400

Mr. Dee Fitzhugh
Fitzhugh & Osborn Mining Company
7-X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, Calif.

Dear Mr. Fitzhugh:

Reference is made to the above-docketed application for exploration assistance and our letters of April 6, June 6, and July 18, 1956.

The April 6 letter outlined a number of exceptions to your application and asked that you submit a properly supported revised application. By the letter of June 6, you were advised that your application would be removed from the active file if the required additional information had not been received by July 15. Your reply of July 6, asking to keep the application open for a short time longer and inquiring as to what procedure you should follow in order to keep the application in force, was answered by our letter of July 18, repeating the requirements set forth in our letter of April 6.

As we have not received the required additional information or a reply to our last letter, we are considering your application as having been withdrawn and are placing it in our inactive file.

We regret the necessity of taking such action; however, it is taken without prejudice to your proposed project. If at some future time you desire to reopen this case, you may do so by filing a new application, referring to the subject application by the DMEA docket number, and furnishing the information previously requested, together with any other information that you think might be helpful.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

cc: Docket
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
J. W. Pennington, USBM
FT, Reg. 2

ADMcMahon/ls 9/11/56

400

JUL 1 8 1956

Mr. Dee Fitzhugh
Fitzhugh & Osborn Mining Company
7-X Ranch
Paso Robles, California

Re: Docket No. DMEA 4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County,
California

Dear Mr. Fitzhugh.

In response to your letter of July 6, 1956, inquiring as to what procedure you should follow in order to keep your application in force, please refer to my letter to you dated April 6, 1956, which explicitly set forth the exceptions noted in your application and accompanying lease.

You were asked to submit a revised application accompanied by a conformable lease, a realistic estimate of the cost of the intended exploration project, supported by a justification therefor, and a detailed map of the project, after having reviewed DMEA Order-1 Amended, the "Questions & Answers" booklet, and the questions raised regarding the lease and your estimated costs of the project. The submission of a revised application was deemed necessary in order that proper consideration could be given to Government participation in an exploration program for your property.

It has been noted that you own the ranch upon which the Libertad Mine is situated and all the mineral rights surrounding it; however, you refer to Mrs. Margaret Thompson as the owner of the mine. If a lease is necessary for the right to operate the property, the present lease is not acceptable to support your interest in the Libertad Mine so far as Government participation in an exploration program is concerned, and a new one must be submitted with your revised application.

We would appreciate your giving this matter your immediate attention, and for your convenience new application and Consent to Lien forms are enclosed.

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosures

cc: Docket
Code 400
Adm. Read. File
Thor Kiilsgaard, USGS
J. W. Pennington, USBM
Field Team, Region 2

ADMcMahon/ls
7/18/56

/400/

C O P Y

Dee Fitzhugh

7 - X RANCH
Adelaide Route
Paso Robles, California

July 6 - 56

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, California

FITZHUGH & OSBORN MINING COMPANY
7 X RANCH
PASO ROBLES, CALIFORNIA

GENTLEMEN:

In reference to your letter of June 6 regarding our application for a DMEA loan, wish to state that our delay has been due to making a change in the Partnership personnel, I would like to keep this application open if you can possibly do so for a short time longer so as to get these details completed.

I would also like to call your attention to a prior letter from you asking for more detailed description of the Mine. You probably overlooked the fact in our application that I own the ranch on which the Libertad Mine is situated and all mineral rights surrounding it - therefore, this lease is just a formality as you can readily understand.

If you will advise us as to what procedure to take in order to keep this application "alive" I would appreciate it very much.

Thanking you for your consideration in this matter,

I am,

Sincerely

/s/ Dee Fitzhugh

DEE FITZHUGH
of
FITZHUGH & OSBORN MINING COMPANY

400

JUN 8 1956

Fitzhugh & Osborn Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, California

Gentlemen:

Reference is made to the above-docketed application for exploration assistance and our letter of April 6, 1956, which suggested that you submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project. We have not received a revised application or any communication from you in connection therewith, and therefore assume you no longer desire to proceed with the application.

We wish to cooperate with you in the matter of allowing ample time, but if the suggested additional information has not been received by July 15, 1956, we will then remove the application from the active file and consider the matter closed.

Sincerely yours,

G. O. Mittendorf

Administrator

cc: Docket
Code 400
Adm. Read. File
J. W. Pennington, USBM
Thor Kiilsgaard, USGS
Field Team, Region 2

ADMcMahon/ls
6/5/56

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

APR 6 1956

Fitzhugh & Osborn Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217 (Mercury)
Libertad Quicksilver Mine
San Luis Obispo County,
California

Gentlemen:

Your application for Government aid in an exploration project on the subject property has been reviewed, and your attention is invited to some of our requirements concerning the land which is the subject of an exploration project contract.

1. The property is described in the application and in the lease as the Libertad Quicksilver Mine situated in what is known as the 7 X Ranch in section 21, Township 27, South of Range 10 East, M.D.B.&M., comprising approximately 89.36 acres, more or less. In the event that the application is otherwise approved for a contract, we would require a copy of an amendment to the lease describing the "mine" by metes and bounds.

2. Following the description of the property the lease states: "Lessor does not warrant her title to the above described property." In such a circumstance any claims, liens or encumbrances should be revealed to establish the status of said title.

3. At the bottom of page 2 of your lease, it is provided that "Lessor shall not be required to join in any application for such loan nor shall Lessor be liable for the repayment of said loan; nor shall any right, title or interest of Lessor in and to the aforementioned Libertad Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the extent that said loan may be repayable out of Lessee's share of the production from said mine." As to this provision, it is a requirement for entering into a contract, that the landowner execute our Consent-to-Lien form which grants the Government a lien on the land and on any production to secure payment of the Government's royalty.

In the event you cannot obtain a Consent to Lien from the Lessor, the Government may waive this requirement providing you can show financial responsibility; or furnish a guaranty of royalties by a responsible third party or provide a surety bond. In this connection your attention is directed to page 13 of the enclosed "Questions & Answers" booklet.

4. The provisions on page 5 of the lease whereby operating equipment becomes the property of the Lessor upon expiration or termination of the lease are not acceptable if the Government is to participate in the purchase of machinery and other equipment, unless Consent to Lien signed.

Other questions developed during the review in connection with your estimated costs of the project:

1. Item 3(c) of your application shows an estimate of 18 months to complete the contract. The labor, supervision, analytical work and accounting costs for this period (allowing 24 days per month for the miners, etc., listed) would total slightly over $80,000.00 or approximately $53.00 per foot exclusive of operating equipment and supplies. This is inconsistent with your estimate of the total cost of the project at $60,000.00 or $40.00 per foot.

2. Under equipment owned, and presumably available for the exploration project, you list 2 drifters, a rotating drill, 1 compressor and 3 mine cars; for equipment to be purchased, rented, or leased, you show 1 automatic drifter, 4 three-ton cars and a compressor. For the single exploration drift you propose, it appears that the additional equipment noted would be unnecessary.

3. For supervision, analytical work, and accounting, you have estimated $1,650.00 per month. This estimate is, of course, disproportionate for the project proposed.

4. The tracing on which the exploration drift is sketched does not indicate the level elevation of the project. Paragraph 3(b) of your application states that the proposed drift would be 200 feet below existing workings. It is not clear whether you refer to the lower tunnel (1660-foot level), to the bottom of the winze shown on the section, or to the bottom of the shaft shown on your plan.

In view of the foregoing, there are enclosed copies of DMEA Order-1 Amended and the "Questions & Answers" booklet setting forth the conditions and regulations under which the Government will enter into an Exploration Project Contract. We suggest that you carefully review this information together with the questions raised in this letter and submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

ADMcMAHON/HCRubin/emd
4/4/56

Copy to: DMEA Docket
✓Code 400
Adm. Reading File
~~Operating Committee~~
FT., Reg. II
H. M. Meyer, USBM
T. H.Kiilsgaard, USGS
R. P. Bwyer
H. C. Rubin
chron.
pending

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

Fitzhugh & Osborn Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA 4217 - Mercury
Libertad Quicksilver Mine
San Luis Obispo County, California

Gentlemen:

Your application for Government aid in an exploration project on the subject property has been reviewed, ~~by the Washington, D. C., Legal and Technical Staffs of DMEA~~ and your attention is invited to ~~Sec. 4 of DMEA Order-1 Amended (copy enclosed)~~. some of our requirements in the contract covering the land which is the subject of an exploration project contract. ~~Several provisions of your lease conflict with the conditions required by DMEA Order-1 Amended.~~

1. The property is described in the application and in the lease as the Libertad Quicksilver Mine situated in what is known as the 7 X Ranch in Section 21, Township 27, South of Range 10 East M.D.B.&M., comprising approximately 89.36 acres, more or less. ~~For contract purposes a~~ more precise description is desired ~~if available~~. In the event that the application is otherwise approved for a contract, we would require a copy of a satisfactory lease from the "Pueblo" Indian Lands.

2. ~~Under~~ Following the description of the property the lease states: "Lessor does not warrant her title to the above described property." In such a circumstance any claims, liens or encumbrances should be revealed to establish the status of said title.

3. At the bottom of Page 2 of your lease it is ~~in reference to Government aid for your project, the lease~~ provided that "Lessor shall not be required to join in any application for such loan nor shall Lessor be liable for the repayment of said loan; nor shall any right, title or interest of Lessor in and to the aforementioned Libertad Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the extent that said loan may be repayable out of Lessee's share of the production from said mine." ~~As a condition to~~ entering into a contract, ~~the Government ordinarily will require~~ that ~~you obtain~~ the landowner ~~landlord's written agreement~~ for a lien upon ~~the~~ property ~~and any production therefrom.~~

As to this provision, it is a requirement for

Secure our consent to lien form which grants the Government a lien on the land and any production to secure payment of the Government's royalty.

