manpower, materials, supplies and equipment are available from Mt. Shasta or Dunsmuir, Calif. Water is obtainable from the Middle Fork of the Sacramento River, which flows through the southern end of the claims. The power transmission line of the California, Oregon Power Company passes within 4 miles from the property site.

APPLICANT'S PROPOSAL

The applicant proposes to cut two trenches, each approximately 150 feet in length and from 15 to 20 feet deep. The trenches will be 150 feet and 300 feet respectively, above the present cut and across the projected trend of the deposit (see fig. 2). On completion of the trenches, and after a study of the new exposures to determine the trend and grade of the deposit, about 3,000 feet of core-drilling is planned to outline the downward and lateral extent of the asbestos-bearing zone. The total cost of the proposed program is about $24,958.11.

OPERATOR'S PROPERTY RIGHTS

The property included in the application consists of the Calethia Asbestos group of claims 1 to 8 inclusive held by location by the company. The application states the claims were recorded by the Keystone Asbestos Corporation October 5, 1953 in volume 81, pages 90, 92, 94, 96, 98, 100, 102, and 104 of Mining Records of Siskiyou County, Calif. The exploration program is confined entirely to the Calethia No. 3 claim.

EXPLORATION PROJECT

The applicant states that work will start within 120 days and be completed within 12 months from the date of the approval of the exploration project contract.

DESCRIPTION OF PROJECT

The exploration program proposed by the applicant is believed to be adequate to prove or disprove the presence of a minable asbestos deposit. The program should be set up for two stages.

<u>Stage 1</u> - consisting of two trenches, 150 feet and 300 feet respectively, above the present cut and across the projected trend of the deposit (see fig. 2). Each of the trenches will be about 150 feet long and from 15 to 20 feet deep.

<u>Stage 2</u> - On completion of the trenches, and after a study of the new exposures to determine the trend and grade of the deposit, about 3,000 feet of core drilling is planned to outline the downward and lateral extent of the asbestos-bearing zone. The drilling should be done by angle holes from the hanging wall side of the deposits and the holes should be placed about 50 feet apart along the strike of the deposit. Exact location of the holes are dependent on the strike of the deposit and can be chosen after Stage 1 is completed.

ALLOWABLE COSTS OF PROJECT

(a) Independent contracts:

3,000 feet of AX size diamond drill hole at $5.70/ft.	$17,100.00

The above unit price to include all extra incidentals, such as reaming, casing, cementing, etc. connected with the drilling.

(b) Labor, Supervision, Consultants:

1 Foreman, 8 weeks @ $100/week	$800.00	
3 Men @ $1.85/hr., 5-day week, 8-hour day, 5 weeks @ $122.00	1,110.00	
1 Geological engineer consultant (part time) and transportation to work site	712.00	
		$ 2,622.00

(c) Operating Materials and Supplies:

300 lbs. explosives (6 cases @ $13.50 a case)	$ 81.00	
2 spools of connecting wire @ $1.50/ea.	3.00	
2 " lead wire (250 feet) $9.00/ea.	18.00	
2 boxes electric caps @ $9.75/ea.	19.50	
1 Galvanometer	28.50	
1 (30 hole blaster)	46.00	
2 Carset bits, 1-3/8", $15.00 ea.	30.00	
2 (2-foot alloy steels 7/8", $4.50/ea.	9.00	
2 (4-foot " " 7/8", $6.10/ea.	12.20	
2 (6-foot " " 7/8", $9.40/ea.	18.80	
1 wheelbarrow	29.95	
3 picks @ $5.20/ea.	15.60	
3 shovels @ $3.25/ea.	9.75	
2 (12-lb. sledge hammers, $6.00/ea.	12.00	
4 safety hats @ $5.20/ea.	20.80	
1 First aid kit	10.60	
200 gal. gasoline for compressor @ 23¢ gal.	46.00	
1 pail compressor lub. oil	4.12	
150 core boxes @ $3.75/ea.	562.50	
		$ 977.32

(d) Operating Equipment:

Rent of compressor for 5 weeks @ $200/month	$225.00	
Rent of jackhammer, hose, connections, etc. for 5 weeks @ $100/month	125.00	
Rent of D-6 bulldozer and operator for 5 weeks, 5-day week, 8-hour day at $11.50/hour	2,300.00	
Rent of truck to haul bulldozer from Redding, Calif. to worksite and back $56.00 each way	112.00	
Maintenance of company owned jeep at $10/week for 5 weeks	50.00	
		$ 2,812.00

(e) Rehabilitation and Repairs: None.

(f) New Buildings, Improvements and Installations:

2 tent frames for tents at $100/ea.	$200.00	
2 tents, 9.5' x 11-3/4' @ $82.95/ea.	165.90	
1 storage shed for tools & equipment	200.00	
		$ 565.90

(g) Miscellaneous:

Repair and construct the two existing bridges across the Middle Fork of the Sacramento River	$300.00	
Camp cook stove	19.50	
12-piece aluminum cook set	8.19	
2 Coleman lanterns, $14.95/ea.	29.90	
2 wood burning stoves for tents $12.95/ea	25.90	
2 metal flumes for stoves, $2.50/ea.	5.00	
planking wood	25.00	
Workmen's compensation, payroll taxes, Social Security and unemployment compensation for 3 weeks payroll of $1,910.00 @ 14%	267.40	
		$ 680.89

(h) Contingencies $ 200.00

Grand total estimated cost $24,[illegible].11

Docket Copy

Lawrence G. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

May 25, 1954

To: Mr. Frank D. Lamb, Bureau of Mines, College Park, Maryland

From: Lawrence G. Houk, DMEA

Subject: DMEA-3196, Keystone Asbestos Corporation, Siskiyou County, California

Please separate the rock from the fiber and return the fiber to me at your convenience. If there is any charge kindly bill us on standard form.

LGHouk:gad 5/25/54

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1605 Evans Ave.
~~P.O. BOX 1551~~
RENO, NEVADA

Defense Minerals Administration
RECEIVED
MAY 25 1954

May 21, 1954

Memorandum

To: Lawrence G. Houk, Director, Nonmetallic Minerals Division, Defense Minerals Exploration Administration

From: Chief, Mining Division, Region III

Subject: Application of Keystone Asbestos Corp. - DMEA-3196

In connection with the recommendation suggested in a memorandum to you dated November 18, 1953 from Oliver Bowles, Commodity Specialist, concerning above subject, we are sending you by parcel post, samples of asbestos obtained from the Calethia Asbestos property of the Keystone Asbestos Corporation for examination as to grade, quality, etc.

Please advise this office regarding the results of the examination so that they may be included in our examination report on the Calethia property.

A. C. Johnson

A. C. Johnson

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

June 30, 1954

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Reference is made to the letter dated November 25, 1953, signed by Mr. W. S. Martin, Acting Chairman, Operating Committee, requesting an examination of the subject property.

