MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 2284 Docket No. 4751

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- [ ] Withdrawn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 7/10
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [✓] Contract with all exhibits and annexes 7/2/69
- [✓] Owner's Consent to Lien and Subordination Agreement
- [✓] Application and Attachments

Right Side

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

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

- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 3/13/69
- [ ] 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

72195-65

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/28/71		130
		220

JUN 28 1971

AIRMAIL

New Klau Mining and Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Co.
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

We are closing this contract with the notation that you forfeited the $200.00 withheld from your voucher for February-March 1970 pending receipt of the Operator's final report, as required under Article 4(c) of the subject Exploration Contract.

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.

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

Sincerely yours,

Harold Kirkemo
gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Branch of Budget & Finance
Mr. Kirkemo
130

HKirkemo/gla 6-28-71

I-C-DC-OME-5-71
Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 20 1970
FILE CODE
130
120
120

Office of Survey and Review

Audit Operations

Report of Review-Contact 2284
Docket No. OME-6751 (Mercury)
New Klau Mining and Construction Company
San Luis Obispo County, California

Report of Review

Washington, D.C.
July 1970

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

AUG 13 1970

Memorandum

To: Director, Geological Survey

From: Regional Director, Region I
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2284
Docket No. OME-6751 (Mercury)
New Klau Mining and Construction Company
San Luis Obispo County, California

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2284. The results of our review are shown in the attached report.

C. D. Bar

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to the minerals exploration Contract 2284 with the New Klau Mining and Construction Company (Operator), and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was done during July 1970 at Washington, D.C.

The contract was awarded on July 2, 1969, for $48,000, the total estimated cost of the project, with OME participation on a 75 percent basis or not in excess of $36,000.

The Contractor was to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies along and below a gently dipping thrust fault that separates mineralized siltstone of the apparent Jurassic age from underlying sandstone of probable Cretaceous age. All significantly mineralized material from the drill holes shall be sampled.

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, and drilling approximately 9 holes totalling not more than 6750 feet. The estimated average for the drill holes was 750 feet in length.

Repayment of disbursed Federal funds plus simple interest at 8½ percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploration operations for a period of 10 years from the date of the contract should a certification of possible production be issued by OME.

Work under the contract was to begin on or before August 15, 1969, and was to be completed within 8 months from the date of the contract or by March 2, 1970.

At the time of our audit no certification of possible production had been issued. The drilling failed to find any significant mineralization to date.

Field inspections were made and four vouchers submitted by the operator were approved by the OME Region II office.

The units of work authorized and approved under Contract 2284 are summarized on Exhibit I. We believe that the claimed and accepted costs of $48,000 and the OME participation on a 75-percent basis of $36,000 were proper under the terms of the contract.

C. D. Bauer
Regional Director

EXHIBIT I

Summary of Contract Terms, Accepted Costs, and Unexpended Balance

	Authorized Amounts	Accepted Costs	Unexpended Balance
Fixed Unit Costs			
Mobilization and Demobilization one bulldozer	200	200	
Bulldozing access roads and drill sites 70 hours at $25.50/hour	1,785	2,050	(265)
Rotary drilling 6750 feet at $6/foot	40,500	40,500	
Incidental Allowances per foot of commercial drilling for accounting, sampling, surveying, supplies, payroll taxes, FICA and insurance 6750 feet at $.54/foot	3,645	3,645	
Supervision-Geologist-Engineer 2 months at $800/month	1,600	1,600	
Assaying 54 samples Mercury at $5/sample	270	5	265
Total Cost	$48,000	$48,000	-
Government Participation at 75%	$36,000	$36,000	-

Government's Copy

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

Amendment No. 1

It is agreed this 9th day of February, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and New Klau Mining and Construction Company, hereinafter called the "Operator," that Exploration Contract 2284 (OME-6751), dated July 2, 1969, is amended, effective January 1, 1970, as follows:

1. The time fixed by Article 1 of the contract for completion of the work is extended from six (6) to eight (8) months from the date of the contract, or until March 2, 1970.

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

Executed in quadruplicate the date and year first above written.

THE UNITED STATES OF AMERICA

By Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey

Long
Om

App'd. Sol. Off.
G Peterson
Emerick

NEW KLAU MINING AND CONSTRUCTION COMPANY

By Rudolph L Rudy

Title PRESIDENT

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/28/70	Kirkhemo	120
		120
		220
		120M

January 28, 1970

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Justification for Amendment No. 1

The Operator has requested a two-month extension of time to complete exploration work under the subject contract. Exploration has progressed in a satisfactory manner; however, recent heavy rains occurring in the project area prevented the Operator from completing the work by the contract expiration date of January 2, 1970.

Inasmuch as the delays were unavoidable and only one hole remains to be completed, of the nine authorized under the contract, I concur with the Field Officer's recommendation to approve the Operator's request.

Edward C Peterson
Edward C. Peterson

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Peterson

ECPeterson/bsl 1/28/70

Government's Copy

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6751	Mercury	2284	San Luis Obispo	California

It is agreed JUL 2 1969 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

New Klau Mining and Construction Company, a California corporation

whose mailing address is 1108 Vine Street, Paso Robles, California 93446, hereinafter called the "Operator," as follows:

ARTICLE I. 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 AUG 15 1969 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $48,000.00 The Government will contribute ~~50~~ 75 percent of the total fixed unit costs of the work performed, not in excess of $36,000.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 8½ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

SEE ANNEX I

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

SEE ANNEX I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 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) 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. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. 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 units of 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.

(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.)

(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 unit costs thereof.

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

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

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator 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 6(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 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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 14. Changes and added provisions.--

Executed in quintuplicate the day and year first above written.

NEW KLAU MINING AND CONSTRUCTION COMPANY
(Operator)

By Rudolph L. Ruda

Title President

THE UNITED STATES OF AMERICA

By Walter W. Bailey
Acting Director, U. S. Geological Survey

Long
App'd. Sol. Off.
Kiskeno
Kilgood

I, Vern Rauch (Name), certify that I am the secretary of the corporation named as Operator herein; that Rudolph L. Ruda (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.

Vern Rauch

Vern Rauch [CORPORATE SEAL]

NEW MEXICO BUREAU OF MINES & MINERAL RESOURCES
GEOLOGICAL SCIENCES LIBRARY
FEB 5 1985

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

ANNEX I

The land including all rights pertaining thereto, referred to in Article 2 of the contract, consists of three (3) patented lode mining claims, and three (3) unpatented lode mining claims in sec. 33, T. 26 S., R. 10 E., MDB&M, Klau-Mahoney mining district, San Luis Obispo County, California. The claims are shown outlined in green on Figure 1, entitled, "Claim Map, Klau Mine Property," attached and made part hereof.

The patented claims are recorded in the San Luis Obispo County Recorder's office at San Luis Obispo, California, as follows:

Name	Survey No.
Adelaida	3787A
Last Chance	3787A
Santa Cruz	3787A

The unpatented claims are recorded in the San Luis Obispo County Recorders office at San Luis Obispo, California, as follows:

Name	Book	Page
Only Chance	1454 (Official Records)	620
San Carlos	13 (Mines)	273
Santa Barbara	1454 (Official Records)	622

The operator is in possession of the patented and unpatented claims under the terms of a Mining Lease Agreement dated April 30, 1968, from Buena Vista Mines, Inc., and Harold Biaggini, the owners.

A ~~Performance Bond in lieu of~~ Lien and Subordination Agreements ~~in the amount of $36,000~~ is attached and made part hereof.

Field Office on Region II

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME -
Contract No. 14-23-090-
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of San Luis Obispo, State of California, described ~~as follows~~[2] ~~in a lease dated April 30, 1968, and recorded in Book 1477, page 242, official records of said county.~~

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

New Klau Mining and Construction Company, a California corporation[3]
hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

"NONE"

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions "NONE" (State "None" or "See Annex No. ____".)

Dated this 30 day of July, 19 69.

Harold J. Biaggi (Seal)	1140 Railroad Ave.	(Street)
	Paso Robles, Calif. 93446	(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)

I, Harold Biagini (Name), certify that I am the President (Title—Secretary, etc.) of the corporation named herein; that Harold Biaggini (Name), who signed this agreement was then President (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

Harold J. Biaggi (Corporate Seal)
President: Buena Vista Mines, Inc.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of San Luis Obispo, State of California, described ~~as follows~~:[2] in a lease dated April 30, 1968, and recorded in Book 1477, page 242, official records of said county.

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

New Klau Mining & Construction Company, a California corporation[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

"NONE"

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions "NONE" (State "None" or "See Annex No. ____".)

Dated this 30 day of July, 1969.

Harold J. Bragg (Seal)	1140 Railroad Ave.	(Street)
	Paso Robles, Calif. 93446	(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ (Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME -
Contract No. 14-23-090-
Contract Date

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of San Luis Obispo, State of California, described ~~as follows~~: 2/ in a lease dated April 30, 1968, and recorded in Book 1477, page 242, official records of said county.

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

New Klau Mining & Construction Company, a California corporation 3/

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same. 4/

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

"NONE"

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions "NONE" (State "None" or "See Annex No. ____".)

Dated this 30 day of July, 1969.

Harold J. Bragg (Seal) 1140 Railroad Ave. (Street)
Paso Robles, Calif. 93446 (City & State)

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

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

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

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

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

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ (Corporate Seal)

INT.-DOP. SEC., WASH., D.C. 21103

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of San Luis Obispo, State of California, described as follows: 2/ in a lease dated April 30, 1968, and recorded in Book 1477, page 242, official records of said county.

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

New Klau Mining & Construction Company, a California corporation 3/

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same. 4/

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

"NONE"

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated_____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions "NONE" (State "None" or "See Annex No. ____".)

Dated this 30 day of July, 1969.

Harold J. Bragg (Seal)	1140 Railroad Ave.	(Street)
	Paso Robles, Calif. 93446	(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)
(Seal)		(Street)
		(City & State)

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ (Corporate Seal)

INT.-DOP. SEC., WASH., D.C. 21103

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

EXHIBIT A

The purpose of this project is to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies along and below a gently dipping thrust fault that separates mineralized siltstone of Jurassic (?) age from underlying sandstone of probable Cretaceous age.

General Provisions

A bulldozer no smaller than a Caterpillar D-8 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be cased through the overburden.

Drill holes shall be drilled not less than 100 feet from the outer boundaries of the claims covered by the contract and shown on Figure 1.

Facilities shall be provided for recovering drill sludge, and all such sludge shall be retained when drilling in significantly mineralized ground. The sludge shall be stored in suitable containers identified as to hole number and depth represented.

All significantly mineralized material from the drill holes shall be sampled, and no single sample shall represent more than 5 linear feet of hole. Each sample shall be split and one split assayed for mercury. All remaining splits shall be stored in suitable containers properly identified as to hole number and depth represented. Stored splits of samples may be disposed of with prior Government approval.

All drill holes shall be logged and copies of the logs of completed holes together with plans and sections showing geology

and assays shall be furnished monthly to the Government. Such logs shall be accompanied by true copies of assay certificates for all samples.

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

The Government will not contribute toward the costs of incomplete drill holes, or in the cost of casing left in place at the request of the Operator.

The location, direction, and extent of each work item shall be subject to prior approval of the Government.

Description of the Work

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, and drilling approximately 9 holes totalling not more than 6,750 feet. It is estimated that the drill holes will average 750 feet in length.

The approximate location of each hole is shown on Figure 2 entitled, "Map Showing Proposed Drill Holes, Klau Mine Property, San Luis Obispo County, California," attached and made part hereof.

Estimated Cost of the Work

Fixed Unit Costs

Mobilization and demobilization, one bulldozer	$ 200.00
Bulldozing access roads and drill sites 70 hours @ $25.50/hour	1,785.00
Rotary drilling, 6,750 feet @ $6.00/foot	40,500.00

Incidental allowances per foot of completed drilling for accounting, sampling, supplies, surveying, payroll taxes, F. I. C. A. and insurance 6,750 feet @ $0.54/foot	$ 3,645.00	
Supervision-geologist-engineer, 2 months @ $800.00/month	1,600.00	
Assaying 54 samples, mercury @ $5.00/sample	270.00	
Total Estimated Cost of the Project		$48,000.00
Government Participation @75%.		$36,000.00

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 contractingagency 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.'"

U.S. Geological Survey
Office of Minerals Exploration

OME-6751
New Klau Mining and
Construction Co.

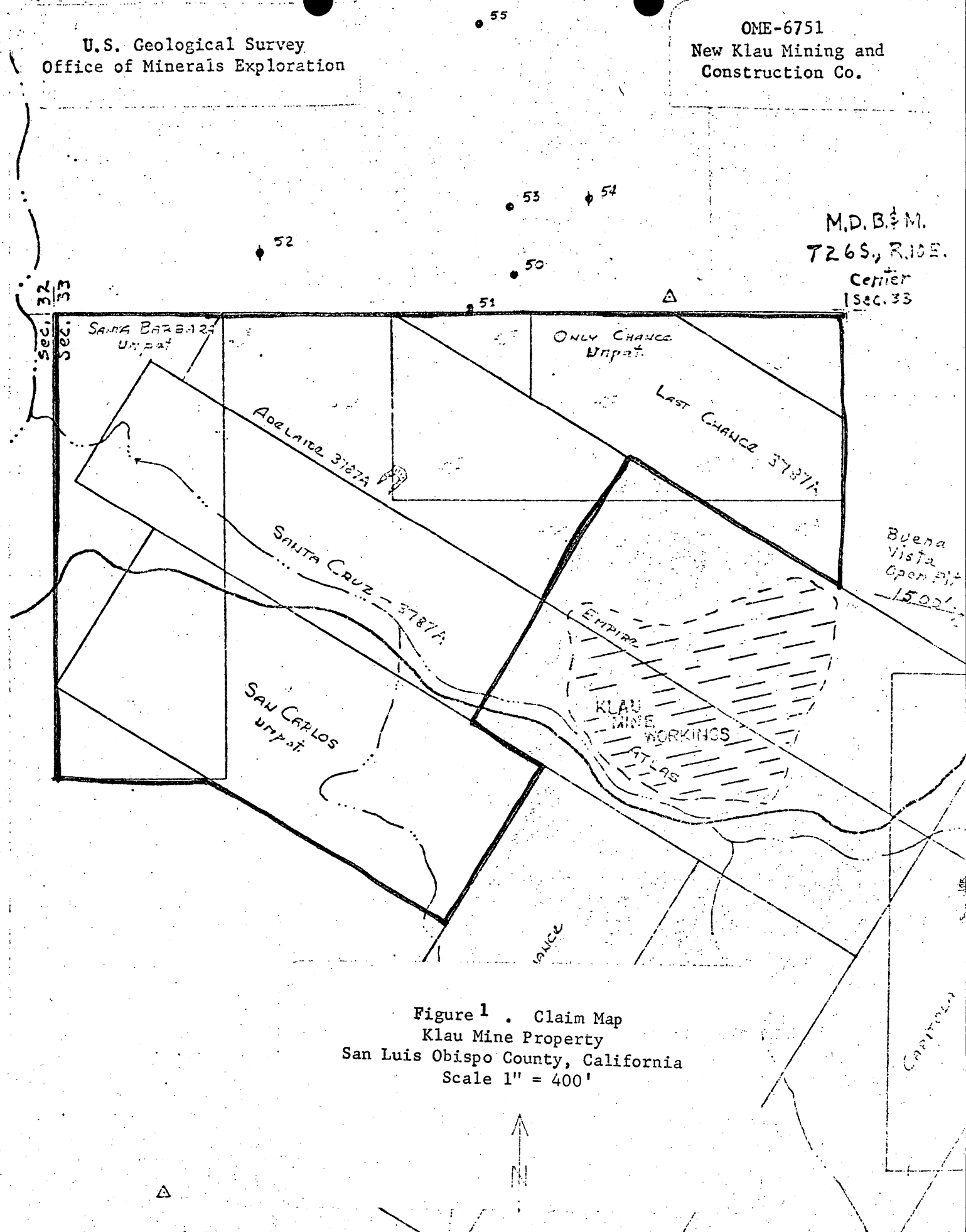


Figure 1 . Claim Map
Klau Mine Property
San Luis Obispo County, California
Scale 1" = 400'

U.S. Geological Survey
Office of Minerals Exploration

OME-6751
New Klau Mining and
Construction Co.

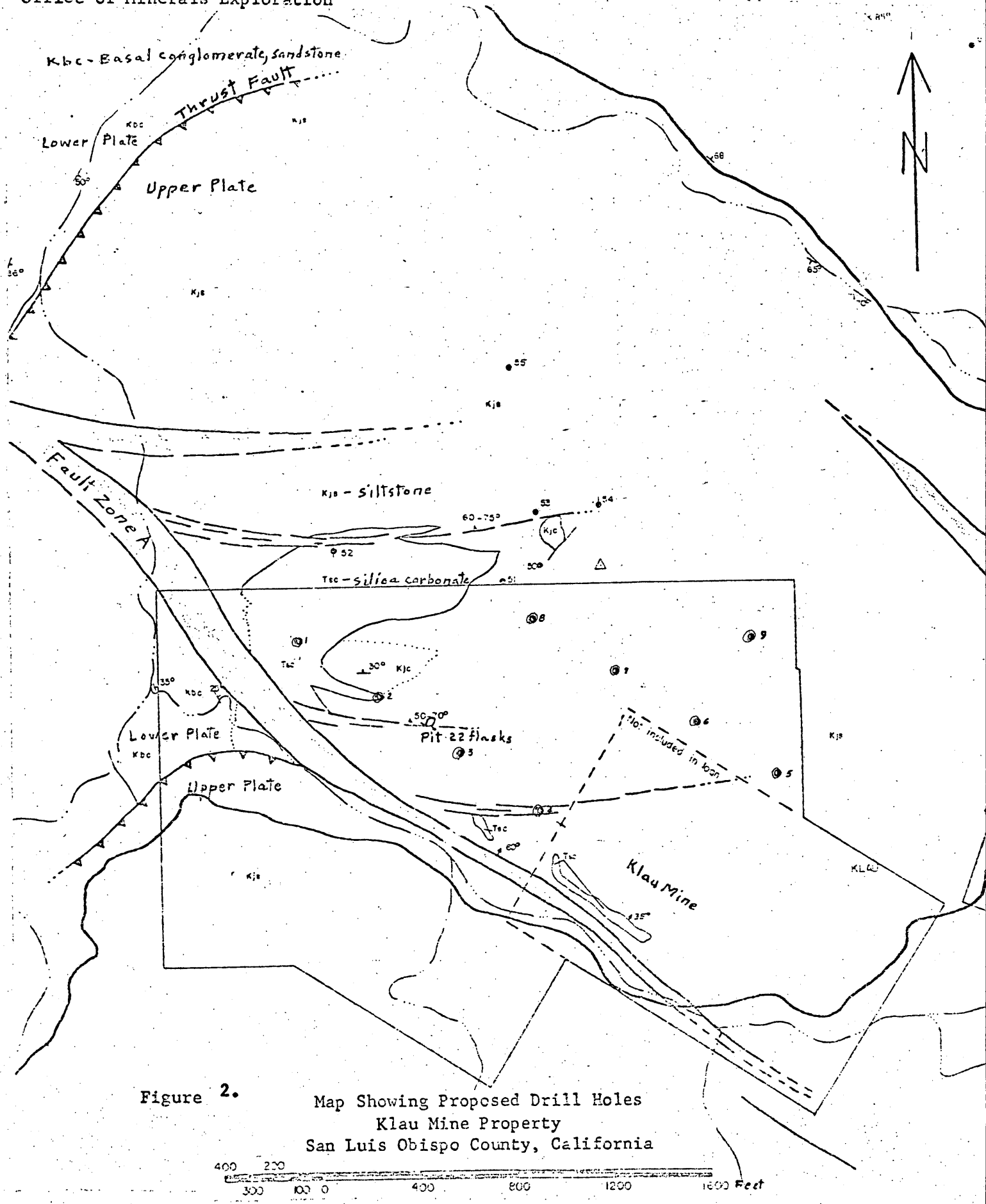


Figure 2. Map Showing Proposed Drill Holes
Klau Mine Property
San Luis Obispo County, California

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

August 20, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 22 1968

INITIALS	CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Mercury)
New Klau Mining and Construction Company
Klau Mine property
San Luis Obispo County, California

Enclosed is an application received in the Field Office on August 16, 1968 from the New Klau Mining and Construction Company, 1108 Vine Street, Paso Robles, California 93446.