In the event you cannot obtain an Owner's Consent to Lien from the Lessor, the Government may waive this requirement providing you can show financial responsibility; or furnish a guaranty of royalties by a responsible third party or provide a surety bond. In this connection your attention is directed to Page 15 of the enclosed "Questions & Answers" booklet.

4. The provisions on Page 5 of ~~your~~ the lease whereby operating equipment becomes the property of the Lessor upon expiration or termination of the lease are not acceptable if the Government is to participate in the purchase of machinery and other equipment.

Other questions developed during the review in connection with your estimated costs of the project.

1. Item 5(c) of your application shows an estimate of 18 months to complete the contract. The labor, supervision, analytical work and accounting costs for this period (allowing 24 days per month for the miners, etc., listed) would total slightly over $80,000.00 or approximately $53.00 per foot exclusive of operating equipment and supplies. This is inconsistent with your estimate of the total cost of the project at $60,000.00 or $40.00 per foot.

2. Under equipment owned, and presumably available for the exploration project, you list 2 drifters, a rotating drill, 1 compressor and 3 mine cars; for equipment to be purchased, rented or leased, you show 1 automatic drifter, 4 three-ton cars and a compressor. For the single exploration drift you propose, it appears that the additional equipment noted would be unnecessary.

3. For supervision, analytical work and accounting, you have estimated $1,650.00 per month. This estimate is, of course, disproportionate for the project proposed.

4. The tracing on which the exploration drift is sketched does not indicate the level elevation of the project. Paragraph 5(b) of your application states that the proposed drift would be 200 feet below existing workings. It is not clear whether you refer to the lower tunnel (1660 foot level), ~~or~~ to the bottom of the winze shown on the section, or to the bottom of the shaft shown on your plan.

In view of the foregoing there are enclosed copies of DMEA Order-1 Amended and the "Questions & Answers" booklet setting forth the conditions and regulations under which the Government will enter into an Exploration Project Contract. We suggest that you carefully review this information together with the questions raised in this letter and submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project.

Sincerely yours,

Administrator

Enclosure

IN REPLY REFER TO:

400

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

RECEIVED
MAR 23 1956

March 22, 1956

Re: DMEA 4217
Fitzhugh & Osborn Mining Co.
Liberated Mine
San Luis Obispo Co., Calif.
$60,000.00 - Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring by 1,500 feet of drifting a N. 55° W., 500-foot wide crosscutting fault zone. East and west to northeast trending shear zones cross the fault zone. The mine is in one of the shear zones which, probably, is more or less parallel to the strike of the country rock. Schuette report, 1954.

Opinions appear to vary as to structural controls and the rough map furnished with the application gives little in support of the theories expressed. J. W. Neill writing in 1936 mentions large tonnages of ore. The tonnage ascribed to the mine has probably been mined. C. N. Schuette, writing in 1954 says, "I see no immediate necessity for sinking as there is enough prospective ore-bearing ground left above the 1660 tunnel level to provide ore for several years mining." Yet Schuette in the same report recommends the long low level drift, the subject of this application, the need for the full length of which is not well established.

Unless more geologic mapping has been done than seems likely from the reports submitted, such is warranted and probably work is justified.

Referral to the Field Team for suitable action is recommended.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/22/56
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 3623

400

RECEIVED
MAR 3 1956

March 21, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 417 (mercury), Pittsburgh and Osborn Mining Co., Liberty Quicksilver Mine, San Luis Obispo County, California, $60,000.00

It is proposed to explore the property 200 feet below present working by 1500 feet of drift along the hanging at an estimated cost of $60,000.00.

Both the description and map of the proposed program are too inadequate to evaluate the proposal. In addition the estimated costs are difficult to interpret. Equipment costs represent nearly 50 percent of the estimated cost - that is, if this item is included in the total cost. Estimates for analytical work and accounting seem far too high.

I recommend that this proposal be referred to the Field Team for an examination of the property, collection of necessary data, and an evaluation of the proposed exploration.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Tom Kilgard, U.S.G.S.
E. W. Gaston
Files

Pittsburgh & Osborne Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA 4217 - Mercury
Liberated Quicksilver Mine
San Luis Obispo County, California

Gentlemen:

Your application for Government aid in an exploration project on the subject property has been reviewed by the Washington, D. C., Legal and Technical Staffs of DMEA and your attention is invited to Sec. 4 of DMEA Order-1 Amended (copy enclosed).

Several provisions of your lease conflict with the conditions required by DMEA Order-1 Amended:

1. The property is described as the Liberated Quicksilver Mine situated in what is known as the 7 X Ranch in Section 21, Township 27, South of Range 10 East M.D.B.&M., comprising approximately 80.38 acres, more or less. For contract purposes a more precise description is desired if available.

2. Under the description of the property the lease states: "Lessor does not warrant her title to the above described property." In such a circumstance any claims, liens or encumbrances should be revealed to establish the status of said title.

3. At the bottom of Page 2, in reference to Government aid for your project, the lease provides that "Lessor shall not be required to join in any application for such loan nor shall lessor be liable for the repayment of said loan nor shall any right, title or interest of Lessor in and to the aforementioned Liberated Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the extent that said loan may be repayable out of Lessee's share of the production from said mine." As a condition to entering into a contract, the Government evidently will require that you obtain the landlord's written agreement for a lien upon the property and any production therefrom.

In the event you cannot obtain an Owner's Consent to Lien from the Lessor, the Government may waive this requirement providing you can show financial responsibility or furnish a guaranty of expenditure by a responsible third party or provide a surety bond. In this connection your attention is directed to Page 25 of the enclosed "Questions & Answers" booklet.

4. The provisions on Page 5 of your lease whereby operating equipment becomes the property of the Lessor upon expiration or termination of the lease are not acceptable if the Government is to participate in the purchase of machinery and other equipment.

Other questions developed during the review in connection with your estimated costs of the project.

1. Item 5(e) of your application shows an estimate of 18 months to complete the contract. The labor, supervision, analytical work and accounting costs for this period (allowing 24 days per month for the miners, etc., listed) would total slightly over $80,000.00 or approximately $51.00 per foot exclusive of operating equipment and supplies. This is inconsistent with your estimate of the total cost of the project at $60,000.00 or $38.00 per foot.

2. Under equipment owned, and presumably available for the exploration project, you list 2 drifters, a rotating drill, 1 compressor and 3 mine cars; for equipment to be purchased, rented or leased, you show 1 automatic drifter, 4 three-ton cars and a compressor. For the single exploration drift you propose it appears that the additional equipment noted would be unnecessary.

3. For supervision, analytical work and accounting, you have estimated $1,650.00 per month. This estimate is, of course, disproportionate for the project proposed.

4. The tracing on which the exploration drift is sketched does not indicate the level elevation of the project. Paragraph 5(b) of your application states that the proposed drift would be 200 feet below existing workings. It is not clear whether you refer to the lower tunnel (1660 foot level) or to the bottom of the winze shown on the section, or to the bottom of the shaft shown on your plan.

In view of the foregoing there are enclosed copies of NMBA Order-1 Amended and the "Questions & Answers" booklet setting forth the conditions and regulations under which the Government will enter into an Exploration Project Contract. We suggest that you carefully review this information together with the questions raised in this letter and submit a revised application accompanied by a continuous lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project.

Sincerely yours,

Administrator

Enclosures

AFMcGRATH/tcs
3/22/56
cc to: Docket
Code 1400
Adm. Asst., File
FT. NEO, IX
H. M. Meyer, USBM
T. H. Kiliugaard, USGS

DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 4217

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

Cys to USGS, USBM, REG II

This document has been recorded as

Exploration

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.

Routing Slip

To:	Iron & Ferro Alloys Div.	Date	3/20/56
To:	Com	Date	7-18-56
To:	M+R	Date	9-11-56
To:		Date	
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DO NOT DETACH

CONTROLLED DOCUMENT

400

DOCKET
Surname:
McMahon
Martin

SEP 11 1956

Mr. Dee Fitzhugh
Fitzhugh & Osborn Mining Company
7-X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, Calif.

Dear Mr. Fitzhugh:

Reference is made to the above-docketed application for exploration assistance and our letters of April 6, June 6, and July 18, 1956.

The April 6 letter outlined a number of exceptions to your application and asked that you submit a properly supported revised application. By the letter of June 6, you were advised that your application would be removed from the active file if the required additional information had not been received by July 15. Your reply of July 6, asking to keep the application open for a short time longer and inquiring as to what procedure you should follow in order to keep the application in force, was answered by our letter of July 18, repeating the requirements set forth in our letter of April 6.

As we have not received the required additional information or a reply to our last letter, we are considering your application as having been withdrawn and are placing it in our inactive file.

We regret the necessity of taking such action; however, it is taken without prejudice to your proposed project. If at some future time you desire to reopen this case, you may do so by filing a new application, referring to the subject application by the DMEA docket number, and furnishing the information previously requested, together with any other information that you think might be helpful.

Sincerely yours,

Frank E. Johnson
(by ADM)
ACTING Administrator

cc: Docket
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
J. W. Pennington, USBM
FT, Reg. 2

ADMcMahon/ls 9/11/56

R.S.