Attached are four copies of a report of an examination of the property entitled "DMEA-3196, Calethia No. 1-8 group of claims, Keystone Asbestos Corporation, Siskiyou County, California," by F. J. Wiebelt, Mining Engineer, U. S. Bureau of Mines, and H. K. Stager, Geologist, U. S. Geological Survey, dated June 24, 1954.

According to their report, a deposit of chrysotile asbestos is exposed in an open cut on the Calethia No. 3 claim. The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide which strike about N 45° W and dip steeply northeast. There are no measured ore reserves. However, a preliminary visual inspection in the field indicates the fiber length in most cases will pass the test for spinning grade and that the fiber strength is adequate.

They have recommended that an exploration program in two stages be given favorable consideration for a DMEA loan. Stage I would consist of trenching and Stage II would be a program of diamond drilling planned to outline the downward and lateral extent of the asbestos bearing zone.

Reviewed by
DMEA OPERATING COMMITTEE

7-9-54
(date)

Mr. Roscoe Smith and I concur with the recommendations that the application be given favorable consideration.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

EXAMINATION REPORT

DMEA-3196, Calethia No. 1-8 group of claims

Keystone Asbestos Corporation

Siskiyou County, California

F. J. Wiebelt, Mining Engineer
U. S. Bureau of Mines

H. K. Stager, Geologist
U. S. Geological Survey

June 24, 1954

Reviewed by
DMEA OPERATING COMMITTEE

7-9-54
(date)

EXAMINATION REPORT

Docket No.: DMEA-3196 (Asbestos)

Name and address of applicant: Keystone Asbestos Corporation
1005 Investment Bldg.
Washington, D.C.

Name and location of property: Calethia Asbestos Group,
Claims 1 to 8 inclusive,
Siskiyou County, Calif.

SUMMARY

The Calethia property is approximately 12.5 miles by road and trail southwesterly from the City of Mt. Shasta, Siskiyou County, Calif. The asbestos claims are underlain by a mass of serpentine. On the Calethia No. 3 claim an open cut in the hillside has exposed a zone of asbestos-bearing serpentine. There are no other exposures in the vicinity although fragments and boulders of asbestos-bearing material are present in the slope wash above and below the open cut. The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide. A section across the asbestos-bearing serpentine zone contained 32 seams ranging in width from 1/8 to 1-3/4 inches and averaging 1/2 inch. The total width of asbestos fiber in the 18-foot section across the deposit was 17.5 inches or about 8 percent fiber. A preliminary visual inspection in the field indicates the fiber length in most cases will pass the requirements for spinning grade and that the fiber strength is adequate. If the asbestos-bearing zone is inferred for a strike length of 300 feet and to a depth of 100 feet

below the outcrop, 50,000 tons of ore averaging 8 percent fiber can be inferred. The applicant proposes an exploration project consisting of two trenches, each about 150 feet long and from 15 to 20 feet deep and about 3,000 feet of core-drilling to outline the downward and lateral extent of the asbestos-bearing zone. The total cost of the proposed program is estimated at about $24,958.11.

CONCLUSIONS

Asbestos-bearing serpentine of good spinning quality is exposed in one locality on the Calethia No. 3 claim. Further exploration will be necessary to determine if a minable deposit of asbestos exists. The program proposed by the applicants is believed adequate to test the limits and grade of the deposit. The area to be explored by the proposed program appears geologically favorable for the development of a moderate tonnage of asbestos ore.

RECOMMENDATIONS

It is recommended that the Government participation in the proposed exploration program be favorably considered.

It is further recommended that the contract be written to require that the applicant provide competent geologic assistance to guide the exploration and to evaluate the results obtained by the trenching and drilling.

INTRODUCTION

The examiners, consisting of Harold K. Stager of the Geological

Survey and Frank J. Wiebelt of the Bureau of Mines, spent May 18, 1954 on the property. They were accompanied by George J. Petrow, director of field operations for the Keystone Asbestos Corporation.

NAME AND LOCATION OF PROPERTY

The property is known as the Calethia Asbestos claims 1 to 8 inclusive and is situated in the southern part of sec. 28, T. 40 N., R. 5 W., in Siskiyou County, Calif. The claims lie between the Middle Fork and the North Fork of the Sacramento River.

The claims are accessible from Mt. Shasta, Calif., by turning west off U. S. Highway 99 at La Porta's cafe (more commonly known as Bud and Bobbies Cafe) about 2.5 miles south of the City of Mt. Shasta and continue on this road one mile, then turn left on the Perotshasta road and go 0.3 mile, thence turn left on the Castle Lake road and go 1.7 miles at which point turn right and go 4.2 miles, thence turn right on the Middle Fork Sacramento River road and go 0.8 mile. On account of washed out bridges and high water, this is as far as an automobile can go at the present time. The property is reached from this point by approximately a two mile walk along and above the Middle Fork of the Sacramento River.

The southern boundary line of the property is just north of the river.

ACCESSIBILITY

The property is inaccessible usually from the first late fall snow-

fall until about May 1 on account of heavy snowfall. It is readily accessible during the balance of the year.

COMPETENCY OF APPLICANT

The applicant is just commencing work on another DMEA exploration project in the same general region. The field team do not know the applicant well enough to comment on his competency. The applicant's program and estimated costs are considered reasonable.

APPLICANT'S PROPERTY RIGHTS

According to the application, the property involved in the exploration aid request consists of eight unpatented mining claims known as Calethia Asbestos Mine Group 1 to 8 inclusive, which are recorded in Volume 81, pages 90, 92, 94, 96, 98, 100, 102, and 104 of Mining Records of Siskiyou County, Calif. The claims are held by the applicant, the Keystone Asbestos Corporation.

DESCRIPTION OF PROPERTY

There are no buildings and mine equipment on the property.

The mine is in the prospect stage and exploration work to date consists of a bulldozer open cut into the hillside to a depth of 18 feet at the face. This cut exposes a zone of asbestos-bearing material averaging 8 percent fiber.

Asbestos-bearing float is present in the slope wash above the existing open cut in the vicinity of the proposed trenches and the trend of the zone, as near as can be determined from exposures in the open cut,

is in the direction of the proposed trenches.

A selected sample of the fiber in the open cut was taken by the representatives of the Field Team and sent to Washington for examination.

GEOLOGY

The Calethia asbestos claims are underlain by a mass of serpentine that was probably derived from peridotite. Exposures on the property are poor due to a deep overburden of slope wash and a cover of brush and timber.

The serpentine, where exposed by road and prospect cuts, is light greenish-gray, massive, and is characterized by typical slickensided surfaces. On the Calethia No. 3 claim an open cut in the hillside has exposed a zone of asbestos-bearing serpentine. Small disseminated grains of magnetite and possibly chromite were noted in the freshly broken serpentine of the open cut and in fragments of serpentinized dunite in the slope wash.

