MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. _____

Application
- [ ] Denied
- [x] Withdrawn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
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement — 1
- [x] Application and Attachments
  - ✓ Amended application (letter) 6/1/69

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
- [ ] 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) June 23, 1969
- [ ] 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

6/20/69

Stager phoned this date to advise that Elder had sold the property and would no longer be interested in the OME application.

Stager is sending in the letter.

Kirk

LARRY ELDER
CONSULTING AGRICULTURAL ENGINEER

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

OME-6749

OFFICIAL COPY
O. M. E.
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gla 1/20 M
1/20
WE 1/20 E

June 1, 1969

Mr. Harold Steiger
Office of Minerals Exploration
U. S. Department of the Interior
Menlo Park, California 94025

Dear Mr. Steiger:

Please refer to the letter of 7 June 1968 attached as a part of MME Form 40, application for Financial Assistance in Minerals Exploration, assigned OME number 6748, 26 August 1968.

Our situation has changed to this extent: Mr. I. L. Elder returned from his business in March 1969 and prefers not to take the active roll described in paragraph 6 of the referenced letter.

For this reason, we wish to amend our application to the extent that Elder and Thompson does not intend to act as contractors themselves. We intend to contract the drilling to an outside firm. Specific changes in the application should be noted as follows:

1. In referenced letter see paragraphs as follows:

6. Delete "Drilling rig will be supervised by I. L. Elder."

7. See inclosure 1, attached, as a replacement for inclosure 24 to referenced letter.

2. In MME Form 40, the estimated cost of the project should be changed to $27,664.25.

Sincerely,

Larry Elder

LARRY ELDER, P.E.

LLE:s

1 Incl - Replacement for Incl 24

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

EXPLORATION PLAN

I OBJECTIVE

The objective of the exploration is not to explore the entire mine area but to identify sufficient ore of processable grade to produce at least 1000 flasks of mercury. This amount is considered adequate to sustain a processing operation of sufficient volume to permit further exploration out of operating revenues.

II PLAN

A. Geologist Leisek has pointed out several possible approaches to identifying adequate amounts of mineable ore. The more practical possibilities are as follows:

1. Explore the favorable bed intersection with the major fault to identify possible high grade deposits which would best be mined by tunneling.

2. Explore the mineralization extent in the vicinity of the Carlson stope (Red Rock Fault outcropping) to permit estimation of tonnage and quality of ore for open pit operation in that area.

3. Explore the depth of mineralization of the area north and north west of the previously mined main orebody on the theory that sufficient mineralization occurred throughout that area to permit an open pit operation on low grade ore.

4. Explore the possibility of sufficient mineralization west of the west fault (fig 2) in the vicinity of the Elder vein to permit an open pit operation in that area on low grade ore.

B. Laying out possible drilling patterns and estimating exploration costs against possible returns, the following table was prepared:

INCL 24/1

Exploration Objective	Nr. of Holes	Total Drilling	Cost	Max Flasks In Area	Expl. Priority
1. Higrade bodies	48	6450'	$64,500	710	4
2. Open pit Carlson Area	26	1560'	15,600	1580	1
3. Open pit N&NW	15	405'	4,050	480	2
4. Open pit-Elder	11	450'	4,500	450	3

C. The specific plan that is proposed to be followed is as follows:

1. Follow the plans labeled priorities 1, 2, 3 in para B, above, proceeding in order of priority.

2. Where drilling sample assays run over 10 lb of mercury per ton, drill intermediate holes at 20' spacing in the directions indicated to identify any large, high quality ore bodies (estimated 5 holes per ore body.)

III COST

A. Drilling - Work is to be contracted. (See inclosure 29) The only bid available at this time is the J. D. Chaffin Company (see inclosure 25, verbally updated to $7.00/foot for down the hole hammer operation and amended to include mobilization charges of $420 each way or $840. Estimates total costs for drilling appear to be as follows:

1. Drilling footage

a. Carlson Area - 1560'
b. Open pit N and w - 405'
c. Open pit - Elder cut - 450'
d. 5 holes for high grade ore bodies hit by chance while drilling - 310'

Total Footage 2725'

2. Costs

Footage - 2725 @ $7.00	19,075
Mobilization	840
Estated standby 20 hrs @$25	500
Total	$20,415

B. Site preparation - Verbal bids were received for dozer work as follows:

1. Lee Pitts, Minah, Nevada, and Red Rock mine area (his cabin is 50 feet from Red Rock claims line) D-4 dozer - $8.00/hr for dozing time.

2. Ted Gray, Dyer, Nevada. D-4 dozer - $8.00/hr for dozing time plus a 2 hour move to the site.

3. Estimated total site preparation time for 57 holes is 75 hours or $600.00

C. Assays

1. Commercial assay rate, Mineral Assay Office, Minah, Nevada (Box 275) $3.00/assay

2. Cutting bags for 5' of hole, AAA-Fremont Bag Co., Los Angeles (for order of 500 bags) $.25/bag (per assay)

3. Labor to split, package, and tag the sample for assay, estimated ½ hour @$2.00/hr - $1.00 per assay

4. Delivery of samples to assay office (114 miles round trip) 15 to 20 assays/day, mileage @ 10¢/mile plus labor 3 hrs @ 2.00/hr.

5. Supervision of sampling, recording, etc. - see Supervision

6. Total cost per assay $5.25/assay

7. Total assay costs for 545 samples are $2861.25

D. Consulting Geologist - Either D. B. Slemmons, University of Nevada or J. Leisek, Las Vegas

Consulting geologist, 4 days	@	200/day
plus travel and expenses, est. @		72/day
4 days		$1088

E. Supervision - Includes surveying lorizontal and vertical locations of all drilling sites, mapping and recording all surveys, supervising drilling operations, supervising sampling and assay recordings, etc. Approximately two months. One cabin at the site will be made liveable for the exploration. The resident supervisor will be either I. L. Elder or L. L. Elder, depending upon the urgency of other business operations. Rate of pay will be $1350/month (this is the last monthly salary collected by either man as an employee. This was the salary of L. L. Elder from 1965 to 1966.) Total supervision cost $2700.

F. Total Costs

1.	Drilling	$20,415.00
2.	Site preparation	600.00
3.	Assays	2,861.25
4.	Consulting geologist	1,088.00
5.	Supervision	2,700.00
	TOTAL	$27,664.25

IV SCHEDULE

A. Start as soon as loan is approved. Estimated completion time - 2 months

B. Estimated payment schedule - all within 60 days with perhaps 60% in the first month.

EXPLORATION DRILLING INC.
P. O. BOX 141
SEAL BEACH, CALIFORNIA 90740

GENEVA 0-1420

May 16, 1969

Larry Elder
74-075 Setting Sun Trail
Palm Desert, Calif. 92260

Dear Mr. Elder:

In reply to your letter of May 5, 1969, relative to our bidding for drilling the Red Rock property, our drill rig is committed until the last of November, 1969. It would be impossible for Exploration Drilling Inc. to take on additional drilling work until the first of December.

If you are interested that late in the season we would be glad to talk to you.

Yours truly,

Barlow L. Wood

Barlow L. Wood, President

BLW:vw

RECEIVED

JUN 19 1969

ERO-D.C.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

August 8, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 9 1968
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

Enclosed is an application for financial assistance, from the partnership of Elder and Thompson, 354 Lakeview Road, Santa Maria, California 93454, received in the Field Office on August 7, 1968.

This property was previously explored in 1953-54, under Docket DMEA-1640, Contract Idm-E 207. Proposed drilling costs are reasonable but consulting and supervision costs are high.

H. K. Stager

H. K. Stager

Enclosure

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.)*	APPLICANT DO NOT USE THIS BLOCK
Elder and Thompson 354 Lakeview Road Santa Maria, California 93454	DOCKET NUMBER: 6749 DATE RECEIVED: August 9, 1968 REGION: II DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*	LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE — NAME, ADDRESS	TITLE
INDIVIDUAL [ ]	Don Thompson, Betteravia Rd., Santa Maria	Partner
CORPORATION [ ]		
PARTNERSHIP [X]	I. L. Elder, 354 Lakeview Road, Santa Maria	Partner
OTHER *(Specify)* [ ]		
STATE IN WHICH FIRM IS ORGANIZED	L. L. Elder, 74-075 Setting Sun Trail, Palm Desert, California 92260	Partner

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE	PROPERTY NAME	LOCATION COUNTY	STATE
Mercury	Red Rock Mine	Esmeralda	Nevada
ESTIMATED COST OF PROJECT $ 19,648			

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., or with the nearest OME Field Office~~ 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.

6/17/68
DATED

BY *(Signature)*

Partner
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.

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346 [illegible]06

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

June 7, 1968

Office of Minerals Exploration
U. S. Department of the Interior
Menlo Park, California

Dear Sirs:

The following information is hereby submitted to comply with the instructions on the back of MME form 40, to which this letter is attached. Paragraph numbers which follow refer to paragraph designations on form 40:

1a. Correspondence to and from banks is attached as inclosures 1 and 2.