Docket
McMahon
Chapman
Fitzsimmons

JUL 1 8 1956

Mr. Dee Fitzhugh
Fitzhugh & Osborn Mining Company
7-X Ranch
Paso Robles, California

Re: Docket No. DMEA 4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County,
California

Dear Mr. Fitzhugh:

In response to your letter of July 6, 1956, inquiring as to what procedure you should follow in order to keep your application in force, please refer to my letter to you dated April 6, 1956, which explicitly set forth the exceptions noted in your application and accompanying lease.

You were asked to submit a revised application accompanied by a conformable lease, a realistic estimate of the cost of the intended exploration project, supported by a justification therefor, and a detailed map of the project, after having reviewed DMEA Order-1 Amended, the "Questions & Answers" booklet, and the questions raised regarding the lease and your estimated costs of the project. The submission of a revised application was deemed necessary in order that proper consideration could be given to Government participation in an exploration program for your property.

It has been noted that you own the ranch upon which the Libertad Mine is situated and all the mineral rights surrounding it; however, you refer to Mrs. Margaret Thompson as the owner of the mine. If a lease is necessary for the right to operate the property, the present lease is not acceptable to support your interest in the Libertad Mine so far as Government participation in an exploration program is concerned, and a new one must be submitted with your revised application.

R.C.B.

We would appreciate your giving this matter your immediate attention, and for your convenience new application and Consent to Lien forms are enclosed.

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosures

cc: Docket
Code 400
Adm. Read. File
Thor Kiilsgaard, USGS
J. W. Pennington, USBM
Field Team, Region 2

ADMcMahon/ls
7/18/56

DEE FITZHUGH

Docket

7-X RANCH

ADELAIDE ROUTE
PASO ROBLES, CALIFORNIA

RECEIVED
JUL 11 1956

July 6-56

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, California:

FITZHUGH & OSBORN MINING COMPANY
7 X RANCH
PASO ROBLES, CALIFORNIA

GENTLEMEN:

In reference to your letter of June 6 regarding our application for a DMEA loan, wish to state that our delay has been due to making a change in the Partnership personnel. I would like to keep this application open if you can possibly do so for a short time longer so as to get these details completed.

I would also like to call your attention to a prior letter from you asking for more detailed description of the Mine. You probably overlooked the fact in our application that I own the ranch on which the Libertad Mine is situated and all mineral rights surrounding it - therefore, this lease is just a formality as you can readily understand.

If you will advise us as to what procedure to take in order to keep this application "alive" I would appreciate it very much.

Thanking you for your consideration in this matter,

I am,

Sincerely

Dee Fitzhugh

DEE FITZHUGH
of
FITZHUGH & OSBORN MINING COMPANY

400

Docket
McMahon
Martin

JUN - 6 1956

Fitzhugh & Osborn Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217, Mercury
Libertad Quicksilver Mine
San Luis Obispo County, California

Gentlemen:

Reference is made to the above-docketed application for exploration assistance and our letter of April 6, 1956, which suggested that you submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project. We have not received a revised application or any communication from you in connection therewith, and therefore assume you no longer desire to proceed with the application.

We wish to cooperate with you in the matter of allowing ample time, but if the suggested additional information has not been received by July 15, 1956, we will then remove the application from the active file and consider the matter closed.

Sincerely yours,

G. O. Mittendorf

Administrator

cc: Docket
Code 400
Adm. Read. File
J. W. Pennington, USBM
Thor Kiilsgaard, USGS
Field Team, Region 2

ADMcMahon/ls
6/5/56

R.C.h.

Surname copy

McMahon
Martin

140

Rewritten by: Martin McMahon

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

APR 6 1956

Fitzhugh & Osborn Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA-4217 (Mercury)
Libertad Quicksilver Mine
San Luis Obispo County,
California

Gentlemen:

Your application for Government aid in an exploration project on the subject property has been reviewed, and your attention is invited to some of our requirements concerning the land which is the subject of an exploration project contract.

1. The property is described in the application and in the lease as the Libertad Quicksilver Mine situated in what is known as the 7 X Ranch in section 21, Township 27, South of Range 10 East, M.D.B.&M., comprising approximately 89.36 acres, more or less. In the event that the application is otherwise approved for a contract, we would require a copy of an amendment to the lease describing the "mine" by metes and bounds.

FROM SOLICITOR
APR 4 1956
FOR SIGNATURE

2. Following the description of the property the lease states: "Lessor does not warrant her title to the above described property." In such a circumstance any claims, liens or encumbrances should be revealed to establish the status of said title.

3. At the bottom of page 2 of your lease, it is provided that "Lessor shall not be required to join in any application for such loan nor shall Lessor be liable for the repayment of said loan; nor shall any right, title or interest of Lessor in and to the aforementioned Libertad Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the extent that said loan may be repayable out of Lessee's share of the production from said mine." As to this provision, it is a requirement for entering into a contract, that the landowner execute our Consent-to-Lien form which grants the Government a lien on the land and on any production to secure payment of the Government's royalty.

R.C.S.

In the event you cannot obtain a Consent to Lien from the Lessor, the Government may waive this requirement providing you can show financial responsibility; or furnish a guaranty of royalties by a responsible third party or provide a surety bond. In this connection your attention is directed to page 15 of the enclosed "Questions & Answers" booklet.

4. The provisions on page 5 of the lease whereby operating equipment becomes the property of the Lessor upon expiration or termination of the lease are not acceptable if the Government is to participate in the purchase of machinery and other equipment, unless Consent to Lien signed.

Other questions developed during the review in connection with your estimated costs of the project:

1. Item 5(c) of your application shows an estimate of 18 months to complete the contract. The labor, supervision, analytical work and accounting costs for this period (allowing 24 days per month for the miners, etc., listed) would total slightly over $80,000.00 or approximately $53.00 per foot exclusive of operating equipment and supplies. This is inconsistent with your estimate of the total cost of the project at $60,000.00 or $40.00 per foot.

2. Under equipment owned, and presumably available for the exploration project, you list 2 drifters, a rotating drill, 1 compressor and 3 mine cars; for equipment to be purchased, rented, or leased, you show 1 automatic drifter, 4 three-ton cars and a compressor. For the single exploration drift you propose, it appears that the additional equipment noted would be unnecessary.

3. For supervision, analytical work, and accounting, you have estimated $1,650.00 per month. This estimate is, of course, disproportionate for the project proposed.

4. The tracing on which the exploration drift is sketched does not indicate the level elevation of the project. Paragraph 5(b) of your application states that the proposed drift would be 200 feet below existing workings. It is not clear whether you refer to the lower tunnel (1660-foot level), to the bottom of the winze shown on the section, or to the bottom of the shaft shown on your plan.

In view of the foregoing, there are enclosed copies of DMEA Order-1 Amended and the "Questions & Answers" booklet setting forth the conditions and regulations under which the Government will enter into an Exploration Project Contract. We suggest that you carefully review this information together with the questions raised in this letter and submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

ADMcMAHON/HCRubin/emd
4/4/56

Copy to: DMEA Docket
Code 400
Adm. Reading File
Operating Committee
FT., Reg. II
H. M. Meyer, USBM
T. H.Kiilsgaard, USGS
R. P. Dwyer
H. C. Rubin
chron.
pending

DOCKET
SURNAME
McMahon
Martin

400

Pittsburgh & Osborne Mining Company
7 X Ranch
Paso Robles, California

Re: Docket No. DMEA 4217 - Mercury
Liberted Quicksilver Mine
San Luis Obispo County, California

Gentlemen:

Your application for Government aid in an exploration project on the subject property has been reviewed by the Washington, D. C., Legal and Technical Staffs of DMEA and your attention is invited to Sec. 4 of DMEA Order-1 Amended (copy enclosed).

Several provisions of your lease conflict with the conditions required by DMEA Order-1 Amended:

1. The property is described as the Liberted Quicksilver Mine situated in what is known as the 7 X Ranch in Section 21, Township 27, South of Range 16 East M.D.B.&M., comprising approximately 89.36 acres, more or less. For contract purposes a more precise description is desired if available.

2. Under the description of the property the lease states: "Lessor does not warrant her title to the above described property." In such a circumstance any claims, liens or encumbrances should be revealed to establish the status of said title.

3. At the bottom of Page 2, in reference to Government aid for your project, the lease provides that "Lessor shall not be required to join in any application for such loan nor shall Lessor be liable for the repayment of said loan; nor shall any right, title or interest of Lessor in and to the aforementioned Liberted Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the extent that said loan may be repayable out of Lessee's share of the production from said mine." As a condition to entering into a contract, the Government ordinarily will require that you obtain the landlord's written agreement for a lien upon the property and any production therefrom.

In the event you cannot obtain an Owner's Consent to Lien from the Lessor, the Government may waive this requirement providing you can show financial responsibility; or furnish a guaranty of royalties by a responsible third party or provide a surety bond. In this connection your attention is directed to Page 15 of the enclosed "Questions & Answers" booklet.

4. The provisions on Page 5 of your lease whereby operating equipment becomes the property of the Lessor upon expiration or termination of the lease are not acceptable if the Government is to participate in the purchase of machinery and other equipment.

Other questions developed during the review in connection with your estimated costs of the project.

1. Item 5(c) of your application shows an estimate of 18 months to complete the contract. The labor, supervision, analytical work and accounting costs for this period (allowing 24 days per month for the miners, etc., listed) would total slightly over $80,000.00 or approximately $53.00 per foot exclusive of operating equipment and supplies. This is inconsistent with your estimate of the total cost of the project at $60,000.00 or $40.00 per foot.

2. Under equipment owned, and presumably available for the exploration project, you list 2 drifters, a rotating drill, 1 compressor and 3 mine cars; for equipment to be purchased, rented or leased, you show 1 automatic drifter, 4 three-ton cars and a compressor. For the single exploration drift you propose it appears that the additional equipment noted would be unnecessary.