Meager exposures and dense vegetation obscure any structures that might be related to the deposit.

ORE DEPOSITS

A deposit of chrysotile asbestos is exposed in an open cut on the Calethia No. 3 claim (see fig. 2). There were no other exposures of asbestos-bearing serpentine observed in the vicinity although fragments and boulders of asbestos-bearing material are present in the slope wash

above and below the open cut.

The cross-fiber asbestos occurs as seams in a zone of serpentine about 18 feet wide which strikes about N. 45° W. and dips steeply northeast. The dominant trend of the seams is parallel with the zone although there are numerous random and irregular fiber-filled seams. A section across the asbestos-bearing serpentine zone contained 32 seams ranging in width from 1/8 to 1-3/4 inches and averaging 1/2 inch, separated by barren serpentine layers 1 to 30 inches wide. The total width of asbestos fiber in the 18-foot section across the deposit was 17.5 inches or about 8 percent fiber. A preliminary visual inspection in the field indicates the fiber length in most cases will pass the requirements for spinning grade and that the fiber strength is adequate.

ORE RESERVES

There are no measured ore reserves on the Calethia claims. The asbestos-bearing zone, where exposed in the cut on the Calethia No. 3 claim, averages about 18 feet wide, 60 feet long, and contains about 8 percent fiber. A few hundred tons of ore of this grade is indicated below the cut. If the asbestos-bearing zone is inferred to persist for a strike length of 300 feet and to a depth of 100 feet below the outcrop, 50,000 tons of ore averaging 8 percent fiber can be inferred.

PAST OPERATION

The property is a new discovery and is in the prospect stage. No production of asbestos from this property has yet been made.

MANPOWER, SUPPLIES, ETC.

Manpower, materials, supplies and equipment are available from Mt. Shasta or Dunsmuir, Calif. Water is obtainable from the Middle Fork of the Sacramento River, which flows through the southern end of the claims. The power transmission line of the California, Oregon Power Company passes within 4 miles from the property site.

APPLICANT'S PROPOSAL

The applicant proposes to cut two trenches, each approximately 150 feet in length and from 15 to 20 feet deep. The trenches will be 150 feet and 300 feet respectively, above the present cut and across the projected trend of the deposit (see fig. 2). On completion of the trenches, and after a study of the new exposures to determine the trend and grade of the deposit, about 3,000 feet of core-drilling is planned to outline the downward and lateral extent of the asbestos-bearing zone. The total cost of the proposed program is about $24,958.11.

OPERATOR'S PROPERTY RIGHTS

The property included in the application consists of the Calethia Asbestos group of claims 1 to 8 inclusive held by location by the company. The application states the claims were recorded by the Keystone Asbestos Corporation October 5, 1953 in volume 81, pages 90, 92, 94, 96, 98, 100, 102, and 104 of Mining Records of Siskiyou County, Calif. The exploration program is confined entirely to the Calethia No. 3 claim.

EXPLORATION PROJECT

The applicant states that work will start within 120 days and be completed within 12 months from the date of the approval of the exploration project contract.

DESCRIPTION OF PROJECT

The exploration program proposed by the applicant is believed to be adequate to prove or disprove the presence of a minable asbestos deposit. The program should be set up for two stages.

Stage 1 - consisting of two trenches, 150 feet and 300 feet respectively, above the present cut and across the projected trend of the deposit (see fig. 2). Each of the trenches will be about 150 feet long and from 15 to 20 feet deep.

Stage 2 - On completion of the trenches, and after a study of the new exposures to determine the trend and grade of the deposit, about 3,000 feet of core drilling is planned to outline the downward and lateral extent of the asbestos-bearing zone. The drilling should be done by angle holes from the hanging wall side of the deposits and the holes should be placed about 50 feet apart along the strike of the deposit. Exact location of the holes are dependent on the strike of the deposit and can be chosen after Stage 1 is completed.

ALLOWABLE COSTS OF PROJECT

(a) Independent contracts:

3,000 feet of AX size diamond drill hole at $5.70/ft.	$17,100.00

The above unit price to include all extra incidentals, such as reaming, casing, cementing, etc. connected with the drilling.

(b) Labor, Supervision, Consultants:

1 Foreman, 8 weeks @ $100/week	$800.00	
3 Men @ $1.85/hr., 5-day week, 8-hour day, 5 weeks @ $122.00	1,110.00	
1 Geological engineer consultant (part time) and transportation to work site	712.00	
		$ 2,622.00

(c) Operating Materials and Supplies:

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2 (4-foot " " 7/8", $6.10/ea.	12.20	
2 (6-foot " " 7/8", $9.40/ea.	18.80	
1 wheelbarrow	29.95	
3 picks @ $5.20/ea.	15.60	
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4 safety hats @ $5.20/ea.	20.80	
1 First aid kit	10.60	
200 gal. gasoline for compressor @ 23¢ gal.	46.00	
1 pail compressor lub. oil	4.12	
150 core boxes @ $3.75/ea.	562.50	
		$ 977.32

(d) Operating Equipment:

Rent of compressor for 5 weeks @ $200/month	$225.00	
Rent of jackhammer, hose, connections, etc. for 5 weeks @ $100/month	125.00	
Rent of D-6 bulldozer and operator for 5 weeks, 5-day week, 8-hour day at $11.50/hour	2,300.00	
Rent of truck to haul bulldozer from Redding, Calif. to worksite and back $56.00 each way	112.00	
Maintenance of company owned jeep at $10/week for 5 weeks	50.00	
		$ 2,812.00

(e) Rehabilitation and Repairs: None.

(f) New Buildings, Improvements and Installations:

2 tent frames for tents at $100/ea.	$200.00	
2 tents, 9.5' x 11-3/4" @ $82.95/ea.	165.90	
1 storage shed for tools & equipment	200.00	
		$ 565.90

(g) Miscellaneous:

Repair and construct the two existing bridges across the Middle Fork of the Sacramento River	$300.00	
Camp cook stove	19.50	
12-piece aluminum cook set	8.19	
2 Coleman lanterns, $14.95/ea.	29.90	
2 wood burning stoves for tents $12.95/ea	25.90	
2 metal flumes for stoves, $2.50/ea.	5.00	
planking wood	25.00	
Workmen's compensation, payroll taxes, Social Security and unemployment compensation for 5 weeks payroll of $1,910.00 @ 14%	267.40	
		$ 680.89

(h) Contingencies $ 200.00

Grand total estimated cost $24,958.11

GENERAL SERVICES ADMINISTRATION

Emergency Procurement Service
Washington 25, D. C.

July 16, 1954

In reply refer to: EPO

Defense Minerals Exploration Administration
U. S. Department of Interior
Washington 25, D. C.