1b. None

1c. Our contribution will be cash.

2a. See inclosures 3 through 5.

2b. See inclosures 6A and 6 through 12.

2c. Owner refuses to sign the Lien and Subordination Agreement (see inclosure 13). We are prepared to execute the necessary bond agreement if the contract is approved.

3a. All known workings are described in geologists reports inclosures 14, 15, and 16, and 17, and in the drawings of the property, inclosures 13 through 23. No operations are now being conducted on the property.

3b. We control the entire property.

3c. There is no current production. Estimated total production to date is given in the geologists report, inclosure 14, as 2400 flasks.

3d. Ore reserves are not known. See geologists report, inclosure 14.

3e. Geologic features are shown on the drawings attached as inclosures 18 through 23.

3g and g. See geologists reports and maps, inclosures 14 through 22. Return of reports and maps is not required.

4a. There will be no one at the property until this contract is approved and exploration begins. To visit the property in the mean time, call Larry Elder, 714-346-2306, to make an appointment to meet in Bishop, Tonopah, or other agreed location. The property is accessible and all workings are accessible. To reach the property take U. S. highway 6 between Bishop and Tonopah to Nevada Highway 3A. Take 3A south 13½ miles to a road junction just north of Chiatovich Ranch and Nevada State Highway Maintenance Station. Mail box and sign point to Red Rock Mine to west of 3A. Take this dirt road 7 miles to the mine, following well travelled route to a group of 8-10 buildings at the base of a ridge.

4b. Shipping and supply points are Tonopah, Nevada, 75 miles east, Minah, Nevada, 60 miles north (rail service is available), Bishop, California, 90 miles west (air service is available), and Dyer, Nevada, 10 miles south (store and post office only).

5a. Proposed exploration is described in inclosure 24 and in the drawings, inclosures 18 and 23.

5b. No access road is required.

5c. Work schedule is given in inclosure 24. Work will begin within one week following the approval of the contract and will be completed in 60 days if no equipment failures occur.

6. Experience of the principals is summarized in inclosure 28. Drilling rig operation will be supervised by I. L. Elder. Site selection, surveying, sample collection, assay recording and identification will be supervised by L. L. Elder. Periodic advice and counsel will be provided by D. Thompson.

7a. Elder and Thompson propose to act as contractors for the proposed exploration on a per hole, per foot and per assay basis. The proposed costs, their justification and breakdown is attached as part III of the "Exploration Plan", inclosure 24, and inclosure 25, 26, and 27.

7b thru g. See para 7a, above.

Sincerely,

Larry Elder

LLE:s

LARRY ELDER, P.E.
For Elder and Thompson

Inclosures
1 - Ltr, Bank of America, Ltr to B of A, Ltr to Bank of Nev.
2 - Ltr 1st National Bank of Nevada
3 - Summary of Interest in Property
4 - Summary of County Record Entries
5 - Copy of basic lease
6A - Map of 6 claims
6-12 Copies of County Records Original Claims
13 - Ltr, W. F. Dunnigan
14 - Geologists's Report - Leisek
15 - " " - Slemmons
16 - Remarks on Geologists Reports
17 - OME Report of 1954 Exploration
18 - Dwg 1 - Surface Area
19 - Dwg 2 - Geological Data - Possible Drilling Plans
20 - Dwg 3 - Main Adit Level Geology
21 - Dwg 4 - Geology of Lower Level
22 - Dwg 5 - Cross Sections
23 - Dwg 6 - Drilling Plan and Sequence
24 - Exploration Plan
25 - Ltr, J.D. Chaffin Drilling Co.
26 - Ltr, Houston Tool Co.
27 - Ltr, Exploration Drilling Co.
28 - Applicants Experience

ELDER AND THOMPSON
354 Lakeview Road
Santa Maria, California

March 13, 1968

Bank of America
Santa Maria Branch
202 South Broadway
Santa Maria, California 93454

Dear Sirs:

Please consider this an application for a loan to finance exploration drilling of the Red Rock Mine, a mercury property on which we have an option and a lease to 1984.

We propose to prove the geologists contention (see report attached as incl. 1) that there are substantial deposits of low grade ore on this property. We have reviewed various processes and have concluded that ore with 2 lb./ton of mercury will be profitable at markets over $400/flask. Naturally this is subject to the size of deposit and the scale of the operation.

The inclosed exploration plan (incl 2) indicates an expense of about $20,000. We would like to borrow as much of this as possible from you and repay it at the rate of 5% of the gross sales. This would take about 1000 flasks at a net value of $400/flask to the mine. The futures market and other forecasts indicate the price should hold well above this for the forseeable future.

As further security we offer to mortgage our lease on the Red Rock Mine (6 claims), to you for the amount of the loan. Our cost of the lease, royalties, assessmets, etc. to date have run to several times that figure.

Your early consideration would be appreciated.

Sincerely,

I. L. Elder

I. L. ELDER
Partner

ILE:s

Incl: Geologist Report

Incl 1-1

Cable Address—BANKAMERICA

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

SANTA MARIA BRANCH • 202 SOUTH BROADWAY • SANTA MARIA, CALIFORNIA 93454

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

March 19, 1968

Mr. Don P. Thompson and
Mr. I. L. Elder
P. O. Box 66
Santa Maria, California

Gentlemen:

Your request for a $20,000.00 loan to be used for exploration purposes has been given thorough consideration.

It is our opinion that at this time, your endeavors are highly speculative. The lack of any operating figures leaves us with no indication as to the degree of success your venture may reach.

Because of these factors, we would not be able to accomodate you with the requested loan at this time. Perhaps at a later date when you have more definite facts and figures, we would be in a better position to discuss such accomodations.

Thank you for the opportunity to consider your request.

Sincerely,

C. A. Gibson

C. A. Gibson
Assistant Cashier

CAG/ims

Incl. 1/2

ELDER AND THOMPSON
354 Lakeview Road
Santa Maria, California

March 13, 1968

First National Bank of Nevada
Tonopah Branch
Tonopah, Nevada

Dear Sirs:

Please consider this an application for a loan to finance exploration drilling of the Red Rock Mine, a mercury property on which we have an option and a lease to 1984.

We propose to prove the geologists contention (see report attached as inc. 1) that there are substantial deposits of low grade ore on this property. We have reviewed various processes and have concluded that ore with 2 lb/ton of mercury will be profitable at markets over $400/flask. Naturally this is subject to the size of deposit and the scale of the operation.

The inclosed exploration plan (incl 2) indicates an expense of about $20,000. We would like to borrow as much of this as possible from you and repay it at the rate of 5% of the gross sales. This would take about 1000 flasks at a net value of $400/flask to the mine. The futures market and other forecasts indicate the price should hold well above this for the foreseeable future.

As further security we offer to mortgage our lease on the Red Rock Mine (6 claims), to you for the amount of the loan. Our cost of the lease, royalties, assessments, etc. to date have run to several times that figure.

Your early consideration would be appreciated.

Sincerely,

I. L. Elder

I. L. ELDER
Partner

ILE:s

Incl: Geologist Report

INCL 2-1

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

FIRST NATIONAL BANK OF NEVADA

TONOPAH BRANCH

March 27, 1968

TONOPAH, NEVADA

Elder & Thompson
Red Rock Mine
Fish Lake Valley, Nevada

Gentlemen:

We are sorry that we must decline your application for a $20,000.00 loan for exploration purposes at the Red Rock Mine. We are unable to grant credit requests where the repayment is based on unproved production.

Sincerely,

J. L. Morrow,
Manager

JLM:gc

INCL. 2/2

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

APPLICANTS INTEREST IN LAND AND MINERAL RIGHTS

The applicants hold title to a lease to 1985 and option to buy the entire interest of the owners in the group of claims. This lease, originally made by the owner to others was purchased and assigned to Elder and Thompson. There are no liens or mortgages or other encumbrances of the property. All entries in the county records concerning this lease and agreement are summarized in the attached inclosure 4. The entry in 1965 refers to an option by Elder and Thompson which has expired. The entry in 1967 refers to a lease and option which went into default in December 1967 and has been nullified. See inclosures 5, 6, and 7 to confirm this.

A copy of the basic lease is attached as inclosure 8. Copies of the original claim filings by the owner are also attached as inclosures 9 thru 15.