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4. The tracing on which the exploration drift is sketched does not indicate the level elevation of the project. Paragraph 5(b) of your application states that the proposed drift would be 200 feet below existing workings. It is not clear whether you refer to the lower tunnel (1660 feet level) or to the bottom of the winze shown on the section, or to the bottom of the shaft shown on your plan.

In view of the foregoing there are enclosed copies of DMEA Order-1 Amended and the "Questions & Answers" booklet setting forth the conditions and regulations under which the Government will enter into an Exploration Project Contract. We suggest that you carefully review this information together with the questions raised in this letter and submit a revised application accompanied by a conformable lease, an estimate of the cost of the exploration work supported by a justification therefor, and a detailed map of the project.

Sincerely yours,

Administrator

Enclosure

AEMcMAHON/fec
3/28/56
cc to: Docket
Code 400
Adm. Read. File
FT. REG. II
H. M. Meyer, USBM
T. H. Kiilsgaard, USGS

IN REPLY REFER TO:

Docket

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

RECEIVED
MAR 23 1956

March 22, 1956

Re: DMEA 4217
Fitzhugh & Osborn Mining Co.
Liberatad Mine
San Luis Obispo Co., Calif.
$60,000.00 - Mercury

WSM

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring by 1,500 feet of drifting a N. 55° W., 500-foot wide crosscutting fault zone. East and west to northeast trending shear zones cross the fault zone. The mine is in one of the shear zones which, probably, is more or less parallel to the strike of the country rock. Schuette report, 1954.

Opinions appear to vary as to structural controls and the rough map furnished with the application gives little in support of the theories expressed. J. W. Neill writing in 1936 mentions large tonnages of ore. The tonnage ascribed to the mine has probably been mined. C. N. Schuette, writing in 1954 says, "I see no immediate necessity for sinking as there is enough prospective ore-bearing ground left above the 1660 tunnel level to provide ore for several years mining." Yet Schuette in the same report recommends the long low level drift, the subject of this application, the need for the full length of which is not well established.

Unless more geologic mapping has been done than seems likely from the reports submitted, such is warranted and probably work is justified.

Referral to the Field Team for suitable action is recommended.

N. E. Nelson

N. E. Nelson

Copy retained 400

IN REPLY REFER TO:

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

RECEIVED
MAR 23 1956

March 22, 1956

Re: DMEA 4217
Pittsburgh & Osborn Mining Co.
Liberated Mine
San Luis Obispo Co., Calif.
$60,000.00 - Mercury

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring by 1,500 feet of drifting a N. 55° W., 300-foot wide crosscutting fault zone. East and west to northeast trending shear zones cross the fault zone. The mine is in one of the shear zones which, probably, is more or less parallel to the strike of the country rock. Schuette report, 1954.

Opinions appear to vary as to structural controls and the rough map furnished with the application gives little in support of the theories expressed. J. W. Neill writing in 1936 mentions large tonnages of ore. The tonnage ascribed to the mine has probably been mined. C. N. Schuette, writing in 1954 says, "I see no immediate necessity for sinking as there is enough prospective ore-bearing ground left above the 1660 tunnel level to provide ore for several years mining." Yet Schuette in the same report recommends the long low level drift, the subject of this application, the need for the full length of which is not well established.

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Referral to the Field Team for suitable action is recommended.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/22/56
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 3623

IN REPLY REFER TO:

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

RECEIVED
MAR 23 1956

March 22, 1956

Re: DMEA 4217
Pittsburgh & Osborn Mining Co.
Liberated Mine
San Luis Obispo Co., Calif.
$60,000.00 - Mercury

Memorandum

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From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

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N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/22/56
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 3623

Docket

RECEIVED

MAR 22 1956

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

March 21, 1956

Copy retained 400

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 4217 (mercury), Fitzhugh and Osborn Mining Co., Libertad Quicksilver Mine, San Luis Obispo County, California, $60,000.00

It is proposed to explore the property 200 feet below present working by 1500 feet of drift along the hanging at an estimated cost of $60,000.00.

Both the description and map of the proposed program are too inadequate to evaluate the proposal. In addition the estimated costs are difficult to interpret. Equipment costs represent nearly 50 percent of the estimated cost - that is, if this item is included in the total cost. Estimates for analytical work and accounting seem far too high.

I recommend that this proposal be referred to the Field Team for an examination of the property, collection of necessary data, and an evaluation of the proposed exploration.

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiilsgaard, U.S.G.S.
R. W. Geehan
F i l e s

RECEIVED
MAR 22 1956

March 21, 1956

Memorandum

To: W. E. Martin, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 4217 (mercury), Pittsburgh and Auburn Mining Co., Liberty Quicksilver Mine, San Luis Obispo County, California, $60,000.00

It is proposed to explore the property 200 feet below present working by 1500 feet of drift along the hanging at an estimated cost of $60,000.00.

Both the description and map of the proposed program are too inadequate to evaluate the proposal. In addition the estimated costs are difficult to interpret. Equipment costs represent nearly 50 percent of the estimated cost - that is, if this item is included in the total cost. Estimates for analytical work and accounting seem far too high.

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J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kiliaparek, U.S.S.S.
R. W. Sachen
Files

March 21, 1956

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: J. W. Pennington, Branch of Base Metals

Subject: Review of application, Docket No. DMEA 427 (mercury), Pittsburgh and Sahara Mining Co., Liberty Quicksilver Mine, San Luis Obispo County, California, $60,000.00

It is proposed to explore the property 200 feet below present working by 1700 feet of drift along the hanging wall at an estimated cost of $60,000.00.

Both the description and map of the proposed program are too inadequate to evaluate the proposal. In addition the estimated costs are difficult to interpret. Equipment costs represent nearly 50 percent of the estimated cost - that is, if this item is included in the total cost. Reputation for analytical work and supervising seem far too high.

I recommend that this proposal be referred to the Field Team for an examination of the property, collection of necessary data, and an evaluation of the proposed exploration.

J. W. Pennington

J. W. Pennington

Copy to: Division of Minerals
Branch of Base Metals (2)
Thor Kilingsmo, U.S.G.S.
R. W. Graham
File

Subject: DMEA-4217
Re: Libertad Quicksilver Mine.

Fitzhugh & Osborn Mining Co.
7-X Ranch
Paso Robles, California

March 20, 1956

Gentlemen:

The receipt of your application dated March 10, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4217 and referred to the Iron & Ferro Alloys Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

DEE FITZHUGH
N. W. OSBORN

LIBERTAD MINE

Fitzhugh & Osborn Mining Co.

7-X RANCH
Paso Robles - - - California

RECEIVED
MAR 16 1956

March 10, 1956

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

Gentlemen:

Enclosed is our application, and accompanying papers for aid in an exploration project at the Libertad Quicksilver Mine, San Luis Obispo County, California.

A copy of our 10 year lease - maps - and three different geological reports are attached to each DMEA form MF - 103.

If further information is required please advise.

Very truly yours,

Fitzhugh & Osborn Mining Co.
By Earl Osborn

Libertad Mine-Fitzhugh & Osborn Mining Co.
7 X Ranch, Paso Robles, Calif.

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
MAR 16 1956

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. 4217
Metal or Mineral Mercury
Date Received 3-16-56
Estimated Cost $60,000
Participation (Government %) 75

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: Fitzhugh & Osborn Mining Co, 7 X Ranch, Paso Robles, Calif.
Dee Fitzhugh, Minnabel Fitzhugh, 7 X Ranch, Paso Robles, Calif.
Nathaniel W. Osborn, Edna Osborn, Box 208, Templeton, Calif.

(*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 Libertad Quicksilver mine, situated in what is known as the 7 X Ranch-Adelaida Mining District in the County of San Luis Obispo, California - Section 21, Township 27, South of Range 10 East M.D.& M. Comprising approximately 80 acres. 7X Ranch is owned by Dee Fitzhugh et al

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise
Ten (10) year lessee

(*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. copy of leas e enclosed

(*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 Mercury

(*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 30 days and be completed within 18 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 [X] Use of equipment owned by you [ ] Other Labor

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 May 10, 1956

Fitzhugh & Osborn Mining Co
(Applicant)

By [illegible]
[illegible]
[illegible]

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

Fitzhugh & Osborn Mining Co.
Libertad Mine
7 X Ranch, Paso Robles, Calif.

RECEIVED
MAR 16 1956

4. Physical description

a - There are some 1800 feet of drift and raises in the mine

50 feet of shaft has been sunk in the last 6 months

Tracks and chutes are in workable condition

At present the ore is reduced in a 30" x 22.5' rotary type furnace - with a capacity of 15 ton.

Development and production work are now being done on a small scale.

A winz is being sunk and drifting done as indicated by the structures encountered.

Mine is being operated on ten (10) year lease - entered into between owner, Mrs. Margaret Thompson and Fitzhugh and Osborn, lessees. (Copy of lease enclosed)

Mine is accessible for examination.

Geological reports and survey enclosed.

b - Ore reserves limited

Current mill heads approximately 7 pounds to a ton

Ore assays from low grade to extremely highgrade

c - Enclosures made to cover required information

d -Shipping, supply points at Paso Robles which is 17 miles and is accessable at all times. Mine is approximately 1 mile from Cambria - Templton state highway.

e - Manpower, supplies, material, equipment and power are 100% available. At present property is not electrified and all operation is done by gas propelled motors. There is an electric power line approximately a mile from the mine.