Attention: Mr. Lawrence G. Houk
Chief, Nonmetallic Minerals Division

Dear Mr. Houk:

Re: DMEA 3196 Asbestos Samples
Keystone Asbestos Corp.

Reference is made to your request of June 25, 1954 for a report on the subject asbestos samples.

A copy of Mr. Weaver's report dated July 7, 1954 is enclosed, from which you will see that in his opinion the fiber may have certain industrial uses but neither sample meets the requirements of the National Stockpile Material Purchase Specification for Chrysotile Asbestos.

Very truly yours,

H. C. Maull, Jr.
Director, Purchase Division

Attachments

GENERAL SERVICES ADMINISTRATION

Emergency Procurement Service
Washington 25, D.C.

4411 North 18th St.,
Phoenix, Arizona.

July 7, 1954.

Emergency Procurement Service,
7th & D Sts., S.W.
Washington 25, D.C.

EPO

Capt. H. C. Maull, Jr.,
Director, Purchase Division.

Dear Capt. Maull:

EPS Sample 1104
Docket No. DMEA-3196
Keystone Asbestos Corporation

Docket No. DMEA-3196
Sample No.1

This is a sample of chrysotile asbestos which holds many magnetic particles. It is crude asbestos that has been partly opened. A few of the bundles of fiber are 3/4 inch or longer and therefore would be classed as No. 1 in the crude form. In general the fiber in this sample is shorter than the fiber bundles of Sample No. 2, which will be separately described. If the crude veins from which the No. 1 sample was taken were 3/4 inch and longer, the preponderance of much shorter fiber indicates that the veins have many partings which decrease the overall length of the fiber.
Sample No. 1 holds some textile-length fiber which could be collected by screening to produce a textile fiber well up in group 3 grading by the Canadian classification.
The fibers are not very strong but when obtained at greater depth in the mine greater strength could be expected.
The fiber is not of stockpile quality, due to the presence of many magnetic particles.

Docket No. DMEA- 3196
Sample No. 2.

This sample is composed of partly opened No. 2 crude chrysotile, ferrous type. It is not a stockpile quality chrysotile. A large number of magnetic particles have been removed by a magnet. The crude ore could be milled into a textile fiber that would be in the Group 3 classification. It is of economic importance to the asbestos industry if properly milled and graded.

Yours very truly,

Jesse M. Weaver

Jesse M. Weaver,
Consultant.

IN REPLY REFER TO:

G-MD-CNM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

July 13, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3196 (asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Keystone Asbestos Corp., Washington, D. C.
Name of property: Calethia Asbestos Group 1 to 8.
Location of property: Siskiyou County, California.
Date of Field Team Report: June 30, 1954.
Authorship of Field Team Report: F. J. Wiebelt and H. K. Stager.
Field Team's recommendation:

Calethia No. 3 claim only

Stage 1. Trenching 300' x 15-20' deep
Stage 2. Core drilling 3,000'

$24,958.11

Comments:

1. Trenching program appears too great (trenches too long) for an 18' band.

2. 50' spacing of holes is more like blocking out ore than exploration.

ACTION RECOMMENDED: Refer to Field Team for more realistic and economic approach.

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

Defense Minerals Administration
RECEIVED
JUL 12 1954

July 12, 1954

Memorandum

To: Mr. Lawrence Houk, Chief, Nonmetallic Minerals Division
D. M. E. A.

From: Commodity Specialist, Construction and Chemical Materials Branch

Subject: Docket No. DMEA-3196 - Asbestos, Keystone Asbestos Corp. Calethia Asbestos Group 1 to 8, Siskiyou County, California

As the field team report indicates, the presence of a fiber-bearing zone 18 feet wide containing up to 8 percent of asbestos, apparently of adequate strength, and with a fair proportion of fibers of spinning length, further investigation would seem to be desirable. As the exploration program proposed by the Company is approved by the field team, I concur in the recommendation that DMEA assistance be furnished as proposed, provided that the analysis of the fiber now being made indicates that it will qualify as a non-ferrous fiber suitable for stockpiling.

Oliver Bowles

Oliver Bowles

DOCKET FILE
Surname: Matter Only

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

600

JUN 25 1954

Mr. H. C. Maull, Jr.
Director, Purchase Division
Emergency Procurement Service
General Services Administration
7th and D Streets S. W.
Washington 25, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Maull:

Transmitted herewith are two samples of asbestos for evaluation as to acceptability for stockpiling.

Mr. Clarence M. Chaffee, Chief, Ores Section, Emergency Procurement Service suggested sending the sample. We are unable to procure five pounds of the sample but are sending all that is available.

Sincerely yours,

SIGNED

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Enclosures: 2

LGHouk:gad 6/25/54

Copy to: Admr. R. File
Docket File
Mr. Houk

Samples to Washington
at GSA for laboratory
examination, July 6,
Pennsylvania

R.C.S.

Docket Copy
Surname:
Houk
Johnson
Selfridge
Thayer
Hedges

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Mr. George C. Vournas, President
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Reference is made to your letter of July 26, 1954, requesting a re-examination of your application denied July 22, 1954, because the asbestos was not acceptable for stockpiling.

Nov 17

The specimen of asbestos which you submitted October 10, 1953, was insufficient to determine its acceptability for stockpiling. It was not until the Field Team made their examination of the property that a sample of asbestos was received and analyzed for stockpile acceptability and found unsuitable.

Applications DMEA-3095 and DMEA-3096, received June 29, 1953, which resulted in Contracts Nos. Idm-E624 and Idm-E623, were processed under the criteria in force at the time they were received. The criteria in effect on October 20, 1953, when application DMEA-3196 was received and at present, limits exploration assistance to those projects which will produce asbestos acceptable for stockpiling.

Your action in suspending drilling operations on DMEA-3096, Idm-E623, when unfavorable results indicated that the probability of making a significant discovery was remote, is commendable. Your contract with Boyle Brothers to drill a minimum of 2,000 feet was undertaken on your own initative and as an ordinary business risk. We regret that any misunderstanding of our requirements has caused you possible loss.

We have re-examined the factors involved in the denial of DMEA-3196 and find that the rules and regulations under which we operate must be sustained, and the denial is, therefore, reaffirmed. The denial of this application is made without prejudice to the property.

Sincerely yours,

Administrator

LGHouk:gad 7/30/54
Copy to: Admr. R. File
Docket File
Field Team, Reg. III
Dr. Bowles, 3516
Mr. Larrabee, 5216

Mr. Houk

FILE COPY
Surname:

Houk -
~~Hodges~~
~~Hayes~~
~~Selfridge~~
~~Johnson~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

JUL 22 1954

Mr. George C. Vournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

The results of the study of the chrysotile asbestos fiber indicate that it would not be acceptable for inclusion in the National Stockpile. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

LGHouk:ag 7/21/54
Copy to: Admr. R. File
Docket File
Field Team, Region III
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, 5216
Mr. Houk

R.C.G.

