MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration
GEOLOGICAL SURVEY

OFFICIAL DOCKET FILE

Contract No. 14-23-2223 Docket No. MME-6517

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 6-22-66
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports

- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52615

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/9/67	RM Smith	120
3		110
		220

AIRMAIL

California Non-Metallics, Incorporated
Post Office Box 265
Trabuco Canyon, California 92668

Re: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Gentlemen:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of possible production under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

Enclosed is a copy of a self-explanatory letter of today to the National Surety Corporation relating to the Performance Bond submitted under the contract.

We appreciate your interest and participation in the OME exploration program.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance
National Surety Corporation, 3223 West Sixth Street, Los Angeles, Calif. 90005
OME Region II
OME File
OME Reading File
Mr. Kirkemo ← 1.2.6.17

GLAult/a 3-9-67

23263

UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF SURVEY AND REVIEW
AUDIT OPERATIONS
WASHINGTON, D.C.

Report of Review-Contract 2223
Docket No. OME-6517 (Silver)
California Non-Metallics, Inc. (Operator)
Old Dominion Mine
Orange County, California

Report Issued: November 1966

An examination of the disbursement records in the Branch of Budget and Finance, Administrative Division, U.S. Geological Survey and a review of the Office of Minerals Exploration contract files pertaining to the subject minerals exploration project was made at Washington, D.C., on November 15, 1966.

The exploration work contemplated by the contract was completed during the period August through October 1966. At the time of this review, the Operator had been reimbursed for the Government's 75 percent participation in costs of the work performed in August 1966 and had submitted reimbursement vouchers applicable to September and October 1966 work. The Field Officer, OME Region II, Menlo Park, California, has taken exception to claimed costs amounting to $42.50 for supervisory services of one day in excess of the maximum allowable under the contract provisions. Additionally, we take exception to $37 of the claimed costs for 7 assays reported on the September 1966 voucher. The assays did not conform to contract requirements.

The following tabulation shows the estimated cost of the project as set forth in the contract, units and costs of work claimed by the Operator, proposed disallowances, and settlement with the Operator.

Estimated Costs of the Project		Claimed Costs	
Actual Costs		Units	Amount
Category (1) Independent Contracts			
Mobilization and demobilization, one surface diamond drill unit	$ 300	1	$ 300.00
Diamond core drilling, 1,000 ft. BX standard core @ $8.75/ft. BXWL core @ $8.50/ft.	8,750	1000 ft.	8,750.00
Delays charged to Operator, in-hole surveying, etc. 8 hrs. @ $8.00/hr.	64		-0-
Moving and setting up, following 1st hole-4 moves @ $175/ea.	700	4	700.00
Totals-Category (1)	$9,814		$9,750.00
Category (2) Personal Services			
Supervisory and technical services, 2 dys. per week @ $42.50 per day, 10 wks.	$ 850	21 dys.	892.50
Category (3) Operating Material and Supplies			
80 sample bags @ 10¢ ea.	8		-0-
80 core boxes @ $1.00 ea.	80		-0-
Category (7) Miscellaneous			
80 samples assayed for silver, gold, lead, and zinc @ $8.00 sample	640	10	80.00
		7	37.00 1/
F.I.C.A. payroll taxes, insurance, etc.	158		-0-
Total Actual Costs	$11,550		$10,759.50
Fixed-Unit Costs			
Initial access road repairs and drill site preparation, 3 dys. @ $50.00/day	$ 150		$ 150.00 ✓
Total Cost of the Project	$11,700		$10,909.50
Government Participation @ 75%	8,775		

1/ See exceptions

(cont'd next page)

Estimated Costs of the Project

Actual Costs		Claimed Costs Units	Claimed Costs Amount
Field Officer's exception			
One extra day of supervision and technical service	$42.50		
Auditor's exception:			
Assays not allowable under contract:			
5 Gold-Silver-Zinc @ $6.00	$30.00		
1 Gold-Silver @ $4.00	4.00		
1 Lead @ $3.00	3.00		
	$37.00		
			$79.50
Net amount of accepted costs			$10,830.00
Government's Participation @ 75%			$8,122.50
Less amount paid to date			2,123.06
Balance due Operator			5,999.44

Copies of invoices from the drilling contractor as well as statement by the Operator in his final report dated November 4, 1966, indicate that 1,049 feet of drilling was actually performed in 9 approved holes. The Operator has claimed costs for 1,000 feet of drilling in the amount of $8,750.

Under provisions of Article 6 of the contract, the average unit cost estimated for each type of work to be performed under Category (1) Independent Contracts is a maximum for Government participation.

The number of units is not a maximum and may be exceeded provided the total estimated costs under that category are not exceeded. The total cost allowable by the contract under Category (1) is $9,814, whereas the Operator has claimed $9,750, and is entitled to claim Government participation in an additional $64 for footage drilled applicable to the exploration work.

C. E. Fisher

C. E. Fisher, Auditor

Reviewed By:

Dwight E. Savage

D. E. Savage, Office of Survey and Review

Government's copy

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

AMENDMENT NO. 2

It is agreed this 28th day of November between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and California Non-Metallics, Incorporated, hereinafter called the "Operator," that Exploration Contract 2223 (OME-6517), dated July 19, 1966, as amended, is further amended effective the date of the contract as follows:

1. In Exhibit A, under the heading General Provisions, the third paragraph is revised to read as follows:

"Significantly mineralized core shall be split and one split assayed for silver and gold. Where indicated by the mineralization, the core may be assayed also for lead and/or zinc. The remaining core shall be stored in proper sequence with the unmineralized core. No sample shall represent a core length greater then five feet."

2. In Exhibit A, under the heading Estimated Cost of the Project, Category (7) Miscellaneous is revised to read as follows:

80 samples assayed for silver and gold		
@ $4.00/sample	$320.00	
80 samples assayed for lead		
@ $2.00/sample	160.00	
80 samples assayed for zinc		
@ $2.00/sample	160.00	
F.I.C.A., payroll taxes, insurance, etc.	158.00	$798.00

This amendment shall not be construed to change the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, the fixed unit cost of any item of work, nor the fixed unit cost of the contract.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

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Asst. Sec. Int.
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Johnson
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CALIFORNIA NON-METALLICS, INCORPORATED

By Otto M. Ellerman

Title Pres.

MME Form 7
(2/63)

g-66-2063.11

OFFICIAL FILE COPY

Date	Surname	Code
11/16		120
"	[illegible]	110
		120M

November 16, 1966

Memorandum

To: The File

From: Harold Kirkemo, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

JUSTIFICATION FOR AMENDMENT NO. 2

The contract provided for assaying 80 samples for silver, gold, Lead, and zinc at $8.00 per sample. The Field Officer in his memorandum dated October 13, 1966, to the Chief, OME, stated that the Operator did not assay some of the samples from Holes Nos. 5 and 7 for lead "as there were no lead minerals visible in the cores. Not assaying these samples for lead in this case resulted in a savings in cost to both the Operator and the Government."

The assay certificate accompanying the Operator's voucher for September 1966 shows that the Operator was selective also in assaying other samples, and claimed only a portion ($85.00) of the total $104.00) allowed if assays had been made for four metals in each of the 13 samples. However, under the allowance of $2.00 per assay established by Amendment No. 2, the proper claim for assaying in September is $84.00 (42 assays x $2.00 each). The Operator charged $3.00 per assay for lead, and $2.00 each for silver, gold, and zinc.

The Washington Office, OME, recommended a suspension of $37.00 from the $85.00 claimed for assaying on the September 1966 voucher. Reimbursement of $36.00 may be made upon request by the Operator after Amendment No. 2 is executed as the following summary indicates:

Contract Allowance	Claimed by Operator on September voucher	Allowable under amended contract
$48.00 6 samples assayed for Ag, Au, Pb, An @ $8.00 per sample)	$85.00 42 assays. Ag, Au, Zn @ $2.00 each Pb @ $3.00)	$84.00 (42 assays @ $2.00 each)

23263

I agree with the Field Officer's statement that the Operator exercised good judgment in assaying only for metals considered to be present in the samples. The technical information desired from the project was obtained satisfactorily, the Operator will be compensated for work necessary to complete the project, and the net result will be a savings to the Government.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Region II
OME Reading File
Mr. Kirkemo

HKirkemo/gla 11-16-66

Governments's copy

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

AMENDMENT NO. 1

It is agreed this 19th day of October, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and California Non-Metallics, Incorporated, hereinafter called the "Operator," that Exploration Contract 2223 (OME-6517), dated July 19, 1966, is amended effective the date of the contract as follows:

1. In Annex I, the first and second paragraphs are revised to read as follows:

"The land referred to in Article 2 of the contract consists of 160 acres, with surface rights limited to 40 acres as shown on Figure 3 entitled, 'Old Dominion Mine, Plot Plan of SE¼ sec. 7, T. 6 S., R. 5 R., Anderson & Frevert, owners, California Non-Metallics, revised October 3 1966,' which is contained in the docket of this contract and incorporated herein by reference.

"The property is held by the Operator under a Mineral Lease dated October 25, 1965, from the owners, V. B. Anderson and Myrtle E. Anderson, husband and wife, and Lulu Frevert, as amended by letters dated February 7, 1966, and October 3, 1966."

2. In Exhibit A, Description of the Work is revised to read as follows:

"Necessary access roads and drill sites shall be prepared. Approximately nine diamond drill core holes ranging in depth from 25 to 250 feet and totalling approximately 1,000 feet shall be drilled. The tentative locations, bearings, and inclinations of eight holes are indicated on Figure 2 entitled, 'Sketch map of Old Dominion mine showing proposed drill holes,' attached and made a part hereof.

"With the prior approval of the Government, the tentative plan of drilling may be changed as a result of information obtained from previously drilled holes."

This amendment shall not be construed to change the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

Long

APPR. [illegible]
Kirkemo
Johnson
Kilgoard
Dept

CALIFORNIA NON-METALLICS, INCORPORATED

By Geo M. Eldorman

Title Pres.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/11		120
"	[illegible]	110
"		120M

October 11, 1966

Memorandum

To: The File

From: Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract 2223

JUSTIFICATION FOR AMENDMENT NO. 1

Results of the first four holes (Nos. 1, 5, 6, and 7) drilled on this contract were disappointing. Spotty mineralization was encountered in what was thought to be the most favorable area. The Field Officer was inspecting the property when the fourth hole was completed, and he suggested to the Operator that a vertical hole (No. 9) be drilled at a site not previously planned.

The site at 160 feet southeast of Hole No. 7 was selected because of the favorable assay of a sample taken in a pit by the Field Officer. Hole No. 9 intersected 15 feet of well mineralized material at 96 to 111 feet below the surface. The interval from 104.5 feet to 107 feet assayed 0.40 ounce gold and 29.0 ounces silver per ton, and 5.4 percent lead. An assay for zinc is not yet available. On the basis of this favorable showing, additional drilling south of the area described in the contract is warranted.

The revised drilling program requires holes beyond the boundaries of the land with surface rights described in the contract. The revised boundaries include the same acreage (40) as originally described. The plat of land to be included under this amendment extends about 650 feet to the south and about 175 feet to the east of the original plat. The area dropped from the surface rights provisions of the contract does not offer the potential for exploration that was expected before Hole No. 1 was drilled.

Harold Kirkemo

Harold Kirkemo

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo

HKirkemo/gla 10/11/66

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA. 92678
TELEPHONE: 714 JUSTICE 6-7901

October 3, 1966

INDUSTRIAL
MINERALS

RECEIVED
OCT 4 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Mr. V. B. Anderson
117 Spurgeon Street
Santa Ana, California

Dear Mr. Anderson:

We would like to request that the Mineral Lease executed October 30, 1965, between V. B. Anderson, Myrtle E. Anderson and Lulu Frevert as Lessors, and California Non-metallics, Inc., as Lessee be amended as follows:

Schedule A, Line 7 : Change "ten (10) acres" to read "forty (40) acres"
Line 10: Change "ten (10) acre area" to read "forty (40) acre area in accordance with Plot Plan dated January 28, 1966, as amended October 3, 1966"

This amendment is to supercede the amendment dated February 7, 1966. All other terms and conditions of the Lease will remain unchanged.

As a matter of record, the area as shown in the amended Plot Plan consists of the following:

the E½ of the SW¼ of the SE¼
the S½ of the SE¼ of the NW¼ of the SE¼
the SW¼ of the SW¼ of the NE¼ of the SE¼
the W½ of the NW¼ of the SE¼ of the SE¼
the W½ of the SW¼ of the SE¼ of the SE¼
the W½ of the E½ of the SW¼ of the SE¼ of the SE¼
all in Section 7, T.6 S., R.5 W., S.B.B.M.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

Mr. V. B. Anderson
Santa Ana, California

October 3, 1966
Page 2

If you concur in this request, would you please sign this letter as approved and return the duplicate to us. Two copies of the amended Plot Plan are enclosed. Thank you.

Very truly yours,

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller
Vice-president

APPROVED:

V. B. Anderson
V. B. Anderson
for the Lessors

California Non-metallics
INCORPORATED
POST OFFICE BOX 265 TRABUCO CANYON CALIFORNIA 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

February 7, 1966

Mr. V. B. Anderson
117 Spurgeon Street
Santa Ana, California

EXHIBIT 2-B

Dear Mr. Anderson:

We would like to request that the Mineral Lease executed October 30, 1965, between V. B. Anderson, Myrtle E. Anderson and Lulu Frevert as Lessors, and California Non-metallics, Inc., as Lessee be amended as follows:

Schedule A, Line 7: Change "ten (10) acres" to read "forty (40) acres"
Line 10: Change "ten (10) acre area" to read "forty (40) acre area in accordance with Plot Plan dated January 28, 1966"

All other terms and conditions of the Lease will remain unchanged.

If you concur in this request, would you please sign this letter as approved and return the duplicate to us. Two copies of the Plot Plan are enclosed. Thank you.

Very truly yours,

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller
Vice President

APPROVED:

V. B. Anderson

EXHIBIT 2-B

EXHIBIT 2-A

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 12 1965
INITIALS/CODE

MINERAL LEASE

THIS LEASE AGREEMENT is executed in duplicate this 22 day of October, 1965, by and between V. B. ANDERSON and MYRTLE E. ANDERSON, husband and wife, and LULU TREVERT, a widow, as Lessors, and CALIFORNIA NON-METALLICS, INCORPORATED, a corporation, as Lessee;

WITNESSETH:

WHEREAS, Lessors are the owners of the real property legally described in Schedule "A" attached hereto and by this reference made a part hereof, Lessee desires to lease said property from Lessors and to secure the right to mine therefrom upon the terms and conditions hereinafter stated;

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions hereinafter stated, the parties mutually agree as follows:

(1) Lessors hereby lease to Lessee and Lessee hereby leases from Lessors all that certain real property in the County of Orange, State of California, more particularly described in Schedule "A" attached hereto and by this reference made a part hereof. Lessee shall have the conditional right to include an adjoining area in the lease, as hereinafter provided.

(2) The term of this lease shall be ten (10) years from and after the date hereof. Lessee shall have an option to extend the lease from time to time as hereinafter set forth.

(3) A royalty will be paid on all materials removed from the property and sold. The amount of the royalty shall be ten percent of the gross proceeds, including any bonuses, premiums, allowances, or other benefits, from the production sold, in the form sold, at the point of delivery, except, that charges of the buyer arising in the regular course of his business, and shown on

the buyer's settlement sheets as deductions shall be allowed as deductions in arriving at the gross proceeds as that term is used in this lease. As an exception to the above, it is agreed that said royalty shall be reduced to five (5%) if Lessee is making royalty payments to the United States Office of Minerals Exploration to repay an exploration loan on said property. This reduction will apply only during the period of such repayment. Should non-metallic minerals be sold, the royalty will be ten (10%) percent of the selling price at the mine. Royalty will be paid on or before the twentieth day of the month following sale.

(4) At the end of the original term of ten (10) years, Lessee not having theretofore defaulted hereunder in any respect, shall have an option to extend this lease for an additional period of ten (10) years. Such option must be exercised by written notice to Lessors, given at least ninety (90) days prior to the end of the expiring term.

(5) In the event the actual commercial mining operations of Lessee upon the leased premises shall visibly disclose, either in the working or by drilling, that a valuable mineral deposit within said leased premises extends upon, under or into, or also exists as a valuable deposit within the northeast quarter of Section 7, Township 6 South, Range 5 West, S.B. B. & M., then Lessee may enter upon said northeast quarter of said Section 7 upon the same terms and conditions set forth in this lease, as though this lease originally encompassed said northeast one quarter of said Section 7.

(6) This lease may not at any time or times be assigned, nor may any part or portion of the demised premises be subleased nor the use thereof be obtained by license, without the written consent of Lessors first obtained in each and every instance.

(7) Lessors reserve the right to enter upon the demised premises at any and all reasonable times, either in person or

agent, for the purpose of inspecting all mining and other operations of Lessee on the premises. Lessors and their duly authorized representatives shall have reasonable access at all times to all records of Lessee pertaining to all material mined, processed, tested, shipped, extracted or removed from the demised premises, and whether or not sold, and may audit, copy and make extractions t therefrom. They shall have the further right, from time to time, without substantial interference with the operations of Lessee thereon, to make surface and subsurface surveys of the leased premises.

(8) Lessee shall keep the demised premises and each and every part thereof at all times free and clear of any and all mechanics', miners' and other labor, improvement and materialmen's liens and all other encumbrances of any and every nature and description done, made or suffered by or on behalf of Lessee or any of them, their agents, servants, contractors and assigns.

(9) Lessee shall at all times and in every instance conduct its mining operations upon the demised premises and each and every part thereof so as to comply in every respect with all pertinent laws, rules and regulations of the State of California, United States, and the County of Orange, and with good and minerlike practice. Lessee shall work and develop the leased premises at all times in a good and minerlike fashion. All work, timbering, construction, improvements and installations shall be done, made and performed in accordance with the good mining practice and with due regard for the safety, development and preservation of the premises as a workable mineral deposit.

(10) Lessee agrees that it will at all times keep and maintain full, accurate and written records showing all materials mined, all materials shipped and all materials sold which originated from or upon the demised premises, with the shipping dates, amounts or values, the names of the carriers, the railroad

or certified truck weights and the consignee, buyer or vendee, and his address.

(11) Lessee shall provide and keep in force at all times such appropriate workmen's compensation insurance coverage and protection for all of its operations on the demised premises as may be required by law.

(12) Lessors shall pay all taxes levied or assessed against the demised premises, in amounts not in excess of the present total taxes levied thereon in 1965 on account of the assessed value thereof for the fiscal year 1965-66. Lessee shall pay all taxes levied or assessed upon or by reason of the improvements placed thereon during the term and upon or by reason of all ores or other material mined or removed from or placed thereon, whether or not the same may be at any time thereon or removed therefrom, and shall also reimburse Lessors for any increase or excess of property taxes above such present total taxes.

(13) Provided Lessee has not theretofore defaulted hereunder, all improvements made or placed upon the demised premises and all equipment placed thereon, or brought thereon, by, or for, or on behalf of Lessee with its permission and attached thereto, shall be and remain the property of Lessee or such person who may bring the same thereon, and may be removed therefrom at any time or times prior to the termination of the lease, except that all

timbering, shoring, reinforcement, lateral support measures and other improvements which cannot be removed without damaging the land or other remaining improvements, may not be so removed and shall be and become the property of Lessors.

(14) Lessors may enter upon the demised premises at any and all reasonable times to post, inspect and maintain customary notices of nonresponsibility thereon.

(15) In the event Lessee shall file, or there is filed at any time against Lessee any petition seeking adjudication in bankruptcy or relief under Chapter XI of the Bankruptcy Act, or in the event Lessee shall assign for the benefit of creditors, this lease shall be thereby terminated without further notice or act on the part of Lessors.

(16) Lessee hereby agrees to indemnify and hold harmless the Lessors against all claims and demands of every kind and nature which may be made upon them, or any of them, or against the leased premises or any part thereof for or on account of any debts, claims, expenses or other charges contracted or incurred by Lessee, as well as from and against all acts, transactions and omissions by Lessee, its agents, contractors and invitees, including, without limitation, claims, demands and causes of action arising during the continuance of this lease from or on account of liens, charges and also personal injuries or property damage, and however occasioned, and to defend Lessors at the cost and expense of Lessee from and against each and every such liability or asserted liability.

(17) Upon the termination of this lease, either at the end of the term, or otherwise, Lessee agrees to deliver up to Lessors the demised premises in good order and condition, with all shafts, tunnels, levels, pits, cuts and other workings which Lessees are utilizing at the termination of the lease, clear of waste, rubbish and debris, and that the surface will be free of

debris and obsolete buildings and equipment.

(18) Lessee agrees that it will personally dispose of all ores and other substances mined and removed by it from the demised premises and will not contract out, license or otherwise transfer or convey to any other person, firm or corporation the right, duty, obligation or chance to sell the same, without the written consent of Lessors first obtained in each instance.

(19) Any inaction, delay, forgiving, waiver, or other act or action by Lessors upon or on account of any default, whether by act or inaction or otherwise, of Lessee hereunder, shall not be or be deemed to be a waiver by, nor shall the same create an estoppel against, Lessors with respect to any other or subsequent act or failire to act on the part of Lessee.

(20) Lessee shall keep and maintain, in full force and effect at all times throughout the term of this lease, public liability and property damage insurance with limits of $300,000.00 as to any one accident and $100,000.00 as to any individual, and $50,000.00 as to property damage with respect to their operations upon the demised premises and each and every part thereof, and shall cause Lessors to be named thereon as co-insureds, without any liability upon Lessors.

(21) This lease shall be binding upon and shall inure to the benefit of the respective heirs, executors, successors, administrators and assigns of the parties hereto.

(22) Lessee may use existing roads and may construct such roads as are necessary for access to the deposit and mill. Lessee may use such buildings and equipment as are presently on the premises,

. . . .

. . . .

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and may construct such buildings and equipment as are reasonably necessary for the proper operation of the mine and mill and for the housing of employees. It is understood, however, that buildings and equipment presently on the property are, and will remain, the property of Lessor; and it shall be the responsibility of Lessee at the termination of the lease to leave for Lessor the same or comparable buildings and equipment in the same condition as when the lease commenced.

(23) At the termination of the lease, at its option or if requested by Lessor, Lessee will remove any and all buildings and equipment erected by it, excluding concrete foundations, and will leave the property and road in the same or better condition as when the lease commenced.

(24) Lessor warrants that it holds proper title to the above property and will hold Lessee harmless from any claims arising because of contested title to the property.

(25) Lessee agrees to diligently prosecute its business on said property, and agrees to expend the following amounts, averaged over a three month period, in labor and/or material on the mine, mill, appurtenances or roads: from execution of lease to six months thereafter, One Hundred ($100.00) Dollars per month; from six months to one year after execution of lease, Two Hundred ($200.00) Dollars per month; one year after execution of lease and thereafter, Three Hundred ($300.00) Dollars per month. Proof of such expenditure will be furnished to Lessor on telephonic or written request within ten (10) days after close of the month requested. Lessor agrees that it will waive the above requirement in a prudent and reasonable manner during periods of unusually low business activity or unusually low mineral prices.

(26) This lease may be terminated by Lessor upon failure of Lessee to make payments when due or to perform any of the terms or conditions contained herein by giving Lessee a written notice

which allows Lessee thirty (30) days in which to rectify such failures. If Lessee does not rectify failure in this period, Lessor may terminate this lease. After such termination, Lessee will have ninety (90) days in which to remove all buildings, equipment and fixtures installed by Lessee after payment of all moneys due Lessor.

(27) This lease may be terminated by Lessee at any time by giving written notice to Lessor thirty (30) days prior to termination date. During this period, and after all moneys due Lessor have been paid, all buildings, equipment and fixtures installed by Lessee may be removed from the property.

(28) In the event of a default by either party and litigation therefrom, the defaulting party will pay a reasonable sum as compensation to any attorney employed by the aggreived party.

(29) All notices, statements and demands which either party hereto may be required or shall desire to give or deliver to the other shall be in writing and shall be deemed to have been delivered to Lessors when handed to V. B. ANDERSON, or to Lessee (if Lessee is the addressee) or, as to either party, when mailed by Registered or Certified mail at a United States Post Office in any city or community, with postage thereon fully prepaid, addressed to the appropriate party or parties to be notified or upon whom the demand is to be given or made, at the address given opposite their names in execution thereof.

(30) Lessors may terminate this lease after the tenth (10th) year thereof if the royalties provided herein to be paid to Lessors do not equal annually at least twenty (20) times the annual taxes levied and assessed against the property, subject to this lease.

(31) If at any time during the term of this lease, or any extension thereof, minerals are not being produced in paying quantities, except when the price of the minerals being produced is so depressed that a reasonable profit cannot be obtained by ~~Lessors~~ Lessees, and such condition continues to exist for a period of

six (6) months, then at the option of Lessor, this lease may be terminated by giving written notice to Lessee thirty (30) days prior to termination date.

(32) It is anticipated that Lessee may enter into a contract with the United States Department of the Interior, Office of Minerals Exploration, for financial assistance in exploration for minerals in and upon said leased premises; that this lease is contigent upon Lessors approval of said contract and each and every term thereof; that Lessor will not grant to the United States Department of the Interior a lien upon any of the right and title of Lessors in the demised premises to secure the payment to the United States of any fiancial assistance granted Lessee.

IN WITNESS WHEREOF, the parties hereto have executed these presents on the day and year first above written.

Address:
[illegible]
Santa Ana, Calif.

V. E. ANDERSON

MYRTLE E. ANDERSON

Address:
[illegible]
[illegible]

LULU PREVERT LESSORS

Address:
Post Office Box 265
Trabuco Canyon, Calif.

CALIFORNIA NON-METALLICS, INCORPORATED.

By _____
President

By Ralph H. Keller
Secretary LESSEE

EXHIBIT 2-A

The Southeast quarter of Section 7, Township 6 South, Range 5 West, S.B.B.M., County of Orange, State of California, together with that certain mine known as "Old Dominion" mine, without the right of entry, except upon the ten (10) acres immediately surrounding the entrance to the "Old Dominion" mine, together with the right of ingress and egress to and from said ten (10) acre area.

Schedule "A"

EXHIBIT 2-A

EXHIBIT 2-A

Government's copy

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6517	Silver	2223	Orange	California

It is agreed JUL 1 9 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

California Non-Metallics, Incorporated, a California corporation

whose mailing address is Post Office Box 265, Trabuco Canyon, California 92668, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before Sept. 15, 1966 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 6 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 11,700.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 8,775.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 6 3/4 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

CALIFORNIA NON-METALLICS, INCORPORATED
(Operator)

By Otto M. Ellerman

By Arthur S. Baker

OTTO M. ELLERMAN
Title President

Acting Director
U.S. Geological Survey

Long
Johnson
Kirkham
Kulsgaard
Smith

August 9, 1966

I, Ralph H. Keller (Name), certify that I am the treasurer and secretary of the corporation named as Operator herein; that Otto M. Ellerman (Name), who signed this contract on behalf of the Operator, was then President (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Ralph H. Keller

[CORPORATE SEAL]

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

ANNEX I

The land referred to in Article 2 of the contract consists of 160 acres, with surface rights limited to 40 acres, as shown on Figure 1, entitled "Sketch map of SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California showing location of Old Dominion Mine property."

The property is held by the Operator under a Mineral Lease dated October 25, 1965, from the owners, V. B. Anderson and Myrtle E. Anderson, husband and wife, and Lulu Frevert, as amended by letter dated February 7, 1966.

In lieu of Lien and Subordination Agreements covering the land, a Performance Bond in the amount of $8,775.00 is attached and made part hereof.

STANDARD FORM 25
JUNE 1964 EDITION
GENERAL SERVICES ADMINISTRATION
FED. PROC. REG. (41 CFR) 1-16.801

PERFORMANCE BOND

(See Instructions on reverse)

25-103

BOND EXECUTED *(Must be same or than date of contract)*

5 AUGUST, 1966

PRINCIPAL *(Legal name and business address)*

CALIFORNIA NON-METALLICS,
INCORPORATED
POST OFFICE BOX 265
TRABUCO CANYON, CALIFORNIA

TYPE OF ORGANIZATION *("X" one)*

☐ INDIVIDUAL ☐ PARTNERSHIP
☐ JOINT VENTURE ☒ CORPORATION

STATE OF INCORPORATION

SURETY(IES) *(Name(s) and business address(es))*

NATIONAL SURETY CORPORATION
3223 WEST SIXTH STREET
LOS ANGELES, CALIFORNIA 90005

PENAL SUM OF BOND

MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENT(S)
No	8	775	00

CONTRACT DATE

CONTRACT NO.

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto, are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally: *Provided,* That, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal entered into the contract identified above;

NOW, THEREFORE, if the Principal shall perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety(ies) being hereby waived, then the above obligation shall be void and of no effect.

IN WITNESS WHEREOF, the Principal and Surety(ies) have executed this performance bond and have affixed their seals on the date set forth above.

00.88 PRINCIPAL 00.01

Signature(s)	1. Ralph H. Keller (Seal)	2. (Seal)	Corporate Seal
Name(s) & Title(s) *(Typed)*	1. Ralph H. Keller Vice-president	2.	

INDIVIDUAL SURETY(IES)

Signature(s)	1. (Seal)	2. (Seal)
Name(s) *(Typed)*	1.	2.

90005

CORPORATE SURETY(IES)

SURETY A	Name & Address	NATIONAL SURETY CORPORATION 3223 W. 6th St., Los Angeles, Cal.	STATE OF INC. New York	LIABILITY LIMIT 6,235,000.	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1. ARDEN L. DAY, JR. ATTORNEY IN FACT	2.		

CORPORATE SURETY(IES) (Continued)					
SURETY B	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		
SURETY C	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		
SURETY D	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		
SURETY E	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		
SURETY F	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		
SURETY G	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) (Typed)	1.	2.		

BOND PREMIUM ▶	RATE PER THOUSAND	TOTAL
	$10.00	$ 88.00

INSTRUCTIONS

1. This form is authorized for use in connection with contracts for construction work or the furnishing of supplies or services.

2. The full legal name and business address of the Principal shall be inserted in the space designated "Principal" on the face of this form. The bond shall be signed by an authorized person. Where such person is signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved, evidence of his authority must be furnished.

3. (a) Corporations executing the bond as sureties must be among those appearing on the Treasury Department's list of approved sureties and must be acting within the limitations set forth therein. Where more than a single corporate surety is involved, their names and addresses (city and State) shall be inserted in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)", and in the space designated "SURETY(IES)" on the face of this form only the letter identification of the Sureties shall be inserted.

(b) Where individual sureties execute the bond, they shall be two or more responsible persons. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. Such sureties may be required to furnish additional substantiating information concerning their assets and financial capability as the Government may require.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Seal"; and if executed in Maine or New Hampshire, shall also affix an adhesive seal.

5. The name of each person signing this performance bond should be typed in the space provided.

* U.S. GOVERNMENT PRINTING OFFICE : 1964 OF—703-284—92-D

NATIONAL SURETY CORPORATION

A Member of The FUND Insurance Companies

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that NATIONAL SURETY CORPORATION, a Corporation duly organized and existing under the laws of the State of New York, and having its principal office in the City of New York, New York, and its home office in the City and County of San Francisco, California, (hereinafter called the Corporation), has made, constituted and appointed, and does by these presents make, constitute and appoint ARDEN L. DAY, JR.- - - - - - - - - - -

of LOS ANGELES and State of CALIFORNIA its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, seal, acknowledge and deliver ANY AND ALL BONDS, RECOGNIZANCES, CONTRACTS, AGREEMENTS OF INDEMNITY AND OTHER CONDITIONAL OR OBLIGATORY UNDERTAKINGS- - - - - - - - - - - - - - -

and to bind the Corporation thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Corporation and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

IN WITNESS WHEREOF, NATIONAL SURETY CORPORATION has caused these presents to be signed by its Vice President, attested by its Assistant Secretary, and its corporate seal to be hereto affixed this 3RD day of APRIL A.D., 19 64.

NATIONAL SURETY CORPORATION

[Seal]

By F. J. BUTCHER
F. J. BUTCHER Vice President

ATTEST: WEBSTER JONES
WEBSTER JONES Assistant Secretary

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO } ss.:

On this 3RD day of APRIL A.D., 19 64, before me personally came F. J. BUTCHER, to me known, who, being by me duly sworn, did depose and say, that he is Vice President of NATIONAL SURETY CORPORATION, the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation and that he signed his name thereto by like order. And said F. J. BUTCHER further said that he is acquainted with WEBSTER JONES and knows him to be an Assistant Secretary of said Corporation; and that he executed the above instrument.