5. The exploration project

a - Mercury

b - The proposed work is 1500 feet of exploratory drift along the hanging wall - crosscutting several potential ore bodies. This drift would be 200 feet below existing work.
Map and sketch enclosed showing present workings and proposed exploration drift.

d - Mr. Osborn, partner, has had 12 years of quicksilver mining experience - with 3 of them at the Libertad as joint supervisor of operation. He will be aided by a supervisor who has had 12 years in quicksilver mining and supervision and a total of 32 years mining experience.

6. Estimate of costs

a - none

1500 feet of exploration drift at $40.00 per foot $60,000.00

b - 3	miners	hourly rate	1.96	15.68	47.04
4	helpers	" "	1.70	13.60	54.40
1	mechanic	" "	2.00	16.00	16.00
1	foreman				117
				$600.00 per month	

c - Equipment now owned

10	saws	@ 7.50	75.00
6	hoses	40.00	240.00
1	hose repair outfit		50.00
1	pipe vise		25.00
1	pipe dies		50.00
	wrenches		50.00
	open end wrenches		50.00
	box wrenches		50.00
	socket wrenches		50.00
1	vise pipe combination		50.00
1	forge		45.00
15	pieces of steel	@ 15.00	225.00
4	axes		12.00
5	sledge hammers		40.00
3	chisels		8.25
1	Brunton compass		50.00
	Misc.		1,000.00

d - Equipment now owned

1	tugger hoist	650.00
1	I R - 25 pump	345.00
1	Rotating drill I R - 38	650.00
1	Copco drifter - Jack leg	543.00
1	Copco drifter	645.00
1	Jackhammer on shell	200.00
125	feet of extension steel	470.00
250	feet of cable	35.00
1	sheave wheel	100.00
1	bucket	75.00
1	compressor	600.00
2	pressure tanks	200.00
3	mine cars	600.00
	water system	2,500.00
1	Assay equipment	500.00

Equipment to be purchased rented or leased

1	Automatic drifter	1,100.00
1	Mucking machine	2,957.00
4	3 ton cars	2,100.00
1	Compressor (350) 12,000.00 to	15,000.00
1	Receiver tank (large upright)	
1	Track Gemco	50.00
1	Blower	1,600.00
3,000	feet track with spike fish plates, bolts and ties (20 pound)	4,100.00
1	Air Locomotive	2,500.00

6. Estimate of Cost, Cont.

g - Miscellaneous

Repairs and maint. of operating equipment 10% of cost per year

Analytical work		550.00 per month
accounting		500.00 per month
Workmen's compensation	$12.25	
Payroll taxes		4.7%

h - Contingencies

Possibly ventilation raise

Installation of electricity

COPY

Fitzhugh & Osborn Mining Co
7 Ranch
Paso Robles, California

MINING LEASE

THIS LEASE, made in duplicate this 1st day of Sept. 1955, by and between MARGARET THOMPSON, Party of the First Part herein styled "Lessor", and DEE FITZHUGH, MINNABEL FITZHUGH, NATHANIEL W. OSBORN and EDNA OSBORN, Parties of the Second Part herein styled "Lessee",

RECEIVED
MAR 16 1956

W I T N E S S E T H :

That for and in consideration of the sum of One Dollar (1.00), lawful money of the United States of America, to the Lessor paid, and of other valuable considerations, the receipt of all of which is hereby acknowledged, and in consideration of the covenants and agreements hereinafter contained by the Lessee to be kept and performed, the Lessor has leased and demised unto the Lessee the sole and exclusive right of exploring for, mining, taking out and removing therefrom the merchantable shipping ore, containing copper, lead, silver and/or gold and/or other minerals and/or quicksilver which is or which hereafter may be found on, in or under said hereby leased and demised mining premises, but excluding uranium and/or oil and/or other hydrocarbons, together with the right to store the same upon said mining premises during the term hereinafter provided, with the right of entry thereon at all times for said purposes, together with the right to construct all buildings, make excavations, openings, ditches, drains, build railroads, wagon roads, smelters and other improvements upon said mining premises, which are or may become necessary or suitable for the mining or removal of ore containing copper, lead, silver and/or gold and/or quicksilver or other minerals, but excluding uranium and/or oil and/or other hydrocarbons, from said mining premises.

The land which is the subject of this mining lease is situated in the Adelaida Mining District in the County of San Luis Obispo, State of California, and is described as follows, to wit:

All that certain quicksilver mine known as the Libertad Quicksilver Mine belonging to the Party of the First Part, and situate in what is known as the 7X Ranch, in Section 21, Township 27, South of Range 10 East M. D. B.& M. comprising approximately 89.36 acres, more or less, and together with such buildings and equipment as may belong to and may be leasable by Lessor now situate on said mining claim. Further, Lessor makes no warranty or representation as to whether or not she owns or is entitled to lease the bunk house upon the demised premises: but, if Lessor owns or has the right to lease said bunk house, the same is hereby leased to Lessee under the terms and provisions of this mining lease.

Lessor does not warrant her title to the above described property.

The parties hereto mutually agree and declare that this mining lease is entered into for the term, for the uses and for the rentals in cash and royalties, and with the covenants and subject to the conditions, both hereinbefore and hereinafter provided for.

FIRST: The term of this lease shall be ten (10) years from and after September 1, 1955, unless sooner forfeited or otherwise terminated.

SECOND: Lessee covenants not to assighn, mortgage or hypothecate this mining lease or any interest therein, or let or sublet the whole or any part of said mining premises without first obtaining the written consent of Lessor and this mining lease or any interest of Lessee therein shall not be transferable by operation of law without the written consent of Lessor, by reason of any bankruptcy, insolvency or receivership proceedings, or attachment, execution or other judicial process or sale by or against Lessee; however, nothing in this Paragraph SECOND contained shall preclude Lessee from obtaining a loan from the United States government or the United States Department of Interior under its Defense Minerals Exploration Projects and from hypothecating said Lessee's leasehold estate as security for the repayment of said loan;but, Lessor shall not be required to join in any application for such loan nor shall Lessor be liable for the repayment of said loan;nor shall any right, title or interest of Lessor in and to the aforementioned Libertad Quicksilver Mine be hypothecated or liable for the repayment of said loan, save and except to the

extent that said loan may be repayable out of Lessee's share of the production from said mine.

THIRD: On all quicksilver produced on said mining premises, Lessee agrees to pay to Lessor a royalty in a sum equal to ten per cent (10%) of the gross sales of quicksilver produced in the operation of said mine; if any minerals other than quicksilver are taken out of said mining premises, Lessee agrees to pay to Lessor as royalty a sum equal to ten per cent (10%) of the gross proceeds thereof.

All royalties agreed to be paid hereunder are to be paid monthly to the Lessor at the bank of America National Trust and Savings Association at Santa Barbara, California, and payments are to be made at said bank between the 1st and 10th of each month for the preceding month's royalties.

FOURTH: Lessee agrees:

(A) That they will within twenty (20) days from date hereof enter upon said mining premises and work the same in a manner necessary to good and economical mining, so as to extract the greatest amount of minerals possible, with due regard to the safety, development and preservation of the said mining premises as a workable mine, and that failure to do enter within twenty (20) days will forfeit all rights of said Lessee under this mining lease;and, it is expressly understood and agreed that in so working said mine Lessee shall work not less than two hundred forty (240) man hours of work as a minimum in the working of said mine, each month.

(B) To well and sufficiently timber said mine at all points where proper, and to repair all old timbering wherever it may become necessary.

(C) To allow said Lessor and her agents to enter upon and into all parts of said mine for the purpose of inspecting the same.

(D) To occupy and hold all mineral deposits of any kind which may be discovered upon, within or under the 89.36 acres, more or less, of the aforementioned Libertad Quicksilver Mine, in working under this

mining lease, with the privilege to said Lessee of working the same as an appurtenance of said demised mining premises, under the terms and conditions of this mining lease;and not to locate or record or cause the same to be located or recorded except in the name of the Lessor.

(E) To keep books of account showing the amounts of minerals extracted from said mining premises and the amount of money received from the sale of said minerals; and that said books of account shall be open at all reasonable times to the said Lessor and/or her agents.

(F) To work and mine said mining premises as aforesaid, steadily and continuously from the date hereof with not less than two hundred forty (240) man hours of work each month as a minimum in the working of said mine.

(G) To keep at all times the drifts, shafts, tunnels and other passages and workings of said mining premises thoroughly drained and clear of loose rock and rubbish of all kinds, except shafts heretofore abandoned.

(H) To comply with all the laws, rules and regulations and safety provisions of the State of California affecting the operation of said mine and to comply with all regulations of the Workmen's Compensation Act of the State of California.

(I) To keep all gates closed after using the same, in the use of any roads running to said mining property which passes over other property.

(J) To keep a duplicate of all mill, smelter and retort returns and sales returns and to furnish them to Lessor at the time of each monthly settlement as provided herein.

(K) To market all quicksilver and other minerals from said mine at the highest market price obtainable.

FIFTH: All improvements, including, but not limited to, water

and air pipe lines, pumps, wiring, mine track, hoists and other structures placed in said mining premises by Lessee, shall, unless otherwise provided for by written agreement become the property of the Lessor and shall remain upon and be usable and salable by Lessor or Lessor's heirs or assigns with the aforementioned mining premises upon the expiration of this mining lease or any sooner termination thereof;however, there shall be excluded from such improvements so becoming the property of Lessor any furnace hereafter erected in or on the mining premises of Lessor and any buildings or plant hereafter constructed or erected by Lessee outside of any portal of said mine and upon the surface of the earth, all of which excluded equipment and structures shall belong to Lessee;but, any such excluded new plant, building, furnace or structure so constructed or erected by Lessee shall be used and used solely in connection with the mining operations of and under this lease, during the term of this lease;however, notwithstanding anything in this Paragraph FIFTH above contained, Lessee may remove any hoist heretofore purchased and paid for by Lessee and placed in the aforementioned mine and/or any hoist hereafter placed within said mine by Lessee and purchased or acquired by use of funds obtained from the United States government or the United States Department of Interior under its Defense Minerals Exploration Projects, provided that such loan shall have been wholly paid off, satisfied and discharged prior to the removal of such hoist and not later than the expiration or earlier termination of this lease.