A geologic map of the property is lacking as are logs of the holes that have been drilled on the adjacent property. The drilling proposed lacks a specific target and is largely prospecting in nature. Worthwhile targets may exist on the property but considerably more geologic information must be obtained and presented before OME participation can be justified.

H. K. Stager

H. K. Stager

Enclosure

2 copies

MME Form 40
Jan. 65

Budget Bureau No. 42-R1508
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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.)*

NEW KLAU MINING AND CONSTRUCTION COMPANY
1108 Vine Street
Paso Robles, California 93446

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6751

DATE RECEIVED August 28, 1968

REGION II

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
RUDOLF RUDA	729 Gough Ave., Templeton, Calif.	Pres.
ROBERT B. YAGER	Adelaide Star Route, Paso Robles, Calif.	V. Pres.
VERN RAUCH	Templeton, Calif.	Sec. Tr

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

ESTIMATED COST OF PROJECT: $ $49,678.00

PROPERTY NAME	LOCATION COUNTY	STATE
Klau Mine	San Luis Obispo,	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, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

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

June 30, 1968
DATED

Rudolph F. Ruda
BY *(Signature)*

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.

APPLICATION FOR OME LOAN

FOR

MERCURY EXPLORATION

BY

ROBERT L. STRAHAN

WESTERN MINERALS EXPLORATION CO.

6-30-68

TO:

HAROLD K. STAGER

FIELD REPRESENTIVE, REGION 11

OFFICE OF MINERALS EXPLORATION

UNITED STATES GEOLOGIC SURVEY

DEPARTMENT OF THE INTERIOR

1. **FINANCIAL ELIGIBILITY**

A. Evidence of Loan Requests

1. Find attached two requests from New Klau Mining and Construction Co. and two refusals from
   Bank of America
   Paso Robles Branch, and

   Crocker-Citizens National Bank
   Paso Robles Branch.

2. Both letters state that loans cannot be made on speculative ventures of this nature with the collateral the company presently holds.

B. New Klau Mining and Construction Company is a California corporation with stock held in the following amounts by the following individuals:

Individual	Shares
1. Rudolf Ruda	1249
2. Robert Yager	1249
3. Vern Rauch	1249
4. Robert Strahan	1249
5. Harold Biaggini	4

C. New Klau Mining & Construction Company will contribute time and capital to cover its portion of the loan.

July 22, 1969

Mr. Harold K. Stager
Field Officer
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Sir:

Enclosed find two copies of our application for financial assistance for the exploration of mercury ores on portions of the Klau Mine property located in San Luis Obispo County, California.

The material contained herein is complete in nature with the exception of subordination agreement OME form 52. Mr. Harold Biaggini, as an individual and as president of Buena Vista Mines, Inc., would not sign said agreement on the advice of his counsel because the terms of the contract to which he and his corporation were subordinating were unknown. It was suggested by Harold Stager, OME Field Representative of Region II, that if New Klau Mining & Construction Co. is accepted for an exploration loan at that time a contract could be drawn and a copy sent to Mr. Biaggini for his consideration. If Mr. Biaggini decided against subordination of his interests a bond for said coverage could be obtained from a commercial institution.

Western Minerals Exploration Co., a group of three independent oil companies from Denver, Colorado, will allow the OME agent to inspect certain of its maps, assays, records, etc. for the purpose of substanciating the presence of a medium-size thrust fault. This structure lies approximately 550 feet below the surface and has franciscan sediments overlaying rocks of cretaceous age with the cretaceous formation being mineralized. This structure is the justification for proposed deep drilling.

It should be noted that only two drilling contractors were requested to give bids on the proposed drilling, the reason being that New Klau Mining & Construction Co. wishes to place a low bid for the drilling phase and would therefore constitute the third bidder. Further information and proposals are stated more fully in Section 4.

Mr. R. L. Strahan will be available to the examining party and can be contacted at the following address:

Mr. R. L. Strahan
522 Creston Road
Paso Robles, California 93446
Phone: (805) 238-3396 or 238-1900

If New Klau Mining & Construction can be of any further service to OME with the initial stages of this loan application, please do not hesitate to call upon me.

Cordially,

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

June 17, 1968

Bank of America
Post Office Box 547
Paso Robles, California

Attention: Mr. J. Kelly
Loan Department

RE: MINERALS EXPLORATION LOAN

The above named firm wishes to apply to your organization for a minerals exploration loan in the approximate range of $40,000 - $50,000.

Said firm holds a mineral lease from Buena Vista Mines, Inc. and Mr. Harold Biggine, individually, on portions of the Klau Mine. Said leases are free and clear of legal encumbrances or indebtedness. The total assets of said company are $10,000.

Please advise by mail at your earliest convenience as to your decision.

NEW KLAU MINING & CONSTRUCTION CO.

By:

R. L. STRAHAN
Geologist

RLS:lr

Cable Address—BANKAMERICA

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

PASO ROBLES BRANCH • THIRTEENTH AND PARK STREETS • PASO ROBLES, CALIFORNIA 93446

June 19, 1968

New Klau Mining & Construction Co.
1108 Vine Street
Paso Robles, California 93446

Gentlemen:

We are unable to grant a loan as you requested on June 19 for $40,000 to $50,000 for mineral exploration. The company does not have ample assets to grant this size of loan.

Sincerely,

J. C. Kelley,
Assistant Cashier

JCK:BB

CROCKER-CITIZENS NATIONAL BANK
CHARTERED 1870
PASO ROBLES OFFICE
604 TWELFTH STREET • PASO ROBLES, CALIFORNIA 93446

June 19, 1968

New Klau Mining & Construction Co.
1108 Vine Street
Paso Robles, California 93446

Gentlemen:

Re: Minerals Exploration Loan

In reference to your application for a $40,000-50,000 minerals exploration loan, our bank normally does not loan on speculative projects such as this unless we hold adequate collateral.

We, therefore, decline your loan application. Thank you for considering our organization for this endeavor.

Very truly yours,

Earl L. Robinson
EARL L. ROBINSON
Assistant Manager

ELR:mt

June 17, 1968

Crocker-Citizens Bank
Post Office Box 97
Paso Robles, California

Attention: Loan Department

RE: MINERALS EXPLORATION LOAN

The above named firm wishes to apply to your organization for a minerals exploration loan in the approximate range of $40,000 - $50,000.

Said firm holds a mineral lease from Buena Vista Mines, Inc. and Mr. Harold Biggine, individually, on portions of the Klau Mine. Said leases are free and clear of legal encumbrances or indebtedness. The total assets of said company are $10,000.

Please advise by mail at your earliest convenience as to your decision.

NEW KLAU MINING & CONSTRUCTION CO.

By:

R. L. STRAHAN
Geologist

RLS:lr

2. APPLICANT'S RIGHTS IN LAND

A. New Klau Mining and Construction Company holds a mining lease attached hereto on portions of the Klau Mine from Harold Biaggine and the Buena Vista Mines, Inc. The mailing address of both the above named is as follows:

Harold Biaggine or
Buena Vista Mines, Inc.
1140 Railroad Avenue
Paso Robles, California
93446

Personal communication with Les Smith, Office Manager for Buena Vista Mines, Inc., indicates that a title insurance policy shows no liens, mortgages or encumbrances with the exception of the above named lease.

B. The enclosed mining Lease gives full and accurate description of said property in question. The property in said lease has in times past been known as the Carl Mine, the Carson Mine and presently as the Klau Mine. New Klau Mining and Construction Company does not wish to exclude any of the property subject to this Lease from said mineral exploration loan with OME. The above named company does not control any ground in the area except that subject to the above lease.

C. See letter of transmittal

3. PHYSICAL DESCRIPTION

A,C,D

A. New Klau Mining & Construction Company's property lies on the westerly edge of the Klau Mining District. Four groups are actively exploring and/or mining for Hg at the present time. They are as follows:

1. Buena Vista Mines, Inc. property lies approximately 3400 feet to the southeast and has produced approximately 33,000 flasks from open pit and underground operations. It is assumed that reserves are in the range of 20,000 to 30,000 flasks.

2. Klau Mine property under lease by an individual lies 1200 feet to the Southeast and has a past production of 24,000 flasks. Present operations are limited to surface explorations. Present ore reserves unknown.

3. Western Minerals Exploration Company's property lies approximately 600 feet to the North and also surrounds the Buena Vista Mine. Past operations include geochemical and geophysical surveys, mapping and approximately 24,000 feet of drilling. Present plans call for 10,000 to 15,000 feet of drilling to further delineate the thrust fault discovered November, 1967. The past production is recorded and ore reserves are not indicated at this time. ?

4. New Klau Mining and Construction Company has a current production record of approximately 50.31 flasks obtained from a small open pit. A geochemical survey located the anomolous area which subsequent drilling (40 to 180 feet in depth) proved to contain economic mineralization. The company has not tested the deeper thrust structure as this is the purpose of the requested loan.

3. U. S. Bureau of Mines
1. Company files and receipts from Quicksilver Products, Inc.
2. Bulletin 922-R, U.S.G.S.

B. New Klau Mining & Construction Co. has no interest in any other venture in the area.

E & F See Ken Rank's Geological Report.

REPORT OF INVESTIGATIONS

WEST OF KLAU-BUENA VISTA MINING DISTRICT

SAN LUIS OBISPO COUNTY, CALIFORNIA

DECEMBER 18, 1967

BY KEN RANK

December 18, 1967

Mr. Robert Strahan
Western Minerals Exploration Company
522 Creston Road
Paso Robles, California 93446

Dear Mr. Strahan:

At your request I was employed to examine and make recommendations on your property, which is located in San Luis Obispo County, approximately seventeen miles Southwest of Paso Robles.

Your drilling program has very clearly substantiated some of the complex structural geologic problems of the area. With this information gained, it is hoped that the results are very carefully analysed, conclusions drawn and another moderate rotary drilling program began. The best targets for ore deposition should be tested before abondoning the property.

It is believed by myself that due to the locations of the Capitola, Klau and the Buena Vista mines, the geochemical anomalies, the 22 flasks of quicksilver produced by your company and the present price of Hg, not to mention the possible favorable structure in the area, more exploration work should very well be considered. Due to the nature of the mine, drilling would be most reasonable method of exploration. Rotary drilling rather than core drilling would furnish the needed information. Core drilling could be used after location of a particular ore zone. Reasons for this choice are reflected in cost.

Respectfully yours,

Ken Rank

Ken Rank, Resident mine geologist
Strawberry Tungsten Mine
Division of New Idria Mining and Chem.

REPORT OF INVESTIGATIONS
WEST OF KLAU-BUENA VISTA MINING DISTRICT
SAN LUIS OBISPO COUNTY, CALIFORNIA
BY KEN RANK

Introduction: The area of investigation is located in section 33, T 26 S, R 10 E in the San Luis Obispo County, approximately seventeen miles Southwest of Paso Robles California.

The investigation was made to (1) varify beliefs concerning the structural geology, (2) to determine the most favorable areas for cinnabar deposits, (3) investigate the boundaries of the geo-chemical anomalies and predict a reason for their source, (4) and last but not least, developement of my opinion as to whether or not the property has "rock in the box" merit.

Three days were spent in the field, December 16th, 17th, and 18th, 1967. Formational contacts were walked out and faults located. From an enlarged photograph of the area - approximate scale; one inch equal to four hundred feet - the accompanying map was made.

Because horizontal distortion of distance is inherent in aerial photography and no ground stations were developed in the area, the map is distorted slightly in relation to true horizontal distances. However, this does not effect the relationships of faults and contacts to each other.

Abstract: The area has been mapped and studied by the USGS, (D.B. Eckel, L.G. Yates, A.E. Granger, Bulletin 922-R 1941), E.B. Asihehe for a thesis (UCLA 1962), R.K. Linn for Buena Vista Mines in 1963, Robert Strahan for Western Minerals Exploration Company, and the author of this report, geologist for the New Idria Mining and Chemical Company.

With new knowledge about the area due to rotary drilling,[1] detailed mine maps at the Buena Vista[2] and surface geologic mapping, it is believed that there is med-major thrusting in the district. It it believed that economic cinnabar deposits may occur West of the Klau workings because of (1) its location, relation and attitude to the silica-carbonate and serpentine rocks, (2) the geochemical anomalies found on this property, (3) possible favorable traps due to brecciation caused by fault movement, (4) nearby large quicksilver producers in the area.

Recommendations: It is believed that a moderate rotary drilling program should be set up to test cinnabar deposition below the surface. The possible chance of finding an economic mine are considerably toned down by the property having a fair to good chance of finding a structural trap or brecciated zone which has trapped the Hg solutions. Testing should be done within the confines of the geochemical anomalies.

1/ Drilling done by the new (unknown name) company varified the fact that older rocks overlay younger rocks in several places.

2/ Personal communication with Robert K. Linn, Cheif Exploration Geologist for the New Idria Mining and Chemical Company.

Geology: The general structural fault systems of the area trend northwest and southeast. Two major faults that fall into the above category were observed in this investigation. One of these fault systems was mapped in great detail - the fault along the Klau Mine workings. The other fault, the Las Tablas fault zone was only observed briefly in the field and was not mapped; it had no great significant qualities that pertained to this report.

These two major faults seem to appear as if movement occurred along the strike of the fault zones. Movement that progressed more in one direction than another, that is, strike slip movement. This slipping of the rock units caused tension fractures that trend northeast and southwest. In places the fault gouge is heavy and shows signs of tremendous pressure. The pit seems to be a junction of several geologic features, but is a good example of the gouge associated with the tension fractures. Many of the drainage creeks show fault gouge as the bedrock.

There is another fault system observed in the field that must be a reverse type fault; the stratigraphic column is out of sequence. This fault is located at the junction of the Klau Mine Creek and the Las Tablas Creek. Its trend was traced parallel to the tension fractures and mapped as silicified serpentine and weathered greenstones. It is believed that igneous activity occurred along this thrust sheet with

subsequent weathering forming it into its present state.

To the northwest of the greenstones and serpentine in this area are rocks said to be Cretaceous in age. Professor Ben Page of Stanford University, a noted authority on Cretaceous rocks in California, believes them to be Cretaceous.[1] Reason for his conclusion is fundamental. The basal conglomerates are in conformatable contact with the sandstones directly above stratigraphically. This dark colored basal conglomerate contains large cobbles of chert and typical Jurassic sandstone and shales. If this conglomerate bed is indeed Cretaceous, then a low angle thrust fault would have to be placed near the serpentine and greenstones contact to explain the position of the Jurassic Franciscan sandstones in that area. The company for whom this report is being written drilled three rotary holes in the middle of their property and varified that Cretaceous rocks are below the Jurassic sandstones.

This thrusting effect leads one to speculate on the relation of the large triangle of exposed altered serpentine outcropping west of the company pit. This area is of key interest to the property. This is the basic outline of the geochemical anomaly found on the property. Work was done on the highest showing which developed into a small pit which produced 22 flasks of quicksilver. Rather than explain all the possibilities concerning its relationship to the property, only a few of the most likely will be briefly discussed in this report.

1/ Personal communication with Robert Strahan, Western Minerals Exploration Company.

Plate II which shows two geological cross-sections of the pit, also includes my opinions of what the possible structure may be like below the surface. Drill holes were not consulted to base my opinion except those which showed evidence of thrust faulting.

It is believed that a plug of serpentine rests below the surface in the vacienty of the triangle of silica-carbonate rocks. It is believed that this serpentine is also related to the serpentine in the thrusting zones. The triangle of silica-carbonate rocks may have been placed by (1) another slip plane of the thrust which had serpentine injected, later being altered to its present state with Hg solutions salting the entire mass of outcropping silica-carbonate rocks. Possibly no economic mineralized zone exists, or (2) a sill or dike off the main serpentine mass. Due to its more plastic qualities, took up movement during thrusting. Periods of Hg mineralization enriched only this sill from the main source that possibly is related to the Klau Mine workings, or, solutions from the original source percolated up to this zone filling cavities, etc., and later filled in a more brecciated and hence, favorable trap. This later idea is very possible, moderately improbable, but it is hoped that further drilling would be successful in locating such a zone.

Local rock descriptions:

1. Fault gouge: This rock, synthetic in nature, is usually the black shale appearing rock. In places where the fault zone was early and/or mineralizing, cementing fluids joined

the gouge into med-hard to hard black shale. Distinguishing features include, of course, slickensides, fine to very fine groundmass which makes the rock generally have a rather higher than normal specific gravity. Where the gouge has not been indurated or represents a recent fault zone, the rock consists of soft to very soft gumbo type clay. Color of this clay is usually black to gray. Near the surface it may contain ochre colored iron stains. Usually small slip planes are seen in all attitudes.

2. Silica-carbonate: In this report, the triangle of silica-carbonate rock contained small patches of unaltered serpentine which was all lumped into the silica-carbonate category. The rock consists of chalcedony, quart, and carbonate materials. Weathered silica-carbonate rock forms distinctive outcrops, tan to red brown in color, it is somewhat porous in nature. It is generally believed that silica-carbonate rocks are derived from serpentine by hydrothermal solutions. This report was written with this idea in mind.

3. Serpentine and greenstones: Grouped together because of their close relationship to each other. Found along the East side of the Las Tablas Creek, generally well weathered and forms small dark green outcrops. The serpentine is hard in this location due to high quartz in the ground mass. It is from olive green to pale green; greenstones look as though they are fine grained green basalts. The greenstones weather rather easily.

4. Jurassic Franciscan sandstones: Very seldon on the property did Jurassic shales appear on the surface. Sandstones were generally present in good outcrops. These outcrops were usually massive; attitudes of the croppings were hard if not impossible to determine. Color of the sandstones were gray green to gray. Fine grained groundmass, high in feldspars characterized the pure sandstones in outcrops. Massive sandstones often had veinlets of quartz or calcite stringers throughout. Characteristic of the formation were croppings of highly resistant chert. This chert was multicolored from black to brown to light green. Sandstones were considerably less resistant to erosion than were the chert and greenstones.

5. Cretaceous sandstones: It is commonly gray-green in color, with no unusual weathering color. Formed a resistant ridge on this property. Angular to sub-angular groundmass with a wide assortment of individual mineral fragments. Groundmass contains large percentages of quartz, feldspar, muscovite mica, along with rock fragments of silicified serpentine and shale. Bedding was determined rapidly on individual outcrops.

4. <u>ACCESSIBILITY OF PROPERTY</u>

A. The following individual will assist the OME representative on the field examination:

Robert L. Strahan
522 Creston Road
Paso Robles, California 93446
Phone: (805) 238-3396 or 238-1900

The property lies 18 miles to the west of Paso Robles and is reached by an all-weather, paved road. (See attached road map)

B. Paso Robles, California is nearest shipping point of rail and truck.services. The county airport lies two miles to the east and is served by a commercial carrier.

Lockwood
Williams Hill
Jackson Hill
Quail Top
Bald Mtn.
Hackler Hill
SAN
ANTONIO
RES.
Bradley
CAMP ROBERTS
MILITARY
RESERVATION
San Miguel
NACIMIENTO
RESERVOIR
Tiara Redondo Mtn.
Deer Flat
Pino Mtn.
Blackjack Mtn.
Rocky Butte
Eagle Rock
Vulturo Rock
Red Mtn.
Limo Mtn.
Chimney Rock
Adelaida
Paso Robles
Estrella
Cypress Mtn.
Cambria
Santa
Templeton
Atascadero
Cayucos
Whale Rock Reservoir
Point Estero
Morro Rock
Morro Beach
Morro Bay
Baywood Park
Los Osos
Frog Pond Mtn.
Corro Alto
Santa Margarita
Salinas
Corro Romualdo
Laguna Mtn.
San Luis

5. EXPLORATION WORK

A. The proposed exploration work is of two main types. First would be the use of a D-8 type machine for construction of access roads and drill benches for the proposed drilling sites and minor amounts of trenching to uncover obscure geologic relationships.