NATIONAL STOCKPILE SPECIFICATION P-3-R1
10 June 1953
(Supersedes issue of
6 January 1953)

GENERAL SERVICES ADMINISTRATION
EMERGENCY PROCUREMENT SERVICE
WASHINGTON 25, D. C.

MATERIAL PURCHASE SPECIFICATIONS

ASBESTOS - CHRYSOTILE

1. DESCRIPTION

These specifications cover certain grades of commercially nonferrous chrysotile asbestos suitable for textile products designed for electrical insulating applications.

2. CHEMICAL AND PHYSICAL REQUIREMENTS

Each lot of chrysotile asbestos purchased under these specifications shall conform to the following applicable requirements:

a. Quality:

All material shall be commercially nonferrous chrysotile asbestos equal to or better than that mined in Southern Rhodesia at the Shabanie Mines. It shall separate easily into strong, flexible fibers that are not harsh nor brittle, and that do not break into shorter fibers to an objectionable degree in opening and fiberizing processes. The "soft" chrysotile mined in Arizona represents the optimum quality; the "harsh" type is not acceptable.

b. Iron Content:

All chrysotile asbestos shall be commercially nonferrous and shall conform to the following limitations: (See Section 3b)

Total Iron (Percent by Weight)	Magnetic Iron (Percent by Weight)
Maximum 3.50	Maximum 2.00

c. Grades:

Chrysotile asbestos conforming to the requirements in Sections 2a and 2b shall be one of the following grades:

(1) Commercial Standard Grade C and G-1, having a minimum of 15 ounces on the first and second screens as the average of three tests. (See Section 3a)

Typical Individual Tests:

12.25 - 2.75 - 0.75 - 0.25
13.75 - 1.75 - 0.38 - 0.12

(2) Commercial Standard Grade C and G-P1, having a minimum of 15 ounces on the first and second screens as the average of three tests. (See Section 3a)

Typical Individual Tests:

14.75 - 0.50 - 0.50 - 0.25
14.50 - 0.50 - 0.50 - 0.50

(3) Commercial Standard Grade C and G-2, having a minimum of 13 ounces on the first and second screens as the average of three tests. (See Section 3a)

Typical Individual Tests:

5.50 - 7.50 - 2.50 - 0.50
6.41 - 6.67 - 2.50 - 0.42

(4) Commercial Standard Grade C and G-P2, having a minimum average of 13 ounces on the first and second screens as the average of three tests. (See Section 3a)

Typical Individual Tests:

12.00 - 1.00 - 1.57 - 1.43
12.25 - 0.75 - 1.75 - 1.25

(5) Crude No. 1. A minimum of 85 percent by weight of the fiber shall be 3/4 inch in length or longer.

(6) Crude No. 2. A minimum of 85 percent by weight of the fiber shall be 3/8 to 3/4 inch in length.

(7) Textile or spinning-length milled asbestos of the following minimum screen tests made by the Quebec Standard Testing Machine. (See Section 3a)

	Tray Numbers			
Designation	1	2	3	4 (Pan)
3-F	7.0 Oz.	7.0 Oz.	1.5 Oz.	0.5 Oz.
3-K	4.0 Oz.	7.0 Oz.	4.0 Oz.	1.0 Oz.
3-R	2.0 Oz.	8.0 Oz.	4.0 Oz.	2.0 Oz.
3-T	1.0 Oz.	9.0 Oz.	4.0 Oz.	2.0 Oz.

d. Foreign Matter:

The material shall not contain more than 5 percent by weight of foreign matter such as grit, particles of serpentine, or other extraneous matter. Pieces of wood shall be cause for rejection

e. Moisture:

Hygroscopic water shall not exceed 2 percent by weight. (See Section 3c)

3. TESTING

a. Fiber Length Test:

Fiber length grading shall be determined by spreading 16 ounces on No. 1 tray of the Quebec Standard Testing Machine, and shaking for 2 minutes at 300 r.p.m.

The machine consists of a nest of four trays, with inside dimensions of 24-1/2 by 14-3/4 inches and 3-1/2 inches deep. The trays are superimposed one above the other and are numbered from the top down, 1,2,3, and 4 (pan). The bottoms of Nos. 1, 2, and 3 are screen wire cloth. No. 1 has 1/2-inch openings, diameter of wire being 0.105 inch; No. 2 has 4 meshes per linear inch, diameter of wire being 0.063 inch; and No. 3 has 10 meshes per linear inch, diameter of wire being 0.047 inch. The pan has a sheet steel bottom. The nest of four trays rests on a table attached to an eccentric arm with a throw of 25/32 inch, giving a movement of 1-9/16 inches.

After shaking for two minutes the contents of each tray shall be weighed and expressed in ounces and decimal ounces as shown in Sections 2c(1) to 2c(4) and in 2c(7).

b. Iron Determination Tests, When Required:

Tests to determine the iron content shall be made when, in the opinion of the Governmental agent, they are necessary. Tests, when made, shall be as follows:

Conditioning of Specimens of Untreated Asbestos-- The specimens shall be subjected to a temperature of 110° C + or - 2° C (230° F. + or - 3.6° F.) for 2 hours + or - 10 minutes.

Total Iron Content-- Approximately 1 gram of conditioned specimen (see above paragraph) shall be taken from a weighed bottle, and the bottle again weighed: The difference will be the exact weight of the specimen to be analyzed. The specimen shall then be placed in a tared No. 0 porcelain crucible and ignited to constant weight in a muffle furnace at about 900° C (1,652° F.). The crucible shall then be removed from the furnace and cooled in a desiccator to room temperature, and the ash weighed. The weight of the ash, multiplied by 100 and divided by the original weight of the specimen, will give the percentage of ash. The contents of the crucible shall then be transferred to a 300-milliliter glass beaker, and 25 milliliters of concentrated hydrochloric acid (sp. gr. 1.19) added. This mixture shall be boiled, and during the boiling, just enough chemically pure hydrofluoric acid to dissolve the sample completely (a few drops)

shall be added. The boiling shall be continued until a volume of 15 milliliters is reached, after which the mixture shall be cooled and then diluted with 100 milliliters of cold distilled water. The mixture shall then be passed through a Walden silver reductor, or approved equal, and the reductor washed with 100 milliliters of dilute hydrochloric acid (ratio 1:10). To the resulting filtrate shall be added a solution of 15 to 20 milliliters of concentrated sulfuric acid (sp. gr. 1.84) and three drops of phenanthroline indicator, and the mixture titrated with a standardized solution of ceric-ammonium sulfate. The weight of iron thus determined, multiplied by 100 and divided by the weight of the sample, will give the percentage of iron and represents total iron as Fe in the asbestos.