ETHEL L. WATKINS
ETHEL L. WATKINS Notary Public

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO } ss.: MY COMMISSION EXPIRES MARCH 2, 1967

I, WEBSTER JONES, Assistant Secretary of NATIONAL SURETY CORPORATION, do hereby certify that the following is a full, true and correct copy of Article VIII of the By-laws of the NATIONAL SURETY CORPORATION adopted on the 25th day of January, 1962, and now in full force and effect, to wit:

ARTICLE VIII

Appointment and Authority of Resident Assistant Secretaries, and Attorneys-in-Fact and Agents to Accept Legal Process and Make Appearances.

"SECTION 30. APPOINTMENT. The Chairman of the Board of Directors, the President, any Vice President or any other person authorized by the Board of Directors, the Chairman of the Board of Directors, the President or any Vice President, may, from time to time, appoint Resident Assistant Secretaries and Attorneys-in-Fact to represent and act for and on behalf of the Corporation and Agents to accept legal process and make appearances for and on behalf of the Corporation.

"SECTION 31. AUTHORITY. The authority of such Resident Assistant Secretaries, Attorneys-in-Fact, and Agents shall be as prescribed in the instrument evidencing their appointment, and any such appointment and all authority granted thereby may be revoked at any time by the Board of Directors or by any person empowered to make such appointment."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of NATIONAL SURETY CORPORATION, this 3RD day of APRIL, 19 64.

WEBSTER JONES
WEBSTER JONES Assistant Secretary of NATIONAL SURETY CORPORATION

[Corporate Seal]

STATE OF CALIFORNIA
CITY & COUNTY OF SAN FRANCISCO } ss.:

I, E. WATKINS, Resident Assistant Secretary of NATIONAL SURETY CORPORATION, a corporation of the State of New York, do hereby certify that the above and foregoing is a full, true and correct copy of the original power of attorney issued by said Corporation and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original. Said power of attorney is in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation, at the City of SAN FRANCISCO, this 5th day of AUGUST, 1966

E. Watkins
E. WATKINS Resident Assistant Secretary

M-BN 876NA 12-63

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

EXHIBIT A

The purpose of this project is to explore for silver-bearing ore deposits occurring in veins along a northwest-striking fault zone in metasedimentary rocks.

The work shall be performed by diamond core drilling from the surface.

General Provisions

No work shall be performed at locations within 200 feet of the boundaries of the 40 acres on which the Operator holds surface rights.

All diamond core drill holes shall be cased through overburden and completed with standard BX core size or equivalent wire line size equipment.

Significantly mineralized core shall be split and one split assayed for silver, gold, lead, and zinc. The remaining core shall be stored in proper sequence with the unmineralized core. No sample shall represent a core length greater than five feet.

Facilities shall be provided for recovering drill sludges. Sludge samples shall be retained when drilling in significantly mineralized formations.

Core from the diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections indicating the depth represented. Sludge samples shall be stored in suitable containers also properly identified as to source and location. The stored core and sludge samples shall be retained for Government inspection and possible use. With prior Government approval, the Operator may dispose of the core and sludge samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period and the locations of all samples taken. The map or sketch shall also show the general geological formations and structures traversed by the drill holes.

All drill holes shall be logged geologically and copies of the logs of the completed holes shall likewise be submitted with the Operator's monthly report.

The Operator shall provide such supervisory and technical services as may be required to complete the work in a satisfactory manner.

The location, direction, and extent of each drill hole shall be subject to prior Government approval.

The Government will not participate in the costs incurred for incomplete holes.

Description of the Work

Necessary access roads and drill sites shall be prepared. No more than nine diamond core holes shall be drilled, eight of which are to be located approximately as indicated on Figure 2, entitled "Sketch map of Old Dominion Mine showing proposed drill holes," attached and made part hereof. The approximate bearings, inclinations, and lengths of the proposed holes are as follows:

Hole No.	Bearing	Inclination	Depth (estimated in feet)
1	S. 62° W.	-45°	100
2	-	Vertical	150
3	S. 62° W.	-45°	100
4	-	Vertical	150
5	S. 62° W.	-45°	100
6	-	Vertical	100
7	-	Vertical	50
8	-	Vertical	250

Any unused footage remaining from the above-indicated holes may be used to drill a ninth hole, the location, bearing, inclination, and depth to be mutually agreed upon in advance by the Operator and the Government.

Estimated Cost of the Project

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, one surface diamond drill unit	$300.00	
Diamond core drilling, 1000 feet	8,750.00	
BX standard core @ $8.75/foot		
BXWL core @ $8.50		
Delays charged to Operator, in-hole surveying, etc.		
8 hours @ $8.00/hour	64.00	
Moving and setting up, following 1st hole 4 moves @ $175.00 each	700.00	
		$9,814.00
Category (2) Personal Services		
None except:		
Supervisory and technical services,		
2 days per week @ $42.50 per day, 10 weeks	$850.00	$ 850.00
Category (3) Operating Materials and Supplies		
80 Sample bags @ 10¢ each	8.00	
80 core boxes @ $1.00 each	80.00	$ 88.00
Category (7) Miscellaneous		
None except:		
80 Samples assayed for silver, gold, lead, and zinc @ $8.00/sample	$640.00	
F.I.C.A., payroll taxes, insurance, etc.	158.00	$798.00
Total Estimated Actual Costs		$11,550.00
Fixed Unit Costs 1/		
Initial access road repairs and drill site preparation, 3 days @ $50.00/day	$150.00	

Total Estimated Fixed Unit Costs	$150.00
Total Estimated Cost of the Project	$11,700.00

S U M M A R Y

Total Estimated Actual Costs	$11,550.00
Total Estimated Fixed Unit Costs	150.00
Total Estimated Cost of the Project	$11,700.00
Government Participation @ 75%	8,775.00

1/ Includes all costs whatsoever that would be allowable costs under Categories (2) through (7).

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

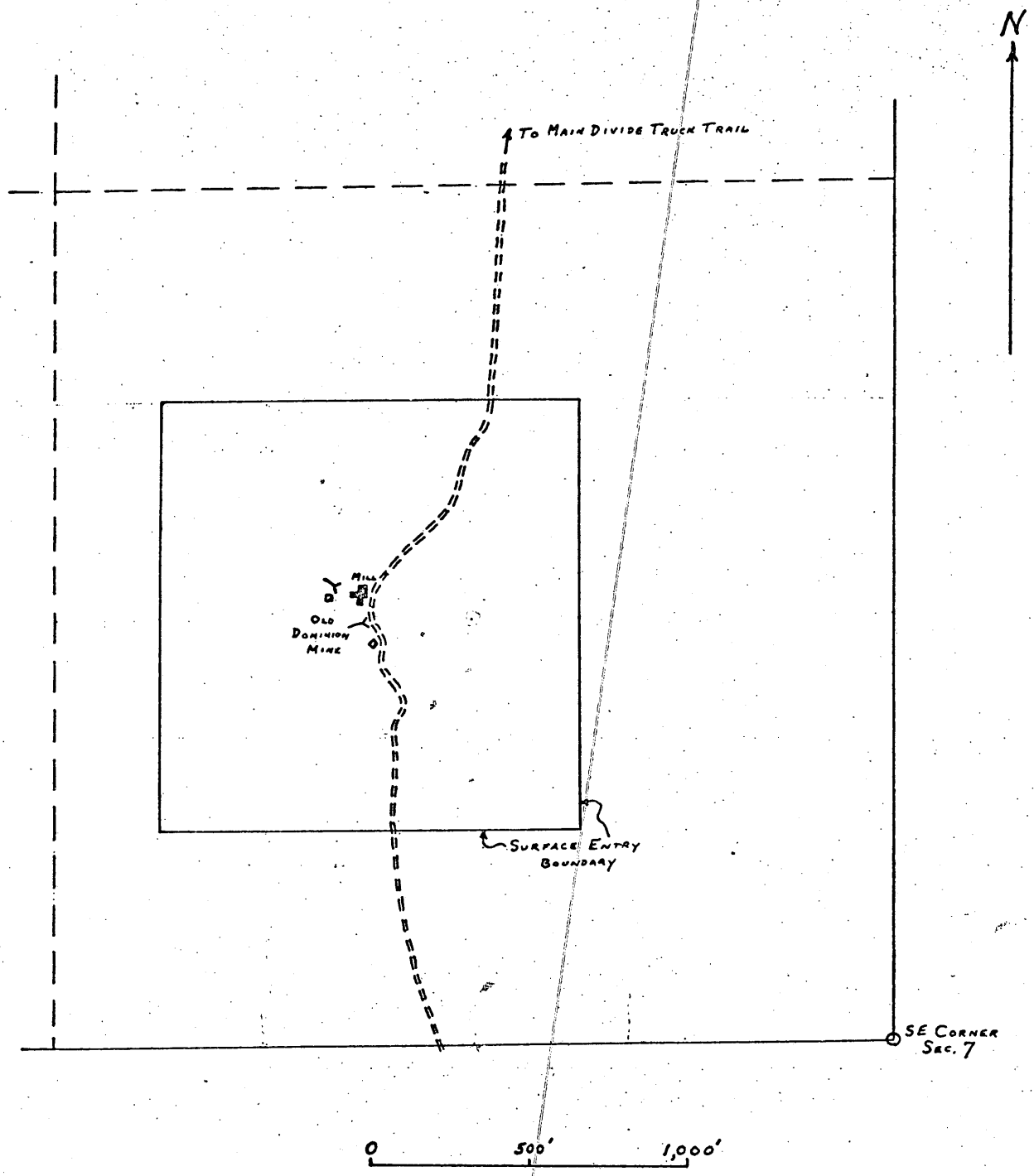

Figure 1.--Sketch map of SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California showing location of Old Dominion Mine property.

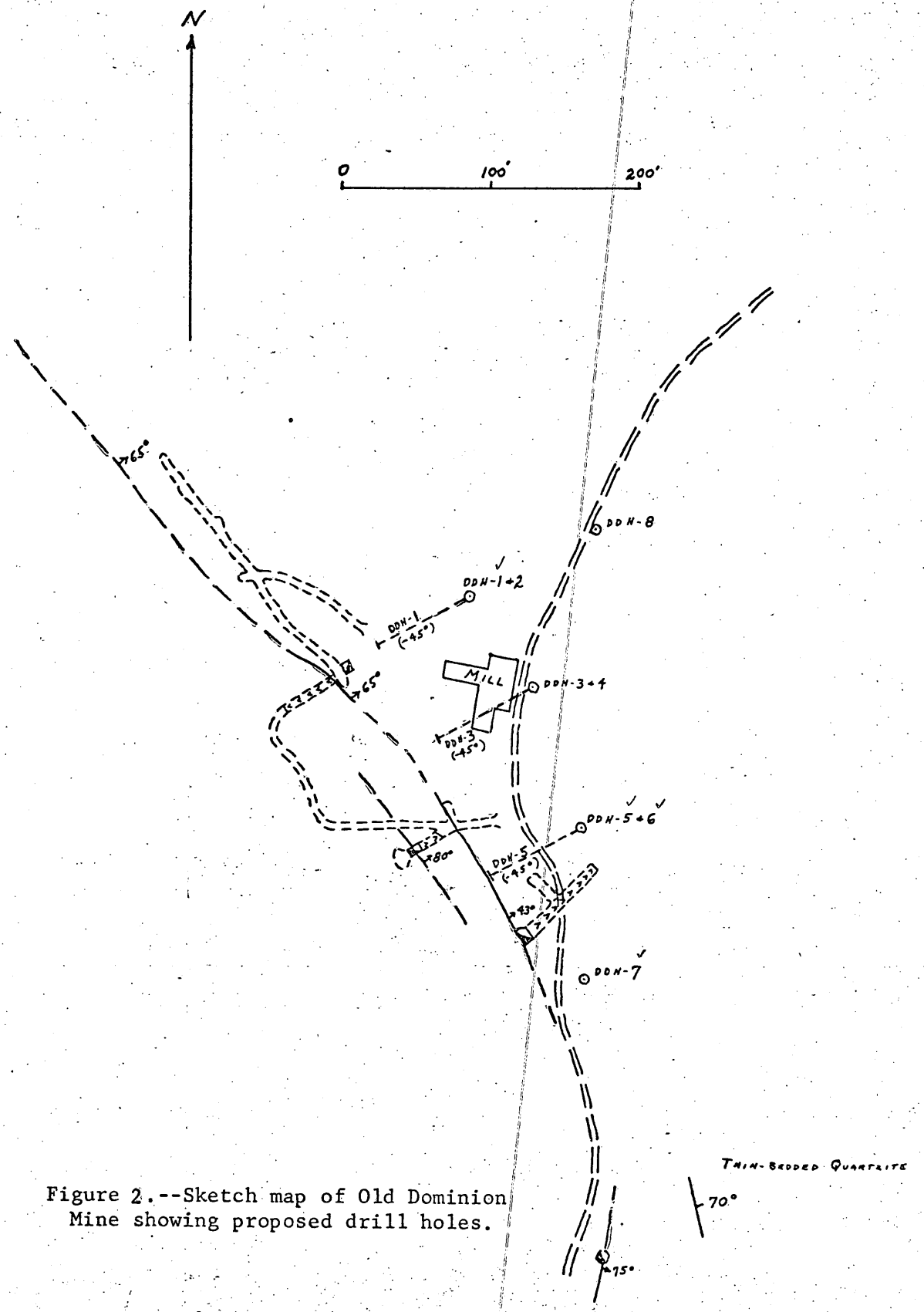

Figure 2.--Sketch map of Old Dominion Mine showing proposed drill holes.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

March 21, 1966

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 28 1966
INITIALS | CODE
FEJ | 110
| 120
HK | 1204

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Re: OME-6517 (Silver)
California Non-metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

Dear Mr. Johnson:

In reply to your letter of December 10, 1965, we would like to submit the following information:

1. While the principal dollar value of assays of samples taken to date has not been in silver, in several cases silver has been the most valuable metal. In the sample taken at the inclined shaft collar, silver amounted to $21.16 as against $13.12 for lead and $9.30 for zinc. In the sample taken at the 40-foot level of the same shaft, silver amounted to $23.94 as against $24.00 for lead and $17.10 for zinc. We would like to emphasize the fact that this property is explored very little, and that it is impossible to say at this point whether or not silver may be the dominant value. We do feel very strongly however that on the basis of samples taken to date, silver values are such that production from the mine would result in significant production of silver. We would like to note also that at the Blue Light mine, which lies in the same general area and geologic formation, and which is much more thoroughly developed, silver ran $132.87 as against $41.28 for lead and $43.20 for zinc.

2. Since we submitted our original application, the property has been examined by a geologist of the California Division of Mines. A copy of his report and rough sketch are enclosed as Exhibit 3-J. He suggested several drill sites, and on the basis of your suggestion and his

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recommendations, we have revised Exhibit 3-I, Assay and Drill Location Map, and also Paragraph 7, Estimate of Costs, of the original application.

This property is located at the bottom of a steep ravine. It is impossible to find drill sites which will intersect the vein at greater depth without very extensive road work and long holes through barren rock. We do not feel that holes parallel to the dip of the vein would be meaningful, and so have little choice except the proposed program or shaft sinking. We have chosen drilling as the less expensive of the two alternatives. Since much of the present workings are not on the veins, we feel that the known mineral occurrences are few, and that this work would be exploration for reserves which there is no present reason to believe exist.

3. Bids from two independent drilling contractors are enclosed as Exhibits 7-A and 7-B. An Analysis of these bids is contained in Exhibit 7-C.

4. We have had the lease for the Old Dominion mine amended so that we now have surface rights to 40 acres instead of the original 10. Lessors have been very cooperative and have indicated verbally that they will broaden restrictions as the need arises. A copy of the letter amending the lease and the plot plan of the entire 160 acres is enclosed as Exhibits 2-B and 5-B.

5. With reference to the ownership of the property, Exhibit 3-E is in error in stating that the property was ever mining claims. The property was railroad land which was purchased from the railroad with all mineral rights. When the present owners acquired the land by purchase, all former clouds to the title were cleared by court action and a policy of title insurance was issued by a title company to guarantee clear title, including mineral rights.

6. In the event that an exploration contract were offered us, we would furnish a cash performance bond in the form of

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Mr. Frank E. Johnson
O.M.E.

a certified check. Money for this bond is available to us in the form of cash value of corporation-owned life insurance policies.

We hope that the above information will answer the questions that you posed. Please excuse our delay in answering, but we had considerable trouble in getting the drilling bids.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman
President

Attachments

California Non-metallics

INCORPORATED

POST OFFICE BOX 265. TRABUCO CANYON, CALIFORNIA, 92678

TELEPHONE: 714 JUSTICE 6-7901

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CERTIFIED COPY
O. K. F.
PETITIONED
MAR 28 1966
INITIALS/CODE

MME Form 40, Revised

March 21, 1966
Page 1

SCHEDULE OF ADDITIONAL EXHIBITS

2-B Copy of Letter Amending Lease
3-A-1 General Plan of Mine, Revised
3-I-1 Assay and Drill Location Map, Revised
3-J Property Report, California Division of Mines, P. K. Morton, 1965.
5-B Plot Plan of Leased Property
5-C Revision of Paragraph 5 of Original Application
7-A Drilling Bid, Cannon Drilling Company
7-B Drilling Bid, Continental Drilling Company
7-C Revision of Paragraph 7 of Original Application

The undersigned, being vice-president of California Non-metallics, Incorporated, certifies that all exhibits submitted herewith are true and exact copies, or verbatim excerpts, of the material represented.

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller

EXHIBIT 3-J

STATE OF CALIFORNIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINES

PROPERTY REPORT
(BRIEF FORM)

NAME Old Dominion COUNTY Orange

LOCATION SEc. SE¼ 7 T. 6S R. 5W COMMODITY Silver-zinc-lead

Accessible via Main Divide Extension road, n.w. from Cariso campground, Highway 74.

OWNERSHIP V. B. Anderson and Earl Frevort

Leased to California Non-metallics, Inc., Box 265, Trabuco Canyon.

Geology

The Old Dominion mine deposit is a vein replacement in metasedimentary rocks of the Bedford Canyon Formation. In the mine area the beds strike about N 30° W and dip steeply to the northeast. According to Engel (1959) a small intrusive body of ultrabasic rock crops out about several hundred feet to the northwest, but none was observed in the immediate area of the workings. The Bedford Canyon Formation in the mine area consists of hornfelsic rock apparently derived from argellaceous sediments which contained small angular clasts of quartzitic material. The sediments have been largely recrystallized to a very fine granoblastic aggregate consisting of clots of fine interlocking quartz grains in a finer matrix of quartz, sericite, biotite, and chlorite. One narrow dacite porphyry dike was noted above the north adit. The walls of the dike appear to be parallel to the bedding in the metasedimentary rocks.

Mineralization has taken place along two intersecting fracture zones, both of which strike about N 30° W; one dips about 70° NE parallel to the bedding and the second dips about 45° - 50° NE. In the exposed parts of the veins, mineralization appears to have been more intense along the shallower structure. It is as much as 8 feet wide where it is best exposed in and near the inclined shaft (see map), but is only 1 to 2 feet wide (?) in the north adit workings (330 feet northwest). The steeper vein is exposed only in the upper inclined shaft and in the nearly vertical shaft 120 feet to the northwest. At the collar of the upper inclined shaft is the apparent intersection of both veins, but this was not definitely established.

The veins consist of a very fine-grained massive mixture of pyrrhotite, galena, sphalerite, arsenopyrite, and minor pyrite in a siliceous gangue including quartz and albite (?).

Remarks

Previous reports have described this deposit as a single vein, but it appears in this study that this is not the case. A rather rapidly constructed geologic map on a surveyed base provided by Calif. Non-Metallics, Inc. (and attached hereto) suggests that two closely spaced parallel-striking

SOURCE OF INFORMATION field visit REPORT BY Paul K. Morton

DATE Nov. 1965 OFFICE Los Angeles

FORM DM 510

95021 6-67 5M SPG

veins are present but which have distinctly different inclinations.

It is further apparent that very little of the veins' extent are explored. Notably, extensions of the shallower (and more prominent) vein, both to the northwest and southeast of the lower inclined shaft, are little explored. The northwest extension could easily be explored by (1) core drilling downward and southwestward from the road between the mill building and the lower inclined shaft, or (2) by drifting northwestward from the face of the open cut near the collar of the shaft, or (3) by extending the northwest drift on the 50 level, or (4) drifting northwestward from the bottom of the shaft, or (5) combinations of (1) through (4). As little is known of the southeastward extension of the vein across the canyon and because of its shallow dip, it would seem best to explore this by drifting southeastward from the 50 level of the lower inclined shaft, and/or core drilling horizontally northeast from the roadway near survey station 30.

In the north workings the northeast wall of the northwest drift should be slabed off between survey points A and C to expose the vein more fully, or drilled by longholing from points B and C.

The magnetic nature of the ore suggests the possibility of prospecting the area by a magnetometer survey. The pyrrhotite in the ore makes up a large percentage of the heavy minerals present.

Its presence also may offer a possibility for an economic way to upgrade the ore. A preliminary gravity separation by conventional methods or by heavy media followed by a magnetic separation should result in a very high grade concentrate as little else is present. Arsenopyrite and pyrite make up only a small fraction of the heavy minerals present in the ore.

Paul K Morton

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

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EXHIBIT 5-C

MME Form 40, Revised

5. Exploration Work:

(a) The proposed exploration work would consist entirely of drilling. It is proposed to drill holes to intersect the vein at various points and core continuously.

Because of the extremely mountainous terrain, the drill locations have been selected to require a minimum of site preparation work. Access to all drill locations can be gained without road work. These locations are shown as D.L. 1 to D.L. 6 on the Assay and Drill Location Map, Revised, (Exhibit 3-I-1).

We feel that the exploration of the length of the vein, as well as the depth, is very important and now propose to drill 9 holes from 6 locations. We have calculated as nearly as possible the maximum length of hole necessary to drill completely through the vein, assuming a vein width of 15 to 20 feet. A schedule of drill holes is shown on the Assay and Drill Location Map, Revised, (Exhibit 3-I-1).

The relation of the mine area to the property under lease, and to the land boundries, is shown on the Plot Plan, (Exhibit 5-B), and on the Topographic Map, (Exhibit 5-A).

(b) No access road is required to the property.

(c) If an OME contract is executed, work would commence within two months from the date of execution, and be completed ten weeks from the date of commencement, barring inclement weather. We anticipate an average drilling rate of 20 feet per day, with 7 days allowed for site preparation, move-in and set-up.

EXHIBIT 5-C

MAILING ADDRESS: P. O. BOX 5549

TELEPHONE AREA CODE 213
NEwmark 1-9341
NEvada 6-9416

CANNON DIAMOND DRILLING CO.

DRILLING AND GROUTING CONTRACTORS

1464 WEST COMPTON BLVD. COMPTON, CALIFORNIA

March 18, 1966

EXHIBIT 7-A

California Non-Metalic Co.
Box 265
Trabuco Canyon, California

Attention: Mr. Ellerman

Dear Mr. Ellerman:

The following figures represent our quote for drilling on your Old Dominion Mine project:

Mobe & Demobe-Lump Sum	$300.00
Diamond Drilling	
BX-per foot	8.75
Moves-each	175.00
Standby-per hour	8.00

These figures include all cement, redrill, casing, etc.

Very truly yours,

CANNON DIAMOND DRILLING CO.,

F. G. Cannon,
President.

EXHIBIT 7-A

CONTINENTAL DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS
2610 NORTH FIGUEROA
LOS ANGELES 65, CALIFORNIA
TELEPHONE CAPITAL 2-7146

EXPLORATION DRILLING
GROUT HOLE DRILLING
CEMENT GROUTING
CHEMICAL GROUTING

BRANCH OFFICE:
419 SO. 96TH STREET
SEATTLE 8, WASHINGTON
PARKWAY 3-0944

February 24, 1966

File No. LA 66-11

California Non-Metallics
Box 265
Trabuco Canyon, California

EXHIBIT 7-B

Attn: Mr. Ellerman

Gentlemen:

The following is our proposal for doing the drilling on your claim as per our conversation of February 22, 1966:

Mobilization on Site	$500.00
Drilling Overburden	12.00 per lin. ft.
Drilling NX Hole (3" O.D. - 2 1/8" Core)	11.00 per lin. ft.
Drilling BX Hole (2 3/8" O.D. - 1 5/8" Core)	9.00 per lin. ft.
Drilling AX Hole (1 15/16" O.D. - 1 1/8" Core)	8.00 per lin. ft.
Cementing and Drilling Out Cement	3.00 per lin. ft.
Ream and Install Casing	3.00 per lin. ft.
Standby Time at Owner's Request	15.00 per hr.
Core Boxes - Wood - 25' Capacity	7.00 each
Cardboard - 10' Capacity	1.75 each

Prices based on maximum depth of 250 feet per hole.

Mobilization to be paid in advance. Unit prices to be paid 15 days after presentation of invoice. Invoice to be presented upon completion of each hole.

We wish to thank you for the opportunity to quote you on this work.

Sincerely,

CONTINENTAL DRILLING COMPANY

G. L. Novak

GLN:ed

EXHIBIT 7-B

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 7-C

MME Form 40, Revised

March 21, 1966
Page 3

7. Estimate of Costs:

(a) Independent Contracts:

Comparison of Drilling Bids

	Cannon	Continental
Mobilization	300.00	500.00
Moves, Each	175.00	-
Standby, per hour	8.00	15.00
Drilling, Overburden	-	12.00
Drilling, BX Hole	8.75	9.00
Cementing & Drilling Concrete	Incl.	3.00
Reaming & Installing Casing	Incl.	3.00
Core Boxes	-	1.75

Extension of Bids

Drill Hole No.	Length	Assumed Overburden		
1	85	8	743.75	789.00
2	120	5	1,040.00	1,095.00
3	85	8	743.75	789.00
4	120	5	1,040.00	1,095.00
5	60	9	525.00	559.00
6	85	6	743.75	783.00
7	30	5	262.50	285.00
8	60	5	525.00	541.25
9	210	6	1,837.50	1,908.00
Misc. Items:				
Allowance for Reaming & Casing			-	171.00
Allowance for Cementing, etc.			-	300.00
Standby Time, 6 hours			48.00	90.00
Core Boxes			-	149.53
Total Bid			7,509.25	8,584.78

Drilling Contract to be Awarded
to Cannon Diamond Drilling Company 7,509.25

EXHIBIT 7-C

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 7-C

MME Form 40, Revised

March 21, 1966

7. Estimate of Costs: (Continued)

(b) Personal Services:	
Supervision: 2 days per week at $42.50 per day, 10 weeks	$ 850.00
Assays: 9 holes, 10 assays per hole, 90 assays at $8.00 each	$ 720.00
Total	$ 1,570.00
(c) Operating Material and Supplies	None
(d) Operating Equipment	None
(e) Initial Rehabilitation and Repairs:	
Site Grading: Tractor Rental, 3 days at $50.00 per day	$ 150.00
(f) New Buildings, Fixtures, Installations	None
(g) Miscellaneous	None

RECAP:

(a) Independent Contracts:	$ 7,509.25
(b) Personal Services:	1,570.00
(c) Operating Material and Supplies:	None
(d) Operating Equipment:	None
(e) Initial Rehabilitation and Repairs:	150.00
(f) New Buildings, Fixtures, Installations:	None
(g) Miscellaneous:	None
Total	$ 9,229.25

EXHIBIT 7-C

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

November 10, 1965

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 12 1965
INITIALS | CODE

Memorandum

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

From : Field Officer, OME, Region II

Subject: New Application (Silver, Lead, Zinc)
California Non-Metallics, Inc.
Old Dominion Mine,
Orange County, California

Enclosed herewith is the original copy of an application for financial assistance in the amount of $9,600.00 submitted by Mr. Otto M. Ellerman, President of the subject company.

The property is known as Old Dominion Mine and is located at the head of Long Canyon in sec. 7, T. 6 S., R. 5 W., MDB&M, Orange County, Calif.

The applicant proposes to drill 9 shallow surface drill holes, to intersect the vein at various points. After a cursory review of the application, I find it to borderline the area between prospecting and exploring. Drill bids from contractors are missing in the application.

The program should be amplified to determine the probable size and grade of the potential deposit.

Paul V. Fillo

Paul V. Fillo

Enclosure

cc:
Chief, OME, Wash., D. C.

MME Form 0340
Jan. 65

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 12 1965
INITIALS | CODE

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

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

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

California Non-metallics, Incorporated
Post Office Box 2 65
Trabuco Canyon
California

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6517

DATE RECEIVED: 11-12-65

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION (*Check one*)

INDIVIDUAL	
CORPORATION	X
PARTNERSHIP	
OTHER (*Specify*)	

STATE IN WHICH FIRM IS ORGANIZED: Calif.

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Otto M. Ellerman	Trabuco Canyon California	President
Ralph H. Keller	19112 Barrett Lane Santa Ana, California	Vice-president

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Silver, Lead and Zinc

ESTIMATED COST OF PROJECT: $ 9,600.00

PROPERTY NAME: Old Dominion Mine

LOCATION COUNTY: Orange

STATE: California

GENERAL INSTRUCTIONS

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

CERTIFICATION

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

November 1, 1965
DATED

Otto M. Ellerman
BY (*Signature*)

Otto M. Ellerman, President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

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

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

1. Financial Eligibility:

(a) On October 18, 1965, this company applied to its bank of account, First Western Bank, and to the United California Bank for loans in sufficient amount to cover three-quarters of the proposed exploration work, (Exhibits 1-A and 1-B). These loans were refused by both banks, (Exhibits 1-C and 1-D).

(b) There are no affiliated, parent, or controlling companies or organizations connected with this company.

(c) Our share of the cost of the exploration work would be furnished from present corporation cash. If that should prove insufficient, additional funds can be borrowed on the cash value of company-owned life insurance policies. Our most recent financial statement, unaudited, is enclosed, (Exhibit 1-E).

2. Applicant's Rights in Land:

(a) This company leases the Old Dominion mine and 160 acres of the land on which it is located, with surface rights restricted to 10 acres surrounding the mine. A copy of the lease is enclosed, (Exhibit 2-A). There are no liens, mortgages, or other encumbrances on the land other than the lease which we hold.

(b) The legal description of the land which we hold under lease is: Southeast One-quarter of Section 7, Township 6 South, Range 5 West, San Bernardino Base and Meridian. It is located in Orange County, California. The entire parcel under lease should be subject to Government royalty and liens. The property is generally known as the Old Dominion mine, but has also been called the Ortega mine.

(c) The lessor refuses to enter into a Lien and Subordination Agreement, and so states in the last paragraph of the lease, (Exhibit 2-A). He states that he feels a lien on the property might deter future sales potential.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

3. Physical Description:

(a) To the best of our knowledge, there has been no mining or exploration operations conducted upon the land other than the existing mine workings and mill, and the dewatering and sampling work which we have just finished. The existing mine workings consist of the following: a cross-cut adit about 70 feet long connecting with a drift along a fault about 190 feet long at the upper level. At the South end of this drift there is a nearly vertical shaft from the surface, about 32 feet. Adjacent to the bottom of the shaft, there is a winze down to the lower level, sloping about 30 degrees and about 30 feet deep.

The second level drift is about 160 feet Southeast of the upper level portal. The drift runs about 225 feet and ends at the winze from the upper level. About 30 feet from the portal of the lower level drift, there is a small side drift and winze. At that point a small raise has been driven to connect with the bottom of a prospect shaft sunk on the hill above. This prospect shaft is about 18 feet deep, with a small drift about 10 feet from the collar.

About 100 feet Southeast of the lower level portal, there is an inclined shaft sunk Northerly at an angle of about 45 degrees to a depth of about 96 feet. At the 50-foot level of this shaft, there is a drift Westerly about 30 feet. A General Plan of the workings, (Exhibit 3-A), is attached. All workings are accessible but not thoroughly cleaned out.

Production facilities consist of an old mill building in very poor repair. Equipment in this mill is in very poor condition and generally not operative. Most of the equipment is obsolete. Equipment consists of 2 jaw crushers, air compressor with engine, electric generator and welder with engine, diesel power unit, ball mill, rod mill, spiral classifier, 3 small wooden flotation cells, 3 metal flotation cells and various piping.

(b) As lessee we have the right to use any and all mine workings and any equipment in the mill which we would care to use. There are no current operations on the property other than dewatering and sampling which we conducted prior to leasing.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
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CHINA CLAY
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GANISTER

3. Physical Description: (Continued)

(c) There is no current production from the mine. The only information available to us as to past shipments is incomplete and is contained in Exhibits 3-E, 3-F and 3-H. The owner of the property states that 150 tons was shipped in the period 1941 to 1944, but can give us no other information. We believe the information contained in the published reports to be taken from smelter returns

(d) This company does not feel that sufficient ore reserves have been delineated or blocked out to constitute known ore reserves. We note that Mr. F. B. Tucker of the California Division of Mines, in an unpublished report in 1943, (Exhibit 3-E), reports a block of 8,000 tons, but we do not feel that the facts developed to date warrant that conclusion.