Second would be the drilling of nine, 750-feet holes to test the lateral extent of the recently discovered thrust fault.

B. No access road to the property need be constructed since the county road passes thru said property.

C. The initial states of exploration can begin within two weeks of the execution of the OME contract. The length of the project should run approximately 55 working days.

6. EXPERIENCE

The operating experience for the members of the New Klau Mining and Construction Company are as follows:

A. RUDOLPH RUDA (age 40)

1. 1953 to 1956 - Chrome mining and milling
2. 1956 to 1957 - General construction
3. 1957 to 1962 - Open-pit superintendant at Buena Vista Mine
4. 1962 to 1965 - General Contractor and mining
5. 1965 to 1968 - Licensed General Engineering Contractor and mining

B. ROBERT B. YAGER (age 61)

1. 1928 to 1944 - Geophysical drilling for United and Amerada
2. 1944 to 1948 - Driller, oilfield
3. 1948 to 1968 - Licensed water-well contractor

C. VERN RAUCH (age 29)

1. 1960 to 1968 - Mineral exploration and water-well drilling

D. ROBERT L. STRAHAN (age 28)

1. 1957 to 1958 - Colorado School of Mines - student
2. 1958 - Chain-O-Mines, Central City, Colo. miner and engineering.
3. 1958 to 1959 - Colorado School of Mines - student
4. 1959 - Climax Molybedenum Co - surveyor
5. 1960 to 1961 - Leasee of Liberatad Mine
6. 1962 to 1964 - Colorado School of Mines - student
7. 1964 to 1965 - Moly Corp. of America - geochemist for Dr. Robert H. Carpenter
8. 1965 to 1968 - Geologist for Western Mineral Exploration Company

   a. Supervised geocheimcal and geophysical surveys.
   b. Responsible for ground control and topo mapping.
   c. Supervised 24,000 feet drilling program.

7. **ESTIMATE OF COSTS**

A. Contractor's Bids

1. Bids were requested for hourly rates (see attached correspondence) on D-8 Dozer or equivalent machine. Mr. Rudolph Ruda submitted low bid of $25.50 per hour for fully manned and maintained machine.

The total hours assumed for construction of roads, drill benches, and trenches was as follows:

135 hr. dozer work at $25.50 per hour . . . . . $ 3,450.00

2. Bids were requested for hourly rates and unit cost in feet (see attached correspondence). New Klau Mining and Construction Co. submitted low bid of $6.00/ln. ft. on all phases of the drilling and agrees to supply all necessary items for successful completion of the agreed upon contract.

The total footage and cost is as follows:

9 holes at 750 ft. hole
(total footage - 6,750 feet)
6,750 ln. feet at $6.00/ln. ft. . . . . $ 40,500.00

B. Personal Services (assuming 2 month work period)

1. Management at $800.00 per month . . . . . $ 1,600.00

2. Sampler at $3.55 per hour . . . . . $ 1,680.00

C. None

D. None

E. None

F. None

G. Miscellaneous

1. Workman's Comp., State Unemployment, Social Security, etc. . . . . $ 438.00
2. Bookkeeping . . . . . $ 60.00
3. Map, Office & Field Supplies . . . . . $ 50.00
4. Assay (20 assays at $5.00 assay . . . . . $ 100.00
5. Survey at $200.00 per hold . . . . . $ 1,800.00

GRAND TOTAL CONTRACT

. . $ 49,678.00

June 18, 1968

Mr. Harold D. Peterson
9005 El Camino Real
Atascadero, California

RE: HOURLY RATE FOR DOZER - D8 type

The above named company is requesting hourly rental rates on the above referred to equipment. Said equipment will be used for construction access roads and drill benches.

Type of material to be cut in is as follows:

1. Franciscan sediments and
2. Predominately graywackes and shales with minor inclusions of chert.

Your prompt reply will be appreciated.

NEW KLAU MINING AND CONSTRUCTION CO.

By:

ROBERT L. STRAHAN
GEOLOGIST

RLS:lr

9005 El Camino Real
P. O. Box 366

HAROLD D. PETERSON

Licensed Contractor

ATASCADERO, CALIFORNIA

Telephone
Office 466-2840
Home 466-0430

June 19, 1968

New Klau Mining & Construction Company
1108 Vine St.
Paso Robles, California 93446

ATTENTION: Robert L. Strahan - Geologist

Gentlemen:

Reference to your request dated June 18, 1968 for Hourly Rate for Dozer - D8 type we quote you $26.50 per hour operated and maintained.

Yours very truly,

H. D. Peterson

HAROLD D. PETERSON

HDP/gb

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

June 19, 1968

Rainey Construction Company
1144 Paso Robles
Paso Robles, California

Attention: Mr. Robert Rainey

RE: HOURLY RATE FOR DOZER - D8 type

The above named company is requesting hourly rental rates on the above referred to equipment. Said equipment will be used for construction of access roads and drill benches.

Type of material to be cut in is as follows:

1. Franciscan sediments and
2. Predominately graywackes and shales with minor inclusions of chert.

Your prompt reply will be appreciated.

NEW KLAU MINING AND CONSTRUCTION CO.

By: Robert L. Strahan

ROBERT L. STRAHAN
GEOLOGIST

RLS:lr

Our Modern Equipment Cuts the Costs

MOTOR SCRAPERS ○ RIPPERS
MOTOR GRADERS ○ COMPACTORS
'DOZERS—D4's to D8's
ROAD OILING
LOADER AND DUMP TRUCKS

RAINEY CONSTRUCTION PASO ROBLES
GRADING · PAVING
CONSTRUCTION MATERIALS

1144 PASO ROBLES STREET
PASO ROBLES, CALIFORNIA 93446
Phone 238-3813
238-0214

June 27, 1968

New Klau Mining & Construction Co.
1108 Vine Street
Paso Robles, California 93446

Attention: Mr. Robert Strahan
Geologist

RE: HOURLY RATE FOR DOZER - D8 type

Concerning your letter of June 18, 1968, for hourly rate on caterpillar dozer D-8 type, an hourly rate of $26.00 per hour with operator and maintenance is our standard rate.

If I may be of any further assistance to your organization, please do not hesitate to call.

Robert W Rainey

ROBERT RAINEY

June 18, 1968

Mr. Rudolph Ruda
729 Gaugh Avenue
Templeton, California

RE: HOURLY RATE FOR DOZER - D8 type

The above named company is requesting hourly rental rates on the above referred to equipment. Said equipment will be used for construction access roads and drill benches.

Type of material to be cut in is as follows:

1. Franciscan sediments and
2. Predominately graywackes and shales with minor inclusions of chert.

Your prompt reply will be appreciated.

NEW KLAU MINING AND CONSTRUCTION CO.

By:

ROBERT L. STRAHAN
GEOLOGIST

RLS:lr

RUDOLPH L. RUDA *Earth Moving and Equipment Rentals*

Phone 4701
Box 276
TEMPLETON, CALIFORNIA

June 19, 1968

New Klau Mining & Construction Co.
1108 Vine Street
Paso Robles, California

Attention: Mr. R. L. Strahan
Geologist

Sir:

With regard to your request dated June 18, 1968, for hourly rate on Caterpillar dozer - D8 type. For machine with operater, with fuel and lube service we quote you an hourly price of $25.50 per hour.

Cordially,

Rudolph L. Ruda

RUDOLPH L. RUDA

RLR:lr

June 18, 1968

Boyles Brothers Drilling Company
Post Office Box 831
Auburn, California 95603

Attention: Mr. Peter Chestler
District Manager

RE: CONTRACT AND HOURLY FEES

New Klau Mining and Construction Company is actively pursuing an O.M.E. loan from the federal government. Approximate drilling costs are needed to finalize said contract. Rates by the hour and by the unit cost foot are required.

New Klau Mining and Construction Company understands that the cost figures submitted by your organization are not final or binding on said organization and can be adjusted after a physical examination of the property by your agent.

An hourly rate should be derived from the specifications as follows:

1. Hourly rental rate on Mayhew "1,000" or comparable drilling unit, water truck, crew and related equipment.
2. Rental on hammer drill.
3. Rental by day or month on 600 CFM compressor to power hammer drill.

Unit costs per foot should be derived from the specifications as follows:

1. Drilling in sediments of Franciscan age which include predominately graywackes and shale with minor inclusions of chert lenses and volcanics.
2. Drilling in Silica-Carbonate structure (air hammer drill).
3. Maximum depth of holes will be 700 feet.

Two contract rates are desired for the above geological conditions.

Your prompt reply will be greatly appreciated.

NEW KLAU MINING AND CONSTRUCTION CO.

By:

ROBERT L. STRAHAN
GEOLOGIST

RLS:lr

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

Highway 40 at Lincoln Turn-off
2½ Miles West of Auburn, California
P. O. Box 831 Auburn, California 95603
Phones: Office: (916) 885-6581 TELEX: 37-7490
Home: Carmichael, Calif.
(916) 944-1697

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
487-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SANTIAGO, CHILE
LIMA, PERU

June 24, 1968

Mr. Robert L. Strahan
New Klau Mining & Construction Co.
1108 Vine Street
Paso Robles, California 93446

Dear Mr. Strahan:

We submit the following quotations in accordance with your letter dated June 18, 1968.

1 - Mobilization and demobilization of 1 rotary drill to job site 500.00

2 - Rental of rotary drill, 25.00 per hour, plus cost of bits.

3 - Rental of Hammerdrill per month 1,000.00

4 - Rental of 600 CFM compressor, 850.00 per month, plus cost of filters, lube oil and fuel.

Bits used with Hammerdrill will be charged for at our cost delivered to job site.

Unit costs per foot -

1 - Rotary or Hammerdrill, drilling in sediments of Franciscan age.

0 - 250 feet in depth	6.00 to 7.50 Ln Ft
250 - 500 feet in depth	7.50 to 9.00 Ln Ft
500 - 750 feet in depth	9.00 to 10.50 Ln Ft

Core drilling in same formation.
Mobilization & demobilization of diamond drill 500.00

	BX	NX
0 to 250 feet in depth	9.00	10.50
250 to 500 feet in depth	10.50	
500 to 750 feet in depth	12.00	

2 - Drilling in Silica-Carbonate structure (Hammerdrill)

0 to 250 feet in depth	8.50 to 10.00
250 to 500 feet in depth	10.00 to 11.50
500 to 700 feet in depth	11.50 to 13.00

3 - Reaming and casing, if required 5.50 Ln Ft

BOYLES BROS. DRILLING CO.

Mr. Robert L. Strahan
New Klau Mining & Construction Co.

June 24, 1968

4 - Cementing, redrilling cement or mixing drilling mud 22.00 per hour, plus cost of cement, additives or drilling mud.

If you are successful in your application for an O. M. E. loan, we would appreciate the opportunity of making a physical inspection of the area where drilling will be done so that we can give you a firm price for doing this work.

Thank you for calling on us.

Very truly yours,

BOYLES BROS. DRILLING COMPANY

Peter Chesler

Peter Chesler, District Manager

PC/jg

cc: Manager Drilling Districts
Boyles Bros., S. L. C.

June 18, 1968

Miller Drilling Company
101 Highway
Templeton, California

Attention: Mr. Robert Miller

RE: CONTRACT AND HOURLY FEES

New Klau Mining and Construction Company is actively pursuing an O.M.E. loan from the federal government. Approximate drilling costs are needed to finalize said contract. Rates by the hour and by the unit cost foot are required.

New Klau Mining and Construction Company understands that the cost figures submitted by your organization are not final or binding on said organization and can be adjusted after a physical examination of the property by your agent.

An hourly rate should be derived from the specifications as follows:

1. Hourly rental rate on Mayhew "1,000" or comparable drilling unit, water truck, crew and related equipment.
2. Rental on hammer drill.
3. Rental by day or month on 600 CFM compressor to power hammer drill.

Unit costs per foot should be derived from the specifications as follows:

1. Drilling in sediments of Franciscan age which include predominately graywackes and shale with minor inclusions of chert lenses and volcanics.
2. Drilling in Silica-Carbonate structure (air hammer drill).
3. Maximum depth of holes will be 700 feet.

Two contract rates are desired for the above geological conditions.

Your prompt reply will be greatly appreciated.

NEW KLAU MINING AND CONSTRUCTION CO.

By:

ROBERT L. STRAHAN
GEOLOGIST

RLS:lm

Miller & Johnson
DRILLING CONTRACTOR
RT. 1, BOX 22 - PASO ROBLES, CALIF.
238-1133

June 27, 1968

Mr. R. L. Strahan
New Klau Mining & Construction Company
1108 Vine Street
Paso Robles, California 93446

The following tenative bid is submitted for your inspection:

Monthly or Hourly Cost:

1.	Mobilization and demobilization	$ 250.00
2.	Hourly rate on drilling rig	26.00
3.	Monthly rate on 600 CFM compressor to include maintenance plus cost of fuel	1,000.00
4.	Hammerdrill per day	50.00

Unit cost per foot:

1.	Rotary drill of Franciscan sediments with holes to 750 feet in depth	7.25 per foot
2.	Hammerdrill in Silic-Carbonate	11.50

Reaming, casing, cementing, etc. will be charged at the above mentioned hourly rate plus cost of additives.

Please let me know as soon as possible if OME loan is granted as it will take approximately seven to ten days to move onto the property.

Robert Miller
ROBERT MILLER

10015

MINING LEASE AGREEMENT

THIS AGREEMENT is made and entered into this [illegible] day of April, 1968, by and between BUENA VISTA MINES, INC., and HAROLD BIAGGINI, hereafter termed "Owners" and NEW KLAU MINING AND CONSTRUCTION COMPANY, hereafter termed "Lessee".

This agreement is made in reference to the fact that a certain lease between owners and Rudolph Ruda, Charles W. Lightfoot and Robert B. Yager, dated August 18, 1965 and leasing the property described herein has been cancelled.

In consideration of the terms, covenants and conditions herein contained, each of which is hereby mutually agreed upon by the parties hereto, Owners hereby lease to lessee their respective interest in the following described real property, sometimes referred to herein as owners property or the property, comprised of patented and unpatented mining claims:

1. Adelaida Location and the Santa Cruz location and the Creek and the Old Dumps in the Atlas Location, the "KLAU MINE", located in the South 1/2 of Section 33, T. 26 S., R. 10 E., M. D. B. & M., San Luis Obispo County, State of California

See letter from [illegible] dated [illegible] copy [illegible]

2. Lode claim known as the Santa Barbara, more particularly described in document recorded November 6, 1967 in Book 1454, page 622, Official Records of San Luis Obispo County, California.

3. Lode claim known as the Only Chance, more particularly described in document recorded November 6, 1967 in Book 1454, page 620, Official Records of San Luis Obispo County, California.

4. Lode claim known as the Last Chance, more particularly described in document recorded in Book 1328, page 96, Official Records of San Luis Obispo County, California.

See above mentioned letter

5. Lode claim known as the San Carlos, more particularly described in document recorded in Book 1328, page 98, Official Records of San Luis Obispo County, California.

See above mentioned letter

This agreement is subject to all of the following terms, conditions and covenants:

1. Lessee's right to use of said property shall be limited to conducting mining operations only, and the [illegible]

the right to remove minerals from the property.

2. This agreement shall be for the term of five (5) years, commencing on the 30TH day of April, 1968, and terminating on the 30TH day of April, 1973, subject to the terms of paragraph 13 herein.

3. Lessee shall pay owners as royalty on minerals produced ten (10%) percent of the gross sums received from the sale of any and all minerals recovered from the leased premises. The ten percent (10%) royalty shall be paid to owners not later than the 15th day of the month following the sale of the extracted minerals.

4. Lessee cannot sublet, assign, transfer or sell any part of the within described property without written consent from owners.

5. Lessee shall, at its sole cost and expense, perform and provide all labor, machinery and materials necessary for their mining operations on said property.

6. At all times during the continuance of this agreement, there shall be kept accurate books of account by Lessee which are satisfactory in form to owners and are to be used in common by Owners and Lessee. Owners may, at reasonable times during the term of this agreement, have access thereto without interruption or hinderance for the purpose of conducting an audit or to determine and verify royalties due pursuant to this agreement.

7. All royalties shall be payable in lawful money of the United States of America, to owners at Paso Robles, California.

8. Lessee is given the right to erect upon the property, such buildings and such equipment which may be necessary and proper for the efficient operation of their mining activities upon the property. Lessee shall also have the right to erect milling facilities on the property, it being understood that title to said buildings and equipment shall remain in Lessee subject to the conditions of this agreement.

Lessee shall have a period of one hundred twenty (120) days from the time of expiration or termination of this lease agreement to remove such improvements as they have placed on the property. In the event any of these improvements have not been removed within the period of one hundred twenty (120) days, the improvements shall become the sole property of Owners.

9. If the milling facilities, as described in the preceding paragraph, are used to mill ore extracted from property not the subject of this lease agreement and not owned by Owners, then Lessee shall pay to Owners five (5) percent of the proceeds realized by Lessee from sales of ore owned by Lessee and ten (10) percent of the gross receipts by Lessee for processing ore not owned by Lessee or Owners. If Lessee processes ore owned by Owners, the processing shall be done royalty free for a price to be negotiated by Owners and Lessee.

10. Lessee shall, at its own cost and expense, obtain all licenses and permits required by reason of the operations provided for herein. Lessee shall pay for all utilities used on said premises and all other charges and expenses incurred by them in the course of their operations on said premises. Lessee shall be responsible for all taxes levied on this leasehold and operations thereunder, including all buildings and structures, as erected by them on the property, and all of their personal property. Lessee further agrees to arrange to have the leased premises separately assessed.

11. Lessee shall keep said premises in a clean condition, free from rubbish, garbage and like accumulations of waste, and shall, at all times, comply with all state, federal and local rules, regulations or any authorities now or hereafter in effect with reference to the operation and occupancy of said premises, and conduct of mining operations thereon.

12. Owners shall have the right and privilege at all

reasonable times to enter upon said premises for the purpose of inspecting the same and for the purpose of determining whether the terms, covenants and conditions of this agreement are being kept and performed by Lessee and to post notices of non-responsibility.

13. In the event that Lessee has at all times fully observed and performed the terms and conditions of this agreement, Lessee is hereby given the right and option to renew this agreement for the further period of five (5) years succeeding the date of the expiration of the term hereof by giving Owners written notice of its intention to so renew at least sixty (60) days before the expiration of the term. At the end of this option term, if Lessee is extracting ore in paying quantities from the land and if Lessee continues to perform its obligations under this agreement, this agreement shall continue for so long as ore is so extracted, subject to the rule of perpetuities as applied herein.

14. Lessee shall do all reasonable or necessary acts to prevent trespass and fire, and shall at all times, conform strictly with all County, State and Federal rules, laws, regulations, and authorities relating thereto, and shall at no time commit any unlawful act upon said premises nor permit any person to do so.

15. Lessee shall have the right to use water from creeks and to develop water sources on owners' land at Lessee's sole expense.

16. Owners hereby grant for the term of this lease to Lessee, any right of way which Owners may have over adjoining property to the nearest public roadway and further grant to Lessee for a similar term the right of ingress and egress for normal mining purposes over Owners' land to the nearest public road.

17. Lessee agrees that there will be not less than forty (40) man days working time per month, which time shall be devoted to mining efforst on Owners' property.

This is a material covenant which applies to the entire

term of this Lease, including renewals and periods governed by production in paying quantities. The Owners may terminate this Lease at any time for breach of this covenant.

18. Lessee agrees to hold Owners harmless from any and all claims of whatsoever nature as a result of property damage or personal injury on the part of any person, including but not limited to Lessee, its employees, agents and invitees, trespassers, and employees and agents of Owners.