Magnetic Iron Content-- A weighed specimen of the conditioned material shall be placed in a porcelain crucible and ignited in an electric muffle furnace for 1 hour at 815° C. + or - 30° C. (1,499° F. + or - 54° F.). The crucible shall then be removed from the furnace and its contents, when cool, transferred to a mortar and reduced to a powder (approximately 100-mesh or finer) by grinding with a pestle. The powdered sample shall then be placed in a 600-cubic-centimeter beaker with approximately 400 cubic centimeters of distilled water and brought almost to a boil. The magnetic iron shall then be removed from the mixture by repeatedly inserting and withdrawing a small electromagnet equipped with an on-and-off switch. The core of the electromagnet shall consist of a machine steel cylindrical bar, 8-3/4 inches long and 3/4 inch in diameter. A suitable winding shall be wound on the core and evenly distributed from a point 3/4-inch from one end of the core to a point 3-1/2 inches from the other end. The number of turns and the current in the coil shall be adjusted so as to produce a magnetic field of 3,000 ampere-turns. Upon each withdrawal, the magnet shall be de-energized, and all traces of loose magnetic material removed and collected until no further collection can be made by repeating the process. The magnetic material thus collected shall be accumulated in a beaker and dried for 2 hours at 105° C. (221° F.), then cooled in a desiccator and weighed. The weight of the dried magnetic material, multiplied by 100 and divided by the weight of the sample, will give the percentage of magnetic iron.

c. Moisture Test:

Ten specimens of 10 grams each of the sample shall be weighed accurately in tared glass weighing bottles, heated for three hours at 110° C. + or - 3° C. (230° F. + or - 5.4° F.), cooled in a desiccator for 24 hours, each weighed accurately to determine the loss in weight, and the percentage of moisture calculated.

4. PACKAGING AND MARKING

a. Packaging:

The material shall be packed in new burlap or osnaburg bags or equal, with not more than 150 pounds packed in each bag. The bag shall be so constructed as to insure acceptance by common

carrier at the lowest rate to the point of delivery.

b. Marking:

Each bag shall be permanently and legibly marked and shall include the name of the mine, location, type, grade, gross and net weights, and Government contract number.

5. INSPECTION

Five-pound samples shall be inspected by commercial users whose manufacturing requirements represent at least 50 percent of the total United States consumption of the grades of asbestos covered by these specifications, and, in any event, by not less than three users. Acceptance shall be based upon the written statements from the majority (normally two out of three) of these users that the lot of asbestos conforms to the applicable requirements of Section 2.

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

AUG 2 1954

Mr. Robert S. Butler, Mining Consultant
Committee on Interior and Insular Affiars
House of Representatives
Washington 25, D. C.

Dear Bob:

Reference is made to your letter of August 16, 1954, enclosing a letter from Mr. George E. Johnson to the Honorable Clair Engle, requesting information on the denied Keystone Asbestos Corporation's application DMEA-3196.

The Keystone Asbestos Company submitted three applications to DMEA for exploration assistance. Two applications, DMEA-3095 and DMEA-3906, were received on June 29, 1953, and both resulted in contracts. The third application, DMEA-3196, was received on October 20, 1953. The property covered by this latter application was not accessible for field examination until May 18, 1954, when samples of asbestos-bearing rock were taken and sent to Washington. The samples were promptly referred to the General Services Administration for appraisal, and on July 16, 1954, that Agency advised that the samples were non-strategic asbestos. Pursuant to that advice, under date of July 22, 1954, the application was denied. The denial was made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

Consideration of these applications was based upon the criteria in effect at the time each application was received. Subsequent to receipt of the first two applications but prior to receipt of the third application we were directed by the Office of Defense Mobilization to limit exploration assistance to strategic minerals in relatively shortest supply for defense needs. Under this directive non-strategic chrysotile asbestos is ineligible for exploration assistance from DMEA. As you know the list of minerals eligible for exploration assistance is re-examined from time to time by appropriate Government agencies, and the various amendments to DMEA Order-1 have reflected the results of their reviews. The stockpile specifications also are re-appraised to keep them in line with defense requirements.

The suspicion that the International Cartel on asbestos is behind the decision of the Defense Minerals Exploration Administration to deny assistance is entirely unfounded. The DMEA program is administered solely in accordance with the needs for our national defense.

We regret that it was necessary to deny this application but know you understand our position and hope that the foregoing will enable you to explain the situation to the Representative. In response to your request Mr. Johnson's letter is enclosed.

Sincerely yours,

Deputy Administrator

Enclosure

LGHouk/FEJohnson/gad/bih
8/18/54
cc to: Docket
Admr. Reading File
Messrs. Mittendorf
Houk
Selfridge
F.E.Johnson

Docket Copy
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Mr. R. S. Butler, Mining Consultant
Committee on Interior and Insular Affairs
House of Representatives
Washington 25, D. C.

Dear Bob:

Reference is made to your letter of August 16, 1954, enclosing a letter from Mr. George E. Johnson to Honorable Clair Engle, requesting information on the denied Keystone Asbestos Corporation's application DMEA-3196.

This company submitted three applications. Two were received on June 29, 1953, application DMEA-3095, and application DMEA-3096, both resulted in contracts. The third application, DMEA-3196, was received on October 20, 1953. The property was not accessible for field examination until May 18, 1954, when samples of asbestos-bearing rock were taken and sent to Washington. The samples were quickly referred to the General Services Administration for appraisal, and on July 16, 1954, they advised this office that the samples were non-strategic asbestos. Pursuant to that advice the application was denied on July 22, 1954. Prior to receipt of the third application we were advised by the Office of Defense Mobilization to limit exploration funds to strategic minerals in short supply. The denial of the application was made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

The list of minerals eligible for exploration assistance are re-examined from time to time by appropriate Government agencies, and the various amendments to DMEA Order-1 have reflected the results of their reviews. The stockpile specifications also are re-appraised to keep them in line with defense needs.

The suspicion that the International Cartel on asbestos is behind the decision of the Defense Minerals Exploration Administration to deny assistance is entirely erroneous. The rules and regulations under which we operate are administered equitably to all and to meet our defense needs.

We regret that it was necessary to deny this application but know you understand our position and hope that the foregoing will enable you to explain the situation to the Representative. Mr. Johnson's letter is enclosed.

Sincerely yours,

Deputy Administrator

Enclosure

LGHouk:gad 8/18/54
Copy to: Admr. R. File
Docket File
Mr. F. L. Johnson
Mr. Mittendorf
Mr. Houk
Mr. Selfridge

EIGHTY-THIRD CONGRESS

A. L. MILLER, NEBR., CHAIRMAN

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ANTONIO FERNÓS-ISERN, PUERTO RICO

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

House of Representatives, U. S.

WASHINGTON, D. C.