(e) While the geology of the Old Dominion vein is variously reported in published works, particularly Exhibits 3-D, 3-E, 3-F, 3-G and 3-H, this company is not in complete agreement with certain features of the published geology.

We feel that the Old Dominion vein has a strike of North 70 to 80 degrees West and a dip of 40 to 45 degrees, as shown on Exhibit 3-I. We feel that this vein is exposed only in the inclined shaft in the Southeast section of the old workings. We feel that the drifting done on the upper level, and the two shafts connecting with upper and lower levels have followed a nearly vertical fault with sporadic enrichment.

We believe the vertical fault strikes North 30 to 35 degrees West, and that it probably intersects the main vein and may or may not cut it off. The Old Dominion vein itself is of unknown width, since the full width has not been developed at any point, but where encountered at the 50-foot level of the inclined shaft, it is at least 10 feet wide.

The vein occurs in a shear zone of quartzitic rock.

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POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
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GANISTER

3. Physical Description: (Continued)

(e) (Continued)
The vein itself is very hard quartzitic rock, and the vein minerals are galena and sphalerite also carrying values in silver and a small amount of gold. The mineralized zones of the vein vary in width and degree of mineralization.

(f) This company feels that this vein definitely deserves further exploration. In the small width explored, there is assayed high-grade silver ore ranging up to 45 ounces of silver with considerable zinc and lead, (Exhibit 3-H). In addition, samples taken by this company indicate that areas of lower mineralization but more extensive width average out with values that are economically feasible to mine. In addition, general geology and ore minerals are very similar to the Blue Light group in Silverado Canyon, which is in the same general area, and where the vein mineralization was found to be extensive and high grade.

Most of the work done at this mine has been on the more Northerly trending fault, where the enrichment, while high grade in pockets, is more sporadic and not as wide. The main vein has never been explored, in our opinion, either as to its length or full width, and we feel that the quality of the ore so-far exposed justifies that exploration.

Samples taken by this company are shown on the Assay and Drill Location Map, (Exhibit 3-I). Samples for assaying were taken by chipping across the width sampled with the following exceptions: At Point 5 and Point A, sample was chipped across exposures of high-grade about 4 feet wide, not across entire hanging wall. At Point 11, samples marked hanging wall are drill-hole cuttings from a hole drilled 51 inches into the hanging wall. Inches represent distance into hanging wall.

(g) All information available to us has been submitted with this application as exhibits. Their return is not required.

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POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
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GANISTER

4. Accessibility of Property:

(a) The OME representative who may examine the property would be met by either or both Mr. Otto M. Ellerman, Robinson Ranch, Trabuco Canyon, California, and Mr. Ralph H. Keller, 19112 Barrett Lane, Santa Ana, California. Both Mr. Keller and Mr. Ellerman can be reached during working hours at the company office at Trabuco Canyon, telephone number 714 JU 6-7901, and Mr. Keller's home telephone number is 714 LI 4-5975.

The property and mine workings can be reached by dirt road accessible by automobile. The property is reached by taking California Highway No. 74, the Ortega Highway, North from San Juan Capistrano towards Elsinore. Approximately 26 miles from San Juan Capistrano, and shortly after the U. S. Forest Service El Cariso Guard Station, a dirt Forest Service road known as the Main Divide Truck Trail leaves the paved highway to the North. Approximately 2.4 miles from the paved highway, the mine road leaves the Truck Trail to the South, and the mine is located 0.4 miles from that point. There is a locked gate on the mine road shortly after it leaves the Truck Trail. A key will be furnished on request.

(b) Shipments from, and supplies for, the mine could be made either from Elsinore, approximately 12 miles away, or from San Juan Capistrano, approximately 29 miles away. There are rail facilities at both places.

5. Exploration Work:

(a) The proposed exploration work would consist entirely of drilling. It is proposed to drill holes to intersect the vein at various points and core continuously through the vein.

Because of extremely mountainous terrain, the drill locations have been selected to require a minimum of site preparation work. These locations are shown as D.L. 1 to D.L. 7 on the Assay and Drill Location Map, (Exhibit 3-I).

California Non-metallics
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5. Exploration Work: (Continued)

(a) (Continued)
We propose to drill 9 holes from 7 locations, and have calculated as nearly as possible the maximum length of hole necessary to drill completely through the vein, assuming a vein width of 15 to 20 feet. At three locations, holes will be drilled at right angles to the vein. At two locations, holes will also be drilled vertically to attempt to define the vein at greater depth. Because of the terrain, holes at Drill Locations 4 through 7 will be drilled vertically or horizontally. Direction of all holes will be at right angles to the strile of the vein. A schedule of drill holes is shown on the Assay and Drill Location Map, (Exhibit 3-I).

The relation of the mine area to the property under lease and to the land boundries is shown on the Topographic Map, (Exhibit 5-A).

(b) No access road is required.

(c) If an OME contract is executed, work would commence within one month from the date of execution, and be completed two months from the date of commencement, barring inclement weather. We anticipate an average drilling rate of 20 feet per day, with 5 days allowed for site preparation, move-in and set-up.

6. Experience:

California Non-metallics, Inc. was incorporated in the State of California in November, 1955. It commenced operations January 1, 1956, and has been in continuous operation since that date. The company produces kaolin clay, foundry ganister, silica sand and quartz for the cement, ceramic and building trades industries. The company has considerable experience in the exploration and evaluation of mineral properties, principally feldspar, bentonite and clays, although we have worked on a

California Non-metallics
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POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
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CHINA CLAY
SILICA SANDS
GANISTER

6. Experience: (Continued)

number of silver properties in Mexico. The proposed exploration work would be under the personal supervision of Mr. Otto M. Ellerman, president of the company, who has been with the company since its inception. Mr. Ellerman has had 30 years of experience including analytical and metallurgical testing, mining and construction engineering and mine supervision. The drill operator is also experienced and has worked for the company on three previous occasions.

7. Estimate of Costs:

(a) Independent Contracts: There would be no independent contracts.

(b) Personal Services:

Supervision: 2 days per week at $42.50 per day, 8 weeks	$ 680.00
Labor: 1 Drill Operator at $ 40.00 per day, 40 days	$ 1,600.00
1 Helper at $ 20.00 per day, 40 days	$ 800.00 4.45/u
Outside Assays: 9 holes, 10 assays per hole, 90 assays at $ 8.00 each. ?	$ 720.00
Total	$ 3,800.00 5.5/yr

(c) Operating Materials and Supplies:

Diamond Bits, 20-ft. per bit, 180-ft., 9 bits at $125.00 each	$ 1,125.00
Carbide Bits, 50-ft. per bit, 515-ft., 11 bits at $35.00 each	$ 385.00
Gasolene, 20-gals. per day, 35 days, 700 gals. at $.346/gal.	$ 242.00
Casing Pipe, 70-ft. at $1.00/ft.	$ 70.00
Platform Lumber, 500 b.f. at $ .10/ft.	$ 50.00
Cement, 14 sacks at $2.00 each	$ 28.00
Total	$ 1,900.00 2/75

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7. Estimate of Costs: (Continued)

(d) Operating Equipment:

1. Core Drill, Gasolene Operated with Rubber-lined Pump, Drill Steel and Core Barrel, Rent from Hitchcock Mfg. Co., $150.00 per week, 8 weeks	$ 1,200.00
2. Rubber Tired Tractor, Case, with Loader and Drag, Model 310B, Good condition, Applicant Furnish	$ 1,500.00
3. Welder and Generator, Airco, Trailer Mounted, Good Condition, Applicant Furnish	$ 500.00
4. Deep Well Pump, Sears, Electric with Discharge Hose, Purchase	$ 200.00
5. Surge Tank, 500-gal., Galvanized Iron, Purchase	$ 100.00
Total	$ 3,500.00

(e) Initial Rehabilitation and Repairs:
None

(f) New Buildings, Fixtures, Installations:
None

(g) Miscellaneous:

Repairs and Maintainance on All Equipment Listed in Subsection (d) above, Including Air and Oil Filters, Points, Plugs, Tune-up, etc. 2 months at $20.00 per month plus Misc.	$ 42.03
Social Security Taxes, $3,080.00 at 3.625%	$ 111.65
Workmans Compensation Insurance, $2,400.00 at 5.9%	$ 141.60
State and Federal Unemployment Taxes, $3,080.00 at 2.9%	$ 89.32
Liability Insurance, $3,080.00 at 0.5%	$ 15.40
Total	$ 400.00

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

MME Form 40

7. Estimate of Costs: (Continued)

RECAP:

(a)	Independent Contracts	$ None
(b)	Personal Services	3,800.00
(c)	Operating Materials and Supplies	1,900.00
(d)	Operating Equipment	3,500.00
(e)	Initial Rehabilitation and Repairs	None
(f)	New Buildings, Fixtures, Installations	None
(g)	Miscellaneous	400.00
	Total	$ 9,600.00

- 14 5/ fm

California Non-metallics
INCORPORATED
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TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

MME Form 40

EXHIBITS

1-A Copy of Letter to First Western Bank
1-B Copy of Letter to United California Bank
1-C Copy of Reply from First Western Bank
1-D Copy of Reply from United California Bank
1-E Financial Statement, September 30, 1965
2-A Lease on Old Dominion Mine Property, Copy
3-A General Plan of Mine
3-B Excerpt from California Mining Bureau Report No. 12
3-C Excerpt from California Mining Bureau Report No. 13
3-D Excerpt from California Division of Mines Report No. 31
3-E Unpublished Report, California Division of Mines, F. B. Tucker, 1943
3-F Excerpt from Priority File, California Division of Mines, 1943
3-G Excerpt from California Division of Mines Bulletin No. 159
3-H Excerpt from California Division of Mines Bulletin No. 146
3-I Assay and Drill Location Map
5-A Topographic Map

The undersigned, being vice-president of California Non-metallics, Incorporated, certifies that all exhibits submitted herewith are true and exact copies, or verbatim excerpts, of the material represented.

CALIFORNIA NON-METALLICS

By Ralph H. Keller
Ralph H. Keller

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

October 18, 1965

Mr. G. O. Bixler, Manager
Tustin Office
First Western Bank
Post Office Box 38
Tustin, California

EXHIBIT 1-A

Dear Mr. Bixler:

This company is interested in doing exploration work for minerals at the Old Dominion mine located near Elsinore off the Ortega Highway.

In order to perform this work, we will require additional financing for labor and equipment in the amount of approximately $ 7,200.00. This would be over and above approximately $ 2,400.00 which the company will supply from corporate funds.

We would like to request a loan in this amount. We propose to repay the loan at the rate of $ 300.00 per month or 5% of the proceeds from the sale of minerals from the mine, whichever is more. We would not be able to pay more than 6% interest on the loan.

We hope that you will look on this request with favor, and hope to hear from you in this regard at your earliest convenience. Our most recent financial statement is enclosed.

Very truly yours,

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller
Vice-president

RHK/r
enclosure

EXHIBIT 1-A

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

October 18, 1965

EXHIBIT 1-B

Mr. Arch G. Meyer, Manager
Laguna Hills Leisure World Office
United California Bank
Post Office Box 336
El Toro, California

Dear Mr. Meyer:

This company is interested in doing exploration work for minerals at the Old Dominion mine located near Elsinore off the Ortega Highway.

In order to perform this work, we will require additional financing for labor and equipment in the amount of approximately $ 7,200.00. This would be over and above approximately $ 2,400.00 which the company will supply from corporate funds.

We would like to request a loan in this amount. We propose to repay the loan at the rate of $ 300.00 per month or 5% of the proceeds from the sale of minerals from the mine, whichever is more. We would not be able to pay more than 6% interest on the loan.

We hope that you will look on this request with favor, and hope to hear from you in this regard at your earliest convenience. Our most recent financial statement is enclosed.

Very truly yours,

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller
Vice-president

RHK/r
enclosure

EXHIBIT 1-B

First Western Bank
AND TRUST COMPANY

Tustin Office • 300 South D Street • Tustin, California

October 20, 1965

EXHIBIT 1-C

California Non-Metallics, Inc.
P. O. Box 265
Trabuco Canyon, California 92678

Attn: Mr. Ralph H. Keller, Vice President

Dear Mr. Keller:

I have reviewed your application for a loan of $7,200.00 for the purpose of doing exploration work for minerals at the Old Dominion, located near Elsinore, off the Ortega Highway.

I must regretfully inform you after a carful review, it would not be possible for us to make a loan to your corporation for t his purpose.

It is the policy of this bank that we not make risk capital loans, and certainly this would fall in that category. I am sure you will find that this is the policy of all financial institutions.

Yours truly,

G O Bixler

G O Bixler
Manager

/bcb

EXHIBIT 1-C

UNITED CALIFORNIA BANK

LAGUNA HILLS LEISURE WORLD OFFICE • 23522 PASEO DE VALENCIA • LAGUNA HILLS, CALIF. 92630

October 21, 1965

EXHIBIT 1-D

California Non-Metallics, Inc.

P. O. Box 265
Trabuco Canyon, California 92678

Attention: Ralph H. Keller, V. P.

Gentlemen:

Your letter of October 18, 1965 addressed to Mr. Arch G. Meyer, requesting unsecured credit in the amount of $7,200, repayable $300 a month, for the purpose of doing exploration work for minerals, has been referred to me.

After reviewing your financial statement we find that in view of the amount and terms required, we are unable to grant your request for unsecured credit at this time.

We appreciate your giving us this opportunity to be of assistance and perhaps we may be able to assist you in some other regard in the future.

Sincerely

W. T. Wells

W. T. Wells
Assistant Manager

EXHIBIT 1-D

California Non-metallics
INCORPORATED

POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 1-E

CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 1965

ASSETS

Current Assets:		
Petty Cash	498.45	
Cash in Banks	1,963.54	
Accounts Receivable	21,741.46	
Supplies on Hand	1,422.36	
Prepaid Deposits	900.00	
Insurance Cash Value	10,609.22	
Inventory of Finished Goods	15,236.29	
Total Current Assets		$ 52,371.32
Fixed Assets:		
Mill Installation and Buildings	22,532.00	
Machinery and Equipment	72,111.00	
Office Equipment	1,461.00	
Notes Receivable	1,077.54	
Total Fixed Assets		$ 97,181.54
TOTAL ASSETS		$ 149,552.86

LIABILITIES

Current Liabilities:		
Accounts Payable	5,647.90	
Notes Payable, Short Term	21,000.00	
Accrued Sales Tax	236.58	
Accrued Payroll Taxes	1,778.83	
Total Current Liabilities		$ 28,663.31
Fixed Liabilities:		
Notes Payable to Officers	57,782.30	
Total Fixed Liabilities		$ 57,782.30
Capital Accounts:		
Capital Stock Issued	10,000.00	
Accumulated Depletion	40,616.56	
Earned Surplus	12,490.69	
Total Capital Accounts		$ 63,107.25
TOTAL LIABILITIES		$ 149,552.86

EXHIBIT 1-E

EXHIBIT 1-E

TRABUCO CLAY DIVISION
PROFIT AND LOSS STATEMENT
NINE MONTHS, 1965

	Clay	Ganister	Sand	Total
Income:				
Sales	52,920.52	101,582.29	18,200.92	172,703.73
Production Costs:				
Mining Cost	3,097.95	28,079.90	6,195.91	37,373.76
Labor	16,232.92	6,695.06	1,673.39	24,601.37
Repairs and Maintainance	3,459.62	3,133.68	1,627.68	8,220.98
Supplies	6,337.09	1,120.00	454.80	7,911.89
Royalties	7,336.04	20,370.82	-	27,706.86
Land Lease Expense	900.00	450.00	-	1,350.00
Depreciation	6,300.90	2,318.00	1,029.00	9,647.90
Misc. Production Expense	914.03	296.99	77.53	1,288.55
Total Production Cost	44,578.55	62,464.45	11,058.31	118,101.31
Change in Inventory	853.71	(4,208.00)	-	(3,354.29)
Adjusted Production Cost	45,432.26	58,256.45	11,058.31	114,747.02
GROSS PROFIT	7,488.26	43,325.84	7,142.61	57,956.71
Overhead Expense:				
Officers Salaries				25,325.45
Freight and Cartage				386.69
Sales Expense				208.85
Travel Expense				1,200.56
Office Expense				635.63
Telephone and Telegraph				889.62
Office Equipment Depreciation				469.00
Insurance				217.75
Insurance, Life				5,574.00
Taxes				2,160.20
Misc. Administrative Expense				1,293.72
Depletion				9,797.62
Total Overhead Expense				48,159.09
NET PROFIT				9,797.62

EXHIBIT 1-E

EXHIBIT 1-E

AZUSA SILICA DIVISION
PROFIT AND LOSS STATEMENT
NINE MONTHS, 1965

Income:	
Sales	52.70
Production Costs:	
Labor	927.96
Repair Material	288.81
Supplies	438.96
Royalties	1,145.00
Land Lease Expense	225.00
Depreciation	1,569.98
Misc. Production Expense	81.28
Total Production Cost	4,676.99
Change in Inventory	(4,258.00)
Adjusted Production Cost	418.99
GROSS PROFIT, (LOSS)	(366.29)
Overhead Expense:	
Office Expense	10.91
Misc. Administrative Expense	352.70
Total Overhead Expense	363.61
NET PROFIT, (LOSS)	(729.90)

EXHIBIT 1-E

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 3-B

EXCERPT FROM

MINES AND MINING PRODUCTS OF CALIFORNIA,
CALIFORNIA MINING BUREAU REPORT NO. 12,
J. J. Crawford, 1894, Page 25

Old Dominion Mine: It is seven miles West from Elsinore. The workings consist of several surface cuts, a shaft connected with a cross-cut tunnel, and some small stopes. The strike of the fissures is North-West and the dip West. The surface ores are oxidized, but soon give way to a mass of intimately mixed, fine-grained sulphides of lead, iron, copper and zinc. All these ores contain gold and silver, and in some places the grade is quite high. It would appear that by far the most practical way to handle ores of this grade and class would be to sack and ship them to the smelting works. The total cost of mining, transportation, and reduction should be less than the reported yield, and a profit should result.

EXHIBIT 3-B

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
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EXHIBIT 3-C

CHINA CLAY
SILICA SANDS
GANISTER

EXCERPT FROM

REPORT OF THE STATE MINERALOGIST
CALIFORNIA MINING BUREAU REPORT NO. 13
J. J. Crawford, 1896
Page 33

Old Dominion Mine: See our XIIth Report, page 25. It is seven miles East of Elsinore, at 2,500 foot elevation. After the failure to smelt these ores in 1894, the property remained idle until the Spring of 1896, when preparations were made to mine and ship a quantity of ore. James Balfour et al., of Elsinore, owners.

EXHIBIT 3-C

California Non-metallics
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TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 3-D

EXCERPT FROM:

MINERAL RESOURCES OF A PORTION OF THE PERRIS BLOCK, RIVERSIDE COUNTY, CALIFORNIA
CALIFORNIA DIVISION OF MINES REPORT NO. 31
R. J. Sampson, 1935, Page 514

Old Dominion Mine is in Section 7, T.6S., R.5 W., in Long Canyon, 6 miles West of Elsinore. Elevation about 3500 feet. Owners: Mrs. M. A. Gardner and H. O. Longstaff, Elsinore, California. Under lease, with option to purchase, to R. L. Reade, Elsinore, California.

The vein has a North-South strike, dipping 70°West. The walls are siliceous slate. Where observed on surface, the vein appeared to have a width of from 3 to 6 feet. Present lessees claim that it averages 12 feet wide in the old workings which they unwatered but allowed to fill up again. Visible minerals consist of pyrrhotite, pyrite and a little galena. Lessees claim that it carries values in gold, silver, lead, nickel and tin.

Development consists of a vertical shaft about 60 feet deep which connects with a drift from a cross-cut driven into the hill from a point 50 feet below the shaft and about 75 feet North of it. An incline shaft reported to be 90 feet deep was sunk at a point 30 feet South of the vertical shaft. These workings are now under water. Idle.

EXHIBIT 3-D

California Non-metallics
INCORPORATED
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TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
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GANISTER

NOTES ON THE OLD DOMINION MINE.
UNPUBLISHED REPORT, CALIFORNIA
DIVISION OF MINES.
F. B. Tucker, February 3, 1943

EXHIBIT 3-E

The Old Dominion mine includes six claims located at the head of Long Canyon, a tributary of San Juan Canyon, in Section 7, T.6 S., R.5 W., S.B.B.M.. This mine is about six miles West of Elsinore at an elevation of about 6,000 feet. The mine is owned by the Ortega Mining Company of Santa Ana, California. The officers are V. B. Anderson and E. Frevert of 117 Spurgeon Street, Santa Ana. The total area of patented claims cover 640 acres. The ore is shipped to the U. S. Smelting Company at Midvale, Utah. The average composition is as follows: gold 0.02 oz., silver 25.8 oz., copper 0.3%, lead 3.5%, zinc 3.1%, silica 41.0%, Iron 21.0%, sulfur 12.7%. A shipment of 22 tons gave an average return of $13.63 per ton. The freight amounts to $7.33 per ton. The vein is 6 to 8 feet wide and strikes nearly North and South.

Development Work: An inclined shaft follows the vein to a depth of 65 feet on a dip of 45 degrees East with a strike of N. 20° W. The total width is 6 to 8 feet, with an 18-inch streak of high-grade lead and zinc ore. About 90 feet North of the shaft, there is a cross-cut tunnel extending Westerly for 500 feet. At a distance of 40 feet from the portal, a small vein is intersected. At a distance of 200 feet North of the inclined shaft, there is another prospect shaft 50 feet deep. The tunnel is North 45° West and ends at a fault that strikes North 20° West and dips 90 degrees. There is a drift going South for 50 feet, then a vertical winze down 80 feet, then a drift at the bottom going North for 120 feet. At the bottom of the shaft, the fault has the same strike as in the tunnel, but dips 35° West. This fault cuts off the ore which extends from the inclined shaft to the vertical shaft.

The mine has been operating from November, 1942, to the date of this report, and a total of about 100 tons of ore was shipped to Midvale, Utah. The orebody developed on two sides is 200 feet in length between the inclined and vertical shafts, representing a block 200 x 50 x 8 feet, or roughly about 8,000 tons of probable ore. The mine equipment consists of a 12 horsepower gas engine hoist, one drill, compressor, jackhammers, cars, etc., two 6" x8" jaw crushers, one 3 x 3-foot ball mill, four homemade flotation cells.

EXHIBIT 3-E

California Non-metallics
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CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 3-F

EXCERPT FROM

PRIORITY FILE, ORANGE COUNTY.
CALIFORNIA DIVISION OF MINES
February 4, 1943

ORTEGA MINE: Description of Property: The Old Dominion vein occurs in metamorphic rocks near the contact of granite to the East. The formation in which the vein occurs is a crystalline rock and varies from a dark brown felsite to a finely banded quartzose rock. The Old Dominion vein strikes North 20° West and dips 45° East, width 6 foot to 8 foot with 18-inch streak of high-grade lead-zinc ore in hanging wall. The vein material is heavily mineralized with pyrite carrying values in gold, silver, associated with galena and sphalerite. Analysis of the ore made by Smith-Emery Company shows 50% pyrite, 30% calcite, with 13% limonite, 5% quartz and 2% siderite. The vein can be followed on the surface for a distance of 300 feet to the North, where it has been displaced by a fault. The strike of the fault is North-South, dip 35° West.

Development consists of inclined shaft sunk on the vein to a depth of 60 feet in Long Canyon. At 80 feet North of the tunnel, a middle tunnel on road level has been driven West 500 feet. At 40 feet West of the portal, it intersected the vein, and the crosscut continues into the footwall of the vein 460 feet, then a drift driven North 100 feet intersects winze from upper tunnel level. At a point 200 feet North of the inclined shaft, a tunnel is driven Northwest 50 feet to the fault. Drift South along fault 75 feet to 80° inclined shaft sunk on the vein to a depth of 45 feet, where the vein was cut off by North-South fault. At this point, a winze is sunk on the fault which has a dip of 35° West to a depth of 35 feet. There is a drift North 120 feet along fault 120 feet from crosscut tunnel. The latter part of 1942, 100 tons was mined from the inclined shaft and shipped to Midvale. The average composition is as follows: gold 0.02 oz., silver 25.8 oz., copper 0.3%, lead 3.5%, zinc 3.1%, silica 41.0%, iron 21.0%, sulfur 12.7%. Sample of 15 tons of selected ore in the ore bin is reported to assay: gold 0.03 oz., silver 45.2 oz., lead 8.7%, zinc 9.11%.

EXHIBIT 3-F

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

EXHIBIT 3-G

EXCERPT FROM

CRYSTALLINE ROCKS OF THE CORONA, ELSINORE AND SAN LUIS REY QUADRANGLES, SOUTHERN CALIFORNIA.
CALIFORNIA DIVISION OF MINES BULLETIN 159
E. S. Larsen, Jr., 1951, Page 48

About nine miles West of Elsinore near the crest of the Santa Ana mountains, the Old Dominion mine at the head of Long Canyon is in metamorphic sedimentary rocks, probably belonging to the Bedford Canyon formation but more intensely metamorphised than usual. The vein is in a shear zone with streaks of vein material. Fresh sulfides are present very near the surface. The vein strikes N. 16° W. and dips very steeply to the West. The ore is made up of siderite and quartz with pyrrhotite, pyrite and galena. There is some copper stain. The ore is said to contain gold with some silver, lead, zinc, nickel and tin.

EXHIBIT 3-G

EXHIBIT 3-H

Lead-Silver-Zinc *

Lead-silver-zinc ore has been mined at the Old Dominion mine. Several prospects to the north and east of Elsinore show minor amounts of complex sulfide ore but production has never been reported. A small proportion of silver was recovered at the Good Hope mine; assays from most of the quadrangle's copper and gold deposits also showed by-product silver.

Old Dominion Mine (27). Location: Near the head of Long Canyon, just southwest of the main divide crest about 3 airline miles west of Willard. Ownership: V. B. Anderson, 117 Spurgeon Street, Santa Ana, and Earl Frevert, 218 East Second Street, Santa Ana, own about 660 acres (sec. 7, T. 6 S., R. 5 W., S. B., formerly railroad land).

The Old Dominion mine, has been intermittently active on a small scale, yielding a total of several hundred tons of complex sulfide ore between 1894 and 1943. Steady production has been hampered by metallurgical difficulties in treating the ore.

The mine is near the northeast-trending Los Pinos fault zone in Triassic Santa Ana (Bedford Canyon) quartzite, slate and marble. In the vicinity of the mine the rock is more intensely metamorphosed than normal (Larsen 1948, p. 132). A small body of dacite forms the west or footwall of the vein whereas quartzite and marble predominate on the east or hanging wall side. Mineralization appears to be restricted to the Old Dominion vein, which is in a shear zone that trends N. 25° to 30° W. and dips 45° to 70° NE. It is exposed intermittently for a strike distance of about 300 feet north from Long Canyon to an offsetting fault. The vein zone is 6 to 8 feet wide, and nearly parallel to the bedding direction in the adjacent metasedimentary rocks.

In outcrops the vein zone consists of brecciated silicified metasedimentary rock. The metallic minerals have been oxidized to porous iron oxide so that their original nature is obscure. Past reports indicate that the oxidized material passes at shallow depth into "a mass of intimately mixed, fine-grained sulfides of lead, iron, copper, and zinc" (Crawford 94, p. 25). This ore consists of quartz, altered feldspars, and hornblende, with pyrrhotite, pyrite, and galena. These minerals could be seen in specimens which the writer gathered from the dump in 1955. Sphalerite and chalcopyrite are abundant and intimately mixed with the other sulfide minerals in a fine-grained massive complex ore. Gold, silver, nickel, and tin are also reported to be present (Larsen 1948, p. 132; Bedford 1946, p. 11).

Inconsistency between assays of samples from different parts of the vein indicates erratic distribution of values, and makes difficult the development of a consistently effective milling process. Assays range from 2 to 20 percent lead; from a trace to 10 percent zinc; and from a trace to nearly 5 percent silver (Paul Harris, personal communication, 1954). A shipment of 100 tons of ore in 1942 assayed 0.02 ounces of gold and 25.8 ounces of silver per ton, 0.3 percent copper, 3.5 percent lead, 3.1 percent zinc, and 21 percent iron for a total value of $13.63

* The compound heading lead-silver-zinc is here applied to deposits with complex sulfide mineralization, wherein ore minerals, predominantly galena and sphalerite, are mixed so that all three metals are present in recoverable proportions throughout the ore.

EXHIBIT 3-H

EXHIBIT 3-H

Partial assays of eleven samples from the Old Dominion mine *

No.	Location	Gold (ounces per ton)	Silver (ounces per ton)	Lead (percent)
1.	Old dump	0.02	3.6	tr.
2.	Near vertical shaft, 50-foot depth	0.16	18.6	0.12
3.	First level adit at vertical shaft	0.05	11.2	tr.
4.	First level adit	0.05	17.5	6.64
5.	Vein north of first level adit	0.35	25.0	12.09
6.	Inclined shaft, 60-ft. depth	0.04	20.3	0.76
7.	Near Number 6	0.01	13.8	1.74
8.	Inclined shaft, 20-ft. depth	0.08	41.4	6.63
9.	Inclined shaft, ore dump	tr.	6.8	tr.
10.	Inclined shaft, ore bin	tr.	19.5	0.20
11.	Inclined shaft, selected ore from bin	0.03	45.2	8.51
	Average metal content	0.07	20.3	3.36

* Earl Frevert, 1942, personal communication.

per ton; 15 tons of selected ore was reported to assay 0.03 ounces of gold and 45.2 ounces of silver per ton, 8.7 percent lead, and 9.11 percent zinc (Tucker 1942, unpublished report).

Underground mine openings have been entirely flooded or caved since prior to 1953. Most of the following description is taken from an unpublished report by W. B. Tucker, prepared in 1943.

An inclined shaft at the southern edge of the workings follows the vein beneath Long Canyon on a 45° incline eastward. The shaft was 65 feet long in 1942, and was deepened to 130 feet in the early 1940s, when a 20-foot drift was driven northwest at the 50-foot level. An 18-inch shoot of high-grade lead-zinc ore along the hanging wall of the vein zone yielded the $13.63 ore shipped in 1942.

About 100 feet north of the inclined shaft a crosscut adit, the "drain tunnel" was driven about N. 70° W. from a point just west of the road in the bottom of Long Canyon. About 40 feet from the portal it crosses the Old Dominion vein, which is small at that point. A 30-foot raise was driven to the surface at the vein intersection. The adit extends several hundred feet past the vein, curving more than 90 degrees to the right and finally joining a winze in the north end workings. A fault encountered by the adit at its westernmost point is reportedly the source of water which presently floods the adit. The north end workings are just northwest of the mill, about 300 feet from the inclined shaft. The vein here strikes N. 40° W., and dips 70° NE. A crosscut adit, the "first level," also dammed and flooded, is driven N. 70° W. from a point just north of the mill buildings through quartzite and marble. Fifty feet from the portal is a north trending vertical fault that is explored to northward by a 180-foot drift. The fault is also explored for 75 feet southward by a drift which joins the bottom of a 45-foot shaft sunk on the vein-fault intersection. A 40-foot winze inclined 35° W. from the bottom of the shaft, reaches to a depth of 80 feet where the previously described drainage adit joins from the southwest. At this depth the dip of the fault flattens somewhat to the west, and the ore is cut off.

As early as 1894, unsuccessful attempts were made to smelt the ore (Crawford 96, p. 33). A variety of mill equipment has accumulated at the mine since then in the effort to develop a successful milling process. Equipment present but not operative in 1955 included a diesel-electric

EXHIBIT 3-H

EXHIBIT 3-H

power unit, flotation cells, jaw crusher, rod mill, ball mill, and spiral classifier.

The mine is known to have been active for several-year periods about 1894, 1927, and 1942. From 1943 to 1955 a variety of laboratory tests were made to find a practicable method to recover salable products.

Manganese

Manganese minerals occur in several outcrops in the rolling hills northeast of Elsinore on the west side of Railroad Canyon. Manganese showings, commonly black manganese oxides altered from rhodonite, are entirely in siliceous zones that appear to have been chert lenses in Triassic Santa Ana (Bedford Canyon) slates. Only one property, the Beal-McClellan, has yielded ore. This is reported to total less than 100 tons and was shipped about 1941. Confusion exists in past reports: workings on the Beal-McClellan property have been erroneously described as on the Elsinore deposits, which have never been developed. Abundance of silica with the manganese minerals has hindered development of all known deposits in the quadrangle.