Lessee agrees to promptly pay all bills for material and labor used by Lessee on the premises and to pay all obligations which may result in a lien on the property to the end that no laborers', mechanic liens, attachments, mortgages, encumbrances or liens of any character shall arise against the leased premises. Lessee further agrees to hold Owners harmless against any claims, liens, attachments, mortgages, encumbrances or liens of any character which may arise from and as a result of this lease and the Lessee's operation under this lease.

19. This lease is intended only to create the relation of landlord and tenant and shall not, under any circumstances, be construed as a joint venture or partnership between Owners and Lessee.

20. The appointment of a receiver or a general assignment for the benefit of creditors of any act of bankruptcy by Lessee shall constitute a breach of this agreement.

21. The waiver by Owners of any breach of this lease agreement shall not be deemed to be a waiver of any subsequent breach, and the Owners expressly reserve the right to accept rent after any breach without this acceptance being considered a waiver of any breach of the agreement other than paying the rent due.

22. In the event of the breach of this lease agreement by Lessee, then the Owners in addition to any other rights they might have, shall have the right of immediate re-entry. The

exercise of this right of re-entry shall not be considered a termination of this lease unless the Owners give to Lessee a written notice of their intention to so terminate.

23. This agreement shall inure to the heirs, assigns, successors, and/or transferees of each party hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this 30th day of April, 1968.

OWNERS:

BUENA VISTA MINES, INC.

BY: Harold Biaggini
HAROLD BIAGGINI, President

Harold Biaggini
HAROLD BIAGGINI

LESSEE:

NEW KLAU MINING AND CONSTRUCTION COMPANY

BY: Rudolph L. Ruda
RUDOLPH L. RUDA, President

STATE OF CALIFORNIA
COUNTY OF San Luis Obispo } SS.
On May 22, 1968 before me, the undersigned, a Notary Public in and for said County and State, personally appeared HAROLD BIAGGINI, known to me to be the ____ President, and ____ known to me to be ____ Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.
WITNESS my hand and official seal.
(Seal) Charles E. Ogle
CHARLES E. OGLE
Name (Typed or Printed)
Notary Public in and for said County and State

CHARLES E. OGLE
Notary Public - California
Principal Office In
San Luis Obispo County

398A 8-59

STATE OF CALIFORNIA
COUNTY OF San Luis Obispo } SS.
On May 22, 1968 before me, the undersigned, a Notary Public in and for said County and State, personally appeared RUDOLPH L. RUDA, known to me to be the ____ President, and ____ known to me to be ____ Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.
WITNESS my hand and official seal.
(Seal) Charles E. Ogle
CHARLES E. OGLE

CHARLES E. OGLE
Notary Public - California
Principal Office In
San Luis Obispo County

STATE OF California
COUNTY OF San Luis Obispo } SS.

ON May 22, 1968 before me, the undersigned, a Notary Public in and for said State, personally appeared HAROLD BIAGGINI, known to me, to be the person whose name is subscribed to the within Instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Charles E. Ogle
Charles E Ogle
NAME (TYPED OR PRINTED)
Notary Public in and for said State.

CHARLES E. OGLE
Notary Public - California
Principal Office In
San Luis Obispo County

GMENT—General—Wolcotts Form 231—Rev. 3-64

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

July 6, 1971

JUL 8 1971
INITIALS | CODE
Cal / 20
gla / 20
HK / 20

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Co.
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed is a summary-type final report on the subject exploration project.

H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By R. M. Smith, Geologist, Region II

July 6, 1971

1. OME-6751 (Mercury)
New Klau Mining & Construction Co.
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Operator: New Klau Mining and Construction Company
c/o Robert L. Strahan, geologist
1108 Vine Street
Paso Robles, California 93446

Property: Three patented lode mining claims and three unpatented lode mining claims in sec. 33, T. 26 S., R. 10 E., MDB&M, Klau-Mahoney mining district, San Luis Obispo County, California, recorded in the County Recorder's office at San Luis Obispo, California, as follows:

Patented claims

Name	Survey No.
Adelaida	3787A
Last Chance	3787A
Santa Cruz	3787A

Unpatented claims

Name	Book	Page
Only Chance	1454 (Official Records)	620
San Carlos	13 (Mines)	273
Santa Barbara	1454 (Official Records)	622

Ownership: The Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease Agreement dated April 30, 1968, from Buena Vista Mines, Inc., and Harold Biaggini, the owners.

Lien and Subordination Agreements were executed July 30, 1969, by Buena Vista Mines, Inc., and by Harold Biaggini, both at 1140 Railroad Avenue, Paso Robles, California 93446.

FINAL FIELD REPORT

2. Purpose of Project: To explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies along and below a gently dipping thrust fault that separates mineralized siltstone of Jurassic(?) age from underlying sandstone of probable Cretaceous age.

3. Contract: Dated July 2, 1969
Original term - 6 months
Total amount - $48,000.00
Government participation (75 percent) - $36,000.00

Amendments: No. 1 - extended completion date to March 2, 1970.

4. Project Work: Started August 8, 1969; completed February 6, 1970.

Fixed Unit Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
Mobilization and demobilization one bulldozer	$ 200	$ 200	
Bulldozing access roads and drill sites 70 hours at $25.50/hour	1,785	2,050	(265)
Rotary drilling 6,750 feet at $6/foot	40,500	40,500	
Incidental allowances per foot of commercial drilling for accounting, sampling, surveying, supplies, payroll taxes, FICA and insurance 6,750 feet at $.54/foot	3,645	3,645	
Supervision-Geologist-Engineer 2 months at $800/month	1,600	1,600	
Assaying 54 samples for mercury at $5/sample	270	5	265
Total Cost	$48,000	$48,000	
Government Participation at 75%	$36,000	$36,000	
Withheld pending receipt of Operator's final report and forfeited by Operator		$ 200	
Total - Government's Contribution		$35,800	

5. Reports:

Operator's Final Report	- Not submitted. On June 28, 1971, OME notified the Operator that the contract is closed and that the Operator has forfeited the $200.00 withheld from its voucher for February-March 1970, pending receipt of its final report.
Final Cost Review	- July 1970
Royalty Review	- None
Final Interim Inspection Report	- June 11, 1971

6. Project Results:

Discoveries	- None in target area. Traces of mercury were found in silica carbonate rock in the upper plate between depths of 160 and 165 feet in Hole K-47 which might be a clue to guide future exploration.
Ore Reserves	- None
Future Production	- Improbable from the target area. Not possible as a result of the OME project.
Future Exploration	- Not warranted in the target (thrust fault) area unless new favorable geologic evidence is found. Prospecting in the upper plate may be warranted when and if the price of mercury reaches $500 per flask.
Certification	- None
Production	- None
Royalties	- None

7. Geologic Summary:

The Klau-Mahoney district has yielded more than 61,000 flasks of mercury, mostly from the Buena Vista mine (35,000+) and the Klau mine (26,000). Ore bodies containing as much as 10,000 tons averaging 5-15 pounds of mercury per ton are localized in an area 3,000 feet long and about 1,000 feet wide that has been mined to depths of 400 feet. The mineralized area

7. Geologic Summary - Continued

lies between two major east-trending steep faults that cut siltstone (graywacke), shale, sandstone, and chert of the Franciscan Formation which is intruded by serpentine dikes and sills locally altered to silica-carbonate rock. Cinnabar occurs in silica carbonate and siltstone along and near fractures mainly transverse to the major faults.

The Franciscan Formation (Jurassic) overlies Cretaceous(?) sandstone containing pebbles of Franciscan chert, and is separated from it by an indicated thrust fault (pre-mineral) at a depth of about 500 feet in the area explored. Mercury ore was suspected in the Cretaceous sandstone and/or along the thrust fault below mineralized areas in the upper plate. None was found by the OME project, but the possibility was not completely eliminated.

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

COPY
O. M. E.
RECEIVED
JUN 14 1971
INITIALS CODE
CEC 120
JRA 120
HK 120

June 11, 1971

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Co.
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Work under the subject contract was completed on February 6, 1970, and the final voucher was submitted on March 17, 1970. The sum of $200.00 was withheld from the final payment made to the Operator on April 17, 1970, pending receipt of a Final Report. A Final Report was promised in late March 1970, and again periodically every few months for the next 14 months. Numerous requests by telephone, letter, and personal visits by the Field Officer to the President, Vice President, and Geologist of the New Klau Mining & Construction Co. for a Final Report have been to no avail. It is recommended, therefore, that the Government notify the Operator that the $200.00 is forfeited because of its failure to submit a Final Report.

The purpose of the project was to explore, by rotary drilling, for mercury-bearing ore bodies at depths of 500 feet or more along and below a gently dipping thrust fault that was inferred to separate mineralized siltstone of Jurassic(?) age from underlying sandstone of probable Cretaceous age. The nine completed holes did not discover significantly mineralized material at the inferred target horizon. Only traces of mercury-bearing material were intersected by the drill holes. The highest grade material cut was silica-carbonate rock in the upper plate between depths of 160 and 165 feet in Hole No. K-47 (Contract site No. 8), near the north-central boundary of the property, and this material contained only about 0.75 to 1.0 pound of mercury per ton. The depth of the weakly mineralized silica-carbonate rock in this hole, in relation to the greater depth of similar material in a previously drilled hole about 200 feet to the northwest on the adjacent

property, may indicate the presence of a steep northeast-striking mineralized fault. Additional drilling in this area may, or may not, result in the discovery of a minable ore body. The Operator had planned to explore this area further at its own expense but the drastically declining price of mercury over the past year has forced the closing down of all mercury exploration and producing activities in the district.

Because production is neither possible nor very probable as a result of the OME project, and because a Government lien on the property would discourage further exploration, a Certificate of Possible Production is not justified. It is recommended that certification not be made.

H. K. Stager

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/22/71	Emerick	120
		120
4/22	cal	220
		20M

APR 22 1971

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed is a set of drill logs received from the OME Field Officer, Region II, to be attached to the Budget and Finance copy of the February 1970 voucher, No. 06197.

Harold Kirkemo

Harold Kirkemo

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
~~XXXXXXXXXXX~~
Mr. Emerick

WLEmerick/bsl 4/22/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/28/70		120
		120
8/31	coe	220
		120M

AUG 31 1970

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed is a copy of the Field Officer's letter of August 27, 1970, forwarding a copy of the Report of Review issued in July 1970 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick
130

BSLong/1 8/28/70

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

August 27, 1970

New Klau Mining & Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

Enclosed is a copy, for your files, of a Report of Review on your OME contract prepared by the Office of Survey and Review in Washington, D. C. The facts as stated in the Report of Review agree with the information in the Field Office files and I concur in the report.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C. (2)
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

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

June 22, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 24 1970

INITIALS	CODE
	130
HK	120
	120

New Klau Mining & Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

Will you please submit an Operator's Final Report on the subject contract as soon as possible so that we can pay you the $200 being withheld from your last voucher and start the final accounting, auditing, and winding-up procedures for this contract. A suggested outline for the final report is attached.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/21/70	Emerick	120
8/21	CAA	220
		120M

AIRMAIL

Memorandum

AUG 21 1970

To: Field Officer, Region II

From: Assistant Chief
Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are two copies of a Report of Review issued July 1970.

If you concur in the facts in the report, the Operator should be sent its copy with appropriate comments. 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 agree, both copies of the report should be returned to this office with your comments.

William L. Emerick

William L. Emerick

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Emerick
130

BSLong/1 8/21/70

FORM 9-1648
MARCH 1958

OFFICIAL COPY
U. S. G. S.
RECEIVED
APR 20 1970
DIVISION OF MINERALS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of Feb. 16- to Mar 2, 1970

Docket No. OME- 6751
Contract 14-08-0001 2284
Contract Amount $ 48,000.00
Gov't. Participation % 75 $ 36,000.00

Operator's Name New Klau Mining & Construction Co.
Address 1108 Vine St., Paso Robles, Ca 93446

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mob. bulldozer		$	job	$ 100.00		$	1	$ 100.00
Demob. bulldozer			job	100.00			1	100.00
Doze road & benches			70 hr	1,785.00			70	1785.00
Rotary drilling			6750'	40,500.00			6750	40,500.00
Incidental Expenses	3000'	1,620.00	"	3,645.00	3000	1620.00	6750	3645.00
Supervision			2 mon	1,600.00			2	1600.00
Assay	1	5.00	1	5.00	1	5.00	1	5.00
Extra Dozer Work as per report	10.4 hr	265.00	10.4hr	265.00	10.4	265.00	10.4	265.00
TOTALS		$ 1890.00		$48,000.00		* $1890.00		$48,000.00

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

Date Mar. 17, 1970 *Payee New Klau Mining & Const. Co.

Per Rudolph L. Ruda Title President

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

Any 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)

Approved as noted, subject to field examination and audit.

Signature R. M. Smith 4/7/70
OME Field Officer Date

1417.50 (63)14X0804
200.00 14X6875(08)

Approved for: $1,217.50
(SUBJECT TO AUDIT)

Signature [illegible]

Date APR 17 1970 Vou. No. 06197

* (SEE OTHER SIDE)

067508

RECEIVED
U.S. GEOLOGICAL SURVEY
APR 14 10 30 AM '70
BUDGET & FINANCE

* We recommend that $200 be withheld pending receipt of Operator's Final Report
RMS.

06197

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: New Klau Mining & Construction Co.
1108 Vine St.
Paso Robles, Calif. 93446

Amount Claimed:	Differences (Explained Below)	Amount Approved
1,890.00	200.00	1,890.00 1,417.50 Gov. Part. Less 200.00 1,217.50
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6751 Contract #2284	Feb. 16 - Mar. 2,1970

EXPLANATION

Withholding $200.00 pending receipt of Final Report.

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

Branch of Budget and Finance

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

April 6, 1970

Mr. Hal Stager,
Field Officer
OFFICE OF MINERAL EXPLORATION, USGS
345 Middlefield Road
Menlo Park, California 94025

RE: MERCURY EXPLORATION, OME file #6751

Please find enclosed the final billing for the above named exploration project. All logging of drill holes has been completed and will be included with "Operator's Final Report".

As a result of only one assay being required, the balance of funds in amount of $195.00 for assaying was applied to dozer work required for preparation roads and drill sites in excess of the seventy hour maximum established by the government. If this does not meet with your approval, please return "Operator's Monthly Voucher" and statement of corrections to be made.

With best wishes,

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

Enc.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/10/70	Peterson	120
		120
		220
		120M

APR 10 1970

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are the original and two copies of the Operator's Monthly Voucher for February 1970. Please withhold $200.00 from payment of this voucher pending receipt of an acceptable Operator's Final Report.

Harold Kirkemo (glh)

Harold Kirkemo

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Peterson

ECPeterson/bsl 4/10/70

FORM 9-1648
MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 2 1970

INITIALS CODE

OPERATOR'S MONTHLY VOUCHER

For Month of Jan 1-to Feb. 15, 1970

Docket No. OME- 6751
Contract 14-08-0001 2284
Contract Amount $ 48,000.00
Gov't. Participation % 75 $ 36,000.00

Operator's Name NEW KLAU MINING & CONST. CO.
Address 1108 Vine St., Paso Robles, Ca. 93446

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Mob. bulldozer		$	job	$ 100.00		$	1	$ 100.00
Demob bulldozer			job	100.00			1	100.00
Doze roads & drill benches			70 hr.	1785.00			70	1785.00
Rotary drilling	750 ft	4,500.00	6750	40,500.00	750	4500.00	6750	40500.00
Incidental Expenses				2,025.00			3750	2025.00
Supervision				1,600.00			2	1600.00
TOTALS		$ 4,500.00		$46,110.00		$4500.00		$46,110.00

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

Date February 15, 1970 *Payee NEW KLAU MINING & CONST. CO.

Per Rudolph L. Rudy Title President

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature for R. M. Smith OME Field Officer Date 2/16/70

(63) 14X0804

Approved for: $ 3375.00
(Subject to Audit)

Signature MS

Date FEB 27 1970 Vou. No. 05145

(SEE OTHER SIDE)

NARRATIVE REPORT

TIME PERIOD: January 1,-- to February 15, 1970

BY: R. L. STRAHAN

On January 3, 1970 drilling commenced on hole K-40 at a depth of 556 feet and continued to a completed depth of 750 feet on February 6, 1970. Drilling operations were severely hampered by seasonal precipitation.

Logging of holes K-40, K-41, K-42 and K-43 must still be completed. Geologic cross-section and plan maps are partially completed and a final report will be issued in late March, 1970.

United States Department of the Interior

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

February 17, 1970

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 18 1970
INITIALS | CODE
gea | 120
Bal | 120M
WE | 120E
aP | 120P

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are the Government's copy and Budget and Finance's copy of Amendment No. 1 to the subject contract, properly executed by the Operator. The remaining copies have been distributed in the usual manner.

R M Smith
for H. K. Stager

Enclosures

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

February 11, 1970

New Klau Mining & Construction Company
1108 Vine Street
Paso Robles, California 93446

FEB 16 1970
INITIALS | CODE
6 3
Bal 1 20 M
1 20
E 2 1 20

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

Enclosed are the original and three copies of proposed Amendment No. 1 (one page), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by an authorized representative of the New Klau Mining & Construction Company and the Government's copy, Budget and Finance's copy, and Field Office's copy returned to this office. The Operator's copy should be retained for your files.

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

Also enclosed, for your guidance in preparing the Operator's Final Report when the project is completed, is a suggested outline for your final report. If you have any questions, please call this office.

Sincerely yours,

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

H. K. Stager
Field Officer
OME, Region II

HKStager:mkh

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/6/70	Peterson	120
	Emerick	120
2/9/70	Kirkgaard	
2/19	CAC	220
		120M

AIRMAIL

FEB 9 1970

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are the original and three copies of proposed Amendment No. 1 (one page), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by 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.

Harold Kirkemo (gfa)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Peterson
130

ECPeterson/bsl 2/6/70

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Assoc. Sol--MR, Rm. 6554, Int. (Through Rm. 6042)		
2. Mr. Peterson, Rm. 4457, Interior		
3.		
4.		
5.		
FROM: Chief, OME		

24776.3123

SOLICITOR

JAN 29 1970

INTERIOR DEPT.

FOR: Check items for action desired

___ Action	___ Reply for signature of ___	
x Approval	___ Investigate	___ Surname
___ Comment	___ Recommendations	___ Signature
___ Conference	x Rewrite	___ File
___ Instructions	Your information	

REMARKS:

OME-6751 New Klau Mining and Construction Company

INT.-DUP. SEC., WASH., D.C. M50943

DRAFT 1/28/70
ECPeterson/bsl

20 Legal 1/28

~~20~~ 120

120 HK

120M

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

Amendment No. 1

It is agreed this _____ day of _____, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and New Klau Mining and Construction Company, hereinafter called the "Operator," that Exploration Contract 2284 (OME-6751), dated July 2, 1969, is amended, effective January 1, 1970, as follows:

1. The time fixed by Article 1 of the contract for completion of the work is extended from six (6) to eight (8) months from the date of the contract, or until March 2, 1970.

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

Executed in quadruplicate the date and year first above written.

THE UNITED STATES OF AMERICA

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

NEW KLAU MINING AND CONSTRUCTION COMPANY

By_____

Title_____

FORM 3
MARCH 1

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER For Month of Nov. 15 to Dec. 31, '69

Docket No. OME- 6751
Contract 14-08-0001 2284
Contract Amount $ 48,000.00
Gov't. Participation % 75 $ 36,000.00

Operator's Name New Klau Mining & Construction Co.
Address 1108 Vine St., Paso Robles, Ca. 93446

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
Mob. bulldozer		$	Job	$ 100.00	✓	$	1	$ 100.00
Demob. bulldozer			"	100.00	✓		1	100.00
Doze rds & drill benches	~~70 hr~~ ✓	✓	70 hr	1785.00	✓		70	1785.00
Rotary drilling	2250ft	13500.00	6000ft	36000.00	2250	13,500.00	6000	36000.00
Incidental Expen.			3750ft	2025.00	✓		3750	2025.00
Supervision	½ mon	400.00	2 mon	1600.00	✓ 1/2	400.00	2	1600.00
TOTALS		$ 13900.00	✓	$ 41610.00		$13,900.00		$41,610.00

280 .00 T

10,425.00
20,782.50
31,207.50 T

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

Date Jan. 5, 1970 *Payee New Klau Min. & Const. Co.