INCL 3

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

SUMMARY OF ENTRIES, RECORDS OF ESMERALDA COUNTY, NEVADA, RELATING TO ELDER AND THOMPSON INTEREST IN RED ROCK GROUP OF MINING CLAIMS. (Ora Roper, County Recorder and Auditor, Esmeralda County, Box 491, Goldfield, Nevada 89013)

Reference No.	Instrument Title	Date	Recorded Book and Page	Date
1	Mining Lease and Option (Dunnigans to Belt, Puccetti, Marchio, and Ginochio, all of Red Rock, 1, 2,3, and Blue Rock 1 and 2)	6/22/62	4B, p 469 to 473	11/6/64
2	Ammendment to Mining Lease and Option (Dunnigans to Belt, Pucetti, Marchio, and Ginochio-decreases lease payments)	12/1/62	4B, p 473 to 475	11/6/64
3	Assignment of Mining Lease and Option (Pucetti, Belt, Ginochio, Marchio assign to Poor Boy Mines, Inc. all rights and interests in Mining Lease and Option Agreement, June 22, 1962)	6/28/63	4B, p348	9/9/63
4	Assignment of Mining Lease and Option (Poor Boy Mines, Inc. all rights,etc. in lease option, June 22, 1962, w/amendments dated Dec 1, 62 to Elder and Thompson.)	8/9/64	5c, p286	8/22/64

Incl. 4/1

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

5	Contract of Sale (Poor Boy Mines, Inc. sells all rights and interests in Mining Lease and Option Agreement, June 22,'62, to Thompson and Elder)	10/9/64	4B, p465	10/22/64
6	Ratification by Stockholders and Board of Directors of Sale of Mining Lease and Option Agreement and Personal Property (Poor Boy Mines, Inc. to Thompson and Elder)	10/9/64	4B, 466	10/22/64
7	Option to Purchase Mining Lease and Exploration Agreement (Elder and Thompson to Goulet-option to explore and purchase Red Rock, 1,2,3, and Blue Rock 1, 2)	6/15/65	4B p576-577	6/24/65
8	First Modification of Assignment (Refers to Agreement of Assignment and Escrow Instructions; 12/12/66, Elder and Thompson to Leisek, relating to Red Rock Group of claims)	2/20/67	4c, p 207-208	4/6/67

(This agreement was defaulted in December 1967; steps are being taken to record the cancellation of this agreement.)

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

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of [redacted], State of [redacted],

described as follows:[2] [redacted]

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

[redacted][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.)

[redacted]

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.

13/2

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 _____ (State "None" or "See Annex No. _____".)

Dated this _____ day of _____, 19____.

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

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

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

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

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

_____ (Street)
_____ (Seal) _____ (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.-DUP. SEC., WASH., D.C. 21103

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

9	Certificate of Appropriation of Water, State of Nevada to Joe L. Leisek-Application #17863, record No 6322, Book 19, page 6322 Name of Appropriator-Don Thompson and I. L. Elder - .123 cfs from Dry Creek	10/4/67	5c 474	10/9/67
10	Release of Agreement of Assignment (Lisiks to Elder and Thompson, date 9 Jan 1968, signed 10 June 1968 by Elder and Thompson)			

MINING LEASE AND OPTION

THIS LEASE AND OPTION, made and entered into this 22nd day of June, 1962, by and between WALTER F. DUNNIGAN and ROBERTA S. DUNNIGAN, % Wm. J. Crowell, Attorney at Law, Old Bank Building, Carson City, Nevada, hereinafter referred to as LESSORS, and EMORY HOWARD BELT of Box 29, Bishop, California, ROY PUCCETTI of 521 Foy Street, Modesto, California, M. J. MARCHIS, Rt. 1 Box 1386, Oil Canyon, Antioch, California and L. GINOCHIO, of Antioch, California, hereinafter referred to as the LESSEES,

W I T N E S S E T H:

THAT THE LESSORS, for and in consideration of the rents, royalties, covenants and agreements hereinafter reserved and set forth, and by the Lessees to be kept and performed, have leased, let and demised unto the said Lessees for the purpose of mining, all that certain piece or parcel of mining ground, together with the improvements, buildings and other appurtenances situated, lying and being in the County of Esmeralda, State of Nevada, to wit:

The RED ROCK, RED ROCK #1, RED ROCK #2, RED ROCK #3, BLUE ROCK #1 and BLUE ROCK #2 mining claims, situate in the Oneota Mining District, County of Esmeralda, State of Nevada; TOGETHER with one mill building, 5 cabins, one pipe line, and other permanent improvements and fixtures, and together with any and all water rights, if any, appurtenant thereto.

TOGETHER WITH machinery, equipment, and other personal property described as follows:

1 - 30-Ton Gould Furnace complete with condensing system
1 - Recording Pyrometer
1 - 60 cu. Ft. compressor with complete oil burner equipment
1 - Ford Stationary Engine
1 - 4 Cyl. Kohler Light Plant
2 - D. Retorts

511

1 - 3000-Gal Oil Tank
1 12 x 24 Jaw Crusher
1 Stationary Ford Engine
2 Ore Binds
8 Ore cars
2 - 1000 Lb. Ore Buckets
1500 Ft. Track (Approx.) in place
1 Portable Head Frame
1 - 300 Lb. Ore Bucket
1 - 118 Cu. Ft. Gardner-Denver Compressor, driven by Ford Motor, mounted on Moreland Truck
1 Ingersoll-Rand 45 Jackhammer and Misc. Steel
1 Jig and Shaker screen
1 - 1 H.P. Electric Motor
1 - 1/2 H.P. Electric Motor
1 - 2" Centrifugal Briggs & Stratton Pump
1 - 6000-Gal. Water Tank

TO HAVE AND TO HOLD the said premises unto the said Lessees for the purposes of mining beginning July 1, 1962, and ending on the 30th day of June, ~~1972~~, 84 at midnight.

IN CONSIDERATION THEREOF, the said Lessees do hereby covenant and agree with the said Lessors as follows, to-wit:

1. To enter upon said leased premises forthwith, and commencing July 1, 1962, to begin working on said premises and to work the same in proper, skillful and minerlike fashion, and in manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the safety, preservation and development of said premises as a workable mine.

The Lessees shall well and sufficiently timber the mine at all points where proper, in accordance with good mining custom and precedure; the mining shaft to be kept clean; and in the event Lessees work in the tunnel the same conditions shall apply.

The Lessees shall occupy and hold all cross and parallel lodes, spurs, or mineral deposits of any kind which may be dis-

3/2

covered by the Lessees or any person under them in any manner, by working within or from the leased premises as the property of the Lessors with privilege to Lessees of working the same as a parcel of the leased premises, and subject to all of the terms and conditions herein contained.

2. To immediately post and keep posted on the property due and proper notices relieving Lessors from any and all liability or responsibility for work done on said premises or from any injuries to persons or damage to property occurring or committed on said premises.

3. To promptly pay all wages for work done and to comply with all laws, federal, state and local, pertaining to mining and mining operations, including the carrying and maintaining of Industrial Accident Insurance on employees.

4. To permit Lessors, their agents or representatives, to have access to said demised premises at any reasonable time for the purpose of inspecting the same.

5. To pay to the Lessors royalties on the gross sales of products on each and every ton of ore, mineral or other product taken, milled or extracted from said property, as follows:

> TEN PERCENT (10%) of all ore values taken by Lessees from said mine or premises during the term of this Lease, HOWEVER, with a guaranteed monthly royalty of FOUR HUNDRED DOLLARS ($400.00), payable in advance on the 1st day of July, 1962, and on the 1st day of each and every calendar month during the term of this lease, EXCEPTING during the months of December, January, February and March in each calendar year, in each of said months the guaranteed monthly royalty shall be reduced to $200.00 per month.

In addition to the above royalty, lessees covenant to pay to Lessors the sum of ONE DOLLAR ($1.00) for each and every ton of custom ore milled through the milling equipment situated on the above described premises. In this regard, it is understood

that custom ore is defined as being ore from properties other than the properties herein leased.

It is understood and agreed that all mercury produced shall be sold at the highest possible commercial market with the returns to be made payable to the First National Bank of Nevada, Carson City, Nevada, which said Bank shall be authorized to deduct the royalty hereinabove specified, or the minimum monthly guaranteed payment of $400.00 (or the reduced royalty for the winter months as hereinabove set forth) whichever is applicable and remit the respective amounts to the parties hereto, or deposit the same to the accounts of the parties hereto in accordance with any instructions given to said Bank in connection therewith.

6. To promptly pay all costs of operation and maintenance of said premises, including taxes of any kind whatsoever after July 1st, 1961, assessed thereon, it being represented by Lessors that all taxes and other costs due to date are to be paid by Lessees' predecessors in interest or Lessees, and at all times to keep said property free and clear of any and all liens or encumbranches of any nature or kind whatsoever.

7. At the termination of this lease by lapse of time, forfeiture, or otherwise, to deliver up to said Lessors the said premises in as good condition as when received, allowing for the mining and development thereon by the Lessees. In the event of the forfeiture or termination of this Agreement as hereinafter set forth, it is understood and agreed that all improvements, including rail in place, made in or about said property by the Lessees and affixed to the realty and constituting a part thereof, shall, together with operational maps, assays and reports, remain the property of the Lessors, but all property of a personal

nature, including machinery, tools or equipment, subject to removal without damage to the realty or improvements, may be removed therefrom by the Lessees within sixty (60) days from the date of said forfeiture or cancellation of this agreement, failing which, the same shall revert to the Lessors. It is understood and agreed that the foregoing provision shall apply to any water application, water rights or privileges acquired by the Lessees, that is to say, that the same shall also revert to the Lessors in the event of the forfeiture, termination or cancellation of this agreement, and the Lessees agree to forthwith convey the same.