Beal-McClellan Property (Black Eagle and Newport, Brum and Newport) (29). Location: Headframe is on the ridge line of the west side of Railroad Canyon, about 100 yards north of the south boundary of sec. 23, T. 5 S., R. 4 W., S.B. Ownership: G. S. Beal and R. W. McClellan, Elsinore, and G. R. Smith, La Habra, hold patent (1950) to what was formerly railroad land.

The deposit lies in the bedding plane of Triassic Santa Ana (Bedford Canyon) slate, that here strikes N. 60° to 65° W. and dips 50° NE. The manganese-bearing zone is 3 to 4 feet wide as exposed in mine workings, and can be traced discontinuously for more than 250 yards down a steep draw eastward. Wall rock of the zone is slate; the manganese however, impregnates a siliceous layer, apparently a banded chert bed somewhat recrystallized (Trask 1950, pp. 180-182, contains complete description). Northwest of the headframe several minor manganiferous zones with parallel trend are exposed.

Just east of the ridge line, manganese minerals occupy nearly the whole width of the chert zone as exposed in mine openings. To the east and west however, manganese content in the zone decreases and is seen as parallel dark bands in the chert and siliceous slates. Similar dark banding occurs in the slates just northwest of the ridge line exposures.

The ore consists of black manganese oxides, both hard and soft, apparently formed by partial to complete oxidation of rhodonite. Prismatic rhodonite crystals as long as 0.2 of an inch have been reported (Trask 1950, p. 181). Dark brown massive opaline material, sparingly present, has been tentatively identified as neotocite or bementite (Trask 1950, p. 181). An analysis of a sample from the property showed 34.42 percent manganese, 9.52 percent silica, and 0.14 percent phosphorus (Bradley 1918, p. 57). A dump sample contained 30.87 percent manganese (Trask 1950, p. 182).

Development and mining have been confined to the richest part of the exposed portion of the zone which is in the 75-foot segment just east of the ridge line. About 50 feet below the ridge line an irregular drift adit extends about 80 feet into the hillside. The first 40 feet of

EXHIBIT 3-H

EXHIBIT 3-H

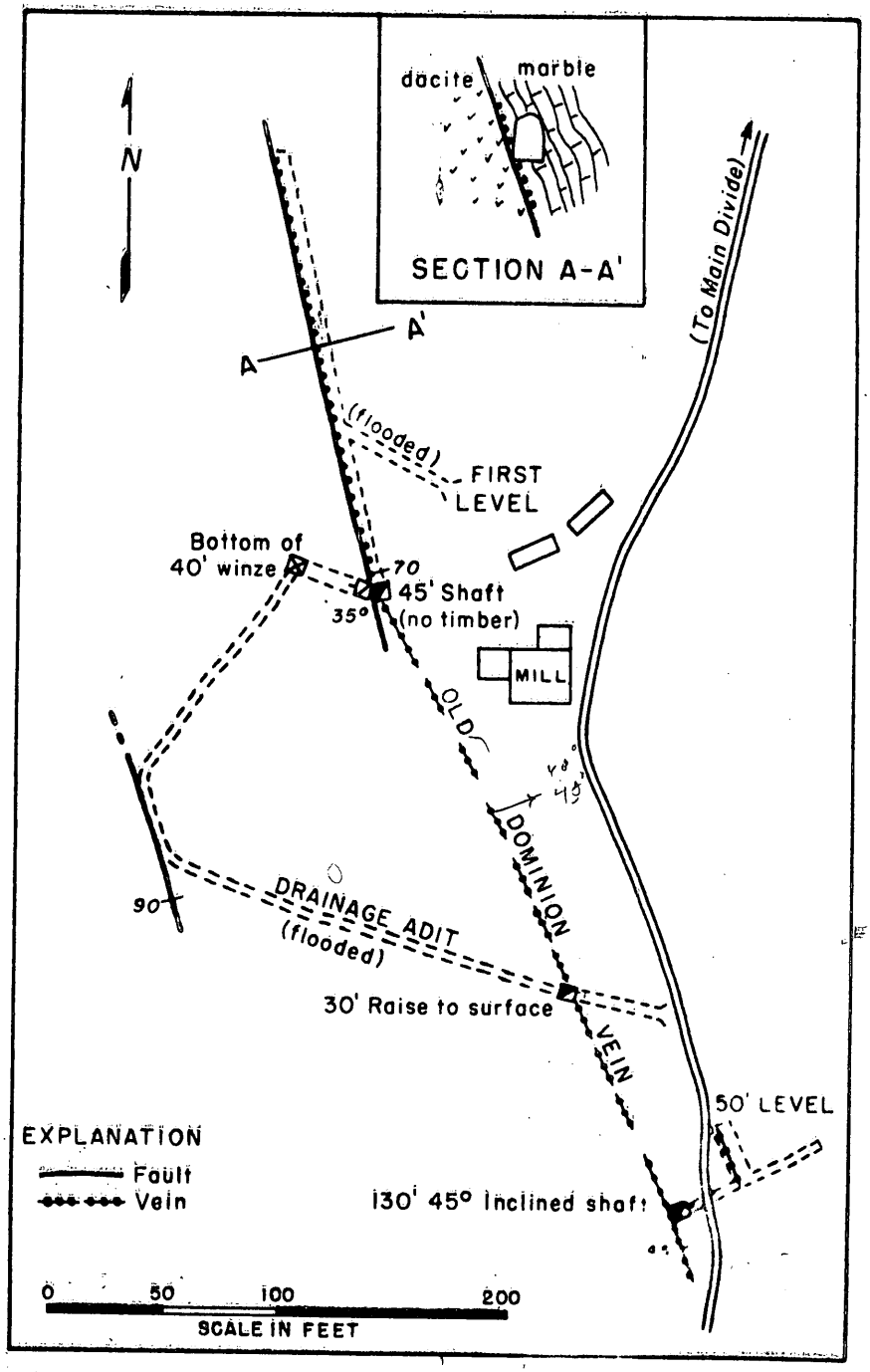

FIGURE 5. Sketch map showing mine openings present, but largely inaccessible, in 1953, at Old Dominion lead-silver-zinc mine. *After description by Earl Frevert, co-owner, 1953.*

EXHIBIT 3-H A 1

INSTRUCTIONS FOR USE

Standard Form No. 65
November 1961
General Services Administration
General Regulation No. 27

U.S. Government Messenger Envelope

65-106

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
Frank Johnson 4454 Interior	STOP		STOP
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Use STOP only when messenger service between Government buildings in Washington, D.C., is required or wherever a STOP system is used. Your mail room has STOP information.

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☆ U.S. GOVERNMENT PRINTING OFFICE: 1965—O-760-950

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

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

DATE: April 7, 1967.

FROM : Field Officer, Region II

SUBJECT: Final Field Report - OME-6517

OFFICIAL COPY
RECEIVED
APR 10 1967
MINERALS CODE
120
110
220

Enclosed is a summary-type Final Field Report for the Old Dominion Mine exploration project in Orange County, California, OME-6517, Contract No. 2223.

As this is the first report of this type I have written will you please let me know if it contains all of the information you require in such a report.

3. Contract (Contd):

Amendments

No. 1 - October 19, 1966, to change the area of the contract, shifting it slightly to the south, and authorizing the changing of the location of some holes as a result of information obtained from previously drilled holes.

No. 2 - November 28, 1966, authorized payment for assays of silver and gold, and also for lead and/or zinc where indicated by visible mineralization in cores. Original contract required assays for all four metals for each core sample taken.

4. Project Work: Started - August 15, 1966. Completed - October 26, 1966.

Cost Items	Authorized		Completed	
	Units	Rate	Units	Amount
Mobilization and demobilization of drill	1	$300.00	1	$ 300.00
Diamond core drilling	1,000 ft	$8.75/ft	1,007.32	8,814.00
Delays charged to operator	8 hrs	$8/hr	0	0
Moving and setting up	4 moves	$175/ea	4	700.00
Supervisory and technical services	20 days	$42.50/day	20	850.00
Sample bags	80	10¢/ea	0	0
Core boxes	80	$1/ea	0	0
Assaying	80 samples	at $4/Au,Ag	16	64.00
	80 "	$2/Pb	11	22.00
	80 "	$2/Zn	15	30.00
F.I.C.A., payroll taxes, insurance, etc.		$158.00	0	0
Access road repairs and drill site preparation	3 days	$50/day	3	150.00
Total acceptable costs				$10,930.00
Government participation at 75 percent				8,197.50

The Government had no equity in any of the equipment or supplies used.

4. Project Work (Contd):

Effectiveness of the work - The area was adequately explored.

Efficiency of operation - The entire project was accomplished in an efficient and satisfactory manner. Maps and tables contained in the Operator's Final Report show the location of the drill holes, depths, and sample assay results.

5. Reports:

Operator's Final Report - An acceptable Final Report was received on November 8, 1966.

Cost Review - A Report of Review was issued by the Office of Survey and Review in November 1966.

Final Audit - A final audit was not requested inasmuch as only $100 remained to be claimed by the Operator after the cost review. The final voucher was paid on January 6, 1967.

Royalty Review - There was no ore produced during the period of the contract and no royalty was due the Government.

6. Project Results:

Discoveries - Only one drill hole (No. 9) intersected silver-bearing material of ore grade, but it was a narrow zone and other nearby offset holes did not intersect similar material. A summary of all the samples taken from the cores and assayed by the Operator is contained on page 3 of the Operator's Final Report. No ore reserves were estimated. Development and production of the mineralized material found by the project is not warranted or economically feasible. Sufficient exploration has been done to determine that the ore shoots are too small to be of economic importance and additional exploration is not warranted.

Certification - Certification is not recommended because of the small size of the mineralized body found and the spotty nature of silver-bearing material in the deposit.

The Operator was notified on March 10, 1967, that the Government retains no claim or lien against the property.

Production - There was no ore mined, sold, or stockpiled during the period of the contract.

Royalties - There was no ore produced; no royalties were paid or due the Government.

7. Geologic Summary: The ore bodies that have been mined from the Old Dominion Mine occurred along northwest-striking faults that dip from 40° NE. through vertical to 40° SW. in thin-bedded quartzite and other metasedimentary rocks of the Bedford Canyon Formation of Triassic age. Total production from the mine has probably been less than 300 tons of ore that average about 25 ounces of silver and 0.02 ounce of gold per ton, 0.3 percent copper, 3.5 percent lead, 3.1 percent zinc, and 21 percent iron. The largest ore shoot in the mine was about 8 feet wide, 40 feet long, and probably extended down dip less than 20 feet.

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/9/67	R. M. Smith	120
		110
		220

AIRMAIL

National Surety Corporation
3223 West Sixth Street
Los Angeles, California 90005

Re: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Gentlemen:

California Non-Metallics, Inc. has satisfactorily met its responsibilities under the terms of the subject contract. Therefore, effective as of this date, the Government herewith releases your Performance Bond, dated 5 August, 1966, covering obligations under the contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance
OME File
OME Reading File
OME Region II
California Non-Metallics, Incorporated
Mr. Kirkemo
120M

GLAult/a 3-9-67

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 8 1967

INITIALS	CODE
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HK	120
	120

Memorandum

March 6, 1967

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract No. 2223

The exploration project at the subject property has been completed; the Operator has submitted his Final Report (November 4, 1966); a Report of Review was prepared in November; and the final voucher was paid on January 6, 1967.

The deposit was adequately explored and, although one drill hole intersected silver ore, the drilling proved that the reserves are small and erratically distributed. Economic mining of the deposit is not practical. I recommend that the property not be certified and the Performance Bond be released.

H. K. Stager

closing letter?

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of FINAL SUPPLEMENTAL

Docket No. OME-6517
Contract No. 14-23-090-2223
Contract Amount $ 11,700.00
Gov't. Participation % 75 $ 8,775.00
Mineral(s) Silver

Operator's Name California Non-metallics, Inc.
Address Box 265, Trabuco Canyon, California

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling	64.00	9,750.00	9,814.00			
Site Preparation	None	150.00	150.00			
(2) Personal Services:						
Supervision & Technical	None	892.50	892.50			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	36.00	117.00	153.00			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	100.00	10,909.50	11,009.50			

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

Date Dec. 15, 1966 *Payee California Non-metallics, Inc.

Per R. H. Keller Title R. H. Keller Vice-president

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 75.00

Signature BCM
(Authorized Certifying Officer)

Date JAN 6 1967 Vou. No. 14X0804 5315

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2223

Signature H B Stager Title Field Officer Date DEC 19 1966

Approved by OME Executive Officer or Alternate: OME Region II

Signature H B Stager Title Field Officer Date DEC 19 1966

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

MME FORM 61
SEPT. 1959

HK 12/22/66

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of October, 1966 SUPPLEMENTAL Docket No. OME-6517

Operator's Name California Non-metallics, Inc. Contract No. 14-23-090- 2223

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	foot	7.32	1,007.32	10,706.50	7.32	1,007.32	$10,664.00
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails	day	None	3	150.00	0	3	150.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				153.00			116.00
TOTAL TO DATE *(per MME Form 60)*				11,009.50			$10,930.00

REMARKS

This report is supplemental to the regular October, 1966, report to record changes partly due to Amendment No. 2 of the contract.

(Continue on back)

REMARKS

Operator did not take into consideration the $79.50 disallowed on 2 previous vouchers. HKL

(Continue on back)

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

Date Dec. 15, 1966 Operator California Non-metallics, Inc.

Per R. H. Keller Title Vice-president

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

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

Signature H. K. Stager

Title Field Officer, OME Region II
Government Representative

Date DEC 19 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

Form 7

OFFICIAL FILE COPY

Date	Surname	Code
12/16	Kilkenny	120
12/19	Col	220
		120 M

DEC 1 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Enclosed is a copy of a letter dated December 14, 1966, from the Field Officer, Region II, transmitting to the Operator a copy of the Report of Review issued in November 1966. A copy of said review also is enclosed.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. Reading File
OME Docket
OME Reading File
Region II

MMerrithew/mm (12/16/66)

23263

Office of Minerals Exploration

345 Middlefield Road
Menlo Park, California 94025

December 14, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92668

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, Calif.
Contract No. 2223

Dear Mr. Ellerman:

Enclosed is a copy of a Report of Review covering the work done and payments made on your OME contract through October 1966. I concur in the facts presented.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: Chief, OME, WDC (2)
Dir RF
ACG RF
MP RF
File 6517
HKStager:mlb
12-14-66

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

December 12, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92668

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Dear Mr. Ellerman:

Enclosed are the MME Forms 60 and 61 so that you can submit a Supplemental Final Voucher as we discussed in your office last week.

You can now reclaim $36.00 (of the $37.00 disallowed for assaying on the September voucher) under Amendment No. 2 of the contract. You can also claim $64.00 more of your drilling costs (about 7.32 feet at $8.75/ft) inasmuch as you did not use any of the $64.00 allowed for delays, etc.

If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc:
Chief, OME, WDC
D RF
ACG RF
File 6517
MP RF
HKStager:mlb
12-12-66

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

December 12, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 14 1966
INITIALS CODE
120
110
HK

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, Calif.
Contract No. 2223

Enclosed are the original and one copy of Amendment No. 2 of the subject contract, properly executed by the Operator. The remaining copies of this amendment have been distributed in the usual manner.

H. K. Stager

Enclosure

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/9/66	Kirkham	150
		110
12/8	cal	220
		120M

DEC 8 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OMK-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Enclosed are two copies of a Report of Review dated November 1966.

If you concur in the facts as stated in this Report of Review, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

FRANK E. JOHNSON

(pt)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130

MMerrithew/mm (12/8/66)

23263

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

November 30, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, Calif. 92668

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Dear Mr. Ellerman:

Enclosed are the original and three copies of proposed Amendment No. 2, signed by the Chief, Office of Minerals Exploration, for the Government. This is the amendment that I talked to you about on the telephone last week. It will allow payment for the partial assays that you claimed on your September voucher.

If the proposed Amendment meets with your approval, please sign and return the following copies to this office:

Government's copy
Budget and Finance's copy
Field Office's copy

The Operator's copy should be retained for your files.

I plan to be in southern California, on an inspection trip, next week and expect to stop at your office on Friday, December 9th to talk to you and look at the remaining cores from the drilling project.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc:
D RF
Chief, OME, WDC
ACG RF
MP RF

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

NOV 25 1966

Memorandum

To: Director, U.S. Geological Survey

From: Assistant Director, Contract and Grant Audit, Audit Operations, Office of Survey and Review

Subject: Review of Contract 2223
Docket No. OME-6517 (Silver)
California Non-Metallics, Inc. (Operator)
Old Dominion Mine
Orange County, California

Pursuant to a request dated November 14, 1966, from the Chief, Office of Minerals Exploration, we have made a cost review of Contract 2223, examining the contract and accounting records and files of OME and the Branch of Budget and Finance, U.S. Geological Survey. Four copies of the report of review are attached.

The exploration work authorized by this contract has been completed and the Operator has furnished his final report provided for in the contract.

It was noted that the contract specified unit rates of $8.75 and $8.50 per foot for drilling BX standard core and BXWL core, respectively. The drilling was actually accomplished by NX core bits. As the NX core was slightly larger than either the BX or BXWL it was administratively determined by OME that this technical deviation from the contract terms was unimportant and costs for Government participation were approved at the $8.75 rate.

Donald R. Mayer

Enclosures

175545

RECEIVED
U. S. GEOLOGICAL SURVEY
Nov 29 11 24 AM 1966
OFFICE OF THE DIRECTOR

MKE FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME-6517
Contract No. 14-23-090-2223
Contract Amount $11,700.00
Gov't. Participation 75 8,775.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of October, 1966

Operator's Name California Non-metallics, Inc.
Address Box 265, Trabuco Canyon, Calif.

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						OFFICIAL COPY O. M. E. RECEIVED NOV 28 1966 INITIALS CODE Cal 210 P 120 NC ~~Fg 110~~
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling	2,985.00	6,765.00	9,750.00			
Site Preparation	None	150.00	150.00			
(2) Personal Services:						
Supervision & Technical	297.50	595.00	892.50			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	None	117.00	117.00			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	3,282.50	7,627.00	10,909.50			

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

Date Nov. 4, 1966 *Payee California Non-metallics, Inc.

Per R H Keller Title R. H. Keller Vice-president

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 2430.00

14X0804

Signature _____ (Authorized Certifying Officer)

Date 11/25/66 Vou. No. 4145

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2223

Signature H K Stager Title FIELD OFFICER Date Nov. 9, 1966

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H K Stager Title FIELD OFFICER Date Nov. 9, 1966

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

BUDGET & FINANCE
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GEOL. SURVEY

4289725

HK
11/16/66

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of October, 1966 Docket No. OME-6517

Operator's Name California Non-metallics, Inc. Contract No. 14-23-090-2223

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	foot	324	1000	10,642.50	324	1000	$10,600.00*
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails	day	None	3	150.00	0	3	150.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				117.00			117.00
TOTAL TO DATE *(per MME Form 60)*				10,909.50			$10,867.00

REMARKS

(Continue on back)

REMARKS

* $42.50 DISALLOWED - SUPERVISION LIMITED TO $850.00 UNDER CONTRACT.

1) See note on September voucher A.M.

(Continue on back)

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

Date Nov. 4, 1966 Operator California Non-metallics Inc.

Per R H Keller Title R. H. Keller Vice-president

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

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

Signature H K Plager

Title Field Officer, OME Region II
Government Representative

Date Nov. 9, 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

BUDGET & FINANCE
NOV 14 2 47 PM '66
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GEOLOGICAL SURVEY
4289 75

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: California Non-Metallics, Inc.
Box 265
Trabuco Canyon, Calif.

Amount Claimed:	Differences (Explained Below)	Amount Approved
$3,282.50	$42.50	$3,240.00 $2,430.00 Govt. Particip.
Bu. Voucher No.	**Payee's Invoice No.**	**Period**
Docket No. OME 6517	Contract # 2223	October 1966

EXPLANATION

$42.50 Supervision Limited to $850.00 Under Contract

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

B. E. McFarlane
Branch of Budget and Finance

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Nov. 4, 1966

INDUSTRIAL
MINERALS

SUPERVISORY AND TECHNICAL SERVICES
OCTOBER, 1966

	DATE	HOURS	SERVICE
Otto M. Ellerman	3	4	Supervision
	6	4	"
	7	3	"
		5	Surveying
	11	6	Engineering
	13	4	"
	14	3	"
		3	Supervision
	17	4	"
	18	4	"
	19	4	"
	21	4	"
	24	4	"
	26	4	"
Total		56 hours, 7 days	

I certify that the above list is a true and exact record of services rendered during the month of October, 1966.

CALIFORNIA NON-METALLICS, INC.

Otto M. Ellerman

Otto M. Ellerman
Pres.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

Nov. 3, 1966

TO: U. S. Department of the Interior
Office of Minerals Exploration

FROM: California Non-metallics, Inc.

SUBJECT: Report of drilling operations at the Old Dominion mine during October, 1966.

Drilling operations continued at the Old Dominion mine and Hole #12 was drilled to a depth of 240 ft. Since it is 75 ft. distant from and 24.9 ft. higher than Hole #9, it was thought that the vein encountered in the latter would be found about 100 ft. lower in Hole #12 if the 45° dip of the vein is constant. However, as seen in the log only minor stringers were found. This hole was completed Oct. 18.

The driller moved back to the location of Holes #9, #10 and #11, and did not charge for this move as he had to move across this location to get back to the road.

With Mr. Stager's approval, Hole #13 was drilled from this location at a dip of -52°-30' and a bearing of S 28° E. It was drilled to a depth of 133 ft. and was completed Oct. 26. This hole was chosen over one at the location farther south as we wanted to establish some continuity to the vein. However, as seen from the log, only minor stringers were encountered as in Hole #12.

After completing this hole, the driller moved off of the property. We feel fortunate to have had a conscientious and reliable driller.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

Otto M. Ellerman

Otto M. Ellerman

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

October 20, 1966

INDUSTRIAL
MINERALS

LOG OF DRILL HOLES

Hole No: 12
Inclination: Vertical
Depth: 240 feet

0	to	7'-0"	Overburden
7'-0"	to	50'-8"	Quartzite
50'-8"	to	57'-0"	Shattered Quartzite
57'-0"	to	78'-4"	Quartzite
78'-4"	to	89'-6"	Coarse-grained Quartzite
89'-6"	to	91'-6"	Quartzite
91'-6"	to	92'-8"	Quartzite with 1/8" sulfide stringers
92'-8"	to	94'-6"	Quartzite
94'-6"	to	95'-0"	Quartzite with 1/8" sulfide stringers
95'-0"	to	109'-6"	Quartzite
109'-6"	to	110'-0"	Quartzite with 1/2" and 3/4" sulfide stringers
110'-0"	to	114'-9"	Quartzite
114'-9"	to	115'-2"	Quartzite with 1/2" and 3/4" sulfide stringers
115'-2"	to	122'-10"	Quartzite
122'-10"	to	123'-0"	Calcite Stringer, 2"
123'-0"	to	125'-0"	Quartzite
125'-0"	to	125'-1"	Quartzite with 3/8" sulfide stringer halfway through core
125'-1"	to	133'-6"	Quartzite
133'-6"	to	134'-0"	Quartzite with 3/8" calcite stringer
134'-0"	to	137'-0"	Quartzite
137'-0"	to	137'-1"	Quartzite with 1/2" calcite stringer
137'-1"	to	143'-2"	Quartzite
143'-2"	to	143'-7"	Quartzite with 1/4" calcite stringers
143'-7"	to	145'-0"	Quartzite
145'-0"	to	147'-0"	Quartzite with 1/8" to 1/4" sulfide stringers
147'-0"	to	148'-0"	Quartzite
148'-0"	to	148'-4"	Quartzite with 1/4" sulfide stringers
148'-4"	to	150'-0"	Quartzite
150'-0"	to	151'-3"	Quartzite with 1/8" to 1/4" sulfide stringers
151'-3"	to	153'-0"	Quartzite
153'-0"	to	153'-6"	Quartzite with 1/4" sulfide stringer
153'-6"	to	165'-8"	Quartzite
165'-8"	to	166'-0"	Quartzite with 1/4" calcite stringer
166'-0"	to	172'-6"	Quartzite
172'-6"	to	173'-9"	Quartzite with 1/8" sulfide stringer
173'-9"	to	176'-6"	Quartzite
176'-6"	to	176'-10"	Quartzite with 1/8" calcite stringer
176'-10"	to	180'-0"	Quartzite

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

October 20, 1966

INDUSTRIAL
MINERALS

LOG OF DRILL HOLES

Hole No: 12, Continued
Inclination: Vertical
Depth: 240 feet

180'-0"	to 180'-9"	Quartzite with 1/8" sulfide stringers
180'-9"	to 204'-6"	Quartzite
204'-6"	to 205'-3"	Quartzite with 1/8" sulfide stringer parallel to core
205'-3"	to 206'-3"	Quartzite with calcite stringer
206'-3"	to 207'-0"	Quartzite with 3/4" sulfides parallel to core
207'-0"	to 217'-0"	Quartzite with some calcite stringers
217'-0"	to 223'-4"	Quartzite with fine sulfide stringers 1/8" and less
223'-4"	to 223'-5"	1" black quartzite with some sulfides
223'-5"	to 229'-0"	Quartzite with calcite stringers
229'-0"	to 229'-1"	Black Quartzite
229'-1"	to 229'-6"	Quartzite
229'-6"	to 230'-6"	Quartzite with 1/2" calcite stringer
230'-6"	to 233'-0"	Quartzite
233'-0"	to 233'-4"	Quartzite with 1/8" calcite stringer
233'-4"	to 237'-0"	Quartzite
237'-0"	to 238'-0"	Quartzite with 1/8" calcite stringer
238'-0"	to 240'-0"	Quartzite

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Oct. 31, 1966

INDUSTRIAL
MINERALS

LOG OF DRILL HOLES

Hole No. 13
Inclination: -52°-30'
Direction: S 28° E
Depth: 133 ft.

0	to	10'-0"	Overburden, shattered
10'-0"	to	19'-4"	Quartzite
19'-4"	to	20'-8"	Quartzite with 1/4" sulfide stringer
20'-8"	to	39'-7"	Quartzite
39'-7"	to	39'-9"	Quartzite with 1/8" calcite stringer
39'-9"	to	51'-4"	Quartzite
51'-4"	to	51'-6"	Quartzite with 1/4" calcite stringer
51'-6"	to	55'-0"	Quartzite
55'-0"	to	55'-8"	Quartzite with 1/8" sulfide stringers
55'-8"	to	55'-10"	Quartzite with 1/4" calcite stringer
55'-10"	to	63'-0"	Quartzite
63'-0"	to	63'-7"	Quartzite with 1/4" calcite stringer
63'-7"	to	72'-8"	Quartzite
72'-8"	to	72'-10"	Quartzite with 1/4" calcite stringer
72'-10"	to	79'-6"	Quartzite
79'-6"	to	80'-0"	Quartzite with 3/4" sulfide stringer
80'-0"	to	87'-9"	Quartzite
87'-9"	to	88'-3"	Quartzite with 1/4" calcite stringer
88'-3"	to	89'-10"	Quartzite
89'-10"	to	90'-3"	Quartzite with 1/4" calcite stringer
90'-3"	to	101'-9"	Quartzite
101'-9"	to	102'-2"	Quartzite with sulfide stringers
102'-2"	to	104'-10"	Quartzite
104'-10"	to	105'-6"	Quartzite with 3/4" calcite stringer
105'-6"	to	107'-2"	Quartzite
107'-2"	to	107'-4"	Quartzite with 1/4" calcite stringer
107'-4"	to	109'-6"	Quartzite
109'-6"	to	110'-0"	Quartzite with 1/4" sulfide stringer
110'-0"	to	114'-0"	Quartzite
114'-0"	to	114'-10"	Quartzite with 1/8" sulfide stringer
114'-10"	to	120'-6"	Quartzite
120'-6"	to	121'-2"	Quartzite with 1/8" sulfide stringer
121'-2"	to	133'-0"	Quartzite

MME FORM-60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME-6517
Contract No. 14-23-090-2223
Contract Amount $11,700.00
Gov't. Participation %75 $8,775.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of September, 1966

Operator's Name California Non-metallics, Inc.
Address P. O. Box 265, Trabuco Canyon, California

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling	4,278.75	2,486.25	6,765.00			
Site Preparation	50.00	100.00	150.00			
(2) Personal Services:						
Supervision & Technical	382.50	212.50	595.00			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	85.00	32.00	117.00			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	4,796.25	2,830.75	7,627.00			

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 28 1966
INITIALS CO. E

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

Date Oct. 6, 1966 *Payee California Non-metallics, Inc.

Per R. H. Keller Title R. H. Keller Vice-president

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

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

(INSTRUCTIONS ON REVERSE)

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

$3569.44

Signature 14X0804
(Authorized Certifying Officer)

Date 11/25/66 Vou. No. 4145

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2223

Signature H B Stager Title Field Officer Date Oct. 11, 1966

Approved by OME Executive Officer or Alternate: OME Region II

Signature H B Stager Title Field Officer Date Oct. 11, 1966

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

MME FORM 61
SEPT. 1952

11/1/66 HK

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of September, 1966 Docket No. OME-6517

Operator's Name California Non-metallics, Inc. Contract No. 14-23-090-2223

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground	foot	449	676	7,360.00	449	676	$ 7,360.00
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
	day	1	3	150.00	1	3	150.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases				117.00			80.00 HK
Analytical Work							~~117.00~~ *
TOTAL TO DATE (per MME Form 60)				7,627.00			~~$ 7,627.00~~
							7,590.00 HK

REMARKS

(Continue on back)

REMARKS

* See attached memo.
Allow $48.00 of the $85.00 claimed for analytical work. Only 6 samples were assayed for Ag, Au, Pb, Zn as required by the contract.
Operator may reclaim $36.00 of the disallowance after Amendment No. 2 has been executed.
H. Kiokamo 11/16/66

(Continue on back)

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

Date Oct. 6, 1966 Operator California Non-metallics, Inc.

Per R H Keller Title ~~R. H. Keller~~ Vice-president

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

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

Signature H B Stager

Title Field Officer, OME Region III
Government Representative

Date Oct. 11, 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

432226

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: California Non-metallics, Inc.
P.O. Box 265
Trabuco Canyon, California

Amount Claimed:	Differences (Explained Below)	Amount Approved
$4,796.25	$37.00	$4,759.25 $3,569.44 Govt. Particip.
B.J. Voucher No.	**Payee's Invoice No.**	**Period**
Docket # OME-6517	Contract 2223	September 1966

EXPLANATION

$37.00 Only 6 samples were assayed for Ag, Au, Pb, & Zn as required by the contract.

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

B. E. McFarlane
Branch of Budget and Finance

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

September 30, 1966

INDUSTRIAL
MINERALS

TO: U. S. Department of the Interior
Office of Minerals Exploration

FROM: California Non-metallics, Inc.

SUBJECT: Report of drilling operations at the Old Dominion mine during September, 1966.

Drilling operations continued at the Old Dominion mine with Hole No. 1 being finished at a depth of 91 feet on September 7th.

Hole No. 9 was started September 8th. This hole was not included in the original plans, but the location was decided upon, with the approval of Mr. Stager, after Holes Nos. 1, 5 and 6 showed only mineralized stringers. As shown in the log and the assay report, this hole showed some promising widths and values. It was drilled to a depth of 122.5 feet and was completed September 15th.

Hole No. 10 was drilled at a -45° slope and a bearing of S. 62° W. from the same location as Hole No. 9. It was drilled to 99.5 feet and was finished September 22nd.

Mr. Stager was here September 20th and examined the cores of all the drilling to date. He also approved the drilling of Hole No. 11. It was started September 22nd, and was drilled at a slope of -60° and a bearing of N. 43° W. It was completed on September 29th at 136 feet.

The driller moved to Hole No. 12 on September 30th.

Three holes were drilled from the location of Hole No. 9 because of the difficulty of the terrain. We believe we need to get greater depth on the vein, but a considerable expense would be involved in building roads. We are therefore working up a draw between steep hills and Hole No. 12 will be approximately 75~~0~~ feet East and slightly North of Holes Nos. 9, 10 and 11.

The driller continues to do a good job and is drilling NX core. The core recovery has been very good.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman, President

D. A. CANNON

Statement

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 - COMPTON, CALIFORNIA

TO California Non-metallics
P. O. Box 265
Trabuco Canyon, California

DATE Oct. 6,1966
INVOICE NO.
YOUR ORDER NO.