SIXTH: Lessee covenants to keep all buildings leased hereunder insured against fire for the full amount acceptable to a board fire insurance company, insured with loss clause payable to Lessee. In the event of partial or total destruction of said premises by fire, Lessee agrees to repair or rebuild the same with the proceeds of such fire insurance policy, and as speedily as practicable, due allowance being

made for the time taken for fire insurance settlement.

SEVENTH: All work done by Lessee under this mining lease shall be done at their own cost and expense and Lessee agrees to protect said mining premises from all claims and damages of contractors, laborers, material men and others, and Lessor may keep posted on said mine such notices or notice that she may wish to post to protect said mine from liens.

EIGHTH: Lessee agrees that if they should fail to pay at the time herein appointed any part of the royalty herein provided for, or if default should be made in any of the other covenants and conditions on their part herein contained, and if said default should continue for a period of thirty (30) days after written notice specifying such default from the Lessor, providing that if any default of the Lessee in any such covenant and condition cannot be cured completely within the aforesaid thirty (30) days the Lessee shall not be deemed in default if within said period of thirty (30) days they shall commence the curing of said default and shall diligently carry the same to completion, such default or breach at the option of the Lessor shall work a forfeiture of this mining lease. And Lessor or her agents may enter upon said mining premises and dispossess all persons occupying the same with or without force, and with or without process of law, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant and it is understood and agreed that time is the essence of this mining lease.

NINTH: Lessor covenants to allow Lessee a reasonable time, not to exceed ninety (90) days after the termination of said mining lease, either by the expiration of the term or forfeiture or otherwise to remove any machinery, equipment or property that has not become appurtenant to the mining premises. Any machinery, equipment or property removable by Lessee and not by Lessee removed from the

aforementioned mining premises within ninety (90) days after the expiration or earlier termination of this lease, shall at Lessor's option be and become the property of Lessor free and clear of any right, title, interest or claim of Lessee therein or thereto.

TENTH: Lessee agrees to pay a reasonable attorney's fee to Lessor for any fee incurred in enforcing the covenants and agreements of this mining lease.

ELEVENTH: The Lessee shall pay all taxes on its improvements and all taxes levied and assessed against the mineral rights. Lessor agrees to pay all taxes levied and assessed against the demised property as such.

In the event the State, United States or any municipality levies a license, severance, production or other tax on the minerals produced hereunder, or on the Lessee's right to operate, then the Lessee shall pay said tax.

TWELFTH: Each and every clause and covenant of this mining lease shall extend to and include the heirs, executors, administrators, representatives, successors and assigns of the Lessor and Lessee.

THIRTEENTH: On the expiration of this mining lease or any sooner termination thereof, Lessee agrees that they will peacefully and quietly surrender possession of the demised premises to Lessor and will further execute and deliver to Lessor a good and sufficient quitclaim deed to the premises herein demised; and, in that regard and respect Lessee hereby promises and agrees to and shall deliver up to the said Lessor the said mining premises with the appurtenances and all improvements in good order and condition, and the mine in all points ready for immediate continued working, accidents not arising from negligence of Lessee alone excusing, without demand or further notice, on the expiration or sooner termination of the term of this mining lease or at any time previous upon demand for forfeiture.

FOURTEENTH: This lease shall become effective at the commencement of September 1, 1955, at which effective time that certain mining lease dated the 5th day of October, 1954, heretofore executed in duplicate by and between Margaret Thompson, Party of the First Part therein styled "Lessor", and Dee Fitzhugh, Minnabel Fitzhugh, Nathaniel W. Osborn, and Edna Osborn, Parties of the Second Part, therein styled "Lessee", shall cease, terminate and end.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written, executing this mining lease in duplicate.

Signed _____
Margaret Thompson
LESSOR

Signed _____
Dee Fitzhugh

Signed _____
Minnabel Fitzhugh

Signed _____
Nathaniel W. Osborn

Signed _____
Edna Osborn
LESSEE

Copy
From C. N. Schuette Report
December 1954

Liberta[illegible] Mine, San Luis Obispo Co.
Fitzhugh & Osborn Mining Co.
7 X Ranch, Paso Robles, Calif.

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Location: La Libertad Mine is located on the 7 X Ranch in the center of Section 21, T. 27 S., R. 10 E., In San Luis Obispo County.

Description of the Property: At the mine, a creek runs SE thru section 21. To the NE and SW of this creek the hills rise steeply. The contry is open with a few scattered trees. Elevation ranges from 1460 feet where the lode crosses the creek, to about 1860 feet on the highest outcrop of the lode. The climate is temperate tho hot summers and cold winters are on record. Rainfall is moderately heavy.

The mine is developed by a series of tunnels running NE into the hill above the creek. The lowest and main tunnel of the mine is at elevation 1660 feet. From this tunnel the ore is trammed to an ore bin above the plant to the south. From the ore bin the rock goes thru a 10" x 12" crusher and then to the furnace hopper. The furnace is a 30" x 22.5 foot Cottrell rotary, with a reciprocating feeder, Sirocco dust collector and iron pipe condensers. The plant can treat up to 15 tons per day but usually handles 11 to 13 tons per day with a fuel consumption of 10 to 11 gallons per ton. This plant was, I believe, erected by the Mcapa Mining Company in 1948.

Some 600 feet SE from the plant, the creek turns more nearly east and crosses the fault zone in which the mine lies, at a point some 200 feet lower than the lowest tunnel and some 1200 feet SE from the present workings.

History: Cinnabar was first found in the district on the neighboring property called the Little Bonanza, which lies about one mile NW of La Libertad. This was in 1862, some 20 years after the original discovery of quicksilver in california at the New Almaden mine. Since its discovery in 1862, the San Luis Obispo District has produced the very respectable total of 79,480 flasks of quicksilver thru 1952, the last year for which statistics are available.

The total production is now over 1100 flasks. Since most of this production came from retorting operations, the grade of the ore must have been high. In recent years when a small furnace has been used the production came from 6 to 10 pound ore. So far the mine has been opened up by some 1170 feet of tunnel levels and some 670 feet of raises, a total of 1840 feet of workings. This gives a production of one flask for every 1-2/3 foot of working which is a very good record. 1.67

The mine has had many owners and operators. Almost every reference to the mine, cites a different owner or operator. Such shut downs and changes of policy do not help a mine. Any mine, which like La Libertad, shows a fairly consistent and improving operational record with so many changes of operators and shut-downs must have good inherent qualities to overcome such handicaps.

Copy

(Libertad Mine
(Fitzpatrick & Osborn Mining Co.
(7 X Ranch, Paso Robles, Calif.

C. N. Schuette report December 1954

Just when La Libertad was found is not known but it first appeared in the production record in 1901. To date the recorded production is as follows:

Production Record of La Libertad

Year	Flasks produced	Average Annual Price	Value of Production
1901	15	$ 48.46	$ 726.90
1902	80	43.20	3,456.00
1903	60	45.29	2,717.40
1904	45	43.50	1,870.50
1907	28	39.60	1,108.80
1910	12	46.51	558.12
1915	21	85.80	1,801.80
1916	50	125.89	6,295.50
1917	51	105.32	5,294.50
1932	1	57.93	57.93
1934	4	73.87	295.48
1935	18	71.99	1,259.82
1937	2	90.18	180.36
1938	1	75.47	75.47
1939	43	103.94	4,469.42
1940	40	176.87	7,074.80
1941	67	185.02	12,396.34
1942	1	196.35	196.35
1947	4	83.76	334.96
1948	112	76.49	8,568.88
1952	62	199.10	12,344.20
1953	199	193.03	38,412.97
1954	195 thru Nov.	250. estimated	48,750. est.
Total	1,109 flasks		$ 158,244.50

At present prices, this production would be worth $350,000

Note that 41% of this output was produced in the last three years and was worth 63% of the total value of the entire production.

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Libertad Mine
Fitzpatrick & Osborn Mining Co.
7 Ranch, Paso Robles, Calif.

C. N. Schuette report

December 1954

General Geology of Quicksilver Deposits in California.

Most of the California quicksilver mines are found in rocks of the Franciscan Formation, a series of sandstones and shales with smaller strata of cherts, limestone lenses and schists. These rocks are Jurassic in age. At a very early time, these rocks were intruded by greenstones and they were broken and contorted in the process. At a later time, more upheavals occured and this time peridotites were intruded into the Franciscan sediments along faults that trended northwest. These peridotites, where exposed to the surface, started to change to the serpentine as we find it today. This change, during which water is absorbed, caused an increase in the volume of the rock of about 1/4th and this swelling further crushed and crumbled and faulted the rock along the contact zones. Later on, solutions charged with carbon dioxide and calcium carbonate came up thru the crushed fault zones and changed these rocks into silica-carbonate or "Quicksilver" rock. In fairly recent times, (Pleistocene to Present) another period of Volcanic activity resulted in the intrusion of basalts and diabases. These came up along the same old planes of weakness, i.e. the same fault zones and intrusions shattered the hard brittle silica-carbonate rocks. As the diabase and basalt sills and dikes cooled they gave off, or gave passage to hot alkaline solutions. From these, cinnabar and iron sulfides were deposited in the interstitial space of the shattered fault-zone rocks. The impervious fault gouges confined the mineralizing solutions to the brecciated fault-zone rocks and prevented them from dispersing thru the overlying sandstones. In other words the ore solutions were trapped and concentrated during deposition. This long geologic preparation of the Franciscan strata to produce this trap structure is the

reason why California can boast of so many quicksilver mines.