It is further understood and agreed that no machinery, building or equipment owned by the Lessors and presently situated on the premises shall be removed by the Lessees until the same shall have been paid for in full as hereinafter specified.

8. To do andperform any necessary annual assessment work that may be required on the property during the life of this Lease and Option, the same to be performed and a timely notice of the completion of the same recorded prior to September, 1962, and each year thereafter. It is acknowledged by the Lessors that the assessment work required during the 1960-1961 assessment year has been completed and the proof of such labor recorded.

9. Time is of the essence of this agreement and in the event that Lessees shall fail to make any payment or payments as herein provided or shall fail to perform each and every covenant, term and condition as herein provided, the Lessors may, after ten (10) days' notice in writing given to Lessees within which to cure said default or violation, and provided said default or violation has not been cured during said ten-day period, declare said lease forfeited, cancelled and terminated, and enter and repossess all

5/5

of the property herein demised, with or without process of law, and in such event, all payments made hereunder may be retained by the Lessors as liquidated damages.

10. All ore mined on said premises shall be milled, smelted or retorted in the milling facilities situated on said premises, and further, Lessors reserve the right at their option to install locks on the condensing system and the same shall not be opened by Lessees, their agents or employees, unless the Lessors or their duly authorized employee, employees or agents are present at such time. In such event, however, Lessors covenant that no quicksilver shall be bottled except between the hours of 8:00 A.M. and 5:00 P.M., and Lessees covenant that no locks shall be installed unless arrangements have been made for either Lessors or their agents or employees to be present for the purpose of bottling mercury.

IN CONSIDERATION OF THE FOREGOING PREMISES, and the payment of ONE DOLLAR ($1.00), paid by the Lessees to the Lessors, the receipt whereof is hereby acknowledged, the said Lessors do hereby give and grant to the Lessees the exclusive right and option to purchase from said Lessors the whole of those certain mining claims, premises, appurtenances, and the machinery, equipment and personal property as in the foregoing Lease set forth, for the full purchase price of ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS ($125,000.00), payable to the Lessors through the Carson City Branch, First National Bank of Nevada, Carson City, Nevada, in cash or the equivalent thereof, on or before the termination thereof, according to the following schedule:

Upon the execution of this Agreement the Lessors covenant and agree to execute and deposit with the Carson City Branch, First National Bank of Nevada, Carson City, Nevada, as Escrow

5/6

the following instruments, to be delivered to the Lessees by said Escrow, as instructed, upon performance as follows:

1. Bill of Sale executed by Lessors in favor of Lessees, covering the machinery, mining and milling equipment, and other personal property described above, to be delivered to the Lessees when the Lessors have received a total of $75,000.00.

2. Deed, executed by Lessors in favor of Lessees, covering all of the claims hereinabove in this Lease described, including buildings, water rights, if any, and water line, to be delivered by said escrow to Lessees upon receipt by Lessors of the total sum of $125,000.00.

It is acknowledged by the parties hereto that this agreement shall in no way or manner be construed so as to include the sale or right to possession to the Lessees of Lessors' furniture, tools, equipment bulldozer, or any other personal property not specifically described hereinabove.

In the event that the Lessees shall exercise the option to purchase said property, it is understood and agreed that any and all royalties from production, milling, or guaranteed minimum monthly payments, which may be paid by the Lessees to the Lessors as in this Lease provided, or any extension or extensions thereof, shall apply upon the purchase price in the Option to purchase set forth, and be credited thereon.

Any and all payments made to the Lessors by the Lessees, either under the Lease or the Option to Purchase contained herein, shall immediately become the property of the Lessors. And in the event that this Lease is terminated or forfeited, all payments or royalties made prior to said forfeiture and termination shall be retained by the Lessors as reasonable rental of the property.

The Lessors hereby represent that title to each and all of the premises and properties hereinabove referred to is good and

517

merchantable, subject only to the paramount interest of the United States, and free from all encumbrances or liens by them suffered or committed. With regard to water rights, it is acknowledged by the parties hereto that the Lessors have heretofore appropriated and made use of certain waters from Middle Creek and Dry Creek, near the above-described properties; that Lessors claim no certificated or prescriptive right thereon, or any other right, other than that of use as herein set forth; that other parties have presently made application for waters from the same source, which said application has been protested by the Lessors and the protest has not yet been determined. Such right, easements or prescriptive rights as may hereafter be acquired by the Lessors on said waters shall be specifically included within this agreement.

All written notices provided for in the foregoing Lease and Option Agreement to be served upon the respective parties shall be sent by registered mail, through a United States Post Office, postage prepaid, and addressed to the said parties at their respective addresses, and the date of mailing shall constitute the date of delivery, the addresses of the parties being as hereinbefore set forth in this Lease Agreement, unless and until the respective parties give written notice of the change of addresses.

It is expressly understood and agreed that the within and foregoing Lease hereby granted and the Option to Purchase herein contained shall be construed as a single instrument, and the failure of the Lessees to perform the terms of the Lease Agreement or the Option Agreement as herein set forth shall immediately cancel both the Lease Agreement and the Option to Purchase as hereinbefore

5/8

set forth, and the same shall thereupon be of no further force or effect, all payments having been made under this agreement remaining the property of the Lessors as liquidated damges. Notice of default of the terms or conditions of the Option shall be given in the same manner as set forth and provided for in the lease agreement.

The Lessees may transfer this lease, or sublet, sell, or transfer the whole or any part of the leased premises without the consent of the Lessors, provided, however, that the said Lessees shall give notice of such assignment or sale within ten (10) days after the execution of said assignment and deliver to the Lessors a copy of the instrument or instruments representing such assignment or sale.

In the event it becomes feasible for Lessees to mine on the RED ROCK EXTENSION unpatented lode mining claim owned by Lessors herein, permission is granted for said Lessees to do so, however, Lessees in such event shall respect the surface thereof occupied by homes and all other improvements thereon, and the surface immediately adjacent thereto. Said permission is granted solely to be the Lessees and any assignment or sublease of any part of this agreement shall immediately terminate this permission and the same shall be of no further force and effect.

Time is of the essence of each and every term, covenant and condition of the foregoing Lease and Option to Purchase agreement, and the same shall be binding upon all of the heirs, executors, administrators, successors and assigns of all the parties hereto, and shall not be altered or amended in any respect except only by an instrument in writing signed by the respective parties.

Anything herein to the contrary notwithstanding, it is under-

seed and agreed between all of the parties hereto that in the event any litigation is involved arising out of the terms, covenants and conditions of this Agreement, that the prevailing party therein shall be entitled to all costs, including attorneys' fees.

It is further understood and agreed that all legal fees and preliminary escrow charges, shall be paid one-half (1/2) by the Lessors, and one-half (1/2) by the Lessees.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

Walter F. Dunnigan

Walter F. Dunnigan

Roberta S. Dunnigan

Roberta S. Dunnigan

LESSORS

Emory Howard Selt

Emory Howard Selt

Ray Puccetti

Ray Puccetti

W. J. Marchio

W. J. Marchio

L. Cinochio

L. Cinochio

LESSEES

note change of date on page 2

5/10

STATE OF NEVADA,

COUNTY OF Ormsby } SS.

ON THIS 11th day of June, 1962, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared WALTER F. MURNIGAN and ROBERTA S. MURNIGAN, known to me to be the persons named in and who executed the within and foregoing instrument, and they acknowledged to me that they executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my office on the day and year in this Certificate first above written.

Notary Public.

My Commission Expires: [illegible]

STATE OF [illegible]

COUNTY OF [illegible] } SS.

ON THIS [illegible] day of [illegible], 1962, before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared EMORY HOWARD HELT, ROY PUCCETTI, M. J. MARCHIO and L. ORNOCHIO, known to me to be the persons named in and who executed the within and foregoing instrument, and they acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at my office on the day and year in this Certificate first above written

Notary Public

My Commission Expires: [illegible] 1, 1966

5/11

File No. 27916

Filed for record at request of William P. Beko

November 6th 1964

at 30 minutes past 8 a.m.

and recorded in Book 4B

of Agree. page 469-472

Esmeralda County, Nevada

Lorna R. Mullenax

County Recorder

Deputy

Fee $10.50

INDEXED

COPIED

VERIFIED

5/12

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

Reno, Nevada .
March 18th 1968

Larry Elder,
74-075 Setting Sun Trail,
Palm Desert, Calif.,

Dear Mr Elder:

We are Returning here with the forms you recently sent us. We have been advise that it is not advisable to tie the property up with a lean to the goverment.