Per Rudolph L. Rudy Title President

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature for R. M. Smith OME Field Officer 1/27/70 Date

(63) 14X0804

Approved for: $ 10,425.00
(SUBJECT TO AUDIT)

Signature MO

Date FEB Vou. No.
(SEE OTHER SIDE)

04582

NARRATIVE REPORT

TIME PERIOD: November 15 to December 31, 1969

BY: ROBERT L. STRAHAN

On November 11, 1969, drilling commencedoon hole K-43 and continued to a completed depth of 750 feet on December 1, 1969. Circulation was entirely with mud. Several severe circulation losses were encountered in the upper portion of the hole and required one and a half days to correct. A one-day fishing job was necessitated because of a tricone bit losing a cone and bearings at 685 feet. Several passes were made before the junk was retrieved.

On December 2, 1969, drilling commenced on hole K-42 and continued to a completed depth of 750 feet on December 13, 1969. Circulation was entirely with mud and no problems were encountered. A most saddening event occurred On December 9, 1969 at 12:45 p.m. with the death of Hugh Westfall by heart attack. Hugh was acting in the capacity of driller's helper.

On December 15, 1969, drilling commenced on hole K-41 and continued to a completed depth of 750 feet on December 31, 1969. Circulation was entirely with mud and no problems were encountered.

None of the above holes, K-41, -42, and -43, have as yet been completely logged.

Drill-hole locations and elevations were surveyed on December 7, 1969 and later reduced to usable form by computer.

As per narrative report August 1 to November 15, 1969, hole K-40 was drilled to a depth of 556 feet. It is assumed that no problems will be encountered in again setting up the drilling unit over said hole and completing the remaining 194 feet of boring.

FORM 9-1048
MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER For Month of Aug. 1- to Nov. 15,'69

Docket No. OME- 6751
Contract 14-08-0001 2284

Operator's Name New Klau Mining & Construction Co.
Address 1108 Vine St., Paso Robles, Ca. 93446

Contract Amount $ 48,000.00
Gov't. Participation % 75 $36,000.00

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
Mob bulldozer	Job	$ 100.00	Job	$ 100.00	1	$ 100.00	1	$ 100.00
Demob bulldozer	"	100.00	"	100.00	1	100.00	1	100.00
Doze rds & drill benches	70 hr	1785.00	70 hr	1785.00	70	1785.00	70	1785.00
Rotary Drilling	3750ft	22500.00	3750ft	22500.00	3750	22500.00	3750	22500.00
Incidental Expen.	3750ft	2025.00	3750ft	2025.00	3750	2025.00	3750	2025.00
Supervision	1½ mon	1200.00	1½mon	1200.00	1½	1200.00	1½	1200.00
TOTALS		$ 27,710.00		$ 27,710.00		$27710.00		$27,710.00

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

Date Nov. 20,1969 *Payee New Klau Mining & Construction

Per Rudolph L. Rudy Title President

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature R.M. Smith for OME Field Officer Date 1/23/70

Approved for: $ 20,782.50 (63) 14X0804
(SUBJECT TO AUDIT)

Signature MO

Date _____ Vou. No. _____
(SEE OTHER SIDE)

NARRATIVE REPORT

TIME PERIOD: AUGUST 1, 1969 to NOVEMBER 15, 1969

BY: R. L. STRAHAN

Initial work began on contract #2284 on August 8, 1969 with the commencing of a survey for horizontal and vertical control. Said survey required three field days and several days of office time. All traverses and stub lines were run and balanced by computer. Midstate Engineers of Paso Robles furnished the computer service to New Klau.

Drilling operations commenced on September 5, 1969 with the arrival of United Geophysical's rig and crew. The drilling rig was not of the size that had been previously agreed upon, but it was decided to try said unit on one hole for a test run. Neither the drilling unit nor the crew proved satisfactory and were discharged after drilling hole K-40 to a depth of 556 feet. The hole was temporarily abandoned and a search for a new drilling contractor was instituted. After one week of unsuccessful attempts to employ a new drilling contractor, it was decided by New Klau to utilize Vern Rauch, a member of the corporation as the contractor.

On September 30, 1969, work began under the new contractor on hole K 45, and continued to a completed depth of 750 feet on October 10, 1969. Air was used as a circulating agent to 535 feet, where wet ground conditions forced a change to mud. Three days were lost to correction of circulation problems.

On October 11, 1969 drilling commenced on hole K-48 and continued to a completed depth of 750 feet on October 17, 1969. Air was used to drill to a depth of 530 feet but then wet ground conditions again forced a change to mud. No circulation problems were encountered.

It was decided to stop the use of air as a circulation agent and the compressor was returned to Bakersfield. Excessive change-over time, periods of inadequate sample return and improper injection system on contractor's drill were the reasons for using straight mud circulation on the remaining holes.

On October 18, 1969, drilling commenced on hole K-44 and continued to a completed depth of 750 feet on October 22, 1969. The entire hole was drilled with mud and no circulation loss was encountered.

On October 23, 1969, drilling commenced on hole K-46 and continued to a completed depth of 750 feet on October 28, 1969. The entire hole was drilled with mud and only minor circulation problems arose. A most unexpected occurrence of natural gas, odorless and colorless, was encountered at approximately 180 feet and caused a delay of several hours before mud could be reintroduced into the hole. The gas was flammable and therefore great caution was used until the escaping gas was controlled. No further emissions have been observed from this hole.

On November 3, 1969, drilling commenced on hole K-47 and continued to a completed depth of 750 feet on November 11, 1969. Drilling was with mud and no circulation problem was encountered.

To date the performance of the driller has been acceptable and it is estimated that the remaining four holes, K-40, 41, 42 and 43, should be completed before the initial six-months period of the contract expires.

All five holes drilled to date have been logged and fractional portions of the sample returns have been catalogued for future reference. No concentrations of over 1 lb. mercury/ton were encountered during the drilling of the above named holes.

United States Department of the Interior

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

January 23, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 26 1970
INITIALS CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed is a letter from the Operator, dated January 5, 1970, requesting a two months' extension of time for completion of the work. Only one hole remains to be completed, of the nine authorized under the contract, but extremely heavy rains during the month of January have made access to the drilling area impossible. It is recommended that an amendment to the contract, extending the time for completion by two months or until March 2, 1970, be approved.

H. K. Stager

Enclosure

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

January 5, 1970

Mr. Harold K. Stager
Field Officer
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, California 94025

RE: MERCURY EXPLORATION
OME file #6751

Be advised that the above named company is requesting an extension of time in amount of two months for the purpose of finishing our exploration program. Unfortunately rains have caused serious delay and more time is needed.

Also find enclosed a new set of pay vouchers concerning the August through October and November through December working periods.

With best wishes,

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

Enc.

RECEIVED
JAN 23 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

United States Department of the Interior

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

December 1, 1969

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 3 1969
INITIALS | CODE
gla / 120
bsl / 120
HK / 120
EP / 120

Interim Inspection

An interim inspection of the subject project was made by H. K. Stager, Field Officer, on November 25, 1969, accompanied by Mr. Robert L. Strahan, geologist for the Operator.

Since the last inspection on October 9 (report dated October 10, 1969), work under the OME contract has consisted of 3,800 feet of rotary drilling in six holes. Holes Nos. 44 through 48 (at sites 5 through 9) have been completed to a depth of 750 feet each. At the time of the inspection the drill was at a depth of 580 feet in Hole No. 43 (at site 1). Holes Nos. 41 and 42 will be drilled during December. About 200 feet of drilling still remains to be completed in Hole No. 40 (at site 4), the hole abandoned by the first drill contractor at a depth of 565 feet, but this hole will probably be completed last as it is the most readily accessible from the main road. It is contemplated that all work will be completed by the end of December 1969. Time for completion of work under the contract expires on January 2, 1970.

No significant mineralization has been found by the drilling to date although traces of cinnabar (less than 1 pound of mercury per ton) have been intersected by several of the holes. The four remaining holes (Nos. 40 through 43) are

considered to be in the most favorable locations, however, and a discovery may yet result. The completed drilling indicates that the geologic structure of the target area is extremely complex. If a thrust fault exists in the target area, it is so complicated by later high-angle faulting and alteration that projections between the widely spaced holes are difficult. Additional close-spaced drilling will probably be necessary to determine the presence of minable ore shoots.

H. K. Stager

United States Department of the Interior

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

October 20, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 22 1969
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are the original and two copies of Lien and Subordination Agreements received in this office October 20, 1969, signed by Harold J. Biaggini as an individual, to supplement those in the contract which are signed for Buena Vista Mines. The other copies have been distributed in the usual manner.

R. M. Smith
for H. K. Stager

Enclosures

See left side

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

October 20, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 22 1969

INITIALS	CODE
	130
bal	120
HK	120
	140

New Klau Mining & Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

Enclosed is a copy of a Lien and Subordination Agreements dated July 30, 1969, relating to the subject property and signed by Harold J. Biaggini as an individual. This copy should be attached to your copy of the OME contract.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

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

October 20, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 22 1969

INITIALS	CODE
HJ	
Bel	20
HK	20
	20

Mr. Harold J. Biaggini
1140 Railroad Avenue
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Dear Mr. Biaggini:

Enclosed is a signed copy for your files of the Lien and Subordination Agreements dated July 30, 1969, which completes the documents needed for the contract referenced above.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

United States Department of the Interior

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

October 10, 1969

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 13 1969
INITIALS | CODE

Interim Inspection

An interim inspection of the subject project was made by H. K. Stager, Field Officer, on October 9, 1969, accompanied by Mr. Vern Raugh, secretary-treasurer for the Operator and also driller for the project.

The OME contract was signed by the Operator about August 14, 1969, and work was started immediately. Drill sites and access roads were prepared during August and the drilling of Hole No. K-44 (at site No. 4) was started about August 20, 1969. After drilling this hole to a depth of about 400 feet, the drilling contractor was unable to complete the hole because of inadequate equipment and the drill was removed from the property. The Operator then engaged the services of Mr. Vern Raugh, a drilling contractor from the nearby town of Templeton, California. A large Portadrill rig, belonging to Mr. Raugh, was brought to the property on September 30, 1969, and Hole No. K-45 was started at site No. 6. At the time of the inspection this hole had reached a depth of 680 feet with a planned total depth of about 750 feet. The drill was idle at the time awaiting the arrival of a new drilling bit that was being brought out to the property from Paso Robles by Mr. Robert L. Strahan, consulting geologist for the Operator. The hole was drilled dry, by down-the-hole hammer drill, to a depth of about 555 feet where excessive moisture required the conversion to conventional rotary bits and drilling mud. Samples are collected by a sampler for each 5 feet of depth, sacked, and stored for

logging and assaying if necessary. Part of each sample is panned and any contained cinnabar is noted by the sampler. Except for a trace of cinnabar at a depth of about 550 feet in Hole No. K-45, no mineralization has been intersected by the drilling. At 680 feet Hole No. K-45 had penetrated about 2 feet of heavy fault gouge that may represent the zone of thrust faulting overlying the ore-bearing sandstone of Cretaceous age that is the target of the drilling project.

After completing Hole No. K-45, the drill will probably be moved to the site of Hole No. K-44 to deepen and complete that hole, or to drill a new hole to the required depth nearby.

H. K. Stager

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

August 21, 1969

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 22 1969
INITIALS CODE
120
bal 120 M
120
120

New Klau Mining and Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Gentlemen:

Enclosed are six unsigned copies of MME Form 52, Lien and Subordination Agreements, filled out to conform with those recently signed by Mr. Harold Biaggini. Please obtain Mr. Biaggini's signature in the space immediately below item 6, leaving the certification at the bottom of the page blank. Four signed copies should be returned to this office, one copy should be attached to your copy of the contract, and the remaining copy is for Mr. Biaggini's files.

The necessity for this additional set of forms arises because there are two owners of the property; Buena Vista Mines, Inc., and Harold Biaggini, an individual. The forms submitted previously were signed only for Buena Vista Mines, Inc.

Your prompt attention to this formality will be appreciated. Signed copies must be attached to the Government's copies of the contract before any of your monthly vouchers can be approved.

Sincerely yours,

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

H. K. Stager
Field Officer
OME, Region II

Enclosures

United States Department of the Interior

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

August 18, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 19 1969

INITIALS	CODE
[illegible]	130
[illegible]	120
	120
[illegible]	120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Contract 2284

Enclosed are the Government's copy and Fiscal Section's copy of the subject contract properly executed by the Operator. The remaining copies have been distributed in the usual manner.

The contract was delivered to the Field Office on August 15, 1969, by Mr. Robert L. Strahan, geologist for the Operator. Mr. Strahan stated that work under the contract has been started, drill sites have been prepared, and the drilling is scheduled to start on August 20 or 21, 1969.

H. K. Stager

H. K. Stager

Enclosures

Aug. 28
Requested Hal Stager to obtain [illegible] Signed by Biography [illegible] cip

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

August 12, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 14 1969

INITIALS	CODE
	A30
	120
HK	120
EV	120

New Klau Mining and Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining and Construction Co.
Klau Mine Property
San Luis Obispo County, California
Proposed Contract 2284

Gentlemen:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (5 pages), Annex 1 (1 page), one Lien and Subordination Agreements, Exhibit A (3 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government.

If the proposed contract is satisfactory to you, all four copies should be signed by an authorized representative of the New Klau Mining and Construction Company. The Government's copy, Fiscal Section's copy, and Field Office's copy should be returned to this office and the Operator's copy retained for your files. Will you also please return the extra copy of the contract sent to you for review on July 8, 1969.

Please note that the 8½ 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 you have any questions please call this office.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Dir. RF
Chief, OME, Wash., D.C.
ACG RF
MP RF
Docket

HKStager:mkh
Enclosures

WESTERN MINERALS EXPLORATION COMPANY WMECO

LAWRENCE BARKER, JR., President
DAVID DODGE, Vice President

August 8, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 14 1969
INITIALS | CODE
HR 120
EN 120 P

Mr. Rosco Smith, Geologist
Office of Minerals Exploration
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

Re: OME-6751 (Mercury)
New Klau Mining & Construction Co.

Dear Mr. Smith:

4 copies signed HR

Please find enclosed five (5) copies of the "LIEN and SUBORDINATION AGREEMENTS" signed by Harold Biaggini, president of Buena Vista Mines, Inc.

Work is presently being done on the construction of the drilling benches and general surveying of horizontal and vertical control for the purpose of topographic mapping and drill-hole location.

Would you please send the proper forms or indicated format needed for the submission of operational costs.

Cordially yours,

Robert L. Strahan
Geologist

RECEIVED
AUG 12 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

July 8, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 10 1969

INITIALS	CODE
	130
bal	120
HR	120
EP	120

New Klau Mining and Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California
Proposed Contract 2284

Gentlemen:

Enclosed is an extra copy (for Field Office) of a proposed contract for review by counsel for the owner of the Klau Mine Property. The original and all other copies are being held in this office pending receipt of Lien and Subordination Agreements signed by the owner, or if they are not obtainable, a Performance Bond by New Klau Mining and Construction Company. Please return this extra copy of the contract along with five copies of the Lien and Subordination Agreements, or alternatively, the original only of a Performance Bond on Standard Form 25. Blank copies of each form are enclosed. We will then attach the completed form to the contract and send the original and all copies of the contract for your signature.

If the proposed contract is satisfactory to you, will you please indicate the date when the work will be started.

If any part of the proposed contract does not have your approval, please submit your proposed changes for consideration. If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket
RMSmith:mkh

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/17/69	(on leave)	120
"	Kirkemo	120
6/18	Kilsgaard	
6/18	[illegible]	
7/2		220
		120M

JUL 2 1969

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo, California

16965
3123

INTERIOR DEPT.
JUN 19 1969
SOLICITOR

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51 (5 pages), Annex I (1 page), Exhibit A (3 pages), Exhibit B (1 page), and two maps (Figures 1 and 2), subject to the attachment of a Performance Bond to be furnished by the Applicant. All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. 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 as usual.

Please advise the Applicant that the 8-1/2 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.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

BSLong/1 6/17/69

FORM 6 REFERENCE SLIP

REV. 2-59 ~ OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Assoc. Sol. MR, Room 6554 (Through Room 6042)		
2. Mr. Peterson, Room 4459		
3.		
4.		
5.		
FROM: Acting Chief, OME, Room 4460		

FOR: Check items for action desired

____ Action	____ Reply for signature of ____	
x Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	x Rewrite	____ File
____ Instructions	Your information	

REMARKS:

SOLICITOR

JUN 10 1969

INTERIOR DEPT.

FROM SOLICITOR

JUN 9

FOR SIGNATURE

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

M56300-6

DRAFT - 3/24/69
ECPeterson/bsl

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

Do Logg 6/9/69

~~ep 120~~
AHR 120

120M

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6751	Mercury		San Luis Obispo	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

New Klau Mining and Construction Company

_____,

whose mailing address is **1108 Vine Street, Paso Robles, California 93446**, hereinafter called the "Operator," as follows:

ARTICLE I. 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 _____ (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within **6** months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $**48,000.00**. The Government will contribute ~~50~~ **75** percent of the total fixed unit costs of the work performed, not in excess of $**36,000.00** in accordance with the provisions of Articles 4 and 5.

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

SEE ANNEX I

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

SEE ANNEX I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 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) 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. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. 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 units of 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.

(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.)

(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 unit costs thereof.

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

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

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator 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 6(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 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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 14. Changes and added provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

NEW KLAU MINING AND CONSTRUCTION COMPANY
(Operator)

By _____

Title _____

THE UNITED STATES OF AMERICA

By _____
Director, U. S. Geological Survey

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]

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

ANNEX I

The land including all rights pertaining thereto, referred to in Article 2 of the contract, consists of three (3) patented lode mining claims, and three (3) unpatented lode mining claims in sec. 33, T. 26 S., R. 10 E., MDB&M, Klau-Mahoney mining district, San Luis Obispo County, California. The claims are shown outlined in green on Figure 1, entitled, "Claim map, Klau mine property," attached and made part hereof.

The patented claims are recorded in the San Luis Obispo County Recorder's office at San Luis Obispo, California, as follows:

Name	Survey No
Adelaida	3787A
Last Chance	3787A
Santa Cruz	3787A

The unpatented claims are recorded in the San Luis Obispo County Recorders office at San Luis Obispo, California, as follows:

Name	Book	Page
Only Chance	1454 (Official Records)	620
San Carlos	13 (Mines)	273
Santa Barbara	1454 (Official Records)	622

The ~~Applicant~~ Operator is in possession of the patented and unpatented claims under the terms of a Mining Lease Agreement dated April 30, 1968, from Buena Vista Mines, Inc., and Harold Biaggini, the owners.

A Performance Bond in lieu of Lien and Subordination Agreements in the amount of $36,000.00 is attached and made part hereof.

EXPLORATION CONTRACT
NEW KLAU MINING AND CONSTRUCTION COMPANY
OME-6751

EXHIBIT A

The purpose of this project is to explore by rotary drilling from prepared surface sites for mercury-bearing ore bodies along and below a gently dipping thrust fault that separates mineralized siltstone of Jurassic (?) age from underlying sandstone of probable Cretaceous age.

General Provisions

A bulldozer no smaller than a Caterpillar D-8 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be cased through the overburden.

Drill holes shall be drilled not less than 100 feet from the outer boundaries of the claims covered by the contract and shown on Figure 1.

Facilities shall be provided for recovering drill sludge, and all such sludge shall be retained when drilling in significantly mineralized ground. The sludge shall be stored in suitable containers identified as to hole number and depth represented.