August 16, 1954

Mr. Frank E. Johnson
Deputy Administrator
Defense Minerals Exploration
Administration
Department of the Interior
Washington 25, D. C.

Dear Frank:

I am enclosing a letter to Congressman Engle from a Mr. George E. Johnson. Will you please look this over and write me, returning the letter so that Congressman Engle can answer it.

Yours very truly,

R. S. Butler
Mining Consultant

Enc.

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

REFERRED TO: DATE 8-17

1. 110
2.
3.
4.

FOR:

- Action
- Approval
- Comment
- Conference
- Consideration
- Filing
- Instructions
- Investigation
- Initials
- Mailing
- Previous correspondence
- Recommendation
- Record of
- Referring to
- Reply for signature of
- Rewriting
- Signature
- Suggestions
- Your information

REMARKS: This is a non metallic Cell but is add to me Johnson.

Check (X) before the items needing attention.

ROBERT E. [illegible]

Initials of sender.

GPO 16—63815-1

C
O
P
Y

JOHNSON'S RESTAURANTS

5500 Stockton Blvd. and 1019 Tenth Street - Sacramento, California

August 3, 1954

Honorable Clair Engle
House Office Building
Washington, D. C.

My dear Clair:

I wonder whether I can bring a matter to your attention which vitally affects our area.

As I intimated to you sometime ago I have a substantial interest in the Keystone Asbestos Corporation, which concern has been carrying on exploration work for asbestos in Siskiyou, Trinity, and Shasta Counties. After considerable work and expense the corporation filed three applications for exploration assistance under the law. Two were granted, and one, covering an area near the source of the Sacramento River in Siskiyou County, a most promising project, was pending, it being DMEA-3196 - Asbestos, Calithea Asbestos Group 1 to 8. The field team of the Government which visited the area after considerable funds were expended to remove the snow last May, to make possible the inspection, was most favorably impressed by this project, and everyone expected that the contract would be approved as a matter of course, and drilling operations authorized during this season.

A few days ago Mr. C. O. Mittendorf, Administrator of the Defense Minerals Exploration Administration advised the Corporation that the chrysotile asbestos fiber samples which were forwarded to the Bureau indicate "that it would not be acceptable for inclusion in the National Stockpile." In other words, the Administrator changed the rules of the game while the play was on.

In view of the fact that all asbestos that may be produced in Northern California and part of Oregon and Nevada may not meet the high specifications of the National Stockpile, the action of the Administrator means that this entire area will be deprived of all benefits under the Defense Minerals Exploration Law.

The suspicion is entertained here that the International Cartel that controls asbestos production in Quebec, Canada and Southern Rhodesia is behind this decision of the Defense Minerals Exploration Administration. As you probably know, ore than 95% of asbestos used in the United States is chrysotile and nearly all of it is imported from Quebec and Southern Rhodesia.

The position taken by the Administrator at this late hour, it seems

to me, runs counter to the spirit of the law.

I know that you are tremendously interested in this matter, and that you would like to take a searching look. Mr. George C. Vournas, an attorney with offices in the Investment Building in Washington, D. C. has been an officer of the Keystone Asbestos Corporation for the past few years, and I am sure he would be more than happy to supply any additional information regarding the subject matter. Be assured that any assistance you may be able to render, not only to the Corporation, but to the question of development of our mineral resources in this area will be appreciated not only in this district, but by the entire state and the adjoining Nevada and Oregon areas.

I hope you will be home on time to participate in the State Convention. We need your advice and wise councel, also your Political "Poker Playing".

Very truly yours,

/s/ George E. Johnson

Docket Copy
Surname:
Hook

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

AUG 5 1954

Mr. George C. Vournas, President
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Reference is made to your letter of July 26, 1954, requesting a re-appraisal of the denial of the subject application. You state that you are unaware that one of the criteria for exploration assistance is that the mineral must be acceptable for stockpiling, and you point out that your applications DMEA-3095, Idm-E624, and DMEA-3096, Idm-E623, were not judged by these criteria.

It is true your applications DMEA-3095 and DMEA-3096, received June 29, 1953, which resulted in Contracts Idm-E624, and Idm-E623, were processed under more lenient criteria than DMEA-3196. The minerals eligible for exploration assistance and their specifications are re-examined from time to time by appropriate Government agencies and the various amendments to DMEA Order-1 have reflected the results of those reviews.

Application DMEA-3196, received October 20, 1953, was denied under the criteria in effect at the time of its receipt in this office. The specimen of asbestos which you submitted on November 17, 1953, was of insufficient size to determine its acceptability for stockpiling. The property was not accessible for field examination until May 13, 1954. The sample of asbestos-bearing rock taken by the Field Team was received in Washington May 25, 1954, and the Field Team recommendations were received in Washington July 7, 1954. The samples were quickly referred to the General Services Administration for appraisal and their letter advising that the samples were not acceptable for stockpiling was received July 16, 1954. Pursuant to that advice our action was taken on July 22, 1954.

We have re-examined the factors involved in the denial of DMEA-3196 and conclude that the rules and regulations under which we operate cannot be waived, and the denial is, therefore, reaffirmed. The denial of this application is made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

R.G.

Your action in suspending drilling operations on DMEA-3096, Idm-8623, when unfavorable results indicated that the probability of making a significant discovery were remote, is commendable. We regret that you anticipated a contract on application DMEA-3196 and made your plans on this premise, and regret any misunderstanding of our requirements that has caused you possible loss or inconvenience.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 8/5/54

Copy to: Admr. R. File
Docket File
Field Team, Region III
Dr. Bowles, 3516
Mr. Larrabee, 5216
Mr. Houk
Operating Committee

NATIONAL 5582

KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON 5, D.C.

July 26, 1954

Mr. C.O. Mittendorf, Administrator
Defense Minerals Exploration Administration
United States Dept. of Interior
Washington 25, D. C.

Re: Docket No. DMEA-3196-Asbestos
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Sir;

July 16 - Marsh report,

We beg to acknowledge receipt of your letter dated July 22, 1954 advising us that our application for exploratory assistance is denied on the ground that "the results of the study of the chrysotile asbestos fiber indicate that it would not be acceptable in the National Stockpile."

We confess that this is the first time that it has come to our attention that the criteria for explorations assistance are as stated above. When this application was filed on October 19, 1953, a sample of the product from this property was supplied to the Bureau and nothing was said to us that the project could not come within the purview of assistance or that the sample submitted indicated that the product would not be acceptable for inclusion in the National Stockpile.

In addition, no such criteria were applied to our two previous applications, namely, nos. 3095 and 3096.

This Corporation, relying on accepted policy and previous experience spent considerable funds for trenching on this property, and more than Fifteen Hundred ($1,500.00) Dollars as recently as last May, 1954, in order to clear the ground of snow so that your field team might make appropriate inspection. Nothing was said to us, either in Washington, or in Northern California by the field team that the rules were to change in the middle of operations.