Sincerely

W. A. Flumigan

INCL. 13

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

GEOLOGICAL REPORT

RED ROCK MINE

FISH LAKE VALLEY DISTRICT

ESMERALDA COUNTY, NEVADA

Joseph F. Leisek, Geologist
March 20, 1967

14

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

SUMMARY AND CONCLUSIONS:

The Red Rock Mine is a mercury mine in the Fish Lake Valley District, Esmeralda County, Nevada. Total production from the mine has been about 2400 flasks of mercury, from ore of unknown grade.

The country rock is metamorphosed Paleozoic sediments, with phyllite the predominant rock, but a single quartzite bed some 50 feet in thickness contains nearly all of the mineralization. The beds are folded into an opern anticline, with its axis trending northwest and plunging gently southeast. The principal mineworkings exposed an east-striking, steeply north-dipping fault, the Red Rock Fault. The main orebody of the mine lies in a favorable bed within the quartzite series against this fault at the point where the anticlinal axis intersects the fault; most of the rest of the mineralization lies in the same favorable bed within several hundred feet of the fault. One orebody, the only high-grade mineralization yet discovered in the phyllite, lies along the Red Rock Fault above its intersection with the favorable bed.

The underground workings and surface exposures indicate that the cinnabar was emplaced at random over the entire hill-but it appears that enough cinnabar may have seeped through the hill to allow mining of a substantial part of the mountain at a 2.0 lb. per ton grade. Based on this evidence, ore reserves from several hundred thousand to a million tons appear to be possible. This ore could provide from 2,500 to 18,000 flasks of mercury.

Underground, there is a good chance of finding more pockets of highgrade ore similar to that mined from the main orebody, along the intersection, of the favorable bed with the Red Rock Fault. So far as the existing maps indicate, none of the present workings explore this intersection, outside of the main orebody. It is entirely possible that the unexplored part of the intersection may contain as much ore as the mined-out orebodies contained, or enough to make 2,400 flasks of mercury in addition to the low grade ore yields.

Possible total yields appear to be from 3,000 to 20,000 flasks of mercury.

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

INTRODUCTION:

The Red Rock Mine is a mercury property in the Fish Lake Valley District, Esmeralda County, Nevada. It is in Section 18, Township 1 South, Range 34 East, Mount Diablo Base and Meridian, in the eastern foothills of the White Mountains. It is nine miles, by graded dirt road, west of Nevada State Highway 3A, which runs down the center of Fish Lake Valley. The nearest towns of any size are Bishop, California, about 90 highway miles west, and Tonopah, Nevada, about 75 miles east. The closest rail point is Mina, Nevada, 60 road miles north.

The property is at an elevation of 7100 feet, just into the hills. There are occasional heavy snows during the winter, but these seldom stay on the ground more than a few days. There is little difficulty in maintaining access to the property during the winter, and in continuing undergound operations; open-pit operations could be hampered to some extent by frozen ground. There is no timber on the property, other than scrub pinon.

Several of the properties of the Fish Lake District, including the Red Rock Mine, are described in more or less detail in "Quicksilver Deposits in Nevada", by E.H. Bailey and D. A. Phoenix, University of Nevada Bulletin, Geology and Mining Series No. 41, 1944. According to this publication the Red Rock Mine, fig. 1, has produced 1,734 flasks of mercury to the end of 1943, and the B & B Mine, the other important mine in the district, had produced 2,659 flasks by the same date; lesser mines of the district had produced a total of perhaps 100 flasks.

A highly productive orebody, the Carlson Stope, was discovered after 1943 at the Red Rock Mine, and produced approximately 500 flasks of mercury. The property has operated intermittently over

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

the last 10 years and has probably produced another 200-300 flasks during this time.

IMPROVEMENTS:

The camp on the property consists of a dozen small houses and shacks, all in reasonably good condition. The camp, in its present condition, could house a crew of several men; since there is no town within reasonable commuting distance, the camp is a necessity.

Underground workings consist of about 1500 feet of drifts and crosscuts on the Main Adit Level, and 600 feet of workings on the 95 foot level. The 95 foot level is served by a steeply inclined shaft near the portal of the Main Adit Level, and a winze from the Main Adit Level workings. Above the Main Adit Level are fairly extensive stopes, partly caved and partly filled with material from the surface. There are two caved areas in the Main Adit Level workings that would take a few days work to clear up, but in general the workings on this level are in good condition. The 95 foot level is accessible; the workings in reasonably good shape. There is a small timber headframe in good condition at the collar of the inclined shaft and all of the workings are dry. (See Fig. 3 and 4 for maps of the underground workings.)
Dwg.

Above the main workings is a glory hole of about 50' x 100', from which the outcrop of the orebody was mined, and which now is the nucleus of an open pit.

Water for the operation cames from a small spring not far from the mine, and from a larger spring some two miles up a neighboring canyon. There is approximately two miles of pipe-line to this latter spring, about 5000 feet of aluminum pipe and 6000 feet of iron pipe. An unlimited water supply is available from this source, but because of the possibility of this water line freezing, as happened during the unusually severe winter of 1965-66, and if a year-round operation is planned, an alternative would be to sink a well above the camp, as underground water is not at too

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

great a depth.

GEOLOGY:

The present report is based on study of the property over a period of several months time, during which the surface was mapped in the vicinity of the mine and northward. The geology that is shown on the maps is accurate, but there is a great deal of detail that was not mapped, especially in the underground workings. In particular, there are numerous faults that shift segments of the silicified zone around for a few feet, and may have some influence on the detailed distribution of ore.

The country rock of the area is a series of metamorphosed sedimentary rocks, dated by Bailey and Phoenix as Paleozoic. According to Bailey and Phoenix, these rocks form a roof pendant in a "granite" batholith and are overlain by basalt and dacite flows and some tuffs. The orebodies of the nearby B & B mine are in the Tertiary volcanics, but these rocks are not seen in the Red Rock Mine area, and all of the Red Rock ore occurrences are in the Paleozoic rocks or the Quaternary alluvium derived from them.

The Paleozoic rocks consist mainly of shales, now metamorphosed to phyllites, with interbedded limestones and at least one quartzite bed. The most important rock, economically, is the quartzite. This is a dense gray rock, essentially pure silica, which in places has traces of bedding and places also shows very fine-grained quartzite texture. In general, however, it is so fine-grained as to be amorphous, and might conceivably be a silicified bed of limestone or shale, or even simply a zone of silicification along a fault that crosscuts the bedding. The uncertainty about the nature of the bed is reflected in the terminology of the maps, where it is referred to as "silica" or "silicified rock". The bed is approximately 50 feet in thickness and is exposed for a length of several hundred feet in the underground workings and along the ridge top to the northwest; it may continue a mile or more to the northwestward.

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The bulk of the rock in the mine area, above and below the quartzite, is phyllite, a soft, fine-grained rock partly rather massive, but mostly with prominent simi-schistose structure. No limestone is found in the immediate vicinity of the orebodies, but float indicates that some thin limestone beds are interbedded with the phyllite several hundred feet north of the mine. Just south of the mine is a major east-striking fault, and the block south of this fault is predominantly limestone; the fault and limestone are seen in the face of the long crosscut to the south of the main Adit Level.

The mapping that has been done is not intensive enough to give a detailed picture of the structure of the area, but a few general conclusions can be drawn. If the silica rock is actually a quartzite bed, as seems most likely, then the sediments are folded into an open anticline trending northwest and plunging gently to the southeast, with the plunge steepening sharply in the mine area. The anticline is well deliniated by the arctuate distribution of the silicified rock on the Main Adit Level (~~Fig.~~ Dwg. 3). The axis of the anticline probably runs northwestward from the mine area, roughly up the middle of the mapped area, with the ridge top and west slope underlain by quartzite on the southwestern limb of the anticline. The sub-outcrop of the quartzite on the northeastern limb of the anticline probably lies along the base of the ridge, just east of the mapped area, although there are no outcrops here.

The largest faults in the area strike east and dip steeply north. The most important of these is the Red Rock Fault, which marks the southern end of exposures of the quartzite bed and the main mineralization, besides being mineralized itself. This fault strikes due East and dips 70° North; its displacement is unknown, but it must have had at least 100 feet of movement, since the quartzite, which abuts against it on the north side, is nowhere exposed on the south side.

125 feet south of the Red Rock Fault is another fault parallel

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Santa Maria, California 93454

to it, with at least several hundred feet of displacement; the phyllite-quartzite series that abuts against it on the northside is faulted completely out of sight, to be replaced on the south side by limestones, perhaps with minor interbedded phyllites.

The only other fault with relatively large displacement recognized in the mapping is a fault striking a little east of north and dipping steeply west, exposed on the surface 300 feet west of the glory hole (~~fig.~~ Dwg. 1), and encountered underground at the end of the long crosscut to the northwest. This fault displaces the quartzite by about 50 feet, the west side being dropped.