All significantly mineralized material from the drill holes shall be sampled, and no single sample shall represent more than 5 linear feet of hole. Each sample shall be split and one split assayed for mercury. All remaining splits shall be stored in suitable containers

properly identified as to hole number and depth represented. Stored splits of samples ,may be disposed of with prior Government approval.

All drill holes shall be logged and copies of the logs of completed holes together with plans and sections showing geology and assays shall be furnished monthly to the Government. Such logs shall be accompanied by true copies of assay certificates for all samples.

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

The Government will not contribute toward the costs of incomplete drill holes, or in the cost of casing left in place at the request of the Operator.

The location, direction, and extent of each work item shall be subject to prior approval of the Government.

Description of the Work

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, and drilling approximately 9 holes totalling not more than 6,750 feet. It is estimated that the drill holes will average 750 feet in length.

The approximate location of each holes is shown on Figure 2 entitled, "Map showing proposed drill holes, Klau mine property, San Luis Obispo County, California," attached and made part hereof.

Estimated Cost of the Work

Fixed Unit Costs

Mobilization and demobilization,	
One bulldozer	$ 200.00
Bulldozing access roads and drill sites	
70 hours @ $25.50/hour	1,785.00
Rotary drilling,	
6,750 feet @ $6.00/foot	40,500.00
Incidental allowances per foot of completed drilling for accounting, ~~labor~~ samples, supplies, surveying, payroll taxes, F.I.C.A. and Insurance,	
6,750 feet @ $0.~~45~~ 54/foot	~~3,780.00~~ 3,645.00
Supervision-geologist-engineer,	
2 months @ $800.00/month	1,600.00
Assaying ~~27~~ 54 samples,	
Mercury @ $5.00/sample	~~135.00~~ 270.00
Total Estimated Cost of the Project	$48,000.00
Government Participation @ 75%	$36,000.00

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

March 13, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 17 1969

INITIALS	CODE
gla	130
[illegible]	120
[illegible]	120
[illegible]	120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California

Enclosed is an Application Report on the subject property recommending that a contract be approved to drill nine vertical rotary holes from the surface. Total cost is estimated to be $51,000, of which the Government's share would be $38,250.

Also enclosed, for your use if a contract is granted, are six extra copies of Figures 2 and 3. One copy of the Applicant's new 400-scale map showing the revised drilling program is attached.

R. M. Smith
for H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

WALTER J. HICKEL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

On-Site Exam Report

APPLICATION REPORT

OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California

By

R. M. Smith
Geologist
OME, Region II

March 13, 1969

INTRODUCTION

The New Klau Mining and Construction Company, a California corporation, 1108 Vine Street, Paso Robles, California 93446, applied to the Office of Minerals Exploration for financial assistance, Docket OME-6751, to explore for mercury at the Klau Mine property, San Luis Obispo County, California.

A field examination was requested by the Office of Minerals Exploration and was made November 6, 1968, by R. M. Smith accompanied by Messrs. Rudolph Ruda, Robert B. Yager, and Robert L. Strahan. Mr. Strahan is a stockholder and geologist for the Applicant and also an employee of Western Minerals Corporation. Maps, reports, drill logs, and cuttings of drill holes on the adjoining property which is held by W.M.C. were examined and compared with exposures on both properties. No samples were taken since the target is the lower plate of a thrust fault which is not exposed on the Applicant's property, and because the upper plate, which is exposed, has yielded commercial ore and was observed to be mineralized in the area of proposed exploration.

The Applicant's original proposal to drill nine vertical holes in a grid pattern to cover the entire property is considered to be largely prospecting. The program was discussed and it was mutually agreed that additional detailed mapping should be done to indicate the most favorable target areas. A new map showing a modified drilling program was submitted March 5, 1969.

SUMMARY AND RECOMMENDATIONS

The Klau-Mahoney district has yielded more than 61,000 flasks of mercury from the Klau Mine (26,000) and the Buena Vista Mine (35,000+). Ore bodies containing as much as 10,000 tons averaging 5-15 pounds mercury per ton are localized in an area 3,000 feet long within a fracture zone

about 1,000 feet wide between two major east-trending faults that cut siltstone (graywacke), shale, and chert of the Franciscan Formation which is intruded by serpentine dikes and sills locally altered to silica-carbonate rock. Cinnabar occurs in silica carbonate, siltstone, and along fractures mainly transverse to the major faults.

The Applicant's property is in the fracture zone area between the major faults northwest of and adjoining the Klau Mine. A small pit on the Applicant's property yielded 22 flasks of mercury.

The Applicant infers commercial deposits of cinnabar in the lower plate of a recently discovered gently dipping thrust fault which underlies the old mines 150 feet below the deepest workings and 400-550 feet below the surface. It proposes a revised program to test this inference by drilling nine vertical rotary drill holes each 750 feet deep in an area where the upper plate is mineralized along steep transverse faults that are projected downward into the lower plate.

The lower plate has been prospected and shown to be mineralized, and it is reasonable to infer commercial deposits of cinnabar in the area of proposed exploration. The project area is accessible, facilities are available, the Applicant is considered to be competent to accomplish the work, and its revised estimates of time and costs are reasonable. The type of drilling and method of sampling were used on the Buena Vista property and found to be adequate.

I recommend that the Government enter into a contract to perform the work proposed in the revised drilling program as outlined herein.

ACCESS, FACILITIES

To reach the property from Paso Robles, proceed west from Spring Street (formerly U. S. 101) on 24th Street, a two-lane paved road, turn left at 12 miles, left on a dirt road at 14.5 miles, pass the Buena Vista Mine at 14.9 miles, pass the Klau Mine at 15.4 miles, and reach the subject property at 15.5 miles. The roads are passable to passenger cars and the drive requires about 40 minutes.

Labor, most supplies, and rail services are available in Paso Robles. Assaying is done at the New Idria Mine, 100 miles distant, or in San Francisco. Bulldozing and drilling contractors are available locally.

PROPERTY, LOCATION, OWNERSHIP

The land, including all rights thereto, that the Applicant controls, consists of three patented and three unpatented lode mining claims in sec. 33, T. 26 S., R. 10 E., MDB&M, Klau-Mahoney mining district, San Luis Obispo County, California. It is shown outlined in green on Figure 2 entitled "Claim map, Klau Mine property."

The patented lode mining claims are as follows:

Name	U. S. Survey No.
Santa Cruz	3787A
Adelaida	"
Last Chance	"

The unpatented claims are recorded in the office of the County Recorder, San Luis Obispo, California, as follows:

Name	Book	Page
San Carlos	13 (Mines)	273
Only Chance	1454 (Official Records)	620
Santa Barbara	1454 (Official Records)	622

The Applicant is in possession of the patented and unpatented claims under the terms of a 5-year renewable Mining Lease Agreement dated April 30, 1968, from Buena Vista Mines, Inc., and Harold Biaggini, the Owners.

A Lien and Subordination Agreements is not obtainable from the Owners until the terms of the OME contract, if one is granted, are reviewed by counsel for the Owners.

A Performance Bond executed by the President of the corporate Applicant will be furnished if the Owners refuse to sign a Lien and Subordination Agreements.

HISTORY OF DEVELOPMENT AND PRODUCTION

The Klau Mine, formerly known as the Carl Mine and Carson Mine, is 15½ miles west of Paso Robles on a secondary road to Cambria. The claims were first staked in 1868 and production began in 1874. The mine has been operated in three main periods, 1874-1878, 1895-1907, and 1924-1944. During the World War II years (1940-43) it yielded about 1,500 flasks a year. Total production through 1962 was 25,903 flasks.

The deposit has been mined in several large open cuts and through several miles of underground workings, the deepest of which is about 300 feet below the highest outcrops. Ore bodies are erratically distributed and prospecting for them had to be done blindly. Nearly all the workings are now inaccessible.

The Buena Vista Mine, formerly known as the Mahoney or Gould and Mahoney Mine, is about half a mile east of the Klau Mine and 15 miles west of Paso Robles near the Cambria road. The deposit was discovered in 1874 and first worked in 1875 and 1876. Although eight other periods of activity

followed, only 2,685 flasks of mercury was produced before 1956. The old workings consist of four adits, two winzes, two levels each driven from a winze, and 15 small stopes in an area about 600 feet long and 300 feet wide. The lowest level is about 200 feet below the lowest adit. Following exploration in 1956 and 1957 under a DMEA contract (DMEA-4342, Contract 1020), a new discovery southeast of the old workings was mined in an open pit. This ore body did not crop out, but was discovered by drilling. Its downward continuation is now being mined underground. Total production of this ore body, most of which came from the open pit, is about 33,000 flasks. The mine is still (1969) being operated at a rate of about 30 tons per day which yields 200-250 flasks per month. Reserves are estimated to be 25,000 flasks or more.

Geological Setting

The Klau Mine property covers three steep ridges with about 500 feet of relief partly covered with brush and with soil as much as 10 feet thick. There are, however, numerous outcrops. The rocks exposed at the surface are gray siltstone (graywacke) and shale with lenses of chert and altered basalt of the Franciscan Formation of Jurassic(?) age. These are intruded by several dikes and sills of serpentine locally altered to silica-carbonate rock. Northwest of the property, beyond the thrust fault shown on Figure 3, a green chloritic sandstone and basal conglomerate containing pebbles of chert from the Franciscan is considered to be Cretaceous in age.

Just north of the Klau Mine property, but still within the shear zone between the major faults, recent drill holes (50, 51, 53, fig. 3) cut the Cretaceous sandstone below the Jurassic siltstone at depths of about 500 feet. The apparent relationship of older over younger is interpreted as

indicative of a thrust fault, the upper plate of which is 400 to 550 feet thick in the area of proposed exploration.

The Franciscan rocks are cut by two major east-trending faults as much as half a mile apart--the Klau fault on the south and the Las Tablas fault on the north. Between the two the Franciscan rocks are folded and highly sheared by innumerable discontinuous minor faults which tend to parallel the folds rather than the major faults. The Klau and Buena Vista ore bodies are in Franciscan Sandstone and silica-carbonate along and between minor faults (Fault Zone A) near the Klau fault. For example, the ore body mined by the Applicant from the small pit on the Adelaida Claim is in silica-carbonate portions of a 1-4 foot serpentine dike along a small cross fracture.

Ore Deposits

All the ore bodies in both the Klau Mine and the Buena Vista Mine are localized in Franciscan rocks in the fracture zone between the Klau and Las Tablas faults, and in the upper plate of the indicated thrust fault. Ore is found mainly in the more brittle rocks, silica carbonate, sandy siltstone, and limestone, but also in shale breccia and in clay, along or near faults that are either transverse or parallel to the two named faults.

Cinnabar, with or without abundant accompanying marcasite and pyrite, occurs as fracture fillings as much as a foot thick in pore spaces in the sandstone, and as pods in lenses of clay.

In the Klau Mine the ore bodies are localized in a northwest-trending zone about 600 feet long and 400 feet wide (USGS Bull. 922R, pl. 81). The largest stope is more than 100 feet long, and the deepest workings are about 300 feet below the highest outcrops. Grade of the ore is not known.

In the Buena Vista Mine the ore bodies are localized in a north-trending zone about 400 feet long and 300 feet wide. They range in size from a few pounds to about 10,000 tons, and have been mined to depths of about 400 feet. Recent drill holes, however, are reported to have cut ore at depths of more than 600 feet in Franciscan rocks. The grade of the ore from the old mine ranged from 5 to 20 pounds of mercury per ton. Sorted ore from the open pit and recent underground workings often averaged nearly a flask (76 lb.) per ton.

Ore Reserves

There are no measured, indicated, or inferred ore reserves on the Applicant's property. While it is reasonable to suspect that ore bodies may be found along and below the indicated thrust fault in the general area where the upper plate is mineralized, the exact localities cannot be pinpointed from existing geologic evidence, since the minor faults that localize ore are discontinuous and cannot be projected accurately. The inferred ore bodies should be sufficiently large, however, so that some portion of them will be penetrated by the drill holes.

PROPOSED EXPLORATION

The Applicant proposes to explore by vertical rotary drilling from sites to be prepared on the land surface, for cinnabar ore bodies along and below a gently dipping thrust fault that separates mineralized siltstone of Jurassic(?) age from underlying sandstone of probable Cretaceous age.

The Applicant's original plan to drill the entire property on a grid pattern was more in the nature of prospecting since the relation of ore-controlling faults to the drilling was not predetermined. The new map

showing the revised program also shows the faults that localized ore in the upper plate, and indicates the areas most likely to contain ore in the lower plate. These areas are in the hanging wall of Fault Zone A (fig. 3) and along the northwest trend of the Klau ore bodies. The first four holes are relocated to test this more favorable locality. Holes 5-9 will test an area along the trend of the Buena Vista ore bodies near the east-striking faults that diverge from Fault Zone A. The approximate depth of each hole is 750 feet unless ore in the sandstone is penetrated at less depth.

The proposed method of rotary drilling is less costly than core drilling and has been used with success in the district. Since the Operator is experienced in this type of drilling and its cost estimate of $6.00/foot is lower than actual costs for other methods, the Government's interest would appear to be better protected by a Fixed Unit Cost contract than by an Actual Cost contract.

If a contract is prepared, it is suggested that General Provisions include the following requirement:

> "Facilities shall be provided for recovering drill sludge, and <u>all</u> such sludge shall be retained when drilling in significantly mineralized rock or, alternatively, mineralized rock shall be cored and the drill core stored in boxes identified by hole number and depths."

ESTIMATED COSTS

The Applicant's original cost estimate included a profit on surveying, drilling, and bulldozing in line with prices charged by local contractors. In the following estimate these items have been reduced to exclude profit and conform to the Applicant's estimate of actual costs, because the Applicant plans to perform the work.

Estimated Costs of Proposed Project

Surveying drill sites, 9 sites at $160.00/site	100/site	$ 1,440
Mobilization and demobilization of D-8 bulldozer		200
Bulldozing roads and drill sites 128 hours at $25.50/hour	ok with [illegible]	3,264
Drilling 9 vertical holes each 750 feet deep including all costs not otherwise itemized herein 6,750 feet at $6.00/foot		40,500
Supervisor, geologist, engineer 2 months at $800.00/month		1,600
Samplers 832 hours at $3.55/hour (rounded)	1200/mo 2400 18.3 440	2,952
FICA, payroll taxes at 18.3% 2 months at $417.00/month	900 440 110 2400 3850 : 56¢ 6750	834
Assays for mercury 20 samples at $5.00/sample 2)		100
Office expense 2 months at $55.00/month		110
Total Estimated Cost of the Project	48	$51,000
Government Participation at 75%	36	$38,250

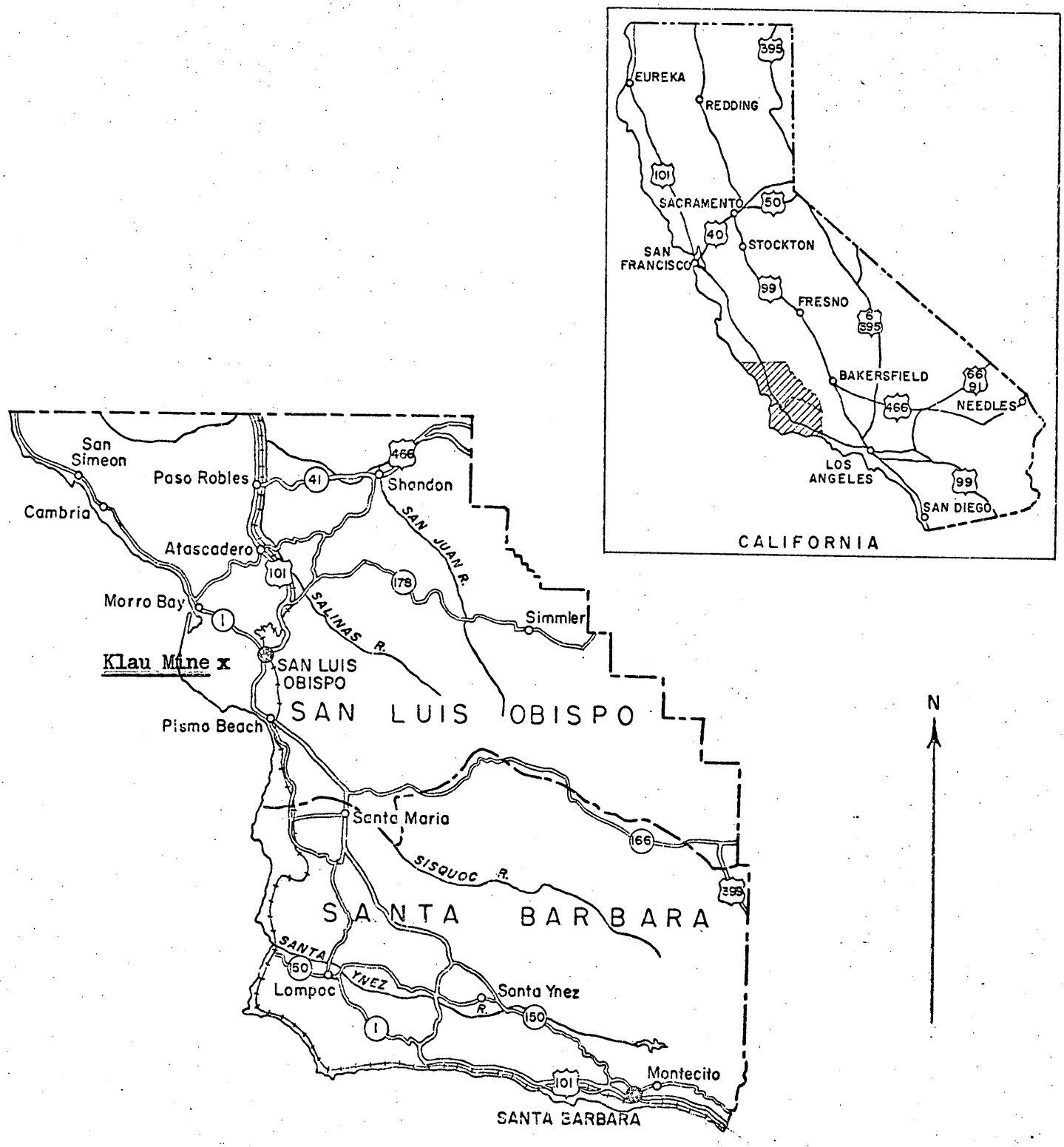


Figure. I. INDEX MAP OF SAN LUIS OBISPO AND SANTA BARBARA COUNTIES, CALIFORNIA

0 20 40 60 Miles

U.S. Geological Survey
Office of Minerals Exploration

OME-6751
New Klau Mining and
Construction Co.