Statement for holes completed in September.	Unit Price	Amount
2 Setups @ Each	$175.00	$ 350.00
449 Ft. Diamond Drilling @ per. ft. NX Core	8.75	3,928.75
Total		$4,278.75

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

September 30, 1966

INDUSTRIAL
MINERALS

ASSAY CERTIFICATE

Hole No.	Type	Depth			Gold oz.	Silver oz.	Lead %	Zinc %
5	Core	97'-0"	to	98'-0"	0.08	0.54	*	0.4
7	Core	3'-3"	to	6'-6"	0.02	0.88	*	3.1
7	Core	6'-6"	to	9'-0"	0.04	0.90	*	2.9
7	Core	9'-0"	to	13'-6"	0.12	4.14	*	3.2
7	Core	13'-6"	to	18'-0"	0.08	1.50	*	3.3
7	Core	14'-5"	to	14'-7"	*	*	0.6	*
9**	Core	105'-0"	to	106'-0"	0.68	26.92	*	*
9	Core	95'-8"	to	98'-10"	0.12	5.20	1.4	3.5
9	Core	98'-10"	to	104'-6"	0.04	0.66	0.8	5.8
9	Core	104'-6"	to	107'-0"	0.40	29.00	5.4	13.7
9	Core	107'-0"	to	110'-9"	0.04	1.02	0.3	1.7
10	Core	68'-10"	to	70'-0"	0.06	0.78	0.9	0.9
11	Core	89'-0"	to	90'-6"	0.08	5.06	0.9	2.3

* Indicates No Assay Made
** Preliminary To Other Cores In Hole No. 9

I certify that the above results are true and exact assays of the samples described.

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman, Assayer

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

October 11, 1966

SUPERVISION AND TECHNICAL SERVICES
SEPTEMBER, 1966

Otto M. Ellerman:	September 2 -	5	hours	Supervision
	September 3 -	8	hours	Surveying
	September 7 -	6	hours	Supervision
	September 8 -	8	hours	Supervision
	September 12 -	4	hours	Supervision
		3	hours	Surveying
	September 14 -	6	hours	Supervision
	September 20 -	6	hours	Supervision
	September 21 -	4	hours	Supervision
		4	hours	Engineering
	September 22 -	4	hours	Supervision
	September 28 -	4	hours	Supervision
	September 29 -	5	hours	Supervision
	September 30 -	5	hours	Engineering
	Total	72	hours, 9 days	

ASSAYS
SEPTEMBER, 1966

6 gold-silver-lead-zinc	@ $ 8.00	$ 48.00
5 gold-silver-zinc	@ $ 6.00	30.00
1 gold-silver	@ $ 4.00	4.00
1 lead	@ $ 3.00	3.00
	Total	$ 85.00

I certify that the above list is a true and exact record of services rendered and assays performed during the month of September, 1966

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman
President

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

October 11, 1966

SUPERVISION AND TECHNICAL SERVICES
AUGUST, 1966

Otto M. Ellerman:	August 15	-	6 hours	Supervision
	August 17	-	4 hours	Supervision
	August 18	-	4½ hours	Supervision
	August 19	-	4 hours	Supervision
	August 23	-	4 hours	Supervision
	August 25	-	4 hours	Supervision
	August 26	-	5 hours	Engineering
	August 30	-	4 hours	Supervision
	August 31	-	4½ hours	Engineering
	Total		40 hours, 5 days	

ASSAYS
AUGUST, 1966

4 gold-silver-lead-zinc	@ $ 8.00	$ 32.00
	Total	$ 32.00

I certify that the above list is a true and exact record of services rendered and assays performed during the month of August, 1966

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman
President

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

September 30, 1966

LOG OF DRILL HOLES

Hole No: 1
Inclination: -45°
Direction: S.62°W.
Depth 91 feet

0	to 15'-0"	Overburden, shattered
15'-0"	to 33'-0"	Quartzite
33'-0"	to 33'-1"	Quartzite with 1/8" sulfide stringers
33'-1"	to 47'-0"	Quartzite
47'-0"	to 47'-2"	Quartzite with 1/8" sulfide and calcite stringers
47'-2"	to 52'-8"	Quartzite
52'-8"	to 52'-9"	Quartzite with 1/2" sulfide stringer
52'-9"	to 57'-0"	Quartzite
57'-0"	to 57'-1"	Quartzite with 1/8" sulfide stringer
57'-1"	to 60'-6"	Quartzite
60'-6"	to 62'-10"	Black Quartzite with 1/8" to 3/8" sulfide and calcite stringers
62'-10"	to 69'-3"	Quartzite
69'-3"	to 69'-6"	Quartzite with 1/8" to 3/8" sulfide stringers and some calcite
69'-6"	to 91'-0"	Quartzite

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

September 30, 1966

LOG OF DRILL HOLES

Hole No: 9
Inclination: Vertical
Depth: 122.5 feet

0	to	6'-0"	Overburden
6'-0"	to	19'-6"	Quartzite
19'-6"	to	20'-0"	Quartzite with 1/8" to 3/8" sulfide stringers
20'-0"	to	29'-3"	Quartzite
29'-3"	to	29'-4"	Quartzite with 1/8" sulfide stringers
29'-4"	to	48'-0"	Quartzite
48'-0"	to	48'-1"	Quartzite with 1/8" sulfide stringers
48'-1"	to	52'-8"	Quartzite
52'-8"	to	52'-9"	Quartzite with 1/8" sulfide stringers
52'-9"	to	73'-4"	Quartzite
73'-4"	to	76'-3"	Quartzite with 1/2" to 5" sulfide stringers, part heavy
76'-3"	to	79'-0"	Quartzite
79'-0"	to	79'-4"	Quartzite with 1/8" to 3/8" sulfide stringers
79'-4"	to	80'-6"	Quartzite
80'-6"	to	81'-8"	Quartzite with 1/2" to 1-1/2" sulfide stringers
81'-8"	to	84'-3"	Quartzite
84'-3"	to	84'-8"	Quartzite with 3/8" and 2" sulfide stringers
84'-8"	to	95'-8"	Quartzite
95'-8"	to	98'-10"	Heavy sulfides with some galena
98'-10"	to	104'-6"	Quartzite
104'-6"	to	107'-0"	Heavy sulfides with galena
107'-0"	to	110'-9"	Heavy sulfides
110'-9"	to	113'-0"	Quartzite
113'-0"	to	118'-2"	Quartzite with 1/8" to 3/4" sulfide stringers
118'-2"	to	122'-6"	Quartzite

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

September 30, 1966

LOG OF DRILL HOLES

Hole No: 10
Inclination: -45°
Direction: S.62°W.
Depth: 99.5 feet

0	to 10'-0"	Overburden
10'-0"	to 53'-6"	Quartzite, shattered
53'-6"	to 53'-7"	Quartzite with 1/8" sulfide stringer
53'-7"	to 57'-10"	Quartzite
57'-10"	to 57'-11"	Quartzite with 1/2" sulfide stringer
57'-11"	to 58'-6"	Quartzite
58'-6"	to 62'-0"	Quartzite with 1/8" to 3/8" sulfide stringers
62'-0"	to 66'-2"	Quartzite, shattered
66'-2"	to 68'-10"	Quartzite
68'-10"	to 69'-10"	Quartzite with 1/8" to 3/8" sulfide stringers
69'-10"	to 70'-0"	Quartzite with 3/4" sulfide and galena stringer
70'-0"	to 79'-4"	Quartzite
79'-4"	to 79'-5"	Quartzite with 1/2" calcite stringer
79'-5"	to 79'-10"	Black Quartzite with 1/8" to 3/8" sulfide stringers
79'-10"	to 81'-0"	Quartzite with 1/8" to 3/8" calcite and sulfide stringers
81'-0"	to 99'-6"	Quartzite

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

September 30, 1966

LOG OF DRILL HOLES

Hole No: 11
Inclination: -60°
Direction: N.43°W.
Depth: 136 feet

0	to	5'-0"	Overburden
5'-0"	to	20'-6"	Quartzite
20'-6"	to	20'-7"	Quartzite with 1/8" sulfide stringer
20'-7"	to	41'-6"	Quartzite
41'-6"	to	41'-7"	Quartzite with 1/8" sulfide stringer
41'-7"	to	83'-6"	Quartzite
83'-6"	to	83'-7"	Quartzite with 1/4" calcite stringer
83'-7"	to	85'-3"	Quartzite
85'-3"	to	85'-9"	Quartzite with 1/8" to 3/8" Calcite and sulfide stringers
85'-9"	to	89'-0"	Quartzite
89'-0"	to	90'-0"	Quartzite with 1/8" to 3/8" sulfide stringers
90'-0"	to	90'-2"	2" sulfide and galena stringer
90'-2"	to	90'-6"	Quartzite with 1/8" to 3/8" sulfide stringers
90'-6"	to	136'-0"	Quartzite

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/22/66	Kirkemo	
"	Johnson	
11/23/	Kirkgaard	
11/28	Hyer	

NOV 2 8 1966

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Enclosed are the original and three copies of a proposed Amendment No. 2 (2 pages) to the subject contract, signed for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

This amendment was prepared in accordance with information in your memorandum dated October 13, 1966, wherein a savings to the Government was shown to have resulted from selective assaying, and at the same time the Government obtained information which otherwise would not have been possible under terms of the contract.

You should bring to the Operator's attention that he may submit additional claim for assaying under terms of Amendment No. 2 following execution.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
Kirkemo
OME Docket
OME Reading File
130

HKirkemo/mm (11/22/66)

23263

DRAFT 11/15/66
HKirkemo/gla

120 HK
~~110~~ 93

120-M

To Legal 11/16

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

AMENDMENT NO. 2

It is agreed this _____ day of ~~November~~, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and California Non-Metallics, Incorporated, hereinafter called the "Operator," that Exploration Contract 2223 (OME-6517), dated July 19, 1966, as amended, is further amended effective the date of the contract as follows:

1. In Exhibit A, under the heading General Provisions, the third paragraph is revised to read as follows:

"Significantly mineralized core shall be split and one split assayed for silver and gold. Where indicated by the mineralization, the core may be assayed also for lead and/or zinc. The remaining core shall be stored in proper sequence with the unmineralized core. No sample shall represent a core length greater than five feet."

2. In Exhibit A, under the heading Estimated Cost of the Project, Category (7) Miscellaneous is revised to read as follows:

80 samples assayed for silver and gold		
@ $4.00/sample	$320.00	
80 samples assayed for lead		
@ $2.00/sample	160.00	
80 samples assayed for zinc		
@ $2.00/sample	160.00	
F.I.C.A., payroll taxes, insurance, etc.	158.00	$798.00

This amendment shall not be construed to change the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, the fixed unit cost of any item of work, nor the fixed unit cost of the contract.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

CALIFORNIA NON-METALLICS, INCORPORATED

By_____

Title_____

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/15	Kirkemo	120
		110
11/15	cal	220
		120M
and		

November 14, 1966

Memorandum

To: Assistant Director, Audit Operations, Contract and Grant Audit, Office of Survey and Review

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

Please prepare a Report of Cost Review for the subject contract.

An acceptable Operator's final report has been received.

FRANK E JOHNSON

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Region II
OME Reading File
Mr. Kirkemo

GLAult/a 11-14-66

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

November 9, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 10 1966
INITIALS | CODE
120 m
HK 120

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Enclosed is the October 1966 Monthly Voucher for the subject contract. The work is completed and this is the final voucher. Also enclosed is the Operator's Final Report.

Although a Certificate of Possible Production does not appear to be justified I would like to withhold my recommendation on this until I have had a chance to make a final examination of the drill cores and talk to the Operator later this month.

H. K. Stager

Enclosures

California Non-metallics

INCORPORATED

POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678

TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL MINERALS

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NOV 14 1966
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Nov. 4, 1966

TO: U. S. Department of the Interior
Office of Minerals Exploration

FROM: California Non-metallics, Inc.

SUBJECT: Final report of drilling operations at the Old Dominion mine. Reference: Docket No. OME 6517, Contract No. 2223.

Drilling operations under subject contract were completed Oct. 26, 1966. A print of the revised General Plan showing the pertinent drill hole data is enclosed. Also enclosed is a summary of the work performed, and a summary of the assay results.

Nine holes were drilled to an accumulated footage of 1049 ft. Because of the difficulty of the terrain, two or more holes were drilled from two locations. Holes 5 and 6 were drilled from the same location, and Holes 9, 10, 11 and 13 were drilled from the same location. Some of the holes that were included in the contract weren't drilled because of negative results in nearby holes. Thus, Holes 2, 3, 4 and 8 weren't drilled.

Only one hole (#9) showed promising values, and on the basis of these values we drilled in four directions from this hole. We encountered nothing but narrow stringers in the surrounding holes, so we can only conclude we hit a pocket in Hole #9. Hole #7 showed 15 ft. of mineralization (10.5 ft. actual width because of 45° dip of vein), but the values were too low to be of economic value. As shown on the Assay and Drill Location Map submitted with our application, the inclined shaft and 50 ft. level drift showed good values, but in drill holes on both sides of this shaft we encountered nothing of interest. Therefore, we don't believe there are enough ore reserves to estimate, or that further exploration would be justified. There are pockets of ore of economic value, but they seem to be few and far between.

The vein seems to maintain a dip of about 44° to 45° and the strike is about N 28° W. However, because of the results obtained in Holes 9 through 13, it seems there must be a cross fault between Hole #7 and Hole #11, with a throw of about 45 ft. to the west.

We enjoyed good relations with our driller, the Fred Cannon Co., and would not hesitate to recommend them for any similar work. We appreciate the cooperation extended to us by Mr. Stager and the OME.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

Otto M. Ellerman

OPERATOR'S FINAL REPT.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

Nov. 4, 1966

SUMMARY OF WORK PERFORMED AT THE

OLD DOMINION MINE

Docket No. OME 6517 Contract No. 2223

DRILL HOLE SCHEDULE

Hole	Depth	Direction	Slope
1	91	S 62° W	-45°
5	110	"	"
6	92	Vertical	---
7	25	"	---
9	122.5	"	---
10	99.5	S 62° W	-45°
11	136	N 43° W	-60°
12	240	Vertical	---
13	133	S 28° E	-52°-30'
Total	1049		

Work performed by driller

Mobilization	150.00
1000 ft. hole @ $8.75	8750.00
4 moves @ $175 ea.	700.00
Demobilization	150.00
	9750.00

Work performed by Operator

Site Preparation	150.00
Analytical Work	117.00
Supervision	892.50
	1159.50

Total expended under contract $10,909.50

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Nov. 4, 1966

INDUSTRIAL MINERALS

SUMMARY OF ASSAYS

Docket No. OME 6517 Contract No. 2223

Hole No.	Type	Depth			Gold oz.	Silver oz.	Lead %	Zinc %
5	Core	97'-0"	to	98'-0"	0.08	0.54	*	0.4
6	"	68'-0"	to	68'-6"	0.04	21.10	4.3	4.0
6	"	76'-8"	to	77'-0"	tr	5.42	2.1	8.7
7	Sludge	10'-0"	to	15'-0"	tr	4.06	0.5	7.6
7	"	15'-0"	to	20'-0"	tr	3.22	0.4	7.1
7	Core	3'-3"	to	6'-6"	0.02	0.88	*	3.1
7	"	6'-6"	to	9'-0"	0.04	0.90	*	2.9
7	"	9'-0"	to	13'-6"	0.12	4.14	*	3.2
7	"	13'-6"	to	18'-0"	0.08	1.50	*	3.3
7	"	14'-5"	to	14'-7"	*	*	0.6	*
9	"	105'-0"	to	106'-0"	0.68	26.92	*	*
9	"	95'-8"	to	98'-10"	0.12	5.20	1.4	3.5
9	"	98'-10"	to	104'-6"	0.04	0.66	0.8	5.8
9	"	104'-6"	to	107'-0"	0.40	29.00	5.4	13.7
9	"	107'-0"	to	110'-9"	0.04	1.02	0.3	1.7
10	"	68'-10"	to	70'-0"	0.06	0.78	0.9	0.9
11	"	89'-0"	to	90'-6"	0.08	5.06	0.9	2.3

* Indicates no assay made

I certify that the above results are true and correct assays of the samples described.

CALIFORNIA NON-METALLICS, INC.

Otto M. Ellerman

Otto M. Ellerman, Assayer

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

November 7, 1966

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O. M. E.
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HIR

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92678

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Dear Mr. Ellerman:

In reply to your letter of November 1, 1966, please keep all of the cores that I have not examined until I have a chance to inspect them. I will try to stop on my next trip south, probably late this month. You should submit your October voucher and report as soon as you can, and also a final report. A suggested outline for a final report is enclosed. When these reports are complete the Washington, D. C. Office of Minerals Exploration will make a decision regarding certification or release of the performance bond.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure
cc: OME, Chief, WDC
cc: D RF
MP RF
ACG RF
File 6517
HKStager:mlb

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Nov. 1, 1966

INDUSTRIAL
MINERALS

Mr. H. K. Stager
Office of Mineral Exploration
345 Middlefield Rd.
Menlo Park, Calif. 94025

Dear Mr. Stager:

The Fred Cannon Co. moved off of the Old Dominion last week, and we are all through there excepting our final report, which will be submitted shortly.

Would you kindly advise the disposition of the cores? Do you want us to hold them until you are able to come down to inspect them?

Since we don't think further exploration or activity on this property would be justified, will your office give us permission to terminate our lease? Also, will you release the performance bond as soon as all of our obligations in connection with the contract have been paid?

Perhaps someday we'll find a more promising property.

Very truly yours,

CALIFORNIA NON-METALLICS

Otto M. Ellerman

Otto M. Ellerman

RECEIVED
NOV 3 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

October 31, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 2 1966
INITIALS | COPY
HK 110

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, Calif.
Contract No. 2223

Enclosed are the original and one copy of Amendment No. 1 of the subject contract, properly executed by the Operator. The remaining copies of this amendment have been distributed in the usual manner.

Also enclosed is a letter from the Operator stating that the last hole under the OME contract was completed on October 26, 1966. The ore intersected by Hole No. 9 is evidently contained in a small high-grade shoot inasmuch as the four holes drilled around it found only thin stringers of mineralized material. I will plan a final examination of the property for mid-November.

H. K. Stager

Enclosures-2

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Oct. 27, 1966

INDUSTRIAL
MINERALS

Mr. H. K. Stager
Office of Minerals Exploration
345 Middlefield Rd.
Menlo Park, Calif. 94025

Daer Mr. Stager:

I am enclosing the signed copies of Amendment No. 1, although they evidently won't be needed. Hole # 13 was completed at a depth of 133 ft. yesterday, and only a couple of mineralized stringers were encountered.

We exceeded the 1000 ft. total set out in the contract, and understand that we must pay the full amount for the extra 49 ft. In view of the drilling results, we certainly don't think any more holes are necessary, and think you will agree.

We will submit our final report in a week or so. We appreciate your cooperation, and are sorry the results weren't better.

Very truly yours,

CALIFORNIA NON-METALLICS

Otto M. Ellerman

Otto M. Ellerman

RECEIVED
OCT 31 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 14 1966
INITIALS | CODE
170,M
110
120

Memorandum October 13, 1966

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

I requested the Operator to give us a breakdown of the costs of Supervision and Technical Services, and for assaying, to support his August and September vouchers. He has now supplied these and they are attached to the enclosed September vouchers.

I inspected this project on September 20, 1966, and examined all of the cores from the drilling through Hole No. 10, as well as the laboratory facilities of California Non-Metallics, Inc., at Trabuco Canyon, Calif. They have a well-equipped assay laboratory and Mr. Ellerman is a competent assayer. The decision to not assay some of the samples from Holes No. 5 and 7 was justified as there were no lead minerals visible in the cores. Not assaying these samples for lead in this case resulted in a savings in cost to both the Operator and the Government.

H. K. Stager

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Oct. 7, 1966

INDUSTRIAL
MINERALS

Mr. H. K. Stager
Office of Mineral Exp;oration
345 Middlefield Rd.
Menlo Park, Calif.

Dear Mr. Stager:

Just a note to bring you up to date. Hole #12 is to a depth of 84 ft. today, and they have had a lot of trouble with it because of shattered zones of rock. The worst one was from 50 ft. to 58 ft. and they had to cement it, but are still having some trouble and think they may have to case it.

I have surveyed this hole, and it is 75 ft. east and a little north of Hole #9. It is 24.9 ft. above Hole #9 in elevation, so this may have to go to a depth of 200 to 225 ft. depending upon the dip of the vein. This footage would only leave us 100 to 125 ft. for Hole #13 to the south. Are we limited to the 1000 ft. total, or could we go enough extra to complete that hole?

Of course, Hole #13 will have to be decided on after we have completed #12, but I like to know what we can plan in advance. I hope the amendment to the contract regarding Hole #13 is authorized in time to move there when #12 is finished. Would you kindly advise me of your thoughts on these matters? Hole #12 should be finished about the 13th.

Yours very truly,

CALIFORNIA NON* METALLICS

Otto M. Ellerman

Otto M. Ellerman

OFFICIAL COPY

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

October 24, 1966

Air Mail

gla 120 M
HKS 120

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon
California 92678

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Dear Mr. Ellerman:

Enclosed are the original and three copies of proposed Amendment No. 1, signed by the Chief, Office of Minerals Exploration, for the Government.

If the proposed Amendment meets with your approval, please sign and return the following copies to this office:

Government's Copy
Budget and Finance's Copy
Field Office's Copy

The Operator's Copy should be retained for your files.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures
cc: Chief, OME, WDC
D RF
ACG RF
MP RF
Docket 6517
HKStager:rr

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

Oct. 20, 1966

INDUSTRIAL
MINERALS

OME-6517 (SILVER)
OLD DOMINION MINE
ORANGE COUNTY, CALIF.
CONTRACT 2223

Mr. H. K. Stager
Office of Mineral Exploration
345 Middlefield Rd.
Menlo Park, Calif.

Dear Mr. Stager:

Hole #12 was completed Oct. 18 to a depth of 240 ft. It showed only a black quartzite stringer and several calcite stringers below 224 ft.

We decided to follow your suggestion and move back to the location of Hole #9 and drill an angle hole to the southeast. This is Hole #13 and was started yesterday. It is based on the premise that we were on the tip of an ore shoot in Hole #9. By drilling from this location, perhaps we could establish some continuity to the ore shoot. We are drilling it S 28° E at a dip of 53°, which should put us nearly one third the distance to what would now be Hole #14 to the south. If this hole is successful, we could later drill an angle hole from the location of Hole #14, and maintain the continuity, and work on to the south.

In view of previous results, this is probably wishful thinking, but we think it is worth the gamble. In case this hole is as good or better than Hole #9, do you think it would be possible to get a supplemental loan to drill three or more holes from the Hole #14 location? We realize this would take time, and we'd have to get the driller back at a later date, but this Hole # 13 will be about all we can finance ourselves. It should be 140 to 150 ft. deep, and we have only 84 ft. left on the contract.

Yours very truly,

CALIFORNIA NON-METALLICS

Otto M. Ellerman

Otto M. Ellerman

RECEIVED
OCT 21 1966
OFFICE OF MINERALS EXPLORATION

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/17/66	Kirkemo	
"	Johnson	
10/19	Kilbyard	
10/19	Hess	
10/19	cae	210
		130

AIRMAIL

OCT 19 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract 2223

In reference to your memoranda of September 28 and October 4, 1966, enclosed are the original and three copies of proposed Amendment No. 1 (2 pages), signed for the Government. An extra copy is also enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
OME Docket
130
Kirkemo

HKirkemo/mm (10/17/66)

23263

MME FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc.Sol.-MR, Rm. 6554 Through Room 6042~~		
2. Mr. Kirkemo, Rm. 4459	10/17/66	HK
3.		
4.		
5.		
FROM: Chief, OME		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS:

FROM SOLICITOR

OCT 13 1966

S-66-2063. 1/ FOR SIGNATURE

INTERIOR DEPT.
OCT 12 1966
SOLICITOR

RECEIVED
OCT 12 1966
Division of Mineral Resources
General Legal Services

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

M56300-62

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

October 11, 1966

gka 120 M
~~110~~
HK 120

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, Calif. 92678

Attention: Mr. O. M. Ellerman

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, Calif.
Contract No. 2223

Dear Mr. Ellerman:

This letter will confirm the verbal permission I gave you by telephone on September 6, 1966, to drill Hole No. 9 from the agreed-upon site southeast of Hole No. 7, and on September 15, 1966, to drill inclined Hole No. 10 from the same site. It will also confirm the permission I gave you at the drill site on September 20, 1966, to drill inclined Hole No. 11 from the same site and Hole No. 12 from a site east of Holes No. 9, 10, and 11.

This letter shall not be construed to increase the estimated total amount of diamond drilling allowed by the contract, nor the estimated total cost of the contract.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: D RF
Chief, OME, WDC (2)
ACG RF
MP RF
File 6517
HKStager:mlb

10/11

~~120~~ HK

~~110~~ JL

120M

DRAFT 10/10/66
HKirkemo/gla

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

AMENDMENT NO. 1

It is agreed this _____ day of October, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and California Non-Metallics, Incorporated, hereinafter called the "Operator," that Exploration Contract 2223 (OME-6517), dated July 19, 1966, is amended effective the date of the contract as follows:

1. In Annex I, the first and second paragraphs are revised to read as follows:

"The land referred to in Article 2 of the contract consists of 160 acres, with surface rights limited to 40 acres as shown on Figure 3 entitled, 'Old Dominion Mine, Plot Plan of SE¼ sec. 7, T. 6 S., R. 5 R., Anderson & Frevert, owners, California Non-Metallics, revised October 3 1966,' which is contained in the docket of this contract and incorporated herein by reference.

"The property is held by the Operator under a Mineral Lease dated October 25, 1965, from the owners, V. B. Anderson and Myrtle E. Anderson, husband and wife, and Lulu Frevert, as amended by letters dated February 7, 1966, and October 3, 1966."

~~xxxxxxxxxxxxxxxx~~

2. In Exhibit A, Description of the Work is revised to read as follows:

"Necessary access roads and drill sites shall be prepared. Approximately nine diamond drill core holes ranging in depth from 25 to 250 feet and totalling approximately 1,000 feet shall be drilled. The tentative locations, bearings, and inclinations of eight holes are indicated on Figure 2 entitled, 'Sketch map of Old Dominion mine showing proposed drill holes,' attached and made a part hereof.

"With the prior approval of the Government, the tentative plan of drilling may be changed as a result of information obtained from previously drilled holes."

This amendment shall not be construed to change the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

CALIFORNIA NON-METALLICS, INCORPORATED

By_____

Title_____

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

October 4, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 6 1966
INITIALS CODE
JG 110
HK 110K

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, Calif.
Contract No. 2223

Enclosed are three copies of an amendment to the lease held by the Operator shifting the boundaries of their mineral lease being explored under the OME contract. This is necessary to cover the ground to be explored by a planned drill hole that will be located about 470 feet S. 32° E. of the inclined shaft. This hole would be only about 150 feet from the boundary shown in the OME contract (Fig. 1). The contract specifies that no work is to be performed within 200 feet of the boundaries of the 40 acres on which the Operator holds surface rights.

H. K. Stager

Enclosures

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

October 3, 1966

RECEIVED
OCT 4 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

INDUSTRIAL
MINERALS

Mr. V. B. Anderson
117 Spurgeon Street
Santa Ana, California

Dear Mr. Anderson:

We would like to request that the Mineral Lease executed October 30, 1965, between V. B. Anderson, Myrtle E. Anderson and Lulu Frevert as Lessors, and California Non-metallics, Inc., as Lessee be amended as follows:

Schedule A, Line 7 : Change "ten (10) acres" to read "forty (40) acres"
Line 10: Change "ten (10) acre area" to read "forty (40) acre area in accordance with Plot Plan dated January 28, 1966, as amended October 3, 1966"

This amendment is to supercede the amendment dated February 7, 1966. All other terms and conditions of the Lease will remain unchanged.

As a matter of record, the area as shown in the amended Plot Plan consists of the following:

1 the E½ of the SW¼ of the SE¼
2 the S½ of the SE¼ of the NW¼ of the SE¼
3 the SW¼ of the SW¼ of the NE¼ of the SE¼
4 the W½ of the NW¼ of the SE¼ of the SE¼
5 the W½ of the SW¼ of the SE¼ of the SE¼
6 the W½ of the E½ of the SW¼ of the SE¼ of the SE¼
all in Section 7, T.6 S., R.5 W., S.B.B.M.

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

Mr. V. B. Anderson
Santa Ana, California

October 3, 1966
Page 2

If you concur in this request, would you please sign this letter as approved and return the duplicate to us. Two copies of the amended Plot Plan are enclosed. Thank you.

Very truly yours,

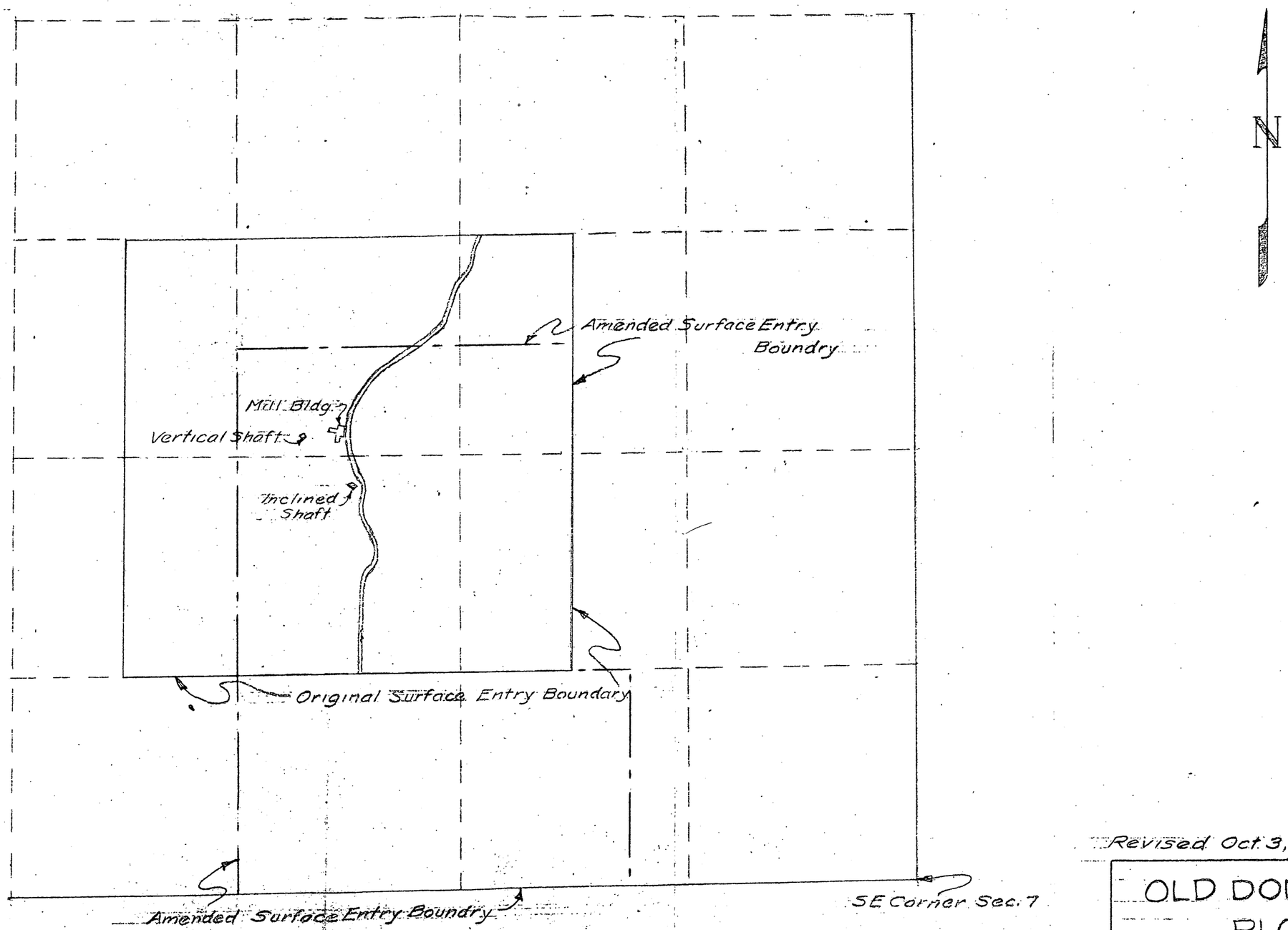
CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller
Vice-president

APPROVED:

V. B. Anderson

V. B. Anderson
for the Lessors



Revised Oct. 3, 1966 Amended Boundry

OLD DOMINION MINE
PLOT PLAN
of
SE¼ SEC. 7 T6S R5W
ANDERSON & FREVERT OWNERS
CALIFORNIA NON-METALLICS
Scale 1" = 300' OME Jan. 28, 1966

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

September 28, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 30 1966

INITIALS	CODE
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	110
HK	~~100~~

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

Please refer to my interim inspection report on the subject property of this date.