There are many very prominent faults in the workings on the Main Adit Level--zones of breccia and gouge a foot or so in width. These strike about parallel to the Red Rock Fault, but mostly dip steeply southward into the Red Rock Fault; presumably they are minor strands making off from the major fault. Despite the strong brecciation accompanying them, none of them seem to displace the quartzite by more than about 20 feet, and the brecciation is probably a reflection of the easily broken character of the quartzite rather than large movements on the faults. Probably these faults exert some control on the shape of the orebodies, and perhaps on their location, but the mapping done was not detailed enough to determine this.

The only recognizable ore mineral is cinnabar, which occurs as massive veinlets one-half inch and more in width, as clusters, masses and narrow stringers of loose grains and crystals, and occasionally as "paint" films. In the low-grade ore that is now visible, the narrow stringers and small masses of loose grains are the most common type of occurrences, but occasional massive veinlets are found. All of the cinnabar apparently was deposited as fissure fillings, with no replacement of the host rock, so that shattering of the host rock was a prerequisite for ore formation. All of the ore and the rocks near ore are more or less iron stained, indicating that some pyrite accompanied the cinnabar, but there is neither enough iron staining nor enough residual

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limonite to indicate that there was much pyrite-perhaps the pyrite was about as abundant as cinnabar. Bailey and Phoenix report that barite, stibnite and stibiconite are also found in the mine in very small quantities. These minerals can be seen elsewhere on the property, most abundantly in the "Elder" vein area.

The main orebody of the mine was a composite body in the quartzite bed at the intersection of the anticlinal axis. (See cross-section B-B' and longitudinal projection, ~~Fig.~~ Dwg. 5). The tongue of ore making out along the favorable bed extended at least 60 feet from the fault, to outcrop at what is now the glory hole; its original length, before erosion, is unknown. The quartzite everywhere in the underground workings is thoroughly shattered and contains mercury in almost every exposure; so while fracturing was a prerequisite for ore formation, it alone was not enough to localize ore.

Scattered and low-grade mineralization is found at the surface and in shallow adits off the glory hole for 150 feet west of the outcrop of the ore tongue, and similar scattered mineralization is found in small stopes on the Main Adit Level for about 100 feet west of the orebody. There are no outcrops east of the ore tongue, but small stopes on the Main Adit Level show that mineralization continues eastward for at least 200 feet from the orebody. All of these shows apparently are in the same favorable bed of the quartzite in which the main orebody and tongue were localized. Just north of the glory hole there is low-grade ore at the surface along the axis of the anticline in quartzite that is apparently beneath the usually mineralized favorable bed, in the footwall of the ore tongue. Apparently these lower beds do not carry mineralization further down the anticlinal axis, at least not at the Main Adit Level.

300 feet northwest of the glory hole, at, and near the top, of the ridge, there is scattered mercury mineralization at several places in the quartzite over an area of two or three hundred

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square feet - besides the two patches shown in Figure 2, there are one or two more a little farther west in this vicinity. The quartzite here is massive and but little broken, as compared to its thoroughly shattered character in the mine area, and the weakness of the mineralization is probably partly a result of the few openings available for cinnabar deposition. One occurrence, however, on the west edge of the map, is a very high-grade vein system, but those shown on the map are merely areas in which discontinuous thin stringers and films of cinnabar are scattered through the rock.

The Carlson orebody, the only other important orebody mined in the past besides the main orebody, is unusual as compared to all the other occurrences of mineralization in the mine in that it is in phyllite rather than quartzite. It was about 100 feet southwest of the main orebody and somewhat higher in elevation. It has been mined out, so that its character and relationship to the wall rock are indeterminate, but evidently it was either a pipe or a short tabular body lying along the Red Rock Fault, possibly where some now-unrecognizable structure intersected the fault. It outcropped at the surface, and bottomed at a depth of about 50 feet, and a crosscut run out below it on the Main Adit Level, 75 feet below, did not find any downward continuation - though the one crosscut through the fault hardly counts as a very complete test. (See Longitudinal Projection, ~~Fig~~ Dwg. 5).

Further exploration on the south side of the Carlson Pit discloses mineralization continuing outward from the pit. It is entirely probable that much more mercury exists to the south than has previously been assumed. It is probable that the entire Carlson pit area can be mined and processed as low-grade ore, since the previous operators were primarily concerned in removal of the high-grade values.

A few hundred feet southeast of the Main Adit portal there is a small glory hole in limestone which produced some quicksilver

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Santa Maria, California 93454

and has abundant cinnabar in evidence. The glory hole is loosely tied into the rest of the workings with a survey, so it is not possible to say just where it lies in relation to the geology; it might be along the westward continuation of the Red Rock Fault, and thus be structurally similar to the Carlson orebody, or it might lie along the next fault to the south. In any case, it strongly indicates that mineralization continues to the southeast.

ORE POTENTIAL:

Ore reserves, which have been sampled and run approximately two pounds per ton in overall grade, cover essentially all the area mapped on the sample map and strip area, and extend eastward past the small glory hole, and westward past the "Elder" vein.

As the underground workings and surface exposures show, the cinnabar was emplaced at random over the entire hill - but probably enough cinnabar has seeped through the hill to allow mining a substantial part of the entire mountain at a 2.0 pound per ton grade . The hill has been sampled extensively near the surface and results bear out this estimate. However deeper sampling is required to verify the extent that the hill could be mined as an open pit; it appears that ore reserves could be calculated at several hundred thousand to one million tons, or enough to produce 2,500 to 18,000 flasks of mercury.

From the attitude of prior operators, the Red Rock Mine was generally considered as having bottomed out at the lower end of the main orebody and the Carlson orebody, because no ore was found on the 95 foot level. Since there has been no more exploration at depth than the 95 foot level and a small sublevel above them, as shown by Bailey and Phoenix, then this idea is incorrect; there is a very good chance of finding more orebodies.

This conclusion is based on the hypothesis that the Red Rock Fault provided the main feeder channel for ore solutions, that a favorable bed in the quartzite was the best place for ore to be

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deposited, and that the phyllites, in general, were unfavorable for ore deposition. The localization of both orebodies against the fault, and the concentration of nearly all of the mineralization of the area close to it, points strongly to the fault as the feeder. The influence of the bedding is demonstrated by the fact that nearly all of the mineralization is in the single favorable bed, while the rest of the quartzite carries very little mineralization and the phyllite is nearly barren with the exception of the Carlson orebody.

With this hypothesis, none of the known workings outside or the main orebody have penetrated the most favorable zone, the intersection of the favorable bed with the Red Rock Fault. Since the old small stopes show the presence of mineralization in this bed well away from the fault for 100 feet west and 200 feet east of the main orebody, there is a very good chance that the intersection itself carries ore east and west of the main orebody. As the longitudinal projection, Fig. 5, shows, all of the Main Adit Level workings outside of the main orebody, there is a very good chance that the intersection itself carries ore east and west of the main orebody. As the longitudinal projection, Fig. 5, shows, all of the Main Adit Level workings outside of the main orebody penetrated the fault above the favorable bed, while all those of the 95 foot level penetrated it below the bed. The sublevel workings below the west end of the main orebody are also probably below the favorable bed, unless they extend farther to the west than is believed.

The size and grade of orebodies that might be found along the fault bed intersection cannot be estimated with any accuracy. It is unlikely that a single orebody as large as the main orebody can be there, since the size of the main orebody was augmented by the tongue of ore extending out along the axis of the anticline. Probably the largest orebody that could be hoped for would have the dimensions of the part of the main orebody that lies against the fault...a flat-lying pipe fifteen to twenty feet in diameter and eighty feet in length. Possibly there are several such orebodies strung like beads along the intersection, since the up-dip mineralization (small old stopes) indicates

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Santa Maria, California 93454

mineralization along a length of several hundred feet of the intersection. The grade presemably would be similar to the grade of the main orebody, but that is also unknown; somewhere between 10-20 lb. Hg per ton seems reasonable. Undiscovered orebodies along the intersection might contain, in all, about as much quicksilver as the mined-out orebodies produced, around 2400 flasks.

Surface exploration in early 1966 disclosed that the quartzite on the eastern limb of the anticline underlies the overburden at the toe of the slope, and is mineralized. Several veins and vein systems have been uncovered in the camp housing area and await proper exploitation. This discovery could be an entirely separate orebody or group of orebodies, fed from some channel other than the Red Rock Fault. In any event, this discovery lends weight to the belief that the entire hill is mineralized to some degree. The possibility exists that, since this area of the mine has not been extensively explored, much larger amounts of mercury exist in the hill than had been anticipated.

EXPLORATION:

Exploration can be conducted to explore any or all of the several possibilities outlined herein. The specific pattern will depend upon which possibility is to be explored first.

In any event it is recommended that the vacuum drilling method be used to collect representative samples and that assays be made of the cuttings from each five feet of depth.

Accurate mapping of the surface will also be required when drilling begins.