Geology of La Libertad Mine: The general geology of the district in which La Libertad Mine lies, has been described and illustrated in U.S.G.S. Bulletin 922-R entitled "Quicksilver Deposits in San Luis Obispo County etc" by Eckel, Yates and Granger, so I need not go into it further.

On the property of La Libertad Mine, a strong fault zone cuts across the country thru the Franciscan Sandstones and Shales in a direction about N 55° W in the center of Section 21. This fault zone is some 500 feet wide and dips some 70° to the northeast. It is a strongly developed fault for some 7 miles of its course and can be traced several miles more both NW and SE from the 7 mile, widely brecciated part. From NW to SE in order, on this fault zone are the Cypress Mountain Group of mines, the Kismet Group, the Little Bonanza, La Libertad and finally the Madrone Mine. Thus this fault zone contains many important quicksilver occurrences, localized at intervals over a length of seven miles.

It is not a contact fault between serpentine and sandstone as so many faults in the Franciscan are, but lies entirely within the sandstone-shale series of the Franciscan Formation. The movement of the fault was mostly horizontal.

On both sides of the fault zone at La Libertad, are sills of serpentine that parallel the fault zone but are some distance from it in the footwall and hanging wall. In the mine itself, and showing particularly in the outcrop, are intruded tongues of serpentine almost entirely changed to silica-carbonate rock. Very much altered rock that was probably a basic intrusive (basalt) is also found and a fair sized body of similar fresh rock is exposed up on the hill a little east of north from the shaft situated down where

the creek crosses the fault.

Thus we have many geologic factors favoring the formation of a quicksilver mine. We have a strong fault - well brecciated receptacle rocks - a hanging well gouge to concentrate the primary mineralization - the silica carbonate rock that is so favorable and basic intrusives that are nearly always associated with the mineralization. We must now try to see how we can apply this knowledge to find orebodies. Since every bit of work that is done in a mine tells you something of its nature, we must also consider what the past work has told us about the ore occurrence.

I refer now, to the drawing in the pocket at the end of this report:

Take the insert, Figure 1, first; This shows a plan of the fault zone, all in the sandstone-shale rocks, the serpentine occurs at some distance out in the footwall of the fault zone. The fault zone strikes about N 550° W and is some 500 feet wide. The dip is about 70° NE. On the hanging wall side, a good deal of silica-carbonate rock occurs and this is hard and makes prominent outcrops. On the footwall this harder rock seems to be absent and here, surface waters have eroded the softer crushed up rock of the fault zone, to form the creek bed which runs along roughly on the footwall of the fault zone.

The movement of the fault zone was largely horizontal, the hanging wall being displaced to the NW relative to the footwall as indicated by arrows apralleling the fault. This movement caused shear zones to be formed roughly east and west across the fault zone as indicated on Figure 1. All the present workings of La Libertad are in one of those shear zones.

Now let us look at insert Figure 2: This is a vertical cross section thru such a shear zone near the hanging wall side. The mineralizing solutions came up under the impervious gouge in the shattered silica-carbonate rocks androse toward the surface. Some of them went right up under the fault gouge to the surface. Others percolated out into the brecciated shear zone and reached the surface at some distance west of the hanging wall fault. There must have been some regularity in the formation of these percolation channels in the shear zone, because the ones thus far mined, rake down to the east in a fairly regular manner. Some such regularity is to be expected because of the uniform nature of the rock in which the shearing took place. If we had had alternating layers of hard rock and soft rock, the hard rocks would have ruptured while the soft rocks would merely have been squeezed out of shape. This would have given a different fracture and shearing pattern. In our case however we are dealing with uniform rocks which made for a uniformity of direction for the shear zones and a fairly uniform pitch or rake of the percolating channels in the shear zone. Thus we now have a picture of how the ore came to be deposited where it is.

Looking now at the vertical cross section of the mine workings, I would say that less than 1/3 of this shear zone had been worked. I see no immediate necessity for sinking as there is enough prospective ore-bearing ground left above the 1660 tunnel level to provide ore for several years of mining.

7 I have indicated the prospective ore bearing areas that should be explored by a shading of horizontal red lines. I suggest trying for ore from the first stope reached by the lower level - going out west (from the side opposite the winze) under the yellow 1785 foot level as shown on the plan.

On the cross section I marked 1834' on the surface. This is the point from where we took our first long shot down the hill to the tunnel. It was a little bluff with some trees on it as I remember it. A little digging around there on the surface should give some pannings. A lower part of this ore should be found by drifting north from station 13 for 30 to 40 feet.

The ore just below 1831' on the surface where we came out probably rakes off flat to the east and should be looked for by drifts going east from the raise some 40 to 50 feet vertically down from the surface.

The series of raises thru which we surveyed up from the square set stope to the surface, went almost straight up and apparently did not follow any particular orebody. In fact I don't quite know what these steep raises followed until they got up to within 50 or so feet from the surface. I suspect that they were kept steep to avoid mucking. However these raises do open up a new area in the mine and they provide ventilation. Prospect drifts can be run from them as I suggested above even if wheelbarrows have to be used for mucking out.

Ore and waste should be handled separately. Since there are two separate raises in various parts (tho we only surveyed one set) perhaps one raise could be temporarily blocked to hold waste while ore is handled thru the other one. A little more system in the mining operation would help to keep up the grade of the ore and it would pay even if it took a little more mucking and time and timber.

Since the workings do not go east far enough on the 1860 level to reach the hanging wall fault (under the gouge of which most of the ore solutions must have come up) I think that development work in this direction is warranted. The area where the shear zone takes off from the hanging wall fault offers the best bet for high grade ore. I have

indicated two ways of drifting out there by dotted lines. One is the direct way and the other thru the present workings. The direct way could connect to the old square set stope for ventilation. The direct way has the advantage of drawing off any water that might be found instead of letting it drain thru the workings where you might want to sink winzes for exploration. The position of the square set stope is only approximate as I couldn't see them and none of the old maps show them either.

I placed the hanging wall fault some 140 feet east of the old square set stope and this is based on a 70° dip of the hanging wall. On the surface I place this hanging wall fault at the highest surface outcrop (above your road cut) where we panned some of the ore. These dips and distances are approximate but seem to check out very well.

At this dip the hanging wall fault would reach the creek, just at the shaft down there and some 200 feet lower than the 1660 foot level. That rock in the shaft, being hard, is what I took to be the hanging wall side of the fault down there.

The more I study this ore occurrence, the more I believe that a drift tunnel starting at the shaft and going NW on the hanging wall side of the fault would be a good exploration project. I think you could get a DMEA loan on it. The cost of a 1200 foot drift on the fault to gain 200 feet in depth would be roughly the same as the cost of sinking a shaft for 200 feet from the 1660 level. A tunnel would drain itself while water from a shaft has to be pumped out.

<u>Conclusion:</u> While the ore occurrence is irregular, there are two guides to ore that are pretty well established: First the downward rake of the ore shoots to the east and second, the ore is found in an E - W shear zone some 40 to possibly 60 feet wide. A 3rd guide will be

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Liberted Mine
F[illegible]zhugh & Osborn Mining Co.
7 [illegible] Ranch, Paso Robles, Calif

C. N. Schuette report

December 1934

found when the hanging wall is reached.

Judging by past performance and the favorable geology, the mine is well worth developing, especially in view of the present favorable price situation.

Care should be taken in the mining of the ore to mine it clean, i.e. to break as little waste into it as possible. This is especially important because of the limited furnace capacity. Here again, it is better to run 11 tons of clean ore per day (with no fumes escaping at the feed end) than to run 15 tons of ore admixed with waste and having the furnace fume.

COPY

Libertad Mine
F[illegible]zhugh & Osborn Mining Co.
7 X Ranch, Paso Robles, Calif.

JAMES WILSON NEILL
430 WEST COLORADO STREET
PASADENA, CALIFORNIA

Mining Engineer, Geologist, Metallurgist

RECEIVED
MAR 16 1956

October 22, 1936

Mr. Charles C. Thompson
7 X Ranch
Aedlaide, California

Dear Sir:

Enclosed herewith please find prints of maps made from my recent survey; the plan map of the underground workings and the long-vertical section are to the same scale, viz. 50 ft. to the inch, but the map of the outside openings down the creek are to a scale of 100 ft. to the inch.

I have colored the different tunnel levels so that they may be located on the plan. The section shows all the workings projected onto the plane of section C-D, although many of them are not cut by this line.

I have marked the places showing ore with approximate widths in feet. On the section there seems to be indicated a block with ore on three sides extending from the first tunnel (1710 ft. level, Green) to the surface. The plan, however, shows that these ore bodies are not on the same plane, as the ore exposure in the second tunnel(1740 ft. level, Brown), extends along the tunnel to the N.E. and out of the line of strike (E.W.) of the other ore exposed in the big stope and above it, in the Box tunnel (1785 ft. level, Blue). It is, therefore, probable that these two ore seams may unite below. Also, that they may develop separately, thus increasing the ore tonnage in the 1710 level (Green), the extreme N.E., and is in black mud-rock, but at two points indicated on the plan seams of ore about four feet wide cross thes tunnel, but have not been developed.