This Corporation, on the basis of competent technical advice considers this property the most promising one so far tested in Northern California. We felt that favorable action on the application would be forthcoming as a matter of course, and all our plans were based on that premise. Thus when the drilling operations on application 3096 were not favorable the Corporation immediately applied to the field team of your agency with the request that further drilling on that project be suspended by mutual agreement, as indeed it has been suspended. We felt that the contractual obligation that we had

to Boyles Brothers for drilling of not less than 2000 feet would be more than adequately met, on project 3196. Now that this application is denied this Corporation will be open to damages from Boyles Brothers for the balance of the undrilled footage under the contract, since project no. 3095, in which work is now being carried on, provides but 400 feet of drilling.

This Corporation has conducted all its operations in good faith, and with the highest degree of responsibility. No application for assistance has been filed on any property unless the property was thoroughly examined and explored by agents and employees of this Corporation and expert opinion indicated that further exploration was necessary. More than a dozen properties were examined in Northern California, and thousands of dollars were spent in trenching, etc., and nearly Five Thousand ($5,000.00) Dollars was expended in fees to geologists and engineers. That this is the case is manifested, though in a minor way, by the fact that as soon as our organization lost faith in project 3096 immediate action was taken to save the Government the money alloted under the contract.

We respectfully request that the matter be re-examined in the light of the factors involved and the project approved as speedily as possible to permit the drilling team to move from project 3096 to project 3196 upon the conclusion of the work there. Rejection of our application on this property, on the stated ground, could not but administer a death blow to our operations, and its net result would be to bring to an untimely end all chrysotile asbestos exploration activities in Northern California, the most promising area in the United States for production of chrysotile asbestos.

Very truly yours,

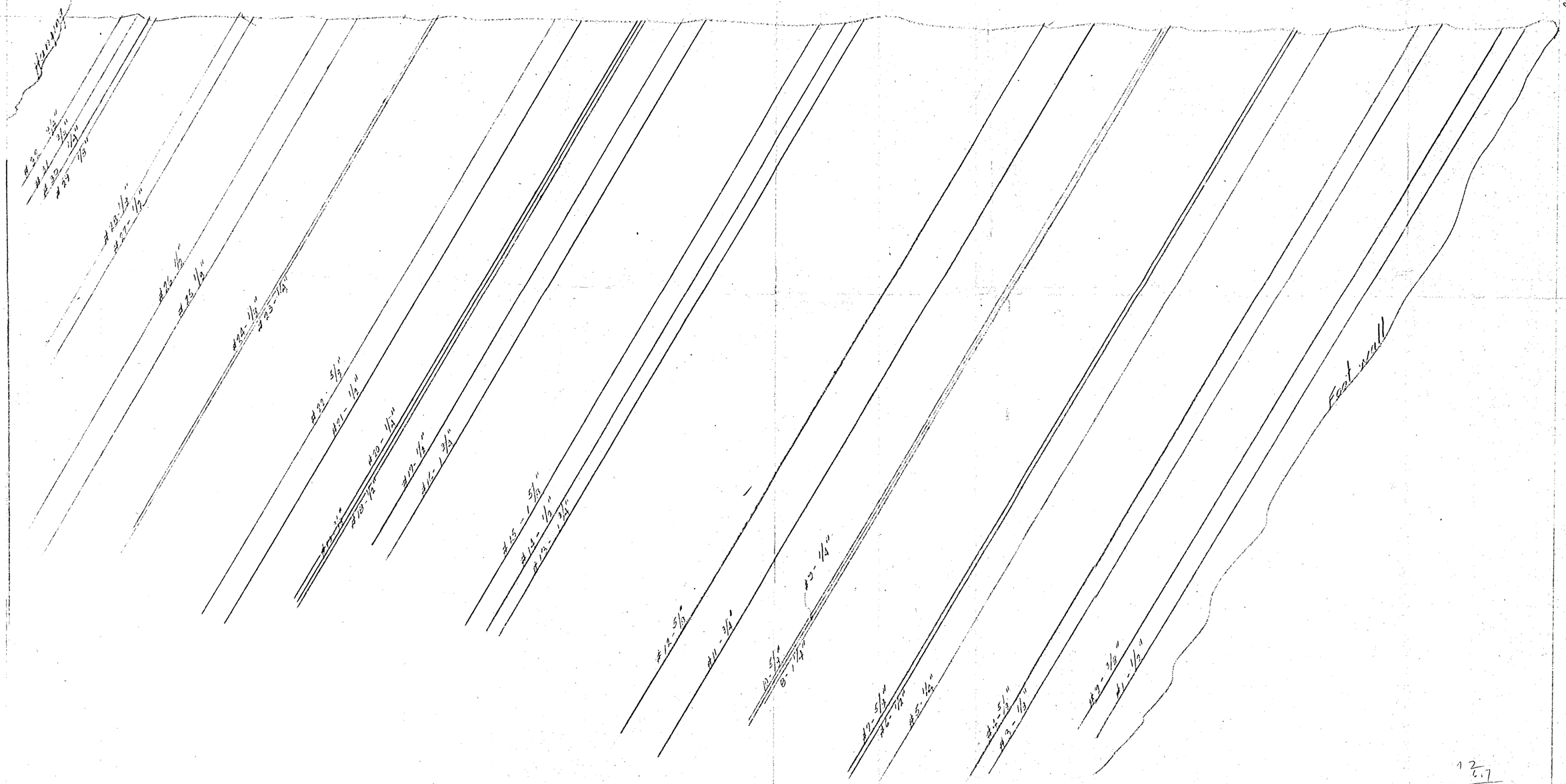
George C. Vournas, President

GCV/mrb

Longitudinal Section S 60° W at Face of Cut
Dip 60° SW

CALETHEA ASBESTOS MINE GROUP
SECTION 28, T40N, R5W MDBM
SISKIYOU COUNTY CALIFORNIA
Oct. 1953
Scale 1" = 10'

ADAMS - REISER
J.X Murphy ME



12
6.7
18.7"

± 187' = 1.4' fiber
.76 % fiber

3.000 inches
6.675
9.175
16.750 inches

Group I
Group II
Group III

16.75"

Sample I 3.395 inches
Sample II 7.1725 "
Sample III 7.1725 "
19.6725 inches
Chrysotile Asbestos Veins in Serpentine
Strike of Veins - N30°W (Magnetic)
Elev. of Workings - 1600 ft.
CALETHEA ASBESTOS MINE GROUP
SECTION 28, T40N, R5W, MDB&M
SISKIYOU COUNTY
CALIFORNIA
Oct 1953
Scale 1" = 100 → ?
ADAMS - REISER
R.K. Murphy M.E.
187' = 17.5/8" fiber = 1.47'
0.78 % Fiber