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Joe Leisek

JOHN F. LEISEK
Senior Associate Scientist

Mr. Leisek is a drilling and sampling specialist and serves as the coordinator in the Field Operations Group of the Nuclear Operations Section. He participates in various tasks which require selection of drilling sites, methods and equipment, and of subsequent sampling techniques and geological interpretation of results.

Prior to joining Isotopes, Inc., Mr. Leisek was self-employed as a consulting geologist. He investigated and evaluated mineral properties and provided services such as mapping, sampling, economic analysis, and contract drilling and coring.

From February 1963 through May 1965, Mr. Leisek was a nuclear geologist with Lawrence Radiation Laboratory at the Nevada Test Site. His work involved pre-shot and post-shot studies of underground and cratering nuclear detonations, supervision of drilling, sampling and logging of emplacement sites, direction and mapping of tunnel re-entries and off site, test-site evaluations. His duties also included the preparation of technical reports for the LRL Test Director.

As Field Drilling Engineer for Holmes and Narver, Inc., from February 1962 to February 1963, Mr. Leisek's duties consisted of inspection and evaluation of drilling and sampling procedures used for test holes at the Nevada Test Site.

From June 1960 to February 1962, Mr. Leisek was an exploration geologist with Beryllium Resources, Inc. In this position he was in charge of the drilling program and on-site project work for development of mining property. His duties included inspection and evaluation of various mineral properties, supervision of personnel, and preparation of cost studies and contract negotiations.

Mr. Leisek received an Associate in Arts degree from Casper College in 1957 and a Bachelor of Science degree in 1960 from the University of Utah. Both degrees were in Geology. He is a member of Sigma Gamma Epsilon, the American Institute of Mining, Metallurgical and Petroleum Engineers, the American Geological Institute and the American Association for the Advancement of Science, and is associated with the Nevada Society of Professional Engineers.

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David B. Slemmons
Consulting Geologist
865 Ryan Lane
Reno, Nevada 89503

April 1, 1968

TO: Mr. Larry Elder
74-075 Setting Sun Trail
Palm Desert, California 92260

STATEMENT OF FEES

Professional fees for one day in field examination of Red Rock Mine and one-half day in office @ $200.00 per day.	$300.00
Analyses for mercury in twelve specimens, Red Rock and nearby areas @ $5.00 each.	60.00
Assays for gold and silver on one specimen @ $5.00 each.	10.00
TOTAL	$370.00

David B. Slemmons

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I spent one field day on March 23, 1968, examining the mineralization and reconnaissance geology of the Red Rock Mine in Section 18, T 1 S, R 34 E, in Esmeralda County, Nevada. Ten samples were collected by taking a series of regularly spaced, uniform-size chips from the faces of various surface trenches, benches, and glory holes. A brief visit to a property of this size can only provide a general knowledge of the geology and mineralization. This visit provided encouraging evidence for further exploration and sampling, especially in the area west of the Carlson Stope near the Red Rock Fault, and in the area west from the belt of stopes and glory holes in the main zone of mineralization.

Five samples were collected from the two main zones of mineralization (Samples C-1, C-2, C-3, D, and I of Attachments 1 and 2), in order to determine the general intensity and variation in intensity of mineralization near the stopes. Another five samples (A-1, A-2, B, E, and E-F-J) were taken from the larger exploration pits and benches to determine whether it is likely that large tonnages of low grade ore can be developed. The average grade of the first group was 0.8 pounds mercury per ton, with some individual assays as high as 222 pounds mercury per ton. The general range in mercury assays is similar to that of your earlier sample (Attachment 3). The analyses suggest that the occurrence of pods and pockets of ore may be surrounded by an aureole of above average grade of mineralization. The second group of samples average about 0.2 pounds mercury per ton. This low average discourages the possibility of developing large tonnages of one to two pound mercury per ton for an open pit operation.

The field and assay data indicate that the deposit is highly variable in grade, with most or all of the ore in small, isolated pods and pockets of up to a few tens of feet in diameter. If future production of ore is to be developed, it must be by discovering many more high-grade ore bodies. Nearly

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all of the 2500 flasks of mercury from this deposit were in two main zones: (1) the east-west trending Red Rock Fault with the Carlson Stope along edges of the fault zone, and (2) the east-west belt of stopes in the zone extending between the glory hole at the surface and the main adit level. The most surprising feature of past exploration is the lack of adequate trenching, drifting or drilling of possible extensions of the two main producing areas along their strike to the west.

Future exploration should emphasize adequate drilling,trenching, or crosscutting in the area between these two mineralized zones and the ridge-line about one to two hundred feet west of the Carlson Stope.

RECOMMENDATIONS

The following recommendation should be considered as a general time sequence. Each step should be undertaken only if all preceeding steps are successful.

Step 1: Additional samples should be collected from the other benches, trenches and underground mine openings. Sampling should include smaller collecting intervals, particularly near the stopes.

Step 2: A detailed geological study of the property should be prepared; this step should be accompanied by extensive surface trenching, perhaps with a backhoe, to expose the controlling geologic structures, rock types, and provide a statistically better basis for sampling. Extensive sampling and mercury analysis should accompany this stage.

Step 3: A detailed pattern for future drilling should be established to search for new ore bodies in the zone above and west of the main adit. The drill hole spacing, individual drill hole depths, and pattern for drilling

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should be established on the basis of the detailed geology and sampling results of step 2. All data should be analyzed and plotted on the geological and assay maps.

ESTIMATED COSTS OF GEOLOGICAL WORK

Step 1: None

Step 2: a. Aerial photography at a scale of 1/12,000 and preparation of a planimetric base map. . . . . $ 400

b. Field geological mapping, two field days at $200 per day. 400

c. Preparation of a geologic report, two man days at $200 per day 400

Step 3: Plotting and analysis of data, one man day at $200. 200

TOTAL $1,400

Dail B. Elemmons

ATTACHMENT 1

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Location and Description of Samples From
Red Rock Mine (Sect. 18, T 1 S, R 34 E) and McNitt
Prospect (Sect. 18, T 1 S, R 34 E), Esmeralda Co., Nevada

Sample No.	Approx. Coordinates N	Approx. Coordinates E	Approx. Elev. (Ft.)	Description
A-1	9675	4725	7185	Hill top; southwest side of bench A; 45 ft. face
A-2	9750	4725	7165 - 7180	Bench A; two N-S faces
B	9625	4800	7150	Face of cut
C-1	9655	4910	7105	Eastern 60 feet of south wall of Carlson slope
C-2	9665	4850-	7110	Western 90 feet of north wall of Carlson slope
C-3	9650	4805	7115-	West end face of Carlson slope
D	9750	4960	7085	West wall of Glory Hole
"E"	9850	5000	7070	Island in Glory Hole
E-F-J	9930±	5070±	7040 - 7070	Random grab samples in area between E, F, and J sample localities
I	9650	5060	7070	South wall of Glory Hole
McN-1			6300 - 6560	Drill hole, composite cutting sample above 260 foot depth; about 200 yards NW of McNitt shaft
McN-2			6100 - 6300	Drill hole, composite cutting sample from 260 foot to 460 foot depth; about 200 yards NW of McNitt shaft

Not On Red Rock Group

Note: The sampling of Red Rock Mine was by collecting chips of approximately equal size at waist height and at 2-foot intervals across the cuts.

15/5

ATTACHMENT 2

JAMES R. FYFE
Metallurgist
~~XXXXXXXXXXXXXXXX~~
RENO, NEVADA
PHONE ~~XXXXXXXX~~ 322-4689
444 Grove Street, Apt. B

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

March 28, 1968

This is to certify that the ore samples submitted to me by David B. Slemmons and designated by the following laboratory number and mine description showed the following assay results in pounds of Mercury per ton of ore.

Laboratory Number	Description	Pounds Mercury Per Ton
1	West Wall Glory Hole 7085, Sample D	0.39
2	South Wall Glory Hole 7070, Sample I	0.08
3	E (Island) 7070, Sample E	0.05
4	Random grab sample EJF 7070 to 7040, Sample E-J-F	0.47
5	Bench B 7150, Sample B	0.05
6	N Wall Carlson Stope 7110, Sample C-2	1.99
7	Carlson Stope 1st 60' So. Wall C7105, Sample C-1	0.18
8	End Wall Crow Section Carlson Stope, West Face C3-7115, C-3	2.22
9	Hill Top West Side 45' Bench A7185 A-1	0.13
10	Bench A S_2 Elev. 7165-7180, Sample A-2	0.18
11	Near surface bedrock from drill hole about 200 yds NW of McNitt Shaft	0.10
12	(MN_2) 260 - 46' depth from Drill Hole NW of McNitt Shaft	Trace

James R. Fyfe
Metallurgist

1516

ATTACHMENT 3

Mineral Assay Office, Inc.