You will note that after drilling Holes No. 1, 5, 6, and 7, as specified in the contract, and with unfavorable results, I gave the Operator verbal permission to not drill Holes No. 2, 3, 4, and 8, but to instead drill Holes No. 9, 10, 11, and 12 from new sites south of the mine area. Mr. Kirkemo questioned (telephone conversation) if this was allowed by the contract and I thought it was, but on reading the contract again I am not sure. If, in your opinion, an amendment is necessary to allow these changes will you please prepare it. I believe sufficient justifications are contained in the inspection report. !?

H. K. Stager

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

September 28, 1966

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine
Orange County, California
Contract No. 2223

OFFICIAL COPY
O. M. E.
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SEP 30 1966
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HKD

Interim Inspection

An interim inspection of the subject contract was made on September 20, 1966, accompanied by Mr. O. M. Ellerman, president of California Non-Metallics, Inc.

Diamond-drilling under the OME contract was started on August 15, 1966. Hole No. 6 was the first hole completed and it was drilled (vertical) to a depth of 92 feet. Two thin mineralized streaks were cut; a 6-inch interval at 68 feet that assayed 0.04 ounce gold and 21.10 ounces of silver with 4.3 percent lead and 4.0 percent zinc; and a 4-inch seam at 77 feet that assayed a trace of gold, 5.42 ounces of silver, 2.1 percent lead, and 8.7 percent zinc. Inclined Hole No. 5 was drilled from the same site to a depth of 110 feet and except for a 1-foot seam at 97 feet, that contained 0.08 ounce gold and 0.54 ounce silver with 0.4 percent zinc, was barren. Hole No. 7 was drilled from a site about 60 feet south of the shaft and to a depth of 25 feet. Weak mineralization was encountered from about 3 feet to 18 feet and consisted of material assaying 0.02 to 0.12 ounce gold, 0.88 to 4.14 ounces of silver, less than 1 percent lead, and 2.9 to 5.2 percent zinc. These first three holes were in what was thought to be the most favorable area and the spotty mineralization found was very disappointing. Hole No. 1 (inclined) was drilled next to a depth of 93 feet and was barren, thus confirming the erratic nature of the deposit. The Operator was ready to stop the project at this point but we agreed to drill another hole in a small canyon, accessible with difficulty, 160 feet S. 45° E. of Hole No. 7. This hole, designated as Hole No. 9, was drilled to a vertical depth of 123 feet and intersected heavy mineralization from about 96 to 111 feet. The interval

from 104.5 to 107 feet assayed 0.40 ounce gold, 29.00 ounces of silver, and 5.4 percent lead. The zinc assays were not yet available at the time of the inspection. On the basis of the favorable showing in this hole an inclined hole was drilled from the same site, S. 62° W., at -45°. This hole (No. 10) was drilling at a depth of about 80 feet at the time of the inspection but had cut only minor mineralization. A third hole (No. 11) will be drilled from this site, bearing about N. 50° W. and inclined about -60° to test the mineralized zone between Holes No. 7 and 9. If Hole No. 11 is favorable a site 265 feet S. 30° E. of Hole No. 9 will be prepared and considered for Hole No. 12.

All of the drilling to date has been done in a satisfactory manner; has been at the rate of about 30 feet per shift on a single-shift-per-day basis; and has all been standard NX in size. Although the contract specifies BX standard or BX wireline core the contractor has drilled the larger size at no increase in price. Core recovery has been above 95 percent and on most core runs has been near 100 percent. A skid-mounted drilling rig is being used which has allowed drilling from limited-sized sites in the rocky canyon bottoms. Water is hauled by truck about 3 miles and is pumped from the truck to the drill sites through pipe and hose. The contractor has furnished wood boxes for the drill cores, that are stored at the Operator's main office in Trabuco Canyon about 30 miles from the mine. The driller is well experienced in this type of drilling; the contractor (Fred Cannon Co.) is cooperative; and the operator-contractor relationship is excellent.

H. K. Stager

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME-6517
Contract No. 14-23-090-2223
Contract Amount $11,700.00
Gov't. Participation % 75 $8,775.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1966

Operator's Name California Non-metallics, Inc.
Address P. O. Box 265, Trabuco Canyon, California

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	FOR OPERATOR'S USE: PREVIOUSLY REPORTED	FOR OPERATOR'S USE: TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	FOR GOVERNMENT APPROVAL ONLY: PREVIOUSLY REPORTED	FOR GOVERNMENT APPROVAL ONLY: TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting						
Crosscutting						
Drilling	2,486.25	None	2,486.25			
Site Preparation	100.00	None	100.00			
(2) Personal Services:						
Supervision & Technical	212.50	None	212.50			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	32.00	None	32.00			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	2,830.75	None	2,830.75			

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 29 1966

INITIALS	CODE
glu	220 P
J	120 M
PD	140
HK	120 K

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

Date Sept. 2, 1966 *Payee California Non-metallics, Inc.

Per R H Keller Title R. H. Keller Vice-president

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 2,173.06

Signature [illegible] 14X0804
(Authorized Certifying Officer)

Date SEP 29 1966 Vou. No. 2658

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2223

Signature H B Flager Title FIELD OFFICER Date SEPT. 9, 1966

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H B Flager Title FIELD OFFICER Date SEPT. 9, 1966

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

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

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

SEP 12 2 22 PM '66
RECEIVED
GEOLOGICAL SURVEY
BUDGET & FINANCE
0 7 3 3 5 2

MME FORM 61
SEPT. 1959

HK 9/13

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of August, 1966 Docket No. OME-6517

Operator's Name California Non-metallics, Inc. Contract No. 14-23-090- 2223

OPERATION	UNITS	FOR OPERATOR'S USE			FOR GOVERNMENT USE		
		UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond	foot	227	227	2,698.75	227	227	$ 2,698.75
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails	day	2	2	100.00	2	2	100.00
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				32.00			32.00
TOTAL TO DATE *(per MME Form 60)*				2,830.75			$ 2,830.75

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date Sept. 2, 1966 Operator California Non-metallics, Inc.

Per R H Keller Title R. H. Keller Vice-president

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

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

Signature H K Stager

Title Field Officer, OME Region II
Government Representative

Date Sept. 9, 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

August 31, 1966

TO: U. S. Department of the Interior
Office of Minerals Exploration

FROM: California Non-metallics, Incorporated

SUBJECT: Report of drilling operations at the Old Dominion mine during August, 1966.

The Fred Cannon Drilling Company moved onto the site and started work on Hole No. 6 on August 15, 1966.

Hole No. 6 was drilled to a depth of 92 feet and was completed August 19th.

Hole No. 5 was started August 19th, was drilled to a depth of 110 feet and was completed August 2 9th.

Hole No. 7 was started August 29th, was drilled to a depth of 25 feet and was completed August 30th.

The driller moved to Hole No. 1 on August 31st.

There was considerable delay on Hole No. 5 due to water problems, and that is why it took so long. It was the source of water that caused the delay rather than circulation troubles.

The driller is conscientious and cooperative, and is doing a good job so far.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman
President

D. A. CANNON

Statement

FRED R. CANNON

FRED CANNON COMPANY

DIAMOND DRILLING CONTRACTORS

OFFICE PHONE. 632-2308 RES. PHONE 638-2470
1209 EAST ROSECRANS AVENUE
P. O. BOX 5369 · COMPTON, CALIFORNIA

TO California Non-metallics
P. O. Box 265
Trabuco Canyon, California

DATE Sept. 1,1966
INVOICE NO. No. 9925
YOUR ORDER NO.

Quantity	Unit Price	Amount
Statement for holes completed in August Mobilization	$150.00	$ 150.00
2 Setups @ Each	175.00	350.00
1 setup for first two holes, & 1 setup for third hole		
227 Ft. Diamond Drilling @ per. ft.	8.75	1,986.25
Total		$2,486.25

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

August 31, 1966

ASSAY CERTIFICATE

Hole No.	6	6	7	7
Depth:	68'-0" to 68'-6"	76'-8" to 77'-0"	10'-0" to 15'-0"	15'-0" to 20'-0"
Type:	Core	Core	Sludge	Sludge
Gold, oz.	0.04	trace	trace	trace
Silver, oz.	21.10	5.42	4.06	3.22
Lead, %	4.3	2.1	0.5	0.4
Zinc, %	4.0	8.7	7.6	7.1

I certify that the above results are true and exact assays of the samples described.

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman, Assayer

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

August 31, 1966

LOG OF DRILL HOLES

Hole No. 5
Inclination: -45°
Direction: S.62°W.
Depth: 110 feet

0	to 14'-0"	Overburden
14'-0"	to 35'-4"	Quartzite
35'-4"	to 35'-5⅛"	Sulfide stringer
35'-5⅛"	to 52'-6"	Quartzite
52'-6"	to 53'-0"	Black quartzite with sulfide stringers, 1/8" to 3/8" thick
53'-0"	to 54'-0"	Black Quartzite
54'-0"	to 54'-4"	Black quartzite with sulfide stringers, 1/8" to 3/8" thick
54'-4"	to 56'-6"	Black Quartzite
56'-6"	to 56'-7½"	Black quartzite with small pod of galena, 1½" in diameter
56'-7½"	to 58'-4"	Black Quartzite
58'-4"	to 59'-3"	Black quartzite with small sulfide stringers, 1/8" to 3/8" thick
59'-3"	to 60'-4"	Black quartzite
60'-4"	to 60'-4½"	Black quartzite with sulfide stringer
60'-4½"	to 60'-6"	Black Quartzite
60'-6"	to 110'-0"	Quartzite

Hole No. 6
Inclination: Vertical
Depth: 92 feet

0	to 10'-0"	Overburden
10'-0"	to 25'-0"	Quartzite
25'-0"	to 25'-2"	Quartzite with 1/8" to 3/8" quartz and sulfide stringers
25'-2"	to 40'-6"	Quartzite
40'-6"	to 40'-7"	Quartzite with 1/8" sulfide stringer
40'-7"	to 52'-0"	Quartzite
52'-0"	to 52'-1"	Quartzite with 1/8" quartz stringer
52'-1"	to 54'-0"	Quartzite
54'-0"	to 54'-2"	Quartzite with 1/8" quartz stringers
54'-2"	to 66'-8"	Quartzite
66'-8"	to 68'-0"	Black quartzite, partially mineralized

California Non-metallics
INCORPORATED
POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

August 31, 1966

LOG OF DRILL HOLES, CONTINUED

Hole No. 6, continued

68'-0"	to 68'-4½"	Black quartzite with 4½" sulfide stringer
68'-4½"	to 68'-6"	Galena stringer, 1½" wide
68'-6"	to 76'-10"	Black quartzite, partially mineralized
76'-10"	to 77'-0"	Black quartzite with 1½" galena and sulfide stringer
77'-0"	to 79'-0"	Black quartzite
79'-0"	to 82'-0"	Quartzite
82'-0"	to 82'-4"	Quartzite, slightly mineralized
82'-4"	to 83'-4"	Quartzite
83'-4"	to 84'-0"	Quartzite, slightly mineralized
84'-0"	to 92'-0"	Quartzite

Hole No. 7
Inclination: Vertical
Depth: 25 feet

0	to 3'-4"	Overburden
3'-4"	to 9'-3"	Black quartzite with sulfide stringers 1/4" to 8" thick
9'-3"	to 9'-4"	Gouge, ½" thick
9'-4"	to 13'-7"	Black quartzite with sulfide stringers 1/4" to 1" thick
13'-7"	to 14'-0"	Heavy mineralization, 5" thick
14'-0"	to 14'-5"	Black quartzite with sulfide stringers
14'-5"	to 15'-1"	Heavy mineralization, 8" thick
15'-1"	to 18'-0"	Black quartzite with sulfide stringers
18'-0"	to 25'-0"	Quartzite

Where sulfides are mentioned, they include sphalerite, pyrrhotite, pyrite, etc., but not galena.

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

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 24 1966
INITIALS | CODE

August 22, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract No. 2223

Gentlemen:

Enclosed is a three-month supply (15 copies each) of Forms MME-60 and MME-61, for your use in submitting your monthly report of exploration costs. The original and three copies of each form, together with a short narrative report, should be submitted to this office each month. If you have any questions regarding the preparation of these vouchers and reports, please call or write to me and I will be glad to help you.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, WDC
Director
ACG RF
MP RF
File 6517
HKStager:mlb

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

August 11, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1966
INITIALS | CODE
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| 120 ML
| 110
| 120 K

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract No. 2223

Enclosed are the Government's and Budget and Finance's Copies of the subject contract, signed by the Operator, together with the original of the Performance Bond. The remaining copies have been distributed in the usual manner.

H. K. Stager

H. K. Stager

Enclosures

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

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 10 1966
INTERIOR

August 8, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California
Contract No. 2223

Gentlemen:

Thank you for executing and returning the Performance Bond for the subject contract.

Enclosed are the original and three copies of the proposed contract for the Old Dominion project signed by the Director for the Government.

The contract consists of MME Form 50 (7 pages), Annex I (1 page), a Performance Bond (that you have furnished), Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figs. 1 and 2).

If the proposed contract meets with your approval, all four copies should be signed by an authorized representative of California Non-Metallics, Inc., and the following copies returned to this office:

Government's Copy
Budget and Finance's Copy
Field Office's Copy

The Operator's copy should be retained for your files.

If any part of the proposed contract does not meet with your approval, the original and all copies should be returned to this office together with your changes for consideration.

Please note that the 6-3/4 percent interest accrues from the dates on which individual payments are made by the Government and, like the principal, is repayable from royalty on production.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, WDC
Dir WDC RF
AGG RF
MP RF
Docket 6517

HKStager:mlb

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/27		110
		120
7/27	Coe	220
		120 YM

JUL 27 1966

Mr. Otto M. Ellerman
President
California Non-Metallics
P.O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California

Dear Mr. Ellerman:

In reply to your letter of July 21, 1966, concerning your application for exploration assistance, we are pleased to inform you that a proposed exploration contract on your property was mailed to our Field Officer, OME Region II, on July 19.

If you have not heard from our Field Officer it is suggested that you contact him immediately.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region II

FEJohnson/bih 7/27/66

23263

California Non-metallics

INCORPORATED

POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

INDUSTRIAL
MINERALS

July 21, 1966

OFFICIAL
COPY
O. M. E.
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JUL 26 1966
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| 120

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Re: OME-6517 (Silver)

proposed contract to R-II 7/19/66
Performance Bond forwarded by Stager to applicant to be executed (phone 7/26/66)

Dear Mr. Johnson:

On March 21st of this year we forwarded to you additional information as requested by you for the above application. Receipt of this information was acknowledged in your letter of March 29th. On May 15th, Mr. Harold Stager, the Regional Field Officer, examined the property.

To date we have received no information as to the disposition of our application. Will you please let us know if you have made a decision regarding this application. Thank you.

Sincerely yours,

CALIFORNIA NON-METALLICS, INC.

By Otto M. Ellerman
Otto M. Ellerman, President

OME/r

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

OFFICIAL
COPY

July 25, 1966

California Non-Metallics, Inc.
P.O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

Gentlemen:

Enclosed is an unsigned copy of the proposed contract for the subject property and two copies of Standard From 25, Performance Bond.

Please have the Bond executed in the amount of $8,775.00 and return the original to this office with the extra copy of the contract. I will then send you the signed Government's, Budget and Finance's, Field Office's, and Operator's copies of the contract for signature. If you have any questions regarding the Bond or proposed contract please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, WDC ✓
D RF
ACG RF
MP RF
Docket 6517
HKStager:mlb

OFFICIAL FILE COPY

Date	Surname	Code
7/15	Johnson	
7/15/66	Kirkemo	
7/18	Kilgoar	
7/18	Twelt	
7/19	Cal	210
		120 M

JUL 1 5 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California

Enclosed are the original and three copies of a proposed contract for the subject mine. The contract consists of MLE Form 50, (7 pages), Annex I (1 page), a Performance Bond (to be inserted), Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. The date for commencement of the work has been inserted. Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 6-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

Before the contract is sent to the Applicant for its signature, you should obtain a Performance Bond on Standard Form 25 in the amount of $8,775.00 (See Annex 1), properly executed. Two copies of the blank form are enclosed; the original is to be attached to the Government's copy and the other is for the Applicant.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File

OME Reading File
130
Merritchew/mm (7/14/66)

MME FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Associate Solicitor, 6042~~		
2. Mr. Johnson, 4450		
3.		
4.		
5.		
FROM: Frank E. Johnson	7/6/66	

FOR: Check items for action desired

X Action	____ Reply for signature of ____	
X Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	____ Your information	

FROM: SOLICITOR

JUL 13 1966

FOR SIGNATURE

REMARKS:

S-66-2063.11

INTERIOR DEPT.
JUL 7 - 1966
SOLICITOR

RECEIVED
JUL 8 1966
Division of Mineral Resources
and General Legal Services

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

M56300-62

DRAFT FEJohnson/gla
6/30/66
Retyped:7/5/66 mm

Docket Copy
FEJ
HK

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6517	Silver		Orange	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

California Non-Metallics, Incorporated, a California corporation

whose mailing address is ~~Post Office Box 265, Trabuco Canyon, California~~, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before Sept. 15, 1966 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 6 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ ~~11,700.00~~. The Government will contribute 75 ~~50~~ percent of the allowable costs as they are incurred, in a total sum not in excess of $ 8,775.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

CALIFORNIA NON-METALLICS, INCORPORATED
(Operator)

By_____

By_____
Director
U. S. Geological Survey

Title_____

_____

I, _____ (Name), certify that I am the

_____ secretary of the corporation named as Operator herein; that

_____ (Name), who signed this contract on behalf of the Operator, was then

_____ (Title) of said corporation; that said contract was duly signed for

and in behalf of said corporation by authority of its governing body, and is within the scope of its

corporate powers.

_____

 [CORPORATE SEAL]

6/30/66
DRAFT ~~7/6/66~~
FEJohnson/gla
Retyped: 7/6/66

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATION
OME-6517

ANNEX I

The land referred to in Article 2 of the contract consists of 160 acres, with surface rights limited to 40 acres, as shown on Figure 1, entitled "Sketch map of SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California showing location of Old Dominion Mine property."

The property is held by the Operator under a Mineral Lease dated October 25, 1965, from the owners, V. B. Anderson and Myrtle E. Anderson, husband and wife, and Lulu Frevert, as amended by letter dated February 7, 1966.

In lieu of Lien and Subordination Agreements covering the land, a Performance Bond in the amount of $8,775.00 is attached and made part hereof.

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

EXHIBIT A

The purpose of this project is to explore for silver-bearing ore deposits occurring in veins along a northwest-striking fault zone in metasedimentary rocks.

The work shall be performed by diamond core drilling from the surface.

General Provisions

No work shall be performed at locations within 200 feet of the boundaries of the 40 acres on which the Operator holds surface rights.

All diamond core drill holes shall be cased through overburden and completed with standard BX core size or equivalent wire line size equipment.

Significantly mineralized core shall be split and one split assayed for silver, gold, lead, and zinc. The remaining core shall be stored in proper sequence with the unmineralized core. No sample shall represent a core length greater than five feet.

Facilities shall be provided for recovering drill sludges. Sludge samples shall be retained when drilling in significantly mineralized formations.

Core from the diamond drilling shall be stored in boxes identified as to hole number with markers in the core sections indicating the depth represented. Sludge samples shall be stored in suitable containers also properly identified as to source and location. The stored

core and sludge samples shall be retained for Government inspection and possible use. With prior Government approval, the Operator may dispose of the core and sludge samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period and the locations of all samples taken. The map or sketch shall also show the general geological formations and structures traversed by the drill holes.

All drill holes shall be logged geologically and copies of the logs of the completed holes shall likewise be submitted with the Operator's monthly report.

The Operator shall provide such supervisory and technical services as may be required to complete the work in a satisfactory manner.

The location, direction, and extent of each drill hole shall be subject to prior Government approval.

The Government will not participate in the costs incurred for incomplete holes.

Description of the Work

Necessary access roads and drill sites shall be prepared and no more ~~[illegible]~~ than nine diamond ~~drill~~ core holes shall be drilled, eight to be located approximately as indicated on Figure 2, entitled "Sketch map of Old Dominion Mine showing proposed drill holes," attached and made part hereof. The approximate bearings, inclinations, and lengths of the proposed holes are as follows:

Hole No.	Bearing	Inclination	Depth (estimated in feet)
1	S. 62° W.	-45°	100
2	-	Vertical	150
3	S. 62° W.	-45°	100
4	-	Vertical	150
5	S. 62° W.	-45°	100
6	-	Vertical	100
7	-	Vertical	50
8	-	Vertical	250

Any unused footage remaining from the above-indicated holes may be used to drill a ninth hole, the location, bearing, inclination, and depth to be mutually agreed upon in advance by the Operator and the Government.

Estimated Cost of the Project

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, one surface diamond drill unit	$300.00	
Diamond core drilling, 1000 feet	8,750.00	
BX standard core @ $8.75/foot		
BXWL core @ $8.50		
Delays charged to Operator in-hole surveying, etc. 8 hours @ $8.00/hour	64.00	
Moving and setting up, following 1st hole 4 moves @ $175.00 each	700.00	
		$9,814.00

Category (2) Personal Services

None except:

1 Supervisory and technical services,		
2 days per week @ $42.50 per day, 10 weeks	$850.00	$ 850.00

Category (3) Operating Materials and Supplies

80 Sample bags @ 10¢ each	$ 8.00	
80 core boxes @ ~~$1.0~~ $1.00 each	80.00	$ 88.00

Category (7) Miscellaneous

None except:

80 Samples assayed for silver, gold, lead, and zinc @ $8.00/sample	$640.00	
F.I.C.A., payroll taxes, insurance, etc.	158.00	$798.00
Total Estimated Actual Costs		$11,550.00

Fixed Unit Costs 1/

Initial access road repairs and drill site preparation, 3 days @ $50.00/day	$150.00	
Total Estimated Fixed Unit Costs		$150.00
Total Estimated ~~XXXXXXXXXXXXXXXX~~ Cost of the Project		$11,700.00

S U M M A R Y

Total Estimated Actual Costs	$11,550.00
Total Estimated Fixed Unit Costs	150.00
Total Estimated Cost of the Project	$11,700.00
Government Participation @ 75%	$ 8,775.00

1/ Includes all costs whatsoever that would be allowable costs under Categories (2) through (7).

DRAFT
6/30/66
FEJohnson/gla

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

Docket copy

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6517	Silver		Orange	California

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

California Non-Metallics, Incorporated, a California corporation

whose mailing address is **Post Office Box 265, Trabuco Canyon, California**, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before **Sept. 15, 1966** (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within **6** months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $~~**11,672.00**~~ 11,700.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $~~**8,754.00**~~ 8,775.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of ____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

(See Annex I)

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

(See Annex I)

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

DRAFT
FEJohnson/gla
6-30-66

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

ANNEX I

The land referred to in Article 2 of the contract consists of 160 acres, with surface rights limited to 40 acres, as shown on ~~a sketch map~~ (Figure 2) attached, entitled and made part hereof ~~hereto, known as the Old Dominion Mine (Ortega Mine), located in the SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California.~~

The property is held by the Operator under a Mineral Lease dated October 25, 1965, as amended by letter dated February 7, 1966, from the owners, V. B. Anderson and Myrtle E. Anderson, husband and wife, and Lulu Frevert.

In lieu of Lien and Subordination Agreements covering the land, a Performance Bond in the amount of $8,754.00 $8,775.00 is attached and made part hereof.

EXPLORATION CONTRACT
CALIFORNIA NON-METALLICS, INCORPORATED
OME-6517

EXHIBIT A

The purpose of this project is to explore for silver-bearing ore deposits occurring in veins along a northwest-striking fault zone in metasedimentary rocks.

The work shall be performed by diamond core drilling from the surface.

General Provisions

No work shall be performed at locations within 200 feet of the boundaries of the 40 acres on which the Operator holds surface rights.

All diamond core drill holes shall be cased through overburden and then continued with standard BX core size or the equivalent wire line size equipment.

Significantly mineralized core shall be split and one split assayed for silver, gold, lead, and zinc. ~~No other split~~ The remaining core shall be properly stored in a proper sequence with the unmineralized core. No sample shall represent a core length of greater than five feet.

Facilities shall be provided for recovering drill sludges. Sludge samples shall be retained when drilling in significantly mineralized formations.

Core from the diamond drilling shall be properly boxed stored in boxes identified as to hole number with markers in the core sections indicating the depths represented. and marked as to source and location. A split of the core and sludge segment samples shall be stored in a suitable containers also properly identified as to source and location. The stored

core and sludge samples shall be retained for Government inspection and possible use. With prior Government approval, the Operator may dispose of the core and sludge samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period and the locations of all samples taken. The map or sketch shall also show the general geological formations and structures traversed by the drill holes.

All drill holes shall be logged geologically and copies of the logs of the completed holes shall likewise be submitted with the Operator's monthly report.

The Operator shall provide such supervisory and technical services as may be required to complete the work in a satisfactory manner.

The location, direction, and extent of each drill hole shall be subject to prior Government approval.

The Government will not possibly approve easy inspection for in the drill holes.

insert

Description of the Work

Necessary access roads and drill sites shall be prepared and no more than nine diamond core holes shall be drilled, eight to be located approximately as indicated on ~~sketch map~~ (Figure 2) attached and made part hereof. The approximate bearings, inclinations, and lengths of the proposed holes are as follows:

Hole No.	Bearing	Inclination	Depth (estimated in feet)
1	S. 62° W.	- 45°	100
2	-	Vertical	150
3	S. 62° W.	- 45°	100
4	-	Vertical	150
5	S. 62° W.	- 45°	100
6	-	Vertical	100
7	-	Vertical	50
8	-	Vertical	250

Any unused footage remaining from the above-indicated holes may be used to drill a ninth hole, the location, bearing, inclination, and depth to be mutually agreed upon in advance by the Operator and the Government.

Estimated Cost of the Project

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization one surface diamond drill ~~rig~~ unit	$ 300.00	
Diamond Core drilling, 1,000 feet		
BX standard core @ $8.75/ft.	8,750.00	
BXWL core @ $8.50		
Delays (charged to Operator) - in-hole surveying, ~~sampling~~, etc.		
8 hours @ $8.00/hr.	64.00	
Moving and setting up, following 1st hole		
4 moves @ $175.00 each	700.00	$9,814.00

Category (2) Personal Services		
None except:		
1 supervisory and technical services,		
2 days per week, @ $42.50 per day, 10 weeks	$ 850.00	$ 850.00
Category (3) Operating Materials and Supplies		
80 sample bags @ 10¢ each	$ 8.00	
80 core boxes @ $1.00 each	80.00	$ 88.00
Category (7) Miscellaneous		
None except:		
80 samples assayed for silver, gold, lead, and zinc @ $8.00/sample	$ 640.00	
F.I.C.A., payroll taxes, ~~and other~~ insurance, etc.	158.00 ~~130.00~~	798.00 $ ~~770.00~~
Total Estimated Actual Costs		~~$11,522.00~~ $11,550.00
Fixed Unit Costs 1/		
Initial access road repairs and drill site preparation -		
3 days @ $50.00/day	$ 150.00	~~$x,xxx.xx~~
Total Estimated Fixed Unit Cost		$ 150.00
Total Estimated Cost of the Project		~~$11,672.00~~ $11,700.00

S U M M A R Y

Total Estimated Actual Costs	$11,550.00 ~~$11,522.00~~
Total Estimated Fixed Unit Costs	150.00
Total Estimated Cost of the Project	$11,700.00 ~~$11,672.00~~
Government Participation @ 75%	~~$8,754.00~~ $8,775.00

1/ Includes all costs whatsoever that would be allowable costs under Categories (2) through (7).

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

June 22, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 27 1966
INITIAL CODE
gla 130
HK 110

Memorandum

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

From: Field Officer
Region II

Subject: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

Enclosed is my Application Report on the subject property, recommending that a contract be granted consisting of 1,000 feet of diamond drilling at an estimated cost of $11,542.00. I believe there is a good possibility of discovering silver-lead-zinc ore bodies in the area to be explored, minable for their silver content alone. //

Also enclosed are five extra copies of the property map (Fig. 2) and a sketch map showing the proposed drill holes (Fig. 3), to be used in the event a contract is granted.

If a contract is granted the applicant is prepared to furnish a Performance Bond in lieu of a Lien and Subordination Agreement.

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

By

H. K. Stager
Field Officer
OME, Region II

June 22, 1966

FIELD
EXAM. REPT.

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ILLUSTRATIONS

Figure 1. Location map.

Figure 2. Property map showing location of Old Dominion Mine.

Figure 3. Sketch map of Old Dominion Mine showing proposed drill holes.

INTRODUCTION

California Non-Metallics, Inc., P.O. Box 265, Trabuco Canyon, California, applied to the Office of Minerals Exploration for Government assistance, Docket OME-6517, to explore for silver at the Old Dominion Mine, formerly known as the Ortega Mine, Orange County, California. The applicant infers the presence of silver-bearing ore shoots along faults cutting quartzite and wishes to explore for these ore shoots by diamond drilling from surface sites.

A field examination was requested by the Office of Minerals Exploration, and was made by H. K. Stager, Field Officer, on May 12, 1966, accompanied by Mr. Otto M. Ellerman, president of California Non-Metallics, Inc. The applicant's maps and assay data were carefully studied and compared with surface and underground exposures. Four samples were taken and the assays are included in this report.

SUMMARY

The Old Dominion Mine contains several small shoots of dense, fine-grained, silver-lead-zinc ore along a fault cutting quartzite. The results of the examination indicate that the ore shoots will continue down the dip and other shoots probably will be found along the strike of the mineralized fault zone in the area to be explored. The silver content of the ore that has been mined, and that is exposed in the area to be explored, is sufficiently high so as to justify the mining of the ore for its silver content alone. The property, therefore, qualifies for exploration assistance as a silver mine.

The applicant proposes to explore for ore bodies in the downward continuation of the mineralized fault zone exposed in the shallow workings by diamond drilling from surface sites. Although the program proposed is of limited extent, and will only explore a small area close to the old mine workings, it is probably as large as can be presently justified. Because of the steep topography in the mine area, a larger program would involve extensive, and costly, access-road and drill-site preparation. If the proposed exploration is successful in proving the downward extent of the deposit a larger, and more costly, program can then be justified. The applicant is qualified to do the work, the project site is accessible, and facilities for accomplishing the work are available.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with California Non-Metallics, Inc., to provide 75 percent of the costs of the program to explore the Old Dominion Mine area.

The single-stage program will require about 3 months to complete and the Government's share of the estimated total cost of $11,542.00 would be $8,656.50.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Old Dominion Mine is in Sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California (Fig. 1), in the Santa Ana Mountains at an altitude of 2,900 feet.

The mine is reached from Santa Ana, the nearest major supply center, by traveling south on Interstate Highway 5 (U.S. 101) 20 miles, turn east on California Highway 74 about 23 miles to the El Cariso Guard Station and Campground, turn north on the Main Divide Truck Trail and travel 2.4 miles, then turn south on the mine access road 0.4 mile to the mine. The road is passable to ordinary passenger cars and the drive from Santa Ana usually requires about 1 hour.

Mail, telephone, railroad, and trucking services are available in Elsinore, 12 miles, or San Juan Capistrano, 29 miles. Labor and mining supplies are available in Santa Ana, 45 miles, or Los Angeles, 75 miles. Water for drilling is available from the flooded mine workings or springs in the vicinity. Assay services are available in Los Angeles for silver, gold, lead, and zinc at $8.00 per sample.

PROPERTY

History and Production

The Old Dominion Mine was discovered about 1890 and has been intermittently active on a small scale since about 1894, when unsuccessful attempts were made to smelt the ore. The complex nature of the ore has hampered development and production. The property was formerly railroad land until purchased by the present owners. Production records are incomplete and the average grade of the ore shipped is in doubt. The owners report a production of 150 tons of ore, during the period 1941-44, that contained 25.8 ounces of silver and 0.02 ounce of gold per ton, 0.3 percent copper, 3.5 percent lead, 3.1 percent zinc, and 21 percent iron. Total production has probably been less than 300 tons of ore.

Ownership

The property is owned by V. B. and Myrtle E. Anderson and Lulu Frevert and is leased to the applicant. The lease is for 160 acres in the SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, with surface rights limited to 40 acres surrounding the mine (Fig. 2). Copies of the lease, and an amendment increasing the area subject to the lease, were included in the application. The owners will not consent to a Lien and Subordination Agreement, and in the event a contract is granted the applicant will furnish a suitable performance bond.