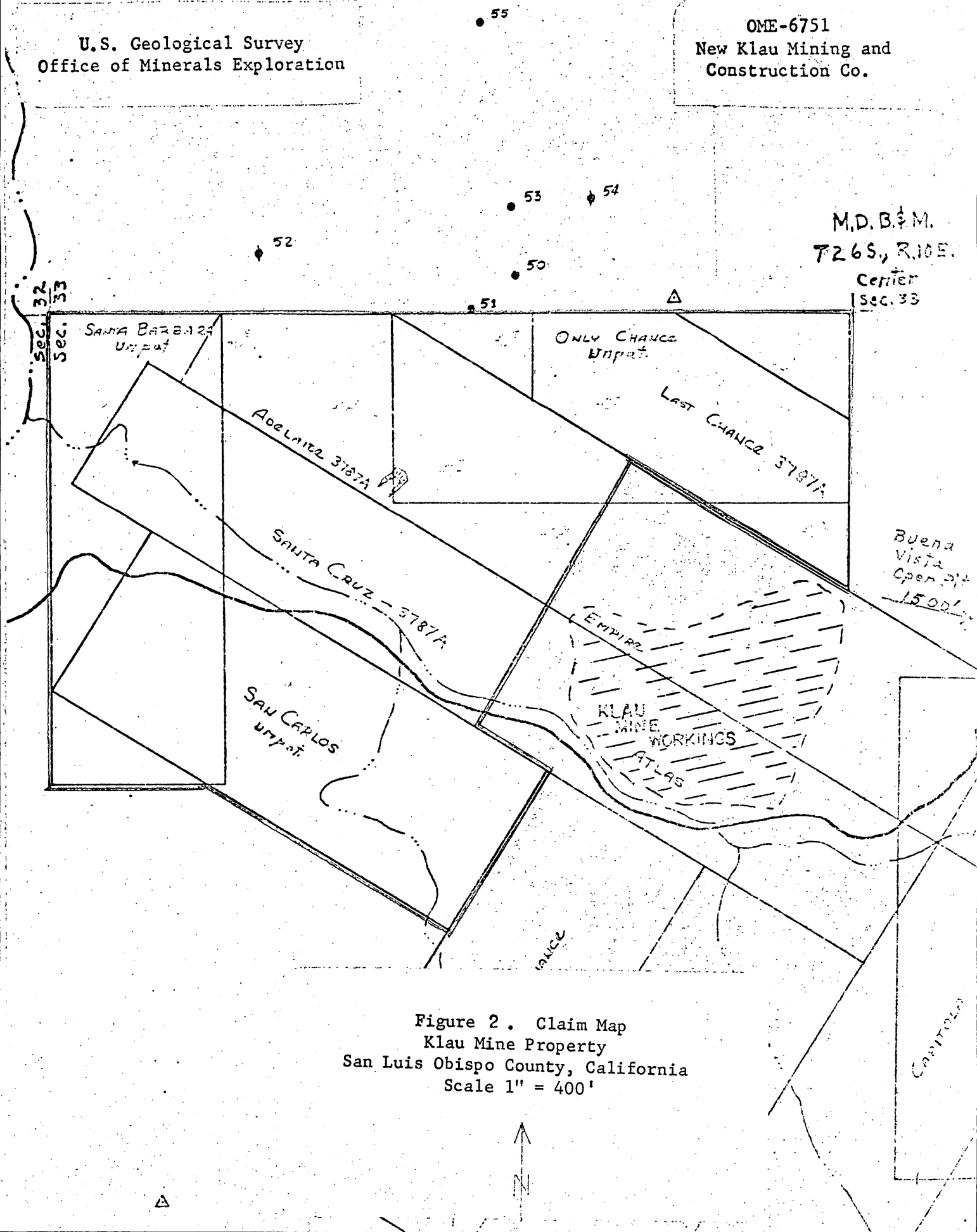


Figure 2. Claim Map
Klau Mine Property
San Luis Obispo County, California
Scale 1" = 400'

U.S. Geological Survey
Office of Minerals Exploration

OME-6751
New Klau Mining and
Construction Co.

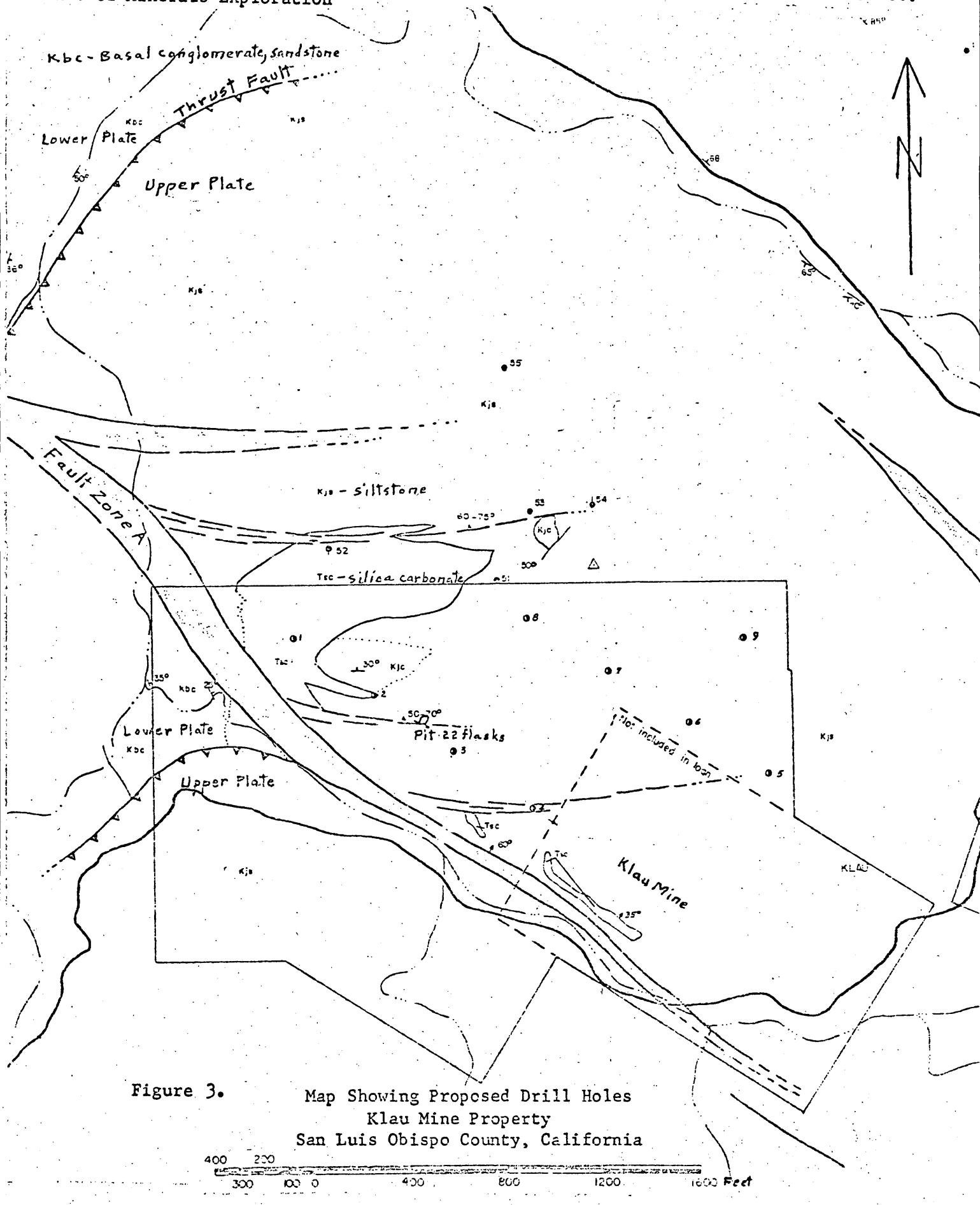


Figure 3. Map Showing Proposed Drill Holes
Klau Mine Property
San Luis Obispo County, California

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

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 20 1969
CODE

February 17, 1969

New Klau Mining and Construction Co.
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining and Construction Co.
Klau Mine Property
San Luis Obispo County, Calif.

Gentlemen:

We have not received the 400-scale geologic map referred to in your letter of January 10, 1969, which was to have been sent under separate cover.

This map is essential to your application, since it shows the relationship of the proposed drilling to the steep faults that may have localized ore in the lower plate of the flatter thrust fault. Without this map we would have no alternatives but to deny the application or to suggest that you withdraw it.

Will you please inform us when we may expect to receive the necessary data. If you have decided to withdraw the application, will you please so inform us.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 14 1969
INITIALS | CODE
	150
zla	120 m
	110
EP	120 P

January 10, 1969

Mr. Rosco M. Smith
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

RE: OME-6751 (Mercury)
New Klau Mining and Construction Co.
Klau Mining Property, San Luis Obispo County, Calif.

Find enclosed the information pertaining to recordation of mining claims as follows:

	NAME	VOLUME	PAGE
1.	SAN CARLOS	13 (Mines	273
2.	ONLY CHANCE	1454 (Official Records)	620
3.	SANTA BARBARA	1454 " "	622

The Santa Cruz, Adelaide and Last Chance claims are patented ground and are covered by a single number --- 3787A.

The 400'=1" geologic map will be sent under separate cover.

Cordially,

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

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

December 3, 1968

Mr. Robert L. Strahan
New Klau Mining and Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining and Construction Company
Klau Mine Property
San Luis Obispo County, California

Dear Mr. Strahan:

Thank you for your letters of November 18 and November 22, 1968, transmitting additional maps and cost estimates, and asking if the amount of the Company's cash reserves will affect our decision on your application.

Answering your last question first, the OME requires your assurance that if a contract is granted, you will be able to furnish your share of the costs. This assurance is given in the footnote in your Financial Statement of September 9, 1968. If at any time you anticipate that you cannot perform the proposed project, you should notify us immediately.

Under item 1 of your letter of November 18 you indicate that the Lot No. of the Adelaida and Santa Cruz patented claims is 3787A. Please furnish also the Book and Page No. where each of the unpatented claims is recorded.

Under item 6 you refer to a 400-scale geologic map showing revised drill hole locations. This map was not included in the package we received. Will you please forward it. Other data appear to be sufficient--thank you.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

November 18, 1968

Mr. Rosco Smith
345 Middlefield Road
Menlo Park, California 94025

RE: FILE Number OME-6751 (Mercury)

The clarifications and additional data that you required for the writing of your field examination report are as follows:

1. Claims referred to as Adelaide and Santa Cruz locations, which are both lot number 3787A respectively, are a part of the patenteal ground known as "The Adelaide Consolidated Quartz Mining and Millsile Claims" and both have patent numbers.

2. Sampling interval will be on five foot centers in unmineralized material and on two foot centers in mineralized material. To reduce contamination as much of the drilling will be done with air as formational water and circulation voids will allow. All bulk samples will be split and reduced in size in accordance with accepted methods.

3. Survey was listed at $200 per hole. A cost breakdown of this figure was one hour of survey and related work at $25.00 per hour. This work was to include the location of the drill hole elevation at collar of hole and sufficient topographic data for cross section construction and interpretation. The profit motive had not been taken into consideration so that the $25/hr cost must be discounted. A conversation with Midstate Engineer's, a survey firm located in Paso Robles, indicates that a 20% profit is normal and expected by their organization. With this amount discounted from the above listed price the new rate would be $20/hr and the total for nine holes would be as follows: $20/hr x 8 hr/hole x 9 holes=$1440.00.

4. Clarification of dozer work indicates that trenching as listed was minor in nature and extent. It was planned to make minor cut along new road construction where thought necessary. After Mr. Smith's explanation of the OME's definition of prospection and

RECEIVED
DEC 2 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

exploration with regard to trenching it was decided to abandon any plan to do such. The present cost of dozer work will remain approximately the same as the mobilization and demolulation costs will approximately equal planned trenching costs.

5. A mistake in calculation of sampler's wages was pointed out by Mr. Smith at the time of his visit and is as follows:

$3.55/hr, 2 8-hr shifts per day x 52 days = $ 2,953.60
Total insurance was asked for as a percentage and is as follows:

State Compensation	10.4%
Social Security FICA	4.4%
State Employment tax	3.5%
	18.3%

6. The geologic map (scale 1"-400') with property lines and revised drill-hole locations, topographic map (scale 1"-100') with drill hole locations, and cross-section map constructed from topo map, all submitted and prepared by R. L. Strahan with permission from Western Minerals Exploration Co.

The geologic interpretation of the WMECO map is slightly different from that tendered by Ron Rank, geologist for New Idria Mining and Chamical Company. It should be noted that many of the N-S faults indicated by Rank are not indicated on the WMECO map.

If more information is required for completion of your report, do not hesitate to call upon me.

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

Enc.

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

November 22, 1968

Mr. Rosco Smith
345 Middlefield Road
Menlo Park, California 94025

RE: FILE Number OME-675 (Mercury)

A problem has arisen and your help is necessary to reach a decision.

New Klau Mining & Construction Co. has blocked out a portion of ore in the open pit area on our property. It will require a stripping of approximately 3,500 yards of overburden. The company will have to use a large sum of capital that has been set aside in the bank for the possible OME loan. The question in point is if this money is used and is not returned to said account by the time above named company is considered for the OME loan, would this effect the judgment of the government as far as the company's ability to carry out its share of said loan.

A reply at your convenience will be appreciated.

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

RECEIVED
DEC 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/30/68	Peterson	120
9/30/68	Kishemo	120
		110
		220
		120M

SEP 3 0 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo, California

The subject application is referred to you for further study, a field examination if warranted, and recommendations.

The application is poorly prepared and lacks the geological evidence to support the proposed work. Perhaps this material may be obtained upon examination of the records mentioned in the Applicant's letter. As submitted the proposal to drill nine holes and perform surface trenching is considered prospecting.

If the support can be obtained and a contract is recommended, a drilling bid from the New Klau Mining & Construction Company is required stating the type of drill to be used, size of hole, means of sample collection, etc.

We note that in the event of a contract the Applicant will provide a Performance Bond if Lien and Subordination Agreements cannot be obtained.

Harold Kishemo
for Frank E. Johnson

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Mr. Peterson
130

ECPeterson/bsl 9/30/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/30/68	Peterson	120
9/30/68	Kirkemo	120
		110
		220
		120M

SEP 3 0 1968

AIRMAIL

New Klau Mining and
Construction Company
1108 Vine Street
Paso Robles, California 93446

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo, California

Gentlemen:

This will acknowledge your memo of September 25 enclosing additional information in support of the subject application for financial assistance.

We are now referring the application for further consideration to Mr. Harold K. Stager, Field Officer, Region II, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

Mr. Stager will notify you if he requires additional information concerning the application, and possibly to make arrangements for an on-site examination of the property.

Sincerely yours,

Harold Kirkemo

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

ECPeterson/bsl 9/30/68

9-25-68

Dear Mr. Johnson,

I have learned from Mr. Steiger that my letter of Sept 9th has not been received by your office. I am sending a copy (signed) of said letter & financial statement that you requested.

I hope the enclosed data will be sufficient to allow further processing of OMT loan.

Cordially
Robert Stahr

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 27 1968

INITIALS	CODE
	130
GP	120M
	110
	120

September 9, 1968

Frank E. Johnson, Chief
Office of Mineral Explorations
Geological Survey
Washington, D. C. 20242

RE: O.M.E. - 6751 (Mercury)

Copy to Region

Re your letter of August 27, enclosed find the following information to complete processing of New Klau Mining & Construction Co.'s O.M.E. loan application.

With regard to lien and subordination agreements that you have requested, Mr. Harold Biaggini, individually and as president of Buena Vista Mines, Inc., would not sign said agreement on the advice of his counsel because the terms of the contract to which he and his company were subordinating were unknown. It was suggested by H. Steiger, O.M.E. field representative of Region II, that if New Klau Mining & Construction Co. is accepted for an exploration loan at that time, a contract could be drawn and a copy sent to Mr. Biaggini for his consideration. If Mr. Biaggini decided against subordination of his interests, a bond for said coverage could be obtained from a commercial institution.

With regard to your request for more specific information as to exploration targets, Western Minerals Exploration Co., a group of three independant oil companies from Denver, Colorado, will allow the O.M.E. agent to inspect its maps, geochemical work, assay records, etc. for the purpose of substantiating the presence of a medium-sized thrust fault. Said company has three rotary-drill holes (#50,51 and 53) that penetrate the thrust feature and show Franciscan sediments overlying rocks of cretaceous age. The attitude of the thrust fault by a 3 point problem is as follows: Strike N 82° E, dip 17° SE. The structure lies approximately 550 feet below the present topographical surface with boundary faults (normal, strike E-W Dip Vertical to 60° N) limiting said area in the North South directions. The cretacious formation being the lower thrust plate is mineralized. The purpose of proposed drilling program would be to delineate the lateral extent of said mineralization and to ascertain areas structurally favorable for economic concentration of cinnabar.

Attached is recent financial statement of New Klau Mining & Construction Co. as requested. If I may be of any further assistance, please do not hesitate to contact me.

Robert L. Strahan

ROBERT L. STRAHAN

RLS:lr

Enc.

NEW KLAU MINING & CONSTRUCTION CO.

1108 Vine Street
Paso Robles, California 93446
Phone Area Code 805 238-3396

Financial Statement

ASSETS	LIABILITIES
Bank Account, Bank of America, Paso Robles Branch	$ 0.00
$ 3,000.00	
Six (6) flasks silver approximate value $550 a flask	
$ 3,300.00	
One (1) Mineral Lease from Buena Vista Mines to New Klau Mining & Construction Co.	

*All equipment and funds needed for completion of O.M.E. contract if awarded would be contributed by members of corporation.

I certify under penalty of perjury that the foregoing is true and correct.

Robert L. Strahan

ROBERT L. STRAHAN

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/27/68	Peterson	120
	(on leave)	120
		110
8/27	Coe	220
		120M

AIRMAIL

New Klau Mining and
Construction Company
1108 Vine Street
Paso Robles, California 93446

AUG 27 1968

Re: OME-6751 (Mercury)
New Klau Mining & Construction Company
Klau Mine Property
San Luis Obispo, California

Gentlemen:

Our review of your application for financial assistance indicates that additional information is needed to continue its processing.

Furnish geologic evidence to identify specific exploration targets in the areas you wish to explore. This material should include sample and assay data, results of the geochemical survey mentioned in the report by Ken Rank, geologic maps, and logs of the holes drilled on the adjacent properties if available. The information submitted is too generalized for us to properly evaluate your proposal.

Submit five copies of Lien and Subordination Agreements signed by Harold Biaggini and an authorized representative of the Buena Vista Mines, Inc., the owners of the claims where work is contemplated. Lien and Subordination Agreements (six copies MME Form 52) are enclosed for your possible use.

To aid us in determining your eligibility for assistance, please submit a recent financial statement of the New Klau Mining and Construction Company.

This request for additional information should not be construed as a commitment by the Government to grant an exploration contract. We shall hold the processing of the application until the data are received.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
OME Docket
OME Reading File
Region II
Mr. Peterson
ECPeterson/bsl 8/27/68
Economic Geology File

August 22, 1968

New Klau Mining and Construction
Company
1108 Vine Street
Paso Robles, California 93446

Subject: OME-6751

Gentlemen:

Your application for exploration assistance, dated June 30, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6751.