This is possibly the continuation of the ore shown in the Brown tunnel above.

It is fair to extimate a probably 5,000 tons of commercial ore above the first tunnel (Green). The lower tunnel and the large stope taken out is connected by raise or raises with the upper workings, but I was not able to survey them on account of caved condition.

It is apparent that this lower stope is on the same ore zone as the larger open stope on the 1785 ft. level (Box tunnel, Blue), and there is probably an undetermined amount of ore lef left standing in this area.

These openings and ore bodies have a strike closely E. and W. (magnetic) and dip southerly. The big stope on the lower level has an apparent hanging wall on the East, striking N.S. and dipping East 65 degrees. This is at nearly right angles to the general strike of the ore body, and I think it is probably a major slip, possibly a fault, which has here cut the ore zone. It is not determined by present openings whether the ore penetrates East of this wall. It is possible that it is merely a slip and that the ore zone will be found East of it.

The winze from this lower level follow down under this slip-wall for 35 ft., and is stated to be in good ore on three sides all the way down, indicating the continuance of this ore shoot in depth. Water stands in this winze now at about 12 ft. below the tunnel level. It is probable that the connections between this opening and the large stopes on the 1710 (Green) and 1780 (Blue) levels will yield considerable additional ore.

On the plan map of the "outside workings", I have indicated the position of four localities of much interest East of

these old workings. The farthest East, about 2500 ft., is a bluff of black rock, apprently and altered shist, which material is said to show pannings of cinnabar, altho my sample did not.

The next, called on the map, the "Quarry", is an opening some 25 ft. long by 20 ft. deep, blasted out of the slope of the hill. The material is of an ochreish yellow color, compact and massive, a fine grained breccia carrying seams and streaks of calcite. A sample taken by me showed a concentrate of cinnabar in the pan, which weighed and indicated from six to ten lbs. cinnabar to the ton.

300 ft. West of this is a shaft, said to be 50 ft. deep. Water now standing at 25 ft. A drift at this level to the N. is said to be in material similar to that showing in the Quarry. This material also shows in the face of the old opening around the shaft, at the West side. A sample from the shaft dump shows much cinnabar in the pan.

About 300 ft. farther west, a cut and short tunnel into the hill show the same material about 25 ft. wide again; and a sample from the face and dump here panned well.

55 ft. further West is a small cut showing a stratified black shistose material, entirely different in appearance, but this coarse rock pans about 3 lbs. cinnabar and the screened fines pans about 15 lbs. This material is probably in the hanging wall of the ochre seam.

We have here, therefore, openings over a length of 500 ft., in three places a width of 20 ft., and a total difference in elevation of 30 ft., indicating a solid body of ore containing 20,000 tons, above the level of the Quarry. This body of material would yield additional 8,000 tons per each additional 10 ft. of depth

below the Quarry level. Though not shown by opening, it is probable that the deposit continues some distance eastward and westward. This ore occurrence also strikes E.W. and dips E., but its projection W. would not correlate with the ore seam known in the old workings, but passes it 600 ft. to the South.

No active search has been made for the outcrop of this Eastern ore body in the 1200 foot space between the "black shist out" and the lower tunnel. It is a possibility that the slip-wall showing in the big chamber of the lower tunnel is the wall of a fault which has thrown the mineral formation to the south this 600 ft.

Geological and General The foot wall material of the region seems to be an altered shist, showing in the lower tunnel for some 200 ft., where it contacts the mud-rock. This mud-rock is a black breccia, much contorted and carrying blotches and boulders and seams of grey, pink or white material (probably calcitic) not ore. It stands fairly well when dry.

The cinnabar bearing material is usually a yellowish color with streaks and seams of calcite with which the cinnabar is apparently associated.

The rock outcrops on the hill above the old workings are bold and large, and do not carry values, altho they are also a coarse breccia.

Serpentine is frequent in the general area, but not as such close to the ore bodies.

RECOMMENDATIONS. Clean out openings to upper tunnels for entrance and drainage.

Open, if possible, connecting raises between levels to the lower stope (lower tunnel).

COPY

Libertad Mine
Pitz[illegible]h & Osborn Mining Co.
7 X R[illegible]ch, Paso Robles, Calif.

RECOMMENDATIONS Continued

Endeavor to find Eastern continuation of ore bodies through hanging wall slip in lower tunnel stope, by either drilling and-or drifting.

Ascertain by drift the width of Quarry ore body and same in the short tunnel West of shaft.

Also, make a cut (or tunnel) into the hill at "black shist" location, to see if the ochre-ore material continues West beneath this shist.

This work will enable an engineer to sample and estimate the ore tonnage exposed and form a definite opinion as to future probabilities.

Yours truly,

s Jas. W. Neill

JWN:D

COPY

Libertad Mine
Fitz[illegible]h & Osborn Mining Co.
7 X [illegible]ch, Paso Robles, Calif.

STRATEGIC MINERALS INVESTIGATIONS, 1940
Bulletin 922-R

LA LIBERTAD. The La Libertad mine--which will henceforth be called, in order to avoid an awkward clash of idioms, the Libertad mine--is about 22 miles from Paso Robles and 14 miles from Cambria, by fairly good roads. Its production is not known but may have been as much as 1,000 flasks. Local residents report that much of the quicksilver produced during the early history of the mine was recovered by retorting boulders of highgrade float. The mine workings, nearly all of which were accessible in 1940, are shown on plate 82.

As shown on plates 78 and 82, the mine lies within the Madrone-Cypress Mountain fault belt. With the exception of some silica-carbonate rock, serpentine, and a small body of unserpentinized basic ingneous rock that crops out a short distance southeast of the main mine, the country rock consists of strongly brecciated Franciscan sediments. Most of the shear planes trend northwest, parallel to the fault zone, but the breccia is crisscrossed by numerous irregular veinlets of carbonate and quartz. Several bodies of silica-carbonate rock, two of them relatively large, crop out on the surface, and many smaller masses are exposed in the mine. Most of these bodies, whose texture shows them to be derived from serpentine, are elongate and are at least partly bounded by shear planes, but neither the shears nor the bodies themselves show any systematic orientation relative to each other or to the enclosing fault zone.

The principal mine workings develop a single irregular vein in silica-carbonate rock that trends a few degrees north of west, at an acute angle with the main fault. The vein zone dips steeply northward in most places, but in places the north

dips are as low as 30°, and in other places the dip is toward the south. The average dip of the vein in its developed part is nearly vertical. The walls of the vein are almost everywhere sharply defined and marked by a few inches to 3 feet of black gouge or "alta," but locally, as in parts of the large stope on the lower or 1,663-foot level, the transition from vein to country rock is gradual. The vein pinches and swells because of its highly irregular strike and dip, its thickness varying from less than a foot to 30 feet or more.

The vein matter consists largely of quartz and carbonate, but the proportion of carbonate to quartz is somewhat higher than in average silica-carbonate rock, so that the ore is relatively soft. It contains much bright-green material, which imparts a lively green tint to most of the rock. Light-to dark-red cinnabar is widespread. Some of it is disseminated, or coats the walls of minor fractures, but most of it is associated with minor amounts of quartz in networks of small veins, few of them more than 1/8 inch in width. Late veins of quartz and calcite cut the ore in many places. Pyrite is present locally but is nowhere abundant.

The geologic map and section (pl. 82, A and B) show clearly that most of the ore produced by the Libertad mine has been taken from a single short ore shoot that pitches steeply to the east. It has been developed through a vertical range of 170 feet, or 210 feet on the pitch, and is believed to extend even deeper, for the bottom winz below the lower level is reliably reported by the owner to have been in goo ore. The main shoot is obviously controlled by a sharp change in the

vein's direction. Local concentrations of ore within the shoot also occur at places where the vein changes in strike or dip and are commonly associated with low dips. The grade of the ore that has been produced is not known, but some of it is reported to have been very rich, and little of it seems to have contained less than 5 pounds of quicksilver to the ton.

Several small bodies of ore-bearing material not connected with the main vein are present in the mine, but none of them are rich enough to be workable. Most of them are narrow shear zones marked by a little silica-carbonate rock or by veinlets of cinnabar. The most interesting one is in the intermediate or 1,725 foot tunnel, where a small irregular body of altered serpentine contains disseminated specks of cinnabar and a little native mercury. The partly caved shaft near Jack Creek, 1,400 feet southeast of the main mine (pl.82,C), is reported to have developed a narrow vein rich in cinnabar and metacinnabar. This vein is clearly distinct from the Libertad vein, but no further knowledge of its character or extent is available.

In June 1940 little or no commercial ore was in sight and the mine was temporarily inactive, but further exploration seems nevertheless to be warranted. It might be worth while to follow the main ore shoot downward or to search for additional ore shoots along the eastward extension of the vein zone or in other parts of the hill

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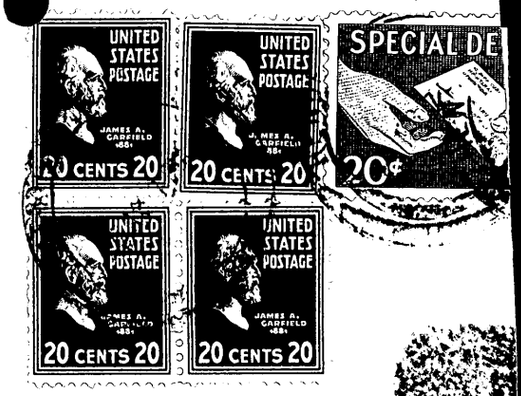

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