Financial Eligibility

The applicant furnished copies of letters to two banks requesting loans for the proposed work and also copies of letters from the banks denying the loans. The applicant proposes to furnish its share of the exploration costs by use of its equipment, labor, and funds supplied from corporation accounts. A recent financial statement was furnished with the application.

Development

The mine is developed by about 700 feet of underground workings consisting of two adits, connected underground by a winze, a shallow inclined shaft, and several shallow prospect pits.

There is an old mill on the property with a number of pieces of obsolete machinery but it has never operated. There is a small quantity of rail, pipe, and mine equipment on hand at the mine, and the applicant owns trucks, loaders, and bulldozers that are in use at its other operations.

GEOLOGY

Geologic Setting

The Old Dominion Mine is in the bottom of a narrow canyon in an area of high relief, and the surface is almost completely covered by dense brush. The rocks exposed in the vicinity of the mine are chiefly thin-bedded quartzite and other metasedimentary rocks of the Bedford Canyon Formation of Triassic age. These rocks strike about N. 15° W. and dip 70° NE. A small intrusive body of ultramafic rock is reported to crop out northwest of the mine workings but was not observed.

The metasedimentary rocks are cut by several northwest-striking faults that dip from 40° NE through vertical to 40° SW. It is along the more gently northeast-dipping faults that the silver-bearing ore shoots occur.

Ore Deposits

The silver-lead-zinc ore bodies that have been mined are veins along a fault, or faults, that strike about N. 30° W. and dip 40°-65° NE. The ore ranges from a few inches to as much as 10 feet in thickness but probably averages about 5 feet. The mineralized fault zone can be traced for about 600 feet along the strike and has been exposed over a dip length of about 150 feet. Only a few hundred tons of ore has been produced and this has been mined from several places in the mine. The major production has come from the inclined shaft and a short drift north from the shaft on the 50 level. The ore partly exposed in this working is about 8 feet wide, 40 feet long, and averages about 10 ounces of silver, 0.02 ounce of gold, 1.5 percent lead, and 3 percent zinc. The dip and strike length

of this shoot are not known. The ore bodies pinch and swell along the strike and down the dip. In general the best ore is where the dip of the structure is about 40°-50°.

The principal ore minerals are argentiferous galena and sphalerite with probably an unidentified silver-sulfide mineral. Gangue minerals are pyrrhotite, arsenopyrite, pyrite, quartz, and calcite. This complex ore is fine grained, massive, and very dense. Oxidation extends only a few feet below the outcrop and the massive sulfides are relatively unaltered where exposed in the shallow mine workings.

Sampling

The applicants have taken numerous samples of the accessible exposures. Assays for the samples are given in the application. Three samples of mineralized exposures and one grab sample of the remains of an ore stockpile were taken at the time of the examination. The locations of these samples are shown on Figure 3, and the assays are as follows:

Sample No.	Ounces per ton Silver	Gold	Percent Lead	Zinc	Description
1	21.60	0.02	9.15	13.80	4' chip at point "A" in adit
2	43.80	0.06	10.15	12.30	Grab of broken ore at point 11 on 50-ft level of shaft
3	3.80	0.02	None	None	2' chip across fault in south pit
4	33.20	0.03	6.10	3.20	Grab of ore stockpile

Ore Reserves

An unpublished report by F. B. Tucker, California Division of Mines, in 1943, estimated a block of "probable" ore containing 8,000 tons. This block lies between the inclined shaft and the vertical shaft to a depth of 50 feet. No estimate of grade was given. The applicant does not agree with this estimated reserve tonnage. Although some good grade ore has been mined and there are several exposures of minable grade ore in the mine, the deposit is too poorly developed to justify an estimate of probable ore (indicated reserves) much in excess of several hundred tons. Sufficient exposures of ore-grade material and favorable mineralized structures exist, however, to infer reserves of about 10,000 tons of ore. This reserve is in a block 400 feet long and extending down dip 200 feet, about one-fourth of which is inferred to be ore-grade material averaging 5 feet thick. The average grade of this material is estimated to be about 20 ounces of silver and 0.02 ounce of gold per ton, with 5 percent lead and 5 percent zinc. These reserves are the target of the proposed exploration.

EXPLORATION

Applicant's Proposal

The applicant's original proposal November 1, 1965, included the drilling of 9 vertical and inclined holes from 7 surface sites for a total of 695 feet at an estimated cost of $9,600. This proposal was revised on March 21, 1966 to 9 holes from 6 surface sites for a total of 855 feet at a cost of $9,229.25.

The applicant's proposal does not take into account the possible steepening of the mineralized fault or thickening of the ore zone. The estimated depths of the holes, and therefore the total drilling footage required, are probably too low. Proposed Hole No. 8 (at loc. No. 5) is in the footwall of the fault, and therefore would require a flat hole to the northeast in order to intersect the projected mineralized zone, if it extends into that area. There is no surface indication that the fault extends that far south, and I do not consider the hole to be justified on the basis of present information. The value of Hole No. 7 (at loc. No. 4) is questionable, but inasmuch as the steep rocky hillside (30° slope) prevents moving the site farther to the east without costly access road construction, it is probably justified in order to determine the southward extent of the mineralized fault.

Map 3-I-1

Applicant's estimates Yes

?

F.O. Fig. 3 shows DDH 8 90' NE of DDH 102 whereas 3-I-1 shows it as F.O describes it.

Examiner's Proposal

The following tabulation lists the 8 holes from 5 sites which I recommend drilled, together with their bearing, inclination, and depth:

Hole No.	Bearing	Inclination	Depth (estimated) (in feet)
1	S. 62° W.	-45°	100
2	-------	vertical	150
3	S. 62° W.	-45°	100
4	-------	vertical	150
5	S. 62° W.	-45°	100
6	-------	vertical	100
7	-------	vertical	50
8	-------	vertical	250
		Total	1,000 feet

The locations of these proposed holes are shown on Figure 3. I have increased the depths of all the holes, from those proposed by the applicant, to allow for steepening of the mineralized structure and thickening of the ore zone. If all of the footage is not required to complete the above holes, any footage remaining should be utilized to test the structure between Holes No. 1 and 8.

Proposed Exploration Costs

The applicant has provided bids for diamond drilling from two contractors, both of which appear reasonable for the amount of work involved and the area. The bid by Cannon Diamond Drilling Company is the lowest and is favored by the applicant. I have increased the estimated footage from 855' to 1,000' and added an estimate for core boxes and sample bags. The applicant has competent supervisory personnel and adequate equipment to handle the road repairs and site preparation. The estimated costs for this work are reasonable.

If a contract is granted work can start within 2 months and be completed about 3 months from the starting date. An average drilling rate of about 20 feet per day, or 100 feet per week, is anticipated.

COST ESTIMATE

Actual Costs

Category (1) Independent Contracts

1. Mobilization and demobilization (1 diamond drill rig)	$300.00
2. Core drilling (BX core) 1,000 ft. total at $8.75/ft	8,750.00
3. Delays ($8/hr) 8 hours - hole surveying, etc.	64.00
4. Moving and setting up, following 1st hole 4 moves at $175. each	700.00
	$9,814.00

Category (2) Personal Services

1 supervisor: 2 days/week at $42.50 per day, 10 weeks	$850.00

Category (3) Operating Materials and Supplies

80 sample bags at 10¢ each	$ 8.00
80 core boxes at $1.00 each	80.00
	$ 88.00

Category (7) Miscellaneous

80 samples assayed for silver-gold, lead, zinc at $8.00 per sample	$640.00

Fixed Unit Costs

Initial access road repairs and site preparation 3 days at $50/day (Operator's equipment and personnel)	$150.00

Summary

Total estimated actual costs	$11,392.00
Total fixed unit costs	150.00
Total estimated cost of the project	$11,542.00
Government participation at 75 percent	$ 8,656.50

Figure 1.-- Location Map

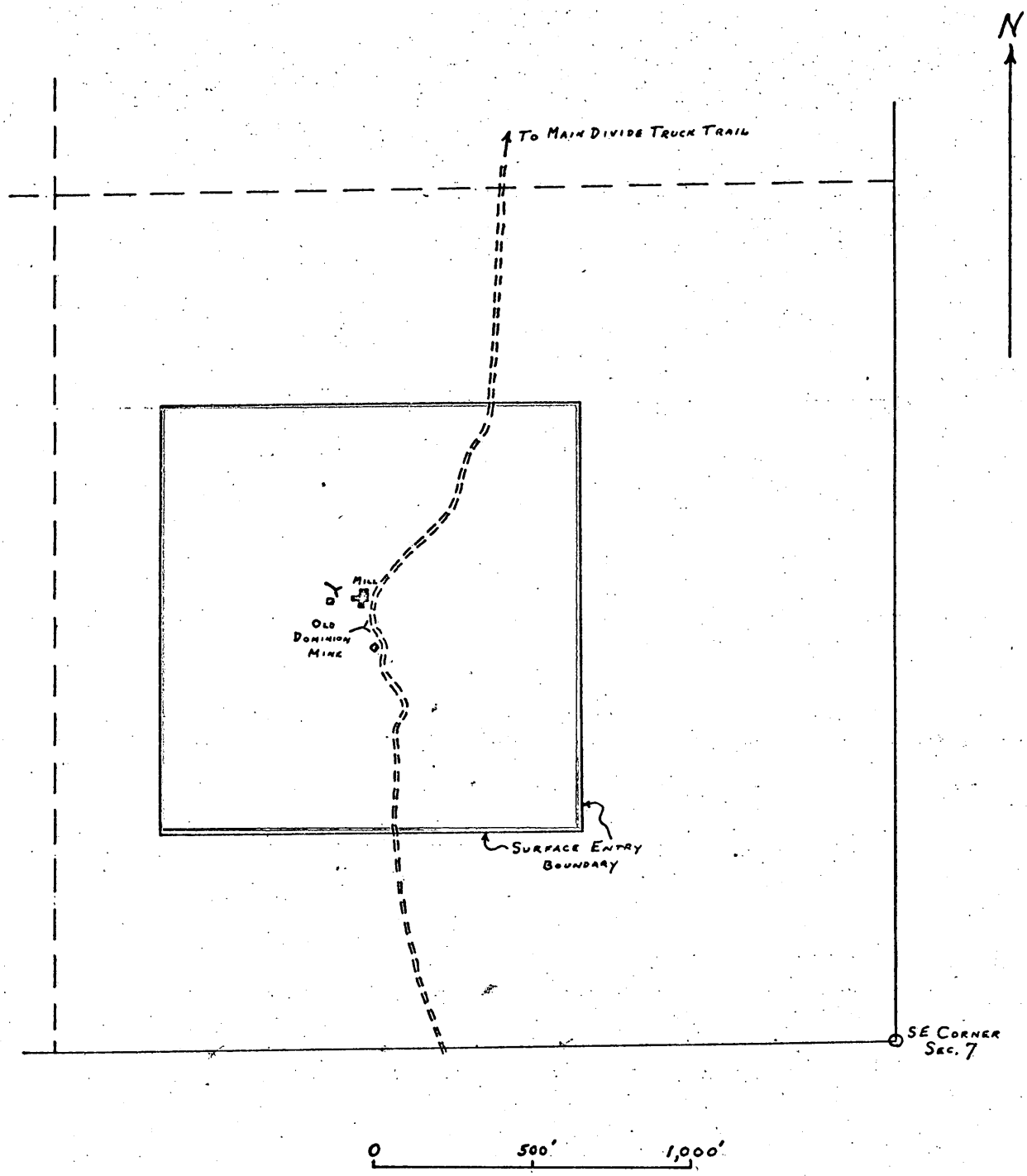

Figure 2.--Sketch map of SE¼ sec. 7, T. 6 S., R. 5 W., SBBM, Orange County, California showing location of Old Dominion Mine property.

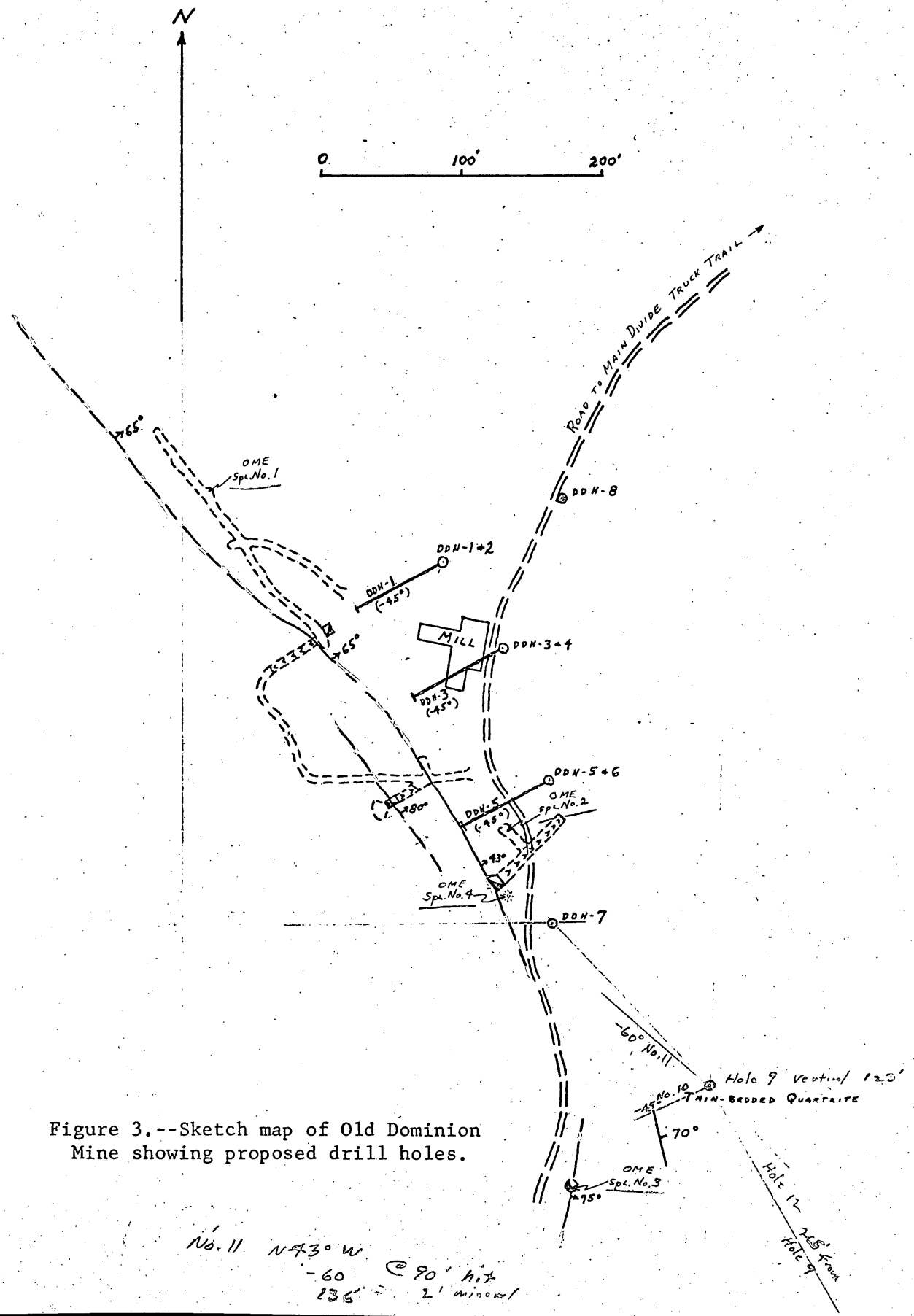

Figure 3.--Sketch map of Old Dominion Mine showing proposed drill holes.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		110
3/30/66	Kirkemo	120 K
		220

MAR 29 1966

Memorandum

To: Field Officer, OME Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California

Enclosed is supplemental information relating to the subject application submitted in response to our letter of December 10, 1965, to the applicant.

We are referring this application to you for an on-site examination of the property and a report thereon, including your recommendations.

The information submitted includes assay data which indicate substantial silver content with base metals. It is suggested that a few check samples be taken for confirmation of the high silver assays with respect to the base metals. Even though the dollar value of the base metals exceed that of silver and gold, if a relatively substantial production of silver might be expected to result from the proposed exploration because of the high silver content, we could consider the exploration to be for silver.

If your report is to be favorable for exploration of the property, please inform the applicant that we cannot accept a cash performance bond in the form of a certified check. It would be necessary that a standard performance bond as mentioned in the next to the last paragraph of our letter to the applicant of December 10, 1965, be obtained.

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Mr. Selfridge

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

FEJohnson/bih 3/29/66

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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		120 K
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		120

MAR 2 0 1966

California Non-Metallics, Incorporated
P. O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Incorporated
Old Dominion Mine (Ortega Mine)
Orange County, California

Gentlemen:

Receipt is acknowledged of your letter of March 21, 1966, enclosing additional information relating to the subject application.

The application and additional information are being referred to Mr. Harold K. Stager, Field Officer, OME Region II, Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025. Mr. Stager will contact you if further information is needed.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file (docket)
OME reading file
OME Region II

FEJohnson/bih 3/29/66

23263

California Non-metallics

INCORPORATED

POST OFFICE BOX 265. TRABUCO CANYON. CALIFORNIA, 92678
TELEPHONE: 714 JUSTICE 6-7901

CHINA CLAY
SILICA SANDS
GANISTER

February 21, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 24 1966
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RE 110
120
120

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Re: OME-6517 (Silver)
California Non-metallics, Inc.
Old Dominion Mine
Orange County, California

Dear Mr. Johnson:

Thank you for your letter of February 15th. The additional information which you requested has taken some time to assemble. We expect to forward the requested information within two weeks.

Very truly yours,

CALIFORNIA NON-METALLICS, INC.

By Ralph H. Keller
Ralph H. Keller

Copy sent R-II 2/24/66

No copy necessary

E Form 7
/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
		110
2/15	Cad	220
		120 m

FEB 15 1966

California Non-Metallics, Inc.
P. O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

Gentlemen:

On December 10, 1965, we wrote you outlining certain information which was necessary to continue the processing of your application. To date, we have not had a reply to our letter. Will you please inform us of your plans regarding the application. If you have decided not to pursue it further, will you please so inform us.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

MMerrithew/mm (2/14/66)
cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Region II

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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	Selfridge	120
12/10	Cac	220
		120 M

DEC 1 0 1965

California Non-Metallics, Inc.
P. O. Box 265
Trabuco Canyon, California 92678

Re: OME-6517 (Silver)
California Non-Metallics, Inc.
Old Dominion Mine (Ortega Mine)
Orange County, California

Gentlemen:

A careful review of your application for financial assistance to explore the Old Dominion mine in Orange County, California, reveals the need for additional information in order for us to continue its processing.

Copper, lead, and zinc are not eligible for exploration assistance, therefore, where these metals occur on a property, it must be shown that one or more eligible minerals or metals, such as gold or silver, is the primary mineral or metal being sought. Possibly you could furnish additional information to show that the principal dollar value of the ore expected to be found on your property would be in gold or silver, or that they are expected to occur in sufficient amounts to result in significant gold and silver production.

We believe that your proposed shallow drilling is more in the nature of development of known mineral occurrences rather than exploration for new ore reserves as required under the OME Regulations. It would seem more logical to drill fewer holes to greater depths below present workings to properly explore this area.

In this respect, bids from independent contractors for your proposed drilling were not submitted. Whether the drilling is to be performed by you or by an independent contractor, at least two bids for the proposed work are required from reputable independent contractors.

We also should have a map of the entire 160 acres held under lease, showing the location of the 10 acres in this area on which you hold surface rights. The restriction in your lease to make entry on only 10 acres is too limited and would not permit surface exploration outside of the 10 acres. This restriction should be removed or broadened to permit greater latitude in exploring the property.

23263

In your Exhibit 3-E, "Notes on the Old Dominion Mine," in the first paragraph it is stated that the mine includes six claims, and also that the total area of patented claims cover 640 acres. In your Exhibit 3-H, "Lake Elsinore Quadrangle," in the paragraph on the Old Dominion Mine (27), it is indicated that Section 7, described in your lease was formerly railroad land. Please explain how title to the mineral rights are held. If, under mining claims, they should be shown on your map with names, boundaries, survey number, if patented, and book and page number where recorded.

As the owners of the property have refused to execute a Lien and Subordination Agreement, before an exploration contract could be granted, we would require a performance bond from an acceptable bonding company. A copy of Standard Form 25 for this purpose is enclosed. It is not necessary that you obtain such a bond at the present time, but we must have assurance that you can obtain such a bond before proceeding with your application.

This request for additional information should not be construed that a contract will be granted. We will hold further action on your application in abeyance until we hear from you.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

FEJohnson/bih
12/9/65
cc to: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region II
OME Mr. Selfridge

November 12, 1965

California Non-Metallics Inc.
P. O. Box 265
Trabuco Canyon, California

Subject: OME - 6517

Gentlemen:

Your application for exploration assistance, dated November 1, 1965, submitted to our office at San Francisco, California, has been assigned Docket Number OME - 6517.

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

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region II

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 23 1966
FILE NAME | CODE

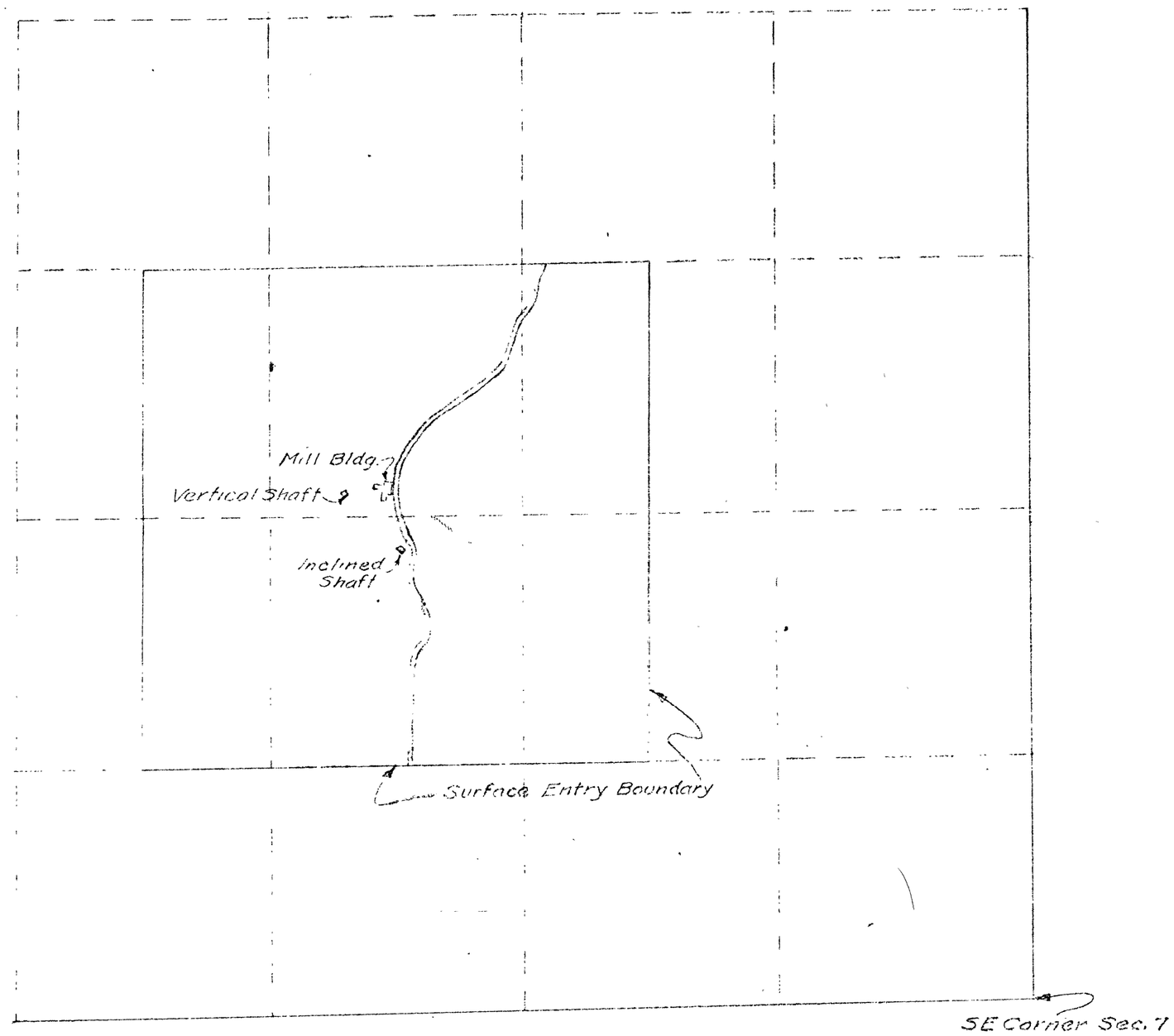
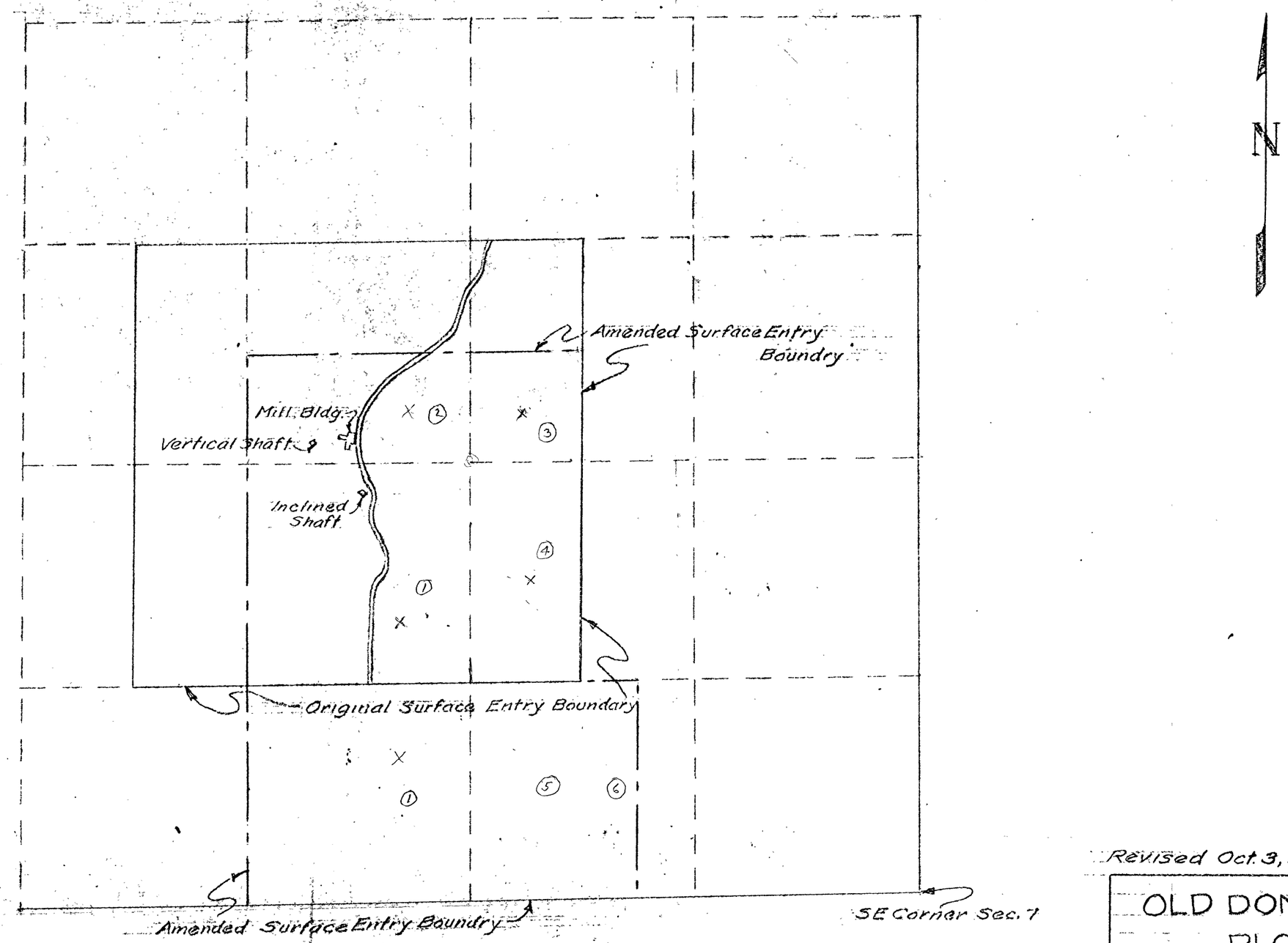


EXHIBIT 5-B

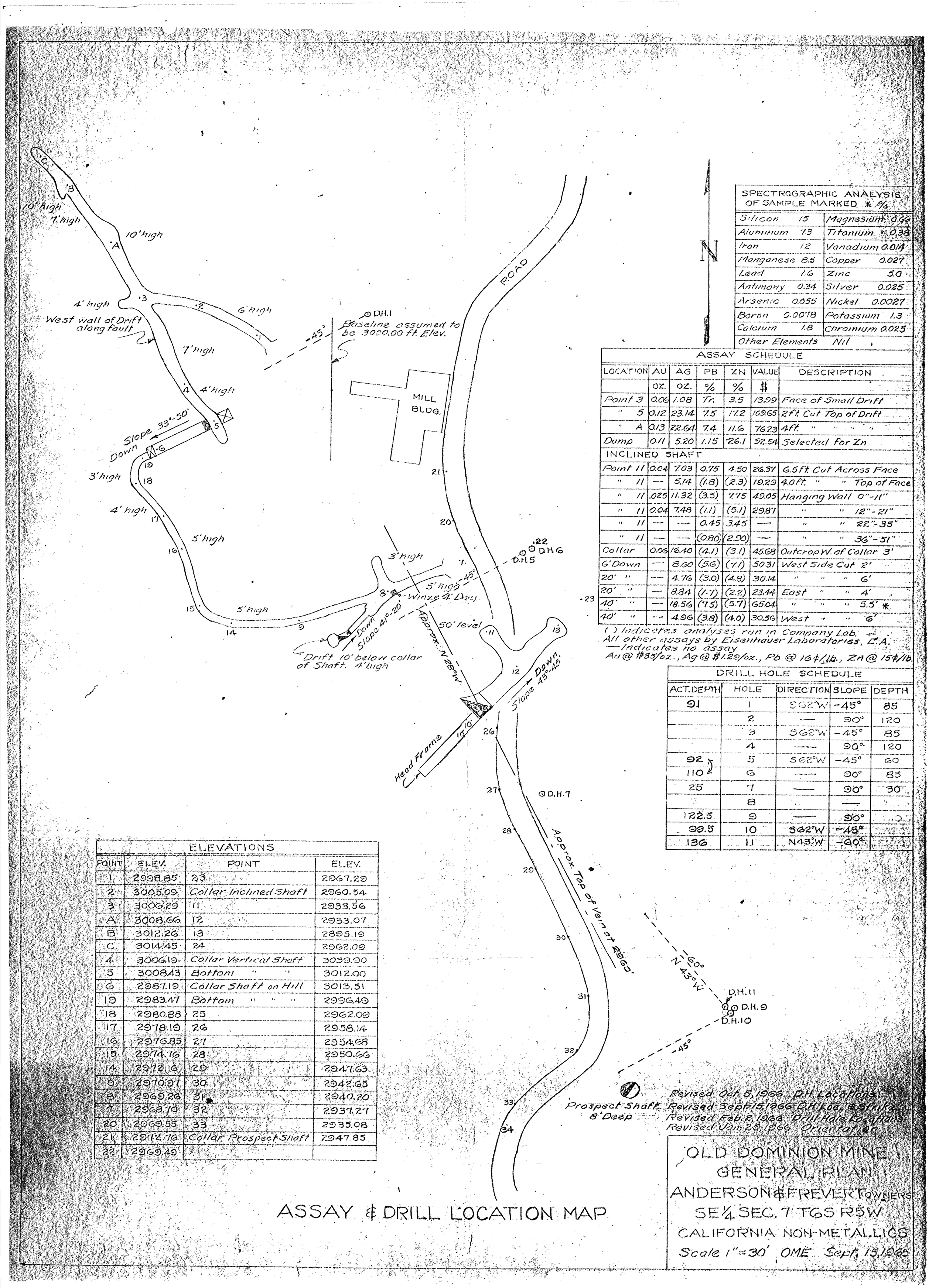
OLD DOMINION MINE
PLOT PLAN
of
SE¼ SEC. 7 T6S R5W
ANDERSON & FREVERT OWNERS
CALIFORNIA NON-METALLICS
Scale 1" = 300' OME Jan. 28, 1966



Revised Oct. 3, 1966 Amended Boundry

OLD DOMINION MINE
PLOT PLAN
SE¼ SEC. 7 T6S R5W
ANDERSON & FREVERT OWNER
CALIFORNIA NON-METALLICS
Scale 1" = 300' OME Jan. 28, 196

Figure 3



SPECTROGRAPHIC ANALYSIS OF SAMPLE MARKED * %			
Silicon	15	Magnesium	0.66
Aluminum	7.3	Titanium	0.38
Iron	12	Vanadium	0.014
Manganese	8.5	Copper	0.027
Lead	1.6	Zinc	5.0
Antimony	0.34	Silver	0.025
Arsenic	0.055	Nickel	0.0027
Boron	0.0078	Potassium	1.3
Calcium	1.8	Chromium	0.025
Other Elements		Nil	

ASSAY SCHEDULE

LOCATION	AU	AG	PB	ZN	VALUE	DESCRIPTION
	OZ.	OZ.	%	%	$	
Point 3	0.06	1.08	Tr.	3.5	13.99	Face of Small Drift
" 5	0.12	23.14	7.5	17.2	109.65	2ft. Cut Top of Drift
" A	0.13	22.64	7.4	11.6	76.23	4ft. " " " "
Dump	0.11	5.20	1.15	26.1	92.54	Selected for Zn
INCLINED SHAFT						
Point 11	0.04	7.03	0.75	4.50	26.31	6.5ft. Cut Across Face
" 11	—	5.14	(1.8)	(2.3)	19.29	4.0ft. " " Top of Face
" 11	.025	11.32	(3.5)	7.75	49.05	Hanging Wall 0"-11"
" 11	0.04	7.48	(1.1)	(5.1)	29.87	" " 12"-21"
" 11	—	—	0.45	3.45	—	" " 22"-35"
" 11	—	—	(0.80)	(2.90)	—	" " 36"-51"
Collar	0.06	16.40	(4.1)	(3.1)	45.68	Outcrop W. of Collar 3'
6' Down	—	8.60	(5.6)	(7.1)	50.31	West Side Cut 2'
20' "	—	4.76	(3.0)	(4.8)	30.14	" " " 6'
20' "	—	8.84	(1.7)	(2.2)	23.44	East " " 4'
40' "	—	18.56	(7.5)	(5.7)	65.04	" " " 5.5' *
40' "	—	4.96	(3.8)	(4.0)	30.56	West " " 6'

( ) Indicates analyses run in Company Lab.
All other assays by Eisenhauer Laboratories, L.A.
— Indicates no assay
Au @ $35/oz., Ag @ $1.29/oz., Pb @ 16¢/lb., Zn @ 15¢/lb.