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

Sincerely yours,

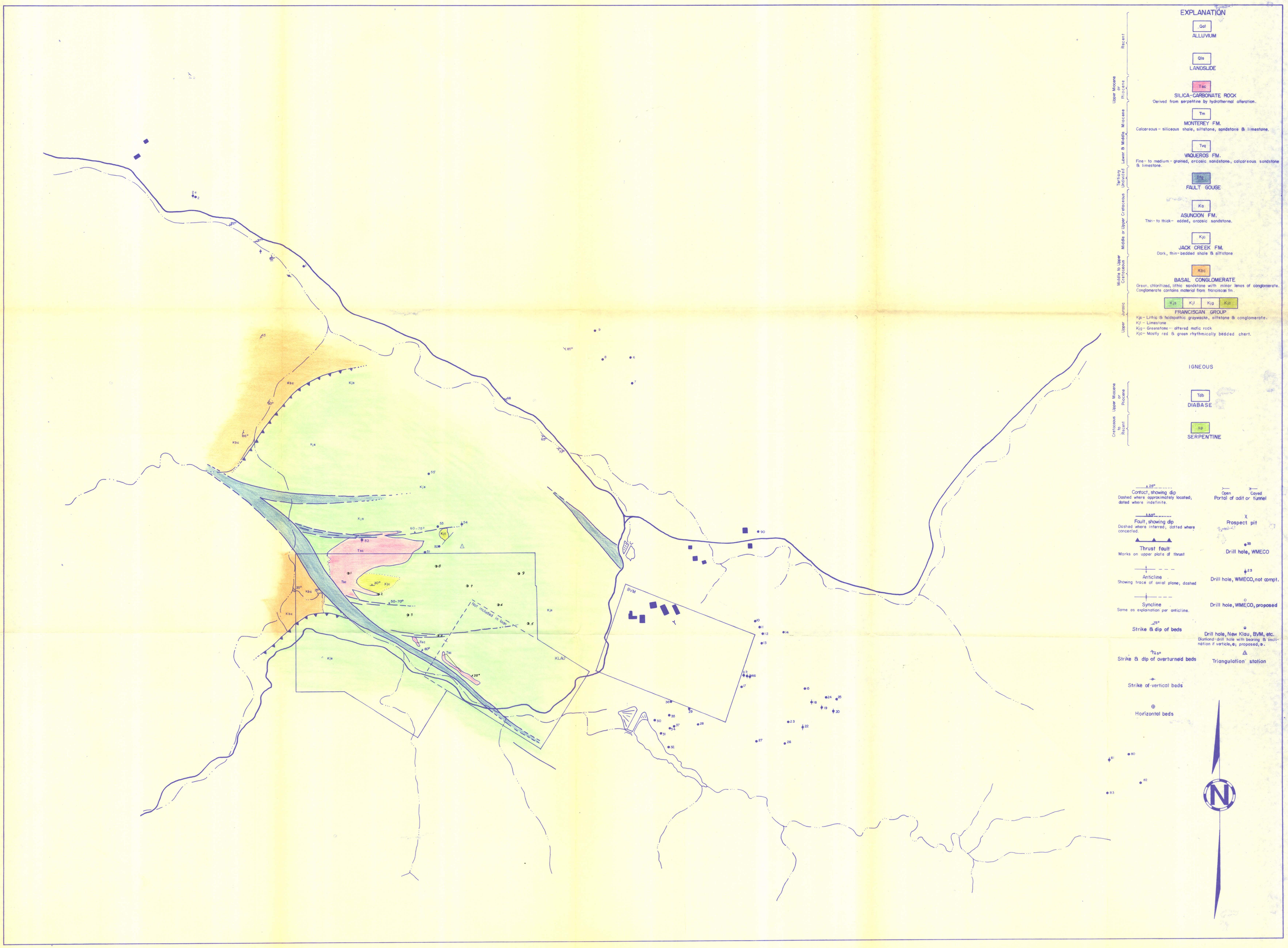
Frank E. Johnson
Chief, Office of
Minerals Exploration

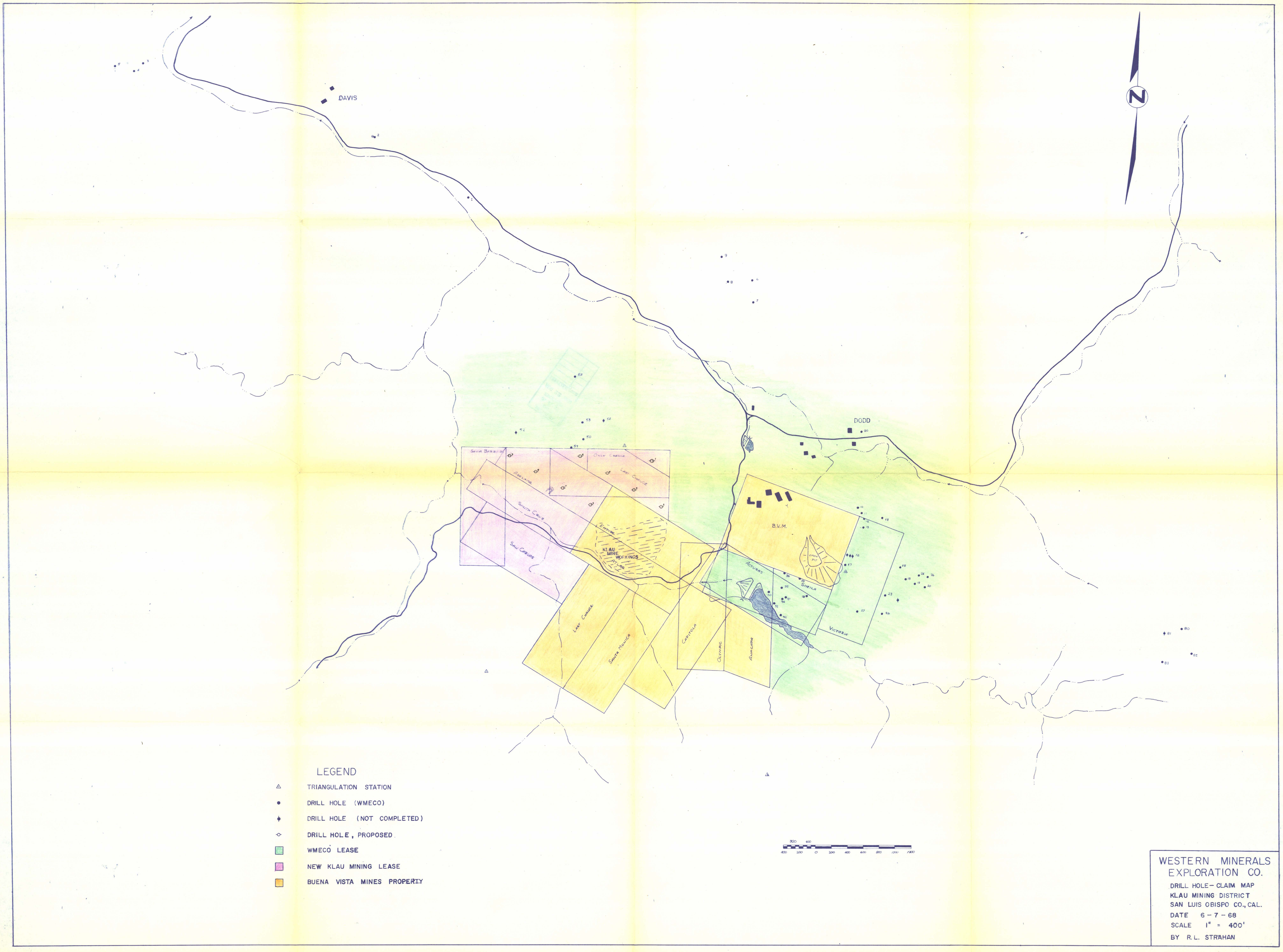
Copy to Region II

GEOLOGIC MAP OF THE ADELAIDE MINING DISTRICT, SAN LUIS OBISPO CO., CALIFORNIA

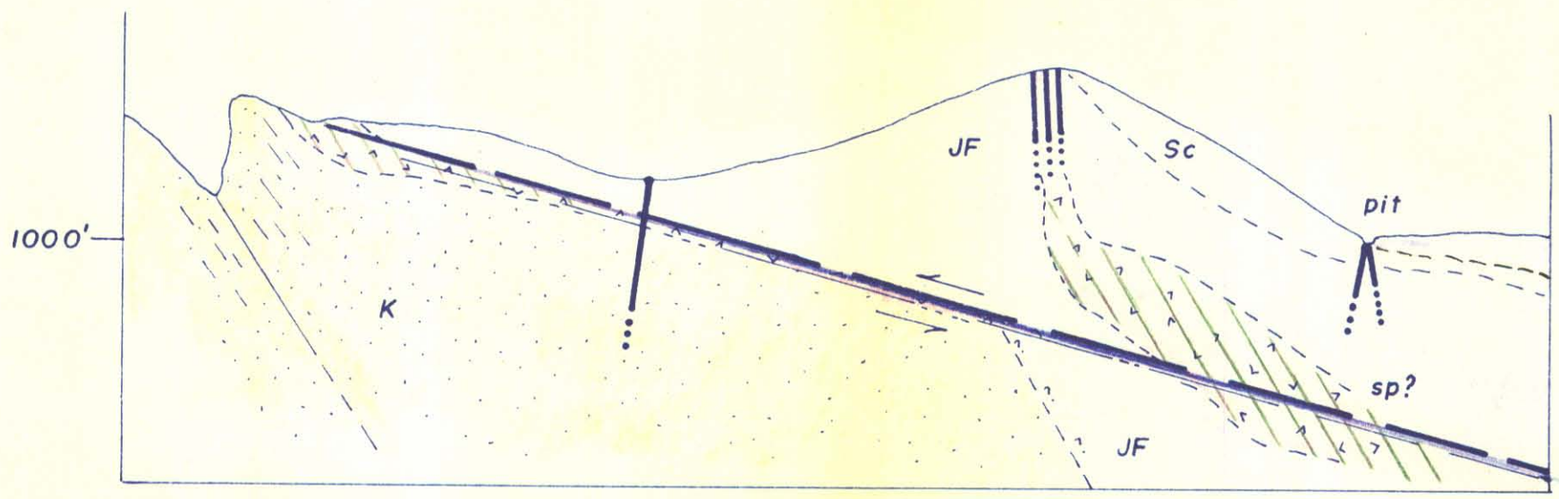
400 200
300 100 0 400 800 1200 1600 2000 2400 2800

WESTERN MINERALS EXPLORATION COMPANY
DATE 3-4-68 SCALE 1" = 400' DRAWN BY R. STRAHAN



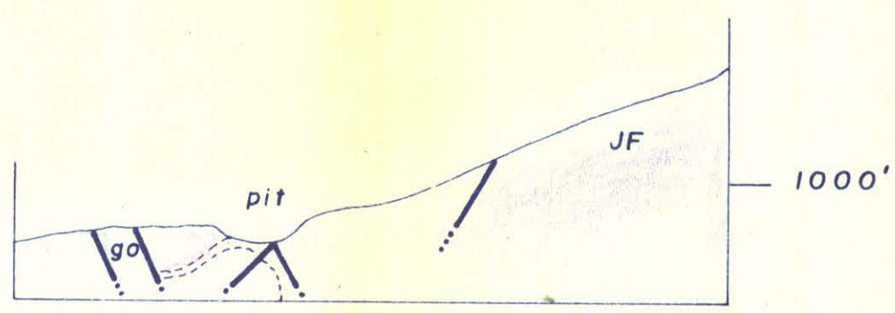

N
DAVIS
DODD
SANTA BARBARA
ONLY CHANCE
LAST CHANCE
ARCUNDA
SANTA CRUZ
SAN CARLOS
KLAU MINE WORKINGS
B.V.M.
ACCURAS
SHEILA
VICTORIA
LAST CHANCE
SANTA MONICA
CAPITOLA
OLIVINE
ALMADEN
LEGEND
TRIANGULATION STATION
DRILL HOLE (WMECO)
DRILL HOLE (NOT COMPLETED)
DRILL HOLE, PROPOSED
WMECO LEASE
NEW KLAU MINING LEASE
BUENA VISTA MINES PROPERTY
WESTERN MINERALS EXPLORATION CO.
DRILL HOLE – CLAIM MAP
KLAU MINING DISTRICT
SAN LUIS OBISPO CO., CAL.
DATE 6 – 7 – 68
SCALE 1" = 400'
BY R.L. STRAHAN

GEOLOGICAL CROSS - SECTIONS



SECTION A - A'

1" = 400'

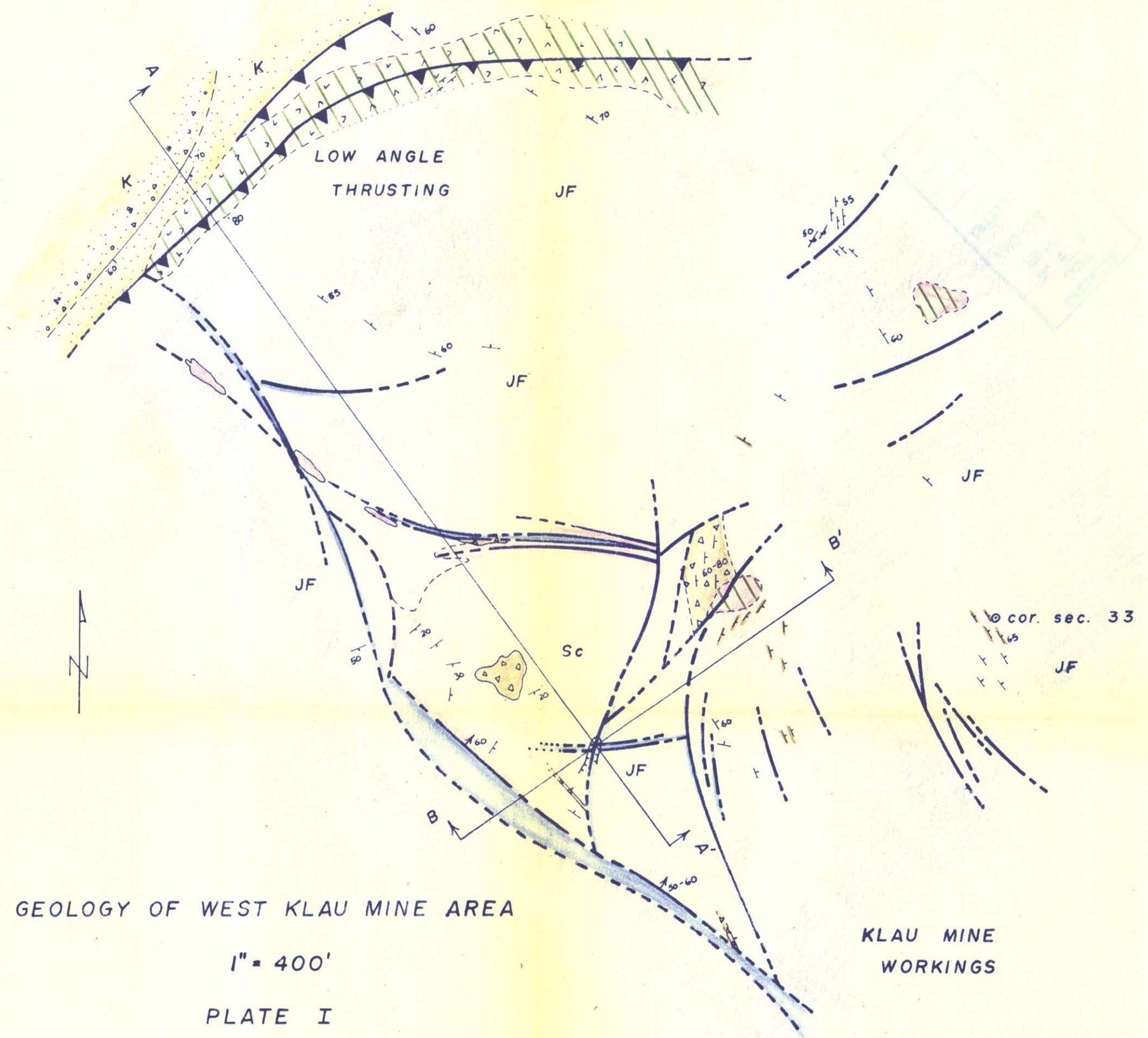


SECTION B - B'

1" = 400'

PLATE II

K. Rank



GEOLOGY OF WEST KLAU MINE AREA

1" = 400'

PLATE I

Fault

Contact

Open pit

JURASSIC FRANCISCAN S.S.

SILICA-CARBONATE

GREENSTONE &/ OR SERPENTINE

CHERT

FAULT GOUGE

CRETACEOUS S.S.

By - K. Rank

Company: New Mexico Min. & Construction Co. Location: Sec. S½ Twnship 26 S
Hole No: K-23 Logger: Stinman Rng: 9 E County: SLO
Date: 4-11-71 Type Rig: Rotary State: Calif.
Driller: Raugh

Other: Hole Diam. 4¾" Circul. Air: 75 Mud Found

Depth Ft.	Time	Bit	Date Hole	Comments	Clay % Hydr. Dens.	Hgs %	Fgs %	Description & Comments	Formation
				None		0.0		Silica - Carbonate ... Lithologic weathering	
10						TF			
20						0.0		Silica - Carbonate	
30									
40									
50									
60									
70									
80									
90									
100									
10									
20									
30								Gouge & SS	
40									
150									
60									
70									
80									
90									
200									
10									
20									
30									
40									
250									
60									
70									
80									
90									
300									
10									
20									
30									
40									
350									
60									
70									
80									
90									
400									
10									
20									
30									
40									
450									
60						.05		Gouge, Serpentine	
70						0.0		SS & Gouge	
80									
90									
500									
10									
20									
30									
40									
550									
60									
70									
80									
90									
600									
10									
20									
30									
40									
650						0.1		Gouge & Serp.	
60						0.0		SS & Gouge	
70									
80									
90									
700									
10									
20									
30									
40									
750								FINISH HOLE 12-1-69	
60									
70									
80									

Company: New Reno Mill & Construction Co. Location: Sec 9/10 Twnshp 26 S
Hole No: K-42 Logger: Stranahan Rang 9 E County SLO
Date: 4-19-71 Type Rig: Rotary State Calif
Driller: Raven

Other: Hole Diam 4 3/4" 0'-70 70' mud circul.

Depth Ft	Sme	Bit	Rate ft/hr	Comments	Clay % (not dates)	H2S ppm	SG %	Description & Comments	Formation
								SS & Gouge	
10									
20									
30								Silica - Carbonate	
40									
50									
60								Silica - Carbonate & Gouge	
								Gouge & SS	
70									
80									
90									
100									
10									
20									
30									
40									
150						00		SS & Gouge	
60									
70									
80									
90									
200									
10									
20									
30									
40									
250									
60									
70									
80									
90									
300									
10									
20									
30									
40									
350									
60									
70									
80									
90									
400									
10									
20									
30									
40									
450									
60									
70									
80									
90									
500									
10									
20									
30									
40									
550									
60									
70									
80									
90									
600									
10									
20									
30									
40									
650									
60									
70									
80									
90									
700									
10									
20									
30									
40									
750								(Completed Hole	12-13-69)
60									
70									
80									
90									
800									

Company: New Kern Wing & Construction Co. Loc. on: Sec S½ Twnship 26 S
Hole No: K-41 Logger: Strahan Range 9 E County Kern
Date: 6-17-71 Type Rig: Rotary State Calif
Driller: Rauch
Other: Hole Diam 4¾" 0-780' mud circul

Depth Ft	Time	Bit	Rate ft/hr	Comments	Clay % Tot Cuttings	H_2S ppm	CO_2 %	Description & Comments	Formation
						TR		SS & Gouge	
10						TR			
						0.0			
20									
30									
40									
50									
60									
						TR		Silica - Carbonate	
70						0.1			
						TR			
80						0.1		Silica - Carbonat & Gouge	
90						0.0		Gouge & S.S.	
100									
10									
						0.1			
20									
						TR			
30									
40									
150									
60									
70									
80									
90									
200									
10									
20									
30									
40								SS & Gouge	
250						0.0			
60									
70									
80									
90									
300									
10									
20									
30									
40									
350									
60									
70									
80									
90									
400									
10									
20									
30									
40									
450									
60									
70									
80									
90									
500									
10									
20									
30						TR			
40						0.0			
550									
60									
70									
80									
90									
600									
10						TR			
						0.0			
20									
30									
40									
650						TR			
						0.0			
60									
70									
80									
90									
700									
10									
20									
30									
40									
750								Complete Hole 1-2-70	
60									
70									
80									
90									
800									

Company: New Idria Mining & Construction Co. Inc. Sec. S½ Twnship 20 S
Hole No: K-40 Logger: Stanman Rng. S.E. County: S.L.O.
Date: 2-17-71 Type Rig: Rotary State: Calif.
Driller: Rauch

OTHER: Hole Diam. 4¾" 0-750 mud circul.

Depth Ft	Sme	Bit	Rate ft/hr	Comments	Clay % mf	H2S ppm	H2S ft	Description & Comments	Formation
								Silica - Carbonate & Gouge	
10									
20									
30									
40									
50									
60									
						0.0		Gouge & S.S	
70									
80									
90									
100									
10									
20									
30									
40									
150									
60									
70									
80									
90									
200									
								Siliceous Gouge Water 5-15 10gpm good quality	
10								SS & Gouge	
20									
30									
40									
250									
60									
70									
80									
90									
300									
10									
20									
30									
40									
350									
60									
70									
80									
90									
400									
10									
20									
30									
40									
450									
60									
70									
80									
90									
500									
10									
20									
30									
40									
550								Green Stone (altered ferruginous basalt) (Drilling 9-10-59)	
60								(Start drilling operation 1-3-71)	
70								Gouge & SS	
80									
90									
600									
10									
20									
30									
40									
650								Siliceous Gouge	
60									
70									
80									
90									
700									
10									
20									
30									
40									
750								(Complete hole 2-7-70)	
60									
70									
80									
90									
800									