DRILL HOLE SCHEDULE

ACT. DEPTH	HOLE	DIRECTION	SLOPE	DEPTH
91	1	S62°W	-45°	85
	2	—	90°	120
	3	S62°W	-45°	85
	4	—	90°	120
92	5	S62°W	-45°	60
110	6	—	90°	85
25	7	—	90°	30
	8		—	
122.5	9	—	90°	
99.5	10	S62°W	-45°	
136	11	N43°W	-60°	

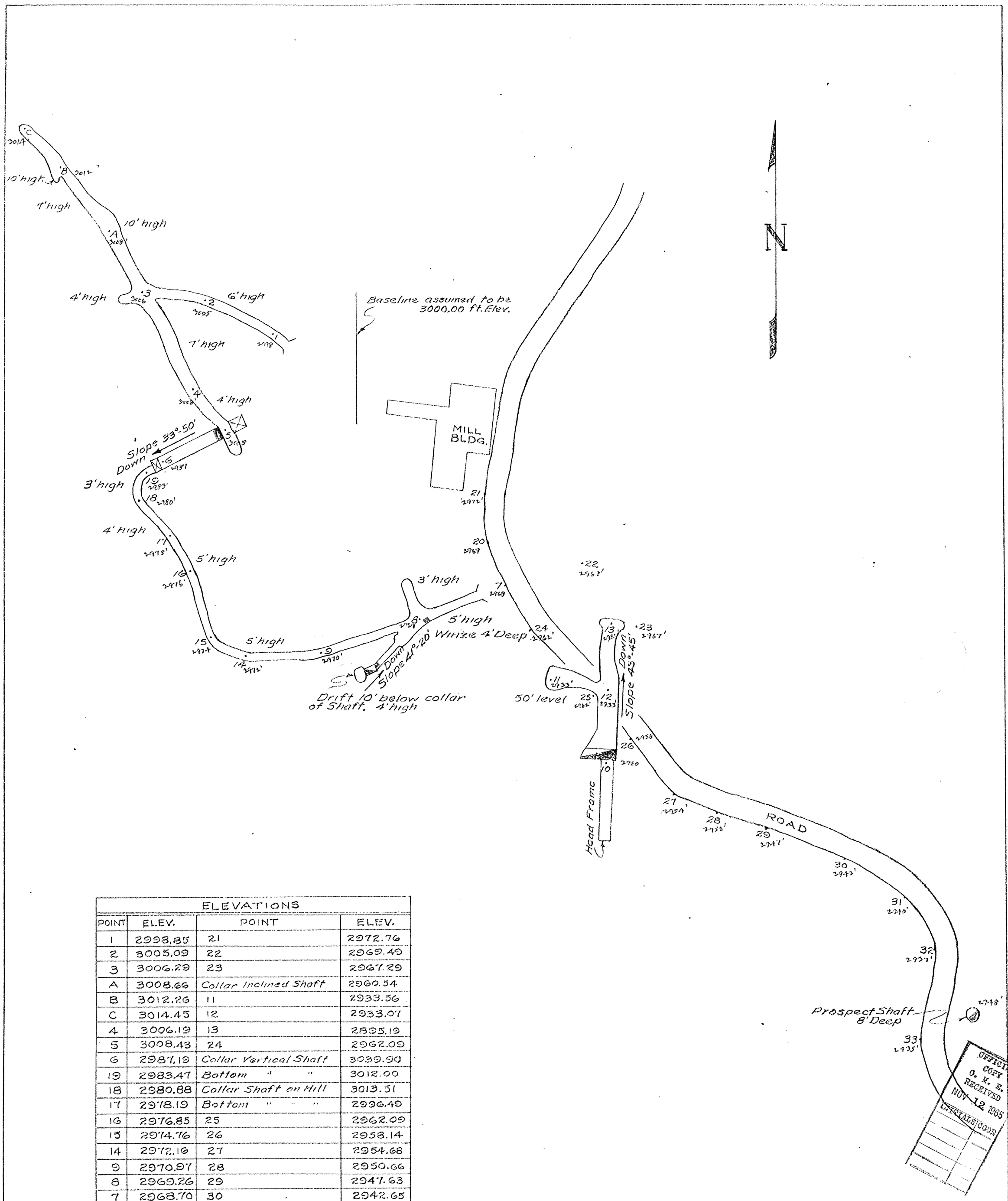
ELEVATIONS

POINT	ELEV.	POINT	ELEV.
1	2998.85	23	2967.29
2	3005.09	Collar Inclined Shaft	2960.54
3	3006.29	11	2933.56
A	3008.66	12	2933.07
B	3012.26	13	2895.19
C	3014.45	24	2962.09
4	3006.19	Collar Vertical Shaft	3039.90
5	3008.43	Bottom " "	3012.00
6	2987.19	Collar Shaft on Hill	3013.51
19	2983.47	Bottom " " "	2996.49
18	2980.88	25	2962.09
17	2978.19	26	2958.14
16	2976.85	27	2954.68
15	2974.76	28	2950.66
14	2972.16	29	2947.63
9	2970.97	30	2942.65
8	2969.26	31	2940.20
7	2968.70	32	2937.27
20	2969.55	33	2935.08
21	2972.76	Collar Prospect Shaft	2947.85
22	2969.49		

Revised Oct. 5, 1966 D.H. Locations
Revised Sept. 15, 1966 D.H. Loc. & Strike
Revised Feb. 2, 1966 Drill Hole Locations
Revised Jan. 28, 1966 Orientation

ASSAY & DRILL LOCATION MAP

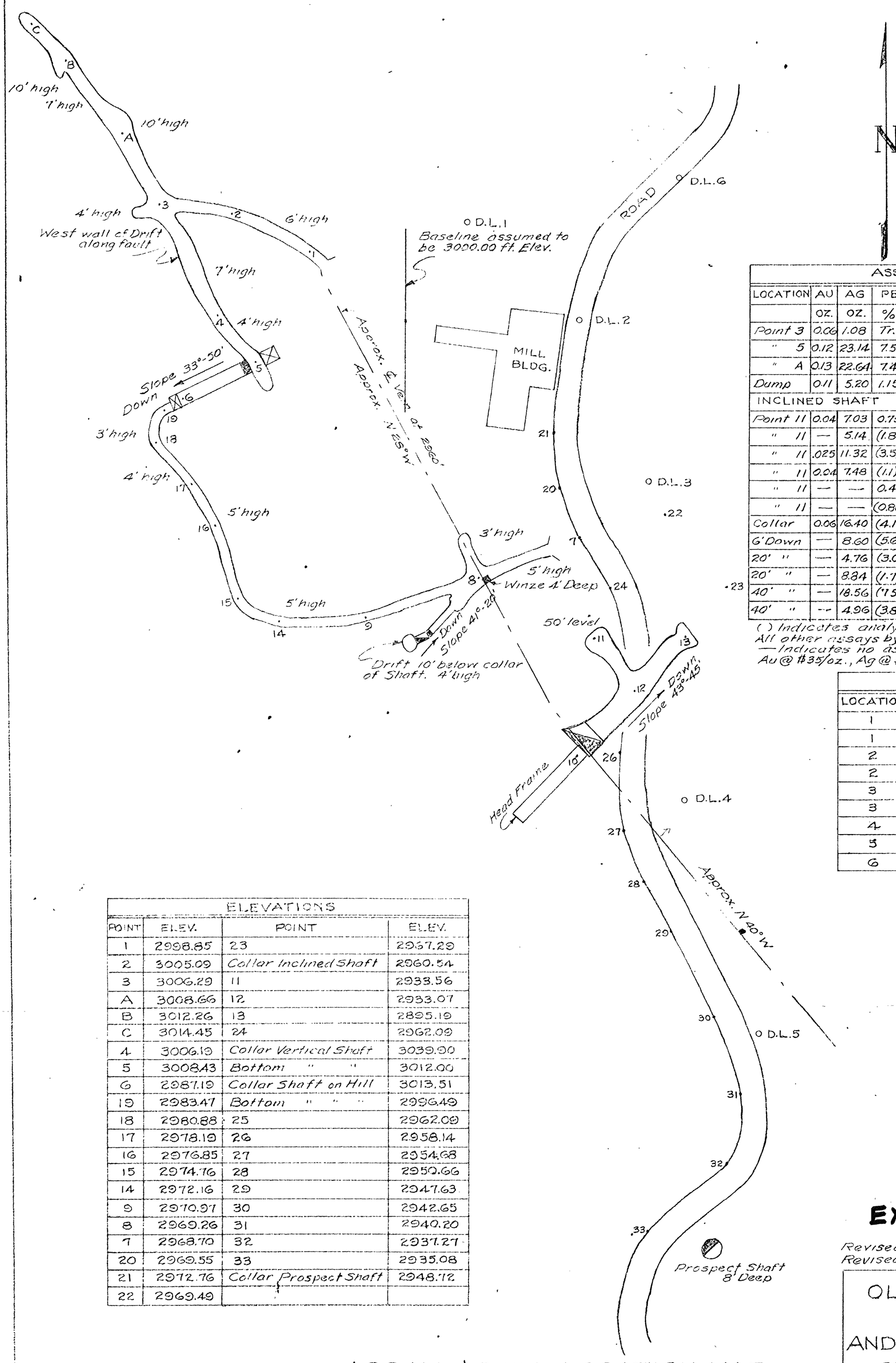
OLD DOMINION MINE
GENERAL PLAN
ANDERSON & FREVERT OWNERS
SE¼ SEC. 7 T6S R5W
CALIFORNIA NON-METALLICS
Scale 1" = 30' OME Sept. 15, 1965



ELEVATIONS			
POINT	ELEV.	POINT	ELEV.
1	2998.85	21	2972.76
2	3005.09	22	2969.49
3	3006.29	23	2967.29
A	3008.66	Collar Inclined Shaft	2960.54
B	3012.26	11	2933.56
C	3014.45	12	2933.07
4	3006.19	13	2895.19
5	3008.43	24	2962.09
6	2987.19	Collar Vertical Shaft	3039.90
19	2983.47	Bottom " "	3012.00
18	2980.88	Collar Shaft on Hill	3013.51
17	2978.19	Bottom " " "	2996.49
16	2976.85	25	2962.09
15	2974.76	26	2958.14
14	2972.16	27	2954.68
9	2970.97	28	2950.66
8	2969.26	29	2947.63
7	2968.70	30	2942.65
20	2969.55	31	2940.20
		32	2937.27
		33	2935.08
		Collar Prospect Shaft	2948.12

Revised Oct. 6, 1965

OLD DOMINION MINE
GENERAL PLAN
ANDERSON & FREVORT owners
SE¼ SEC. 7 T6S R5W
CALIFORNIA NON-METALLICS
Scale 1" = 30' OME Sept. 15, 1965



SPECTROGRAPHIC ANALYSIS OF SAMPLE MARKED * %			
Silicon	15	Magnesium	0.66
Aluminum	7.3	Titanium	0.38
Iron	12	Vanadium	0.014
Manganese	8.5	Copper	0.027
Lead	1.6	Zinc	5.0
Antimony	0.34	Silver	0.025
Arsenic	0.055	Nickel	0.0027
Boron	0.0078	Potassium	1.3
Calcium	1.8	Chromium	0.025
Other Elements	Nil		

ASSAY SCHEDULE

LOCATION	AU	AG	PB	ZN	VALUE	DESCRIPTION
	OZ.	OZ.	%	%	$	
Point 3	0.06	1.08	Tr.	3.5	13.99	Face of Small Drift
" 5	0.12	23.14	7.5	17.2	109.65	2 ft. Cut Top of Drift
" A	0.13	22.64	7.4	11.6	76.23	4 ft. " " " "
Dump	0.11	5.20	1.15	26.1	92.54	Selected for Zn
INCLINED SHAFT						
Point 11	0.04	7.03	0.75	4.50	26.37	6.5 ft. Cut Across Face
" 11	—	5.14	(1.8)	(2.3)	19.29	4.0 ft. " " Top of Face
" 11	.025	11.32	(3.5)	7.75	49.05	Hanging Wall 0"-11"
" 11	0.04	7.48	(1.1)	(5.1)	29.87	" " 12"-21"
" 11	—	—	0.45	3.45	—	" " 22"-35"
" 11	—	—	(0.80)	(2.90)	—	" " 36"-51"
Collar	0.06	16.40	(4.1)	(3.1)	45.68	Outcrop W. of Collar 3'
6' Down	—	8.60	(5.6)	(7.1)	50.31	West Side Cut 2'
20' "	—	4.76	(3.0)	(4.8)	30.14	" " " 6'
20' "	—	8.84	(1.7)	(2.2)	23.44	East " " 4'
40' "	—	18.56	(7.5)	(5.7)	65.04	" " " 5.5'
40' "	—	4.96	(3.8)	(4.0)	30.56	West " " 6'

( ) Indicates analyses run in Company Lab.
All other assays by Eisenhauer Laboratories, L.A.
— Indicates no assay
Au @ $35/oz., Ag @ $1.29/oz., Pb @ 16¢/lb., Zn @ 15¢/lb.

DRILL HOLE SCHEDULE

LOCATION	HOLE	DIRECTION	SLOPE	DEPTH
1	1	S62°W	45°	85
1	2	—	90°	120
2	3	S62°W	45°	85
2	4	—	90°	120
3	5	S62°W	45°	60
3	6	—	90°	85
4	7	—	90°	30
5	8	N50°E	—	60
6	9	—	90°	210

ELEVATIONS

POINT	ELEV.	POINT	ELEV.
1	2998.85	23	2967.29
2	3005.09	Collar Inclined Shaft	2960.54
3	3006.29	11	2933.56
A	3008.66	12	2933.07
B	3012.26	13	2895.19
C	3014.45	24	2962.09
4	3006.19	Collar Vertical Shaft	3039.90
5	3008.43	Bottom " "	3012.00
6	2987.19	Collar Shaft on Hill	3013.51
19	2983.47	Bottom " " "	2996.49
18	2980.88	25	2962.09
17	2978.19	26	2958.14
16	2976.85	27	2954.68
15	2974.76	28	2950.66
14	2972.16	29	2947.63
9	2970.97	30	2942.65
8	2969.26	31	2940.20
7	2968.70	32	2937.27
20	2969.55	33	2935.08
21	2972.76	Collar Prospect Shaft	2948.72
22	2969.49		

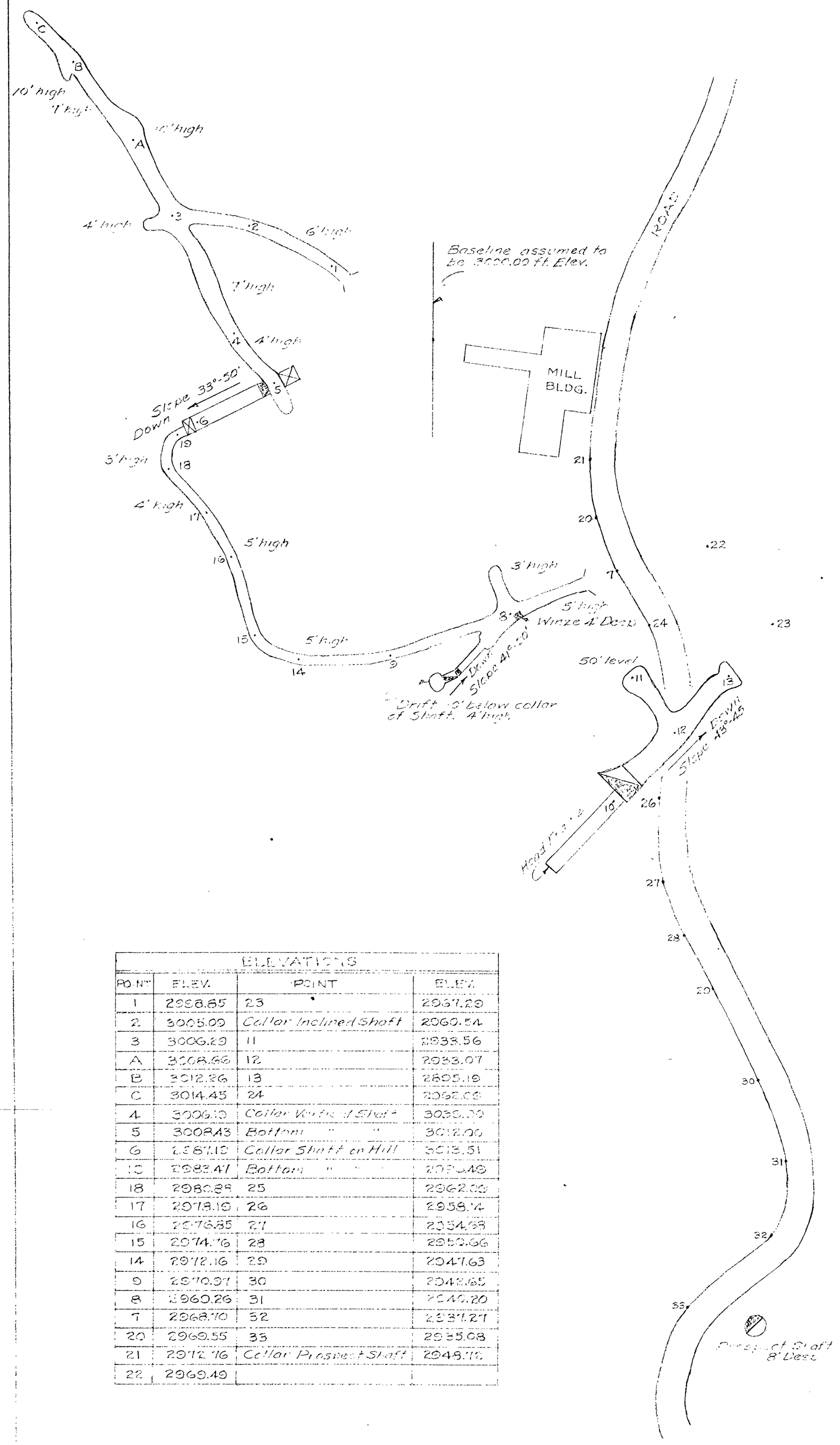
ORIGINAL COPY O. N. E. RECEIVED MAR 30 1966

EXHIBIT 3-I-1

Revised Feb. 2, 1966 Drill Hole Locations
Revised Jan. 25, 1966 Orientation

ASSAY & DRILL LOCATION MAP

OLD DOMINION MINE
GENERAL PLAN
ANDERSON & FREVERT OWNERS
SE¼ SEC. 7 T6S R5W
CALIFORNIA NON-METALLICS
Scale 1" = 30' OME Sept. 15, 1965



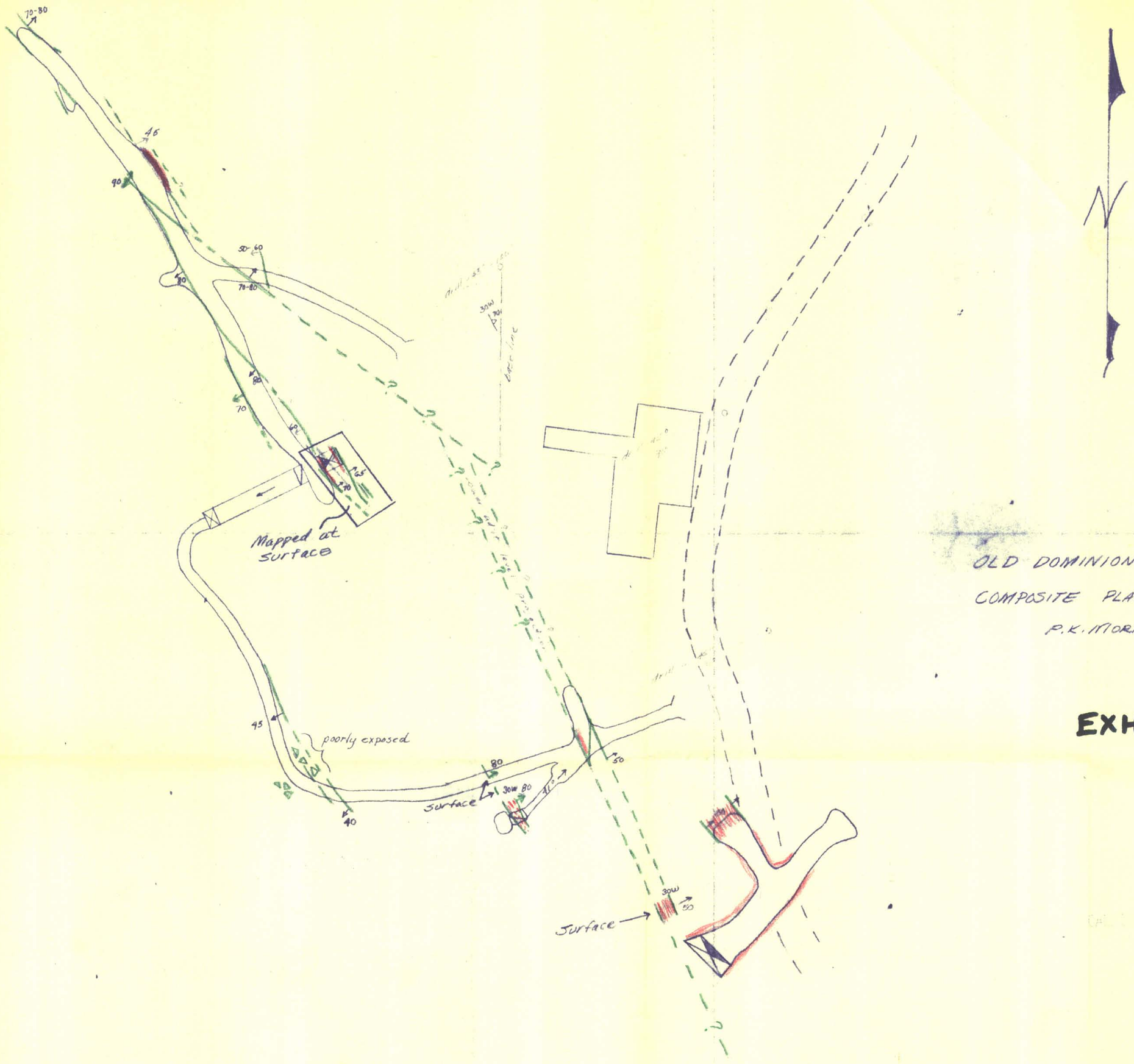
ELEVATIONS			
POINT	ELEV.	POINT	ELEV.
1	2998.65	23	2967.29
2	3005.09	Collar Inclined Shaft	2960.54
3	3006.29	11	2933.56
A	3008.66	12	2933.07
B	3012.26	13	2895.19
C	3014.45	24	2962.09
4	3006.10	Collar Vertical Shaft	3035.00
5	3008.43	Bottom " "	3012.00
6	2987.10	Collar Shaft on Hill	3013.51
19	2983.47	Bottom " "	2990.49
18	2980.89	25	2962.09
17	2978.19	26	2958.14
16	2976.85	27	2954.68
15	2974.76	28	2950.66
14	2972.16	29	2947.63
9	2970.97	30	2942.65
8	2960.26	31	2940.20
7	2968.10	32	2937.27
20	2969.55	33	2935.08
21	2972.76	Collar Prospect Shaft	2948.78
22	2969.49		

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1966

EXHIBIT 3-A-1

Revised Jan. 25, 1966 Orientation

OLD DOMINION MINE
GENERAL PLAN
ANDERSON & PREVERT OWNERS
SE¼ SEC. 7 T6S R5W
CALIFORNIA NON-METALLICS
Scale 1" = 30' OME Sept. 15, 1965



OLD DOMINION MINE - ORANGE Co.

COMPOSITE PLAN - SCALE 1"=30'

P.K. MORTON NOV. '65

EXHIBIT 3-J

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

EXHIBIT 5-A

ALBERHILL QUADRANGLE
CALIFORNIA
7.5 MINUTE SERIES (TOPOGRAPHIC)
NW/4 LAKE ELSINORE 15' QUADRANGLE

Mapped, edited, and published by the Geological Survey

Control by USGS, USC&GS, and USCE

Topography from aerial photographs by multiplex methods
Aerial photographs taken 1951. Field check 1954

Polyconic projection. 1927 North American datum
10,000-foot grid based on California coordinate system, zone 6

Dashed land lines indicate approximate locations

Unchecked elevations are shown in brown

1000 meter Universal Transverse Mercator Grid ticks, zone 11, shown in blue

15°
TRUE NORTH
MAGNETIC NORTH
APPROXIMATE MEAN DECLINATION, 1954

SCALE 1:24000

1 ½ 0 1 MILE

1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

1 .5 0 1 KILOMETER

CONTOUR INTERVAL 40 FEET
DATUM IS MEAN SEA LEVEL

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS

CALIF.
QUADRANGLE LOCATION

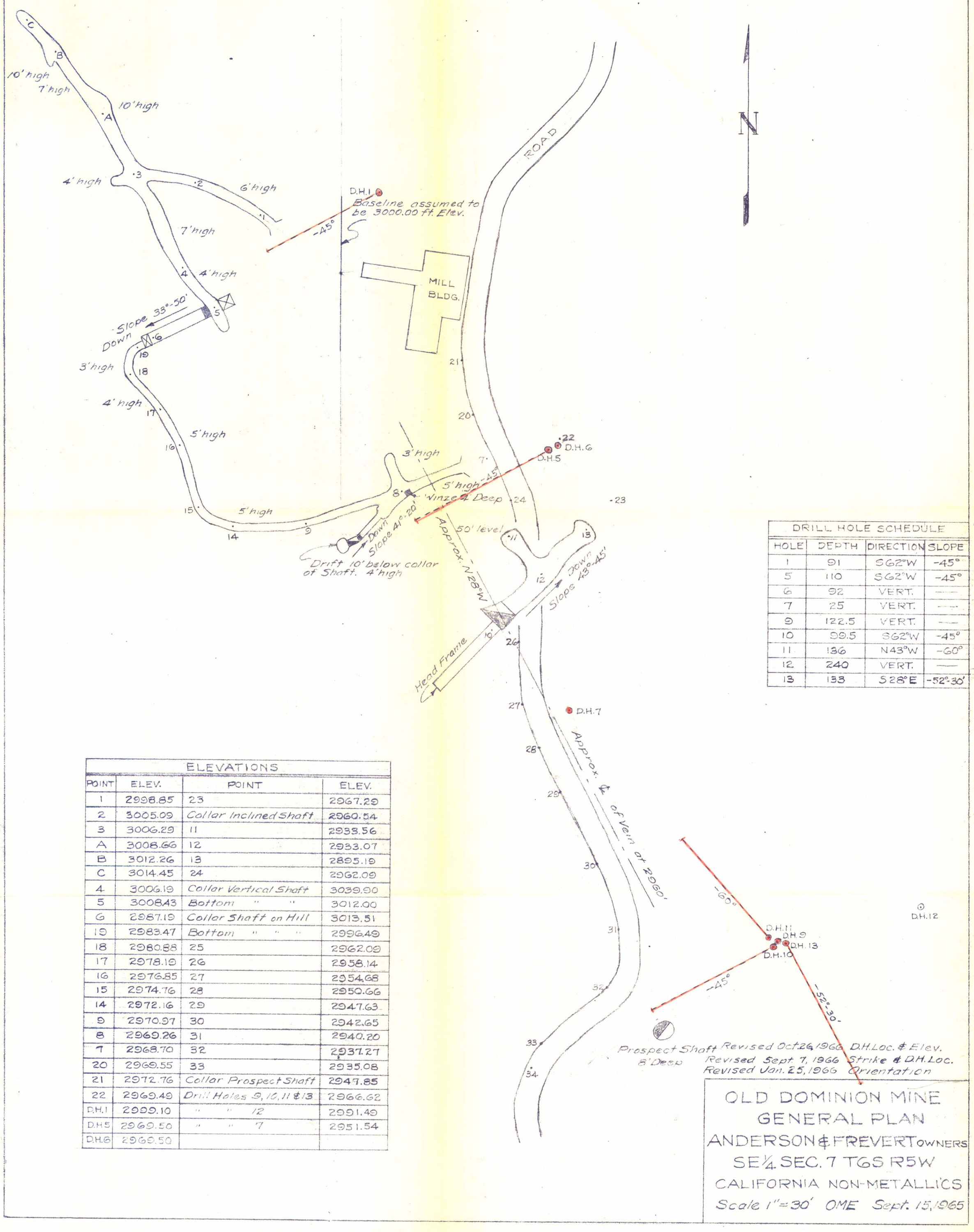
ROAD CLASSIFICATION

Heavy-duty — Light-duty
Medium-duty — Unimproved dirt
U. S. Route — State Route

INTERIOR—GEOLOGICAL SURVEY, WASHINGTON, D. C.—1957—NS
M R-6865

EXHIBIT 5-A

ALBERHILL, CALIF.
NW/4 LAKE ELSINORE 15' QUADRANGLE
N3337.5—W11722.5/7.5



DRILL HOLE SCHEDULE			
HOLE	DEPTH	DIRECTION	SLOPE
1	91	S62°W	-45°
5	110	S62°W	-45°
6	92	VERT.	——
7	25	VERT.	——
9	122.5	VERT.	——
10	99.5	S62°W	-45°
11	136	N43°W	-60°
12	240	VERT.	——
13	133	S28°E	-52°-30'

ELEVATIONS			
POINT	ELEV.	POINT	ELEV.
1	2998.85	23	2967.29
2	3005.09	Collar Inclined Shaft	2960.54
3	3006.29	11	2933.56
A	3008.66	12	2933.07
B	3012.26	13	2895.19
C	3014.45	24	2962.09
4	3006.19	Collar Vertical Shaft	3039.90
5	3008.43	Bottom " "	3012.00
6	2987.19	Collar Shaft on Hill	3013.51
19	2983.47	Bottom " " "	2996.49
18	2980.88	25	2962.09
17	2978.19	26	2958.14
16	2976.85	27	2954.68
15	2974.76	28	2950.66
14	2972.16	29	2947.63
9	2970.97	30	2942.65
8	2969.26	31	2940.20
7	2968.70	32	2937.27
20	2969.55	33	2935.08
21	2972.76	Collar Prospect Shaft	2947.85
22	2969.49	Drill Holes 9, 10, 11 & 13	2966.62
D.H.1	2999.10	" " 12	2991.49
D.H.5	2969.50	" " 7	2951.54
D.H.6	2969.50		