ASSAYERS & CHEMISTS

E. S. GATES, JR., MGR.
P. O. BOX 275 MINA, NEVADA 89422
PHONE: MINA 301

Mr. I. L. Elder
c/o Larry Elder
74-075 Setting Sun Trail
Palm Desert, Calif. 92260

ASSAY CERTIFICATE

COPY

March 8, 19 68

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

WE HEREBY SUBMIT THE RESULTS OF ASSAYS MADE ON THE FOLLOWING SAMPLES:

Office Number	Sample Mark	Mercury Lbs. per ton of sample	Mercury Hg%
25,944	"E- #1"	2.48	0.124
25,945	"E- 2"	0.16	0.008
25,946	"E- 3"	1.64	0.082
25,947	"E- 4"	3.40	0.17
25,948	"E- 5"	0.48	0.024
25,949	"E- 6"	0.76	0.038

By _____
Assayer

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

REMARKS ON GEOLOGISTS REPORTS

Reports by two geologists are attached. The most comprehensive was made by Mr. Joe Leisek, whose personal history is attached to the report. The conclusions were drawn during the time Mr. Leisek was the operator of the Red Rock Group. Consequently this report was suspected by us as being too optimistic. Subsequently we retained Dr. David Slemmons, Head, Geology Department, MacKay School of Mines, University of Nevada, to review the property. The main objective was to check Mr. Leisek's theory of the large volume of low grade (2 lb/ton) ore.

Although it is not clear in Dr. Slemmons' report, he verbally confirmed the fact that extensive mineralization existed in the center of the claims area (see drawing 1). (This represented approximately 40% of the area Mr. Leisek believed to be generally mineralized.) Mr. Leisik's sampling (unknown method) and previous samples by Elder (noted as samples E-1, 2, etc; grab samples from 8-12" depth) supported Leiseks theory. Dr. Slemmons' sampling of the general area did not. However attempts to compare assay methods resulted in wide variations in assays of the same (split) samples (2.48 #/ton vs .52 #/ton). Subsequently 2000 lb of material dozed out of the way by earlier operators was collected and run through a continuous retort type pilot plant.

This run was made on 28 May 1968. Recovery was 1.33 lb of salable mercury. This is the same material that Dr. Slemmons assayed at .47 lb/ton and that Elder had previously assayed at 2.48 and .52 lb/ton. Since this material was pushed aside in earlier searches for high grade material, we believe the undisturbed material in the heavily mineralized area may well run equal to or better than the 2.0 #/ton that Mr. Leisek predicted.

In view of the wide variations of the assay results, we collected a representative sample (one teaspoon from each 12 lb can of the 2000 lbs of ore used in the pilot plant test) and have ground this and split it to check four assay methods (two assays by each method). The closest method will be used

Incl 16/1

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during drilling exploration. All hole cuttings will be saved. At the conclusion of each phase of the drilling exploration, we plan to combine those cuttings which appear to represent the average of the mineralized area and to run 2000 lb through the same pilot plant operation. This will require about 45 - 5' hole sections. We believe this kind of sampling is the only approach that accurately approaches a realistic appraisal of the mineral values present.

Dr. Slemmons did not inspect the underground workings and could not verify or dispute Mr. Leisik's theory of the possible presence of orebodies between the upper and lower adit levels. However he did appear quite enthusiastic about the prospects to the west of the Carlson stope and the main glory hole.

As pointed out in the exploration plan, in terms of best return for dollars spent, the identification of large low-grade orebodies is the proper approach. However funds for 10 holes have been included in the cost prediction to provide for definition of high grade ore bodies that may be encountered in exploring for low grade ore quality. It should also be noted that for average returns to the mine of $6.00/lb of mercury, 1.5 lb/ton ore is considered the minimum paying level, providing at least 50,000 tons of such ore are identified. This would be 6.4% of the area designated by Mr. Leisek and 16% of the heavily mineralized area Dr. Slemmons pointed out.

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

MAR 5 1968

Mr. Larry Elder
74-075 Setting Sun Trail
Palm Desert, California 92260

Re: DMEA-1640 (Mercury)
Red Rock Quicksilver Mine
Esmeralda County, Nevada
Amended Contract Idm-E207

Dear Mr. Elder:

Your request of March 9, 1968, for information obtained under the subject contract, with a letter dated March 6, 1968, to Mr. H. K. Stager, Office of Minerals Exploration, Menlo Park, California, from Mr. Walter F. Dunnigan, authorizing the release to you of the Operator's Final Report on the work completed under the contract, has been referred to this office.

As Mr. Stager informed you in his letter of March 12, 1968, there is little information of value in our file on this project. We are enclosing a copy of the Operator's Final Report dated March 23, 1954, and a copy of a map of the Red Rock claims showing location of areas to be explored.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

INCL 17/1

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354 Lake View Road
Santa Maria, California 93454

SUMMARY OF WORK DONE ON EXPLORATION CONTRACT BY
WATLER F. DUNNIGAN
DOCKET NO. DMEA 1640 x
CONTRACT NO. IEM E 207
AT THE RED ROCK QUICKSILVER MINE, ESMERALDA COUNTY, NEVADA.

I started work on the block designated as Block No. 2 on which the engineer picked out 2 locations. On location No. 1 there was some showing of ore on the surface but aftera depth of 2 feet all such indication disappeared and the formation appeared to be dipping out of the hill so I did no more work here.
On location No. 2 I made an open cut that will average about 14 feet in depth and about 50 feet long. On the surface there was a similar indication of ore and the rock is a crushed lime. After going down about 12 feet with the values holding the formation became wedge shaped and pinched out. I went a little deeper to be sure of this then stopped work. From all indications on this block of ground I have no confidence that any amount of ore will be found.

I then moved my equipment to the block designated as Block No.1. Here the engineer picked out two places, one marked with three crosses on the map which we called No. 4 and the other higher up called No. 5. Location No. 4 was started first, here there was several places that would pan a good showing of ore and the formation had the necessary talc layers for seals. But it was very spotty and altho I done quite a lot of work here and I still have values showing to some extent there is no body of ore. All indications are that this formation bears to the north and it is possible that more work should be done here.
Location No. 5 is almost on top of the ridge and the most promising place that I worked. The formation is the limestone that usually carries ore here but there is no talc seal as far as I have gone. At present there is a small showing of very high grade cinnabar and it looks like it is running to the northwest. I have hopes of continuing work on this in the future.

There is no ore blocked out as this showing in No. 5 is the only place that looks promising and that is just beginning to show up.

SIGNED: /s/ W. F. Dunnigan

March 23, 1954

17/2

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

EXPLORATION PLAN

I OBJECTIVE

The objective of the exploration is not to explore the entire mine area but to identify sufficient ore of processable grade to produce at least 1000 flasks of mercury. This amount is considered adequate to sustain a processing operation of sufficient volume to permit further exploration out of operating revenues.

II PLAN

A. Geologist Leisek has pointed out several possible approaches to identifying adequate amounts of mineable ore. The more practical possibilities are as follows:

1. Explore the favorable bed intersection with the major fault to identify possible high grade deposits which would best be mined by tunneling.

2. Explore the mineralization extent in the vicinity of the Carlson stope (Red Rock Fault outcropping) to permit estimation of tonnage and quality of ore for open pit operation in that area.

3. Explore the depth of mineralization of the area north and north west of the previously mined main orebody on the theory that sufficient mineralization occurred throughout that area to permit an open pit operation on low grade ore.

4. Explore the possibility of sufficient mineralization west of the west fault (fig 2) in the vicinity of the Elder vein to permit an open pit operation in that area on low grade ore.

B. Laying out possible drilling patterns and estimating exploration costs against possible returns, the following table was prepared:

INDEX 24/1

Exploration Objective	Nr. of Holes	Total Drilling	Cost	Max Flasks In Area	Expl. Priority
1. Higrade bodies	48	6450'	$46,504	710	4
2. Open pit Carlson Area	26	1560'	11,247	1580	1
3. Open pit N&NW	15	405'	2,929	480	2
4. Open pit-Elder	11	450'	3,245	450	3

C. The specific plan that is proposed to be followed is as follows:

1. Follow the plans labeled priorities 1, 2, 3 in para B, above, proceeding in order of priority.

2. Where drilling sample assays run over 10 lb of mercury per ton, drill intermediate holes at 20' spacing in the directions indicated to identify any large, high quality ore bodies (estimated 5 holes per ore body.)

III COST

A. Drilling - Work is to be contracted by Elder and Thompson with a leased vacuum drilling rig. Costs are based on the letter from manufacturer of the unit, inclosure 26, plus supervision to survey hole locations and time and equipment costs to move between holes.

1. Elder and Thompson proposed costs are $4.55/ft, including set up time.

2. J. D. Chaffin Drilling Co. bid $6.00/ft plus added charges for unusual conditions (see incl. 25).

3. Exploration Drilling Co. declined to bid, but estimated $4.00 to $4.50/ft with remarks about the proposed drilling rig. The proposed rig has been moved to the mine site on a trial basis to verify its ability and costs. In addition it should be pointed out that Mr. Wood, the president of Exploration Drilling Co. is also the president of Basic Resources, Inc. Basic Resources holds leases from Elder and Thompson and claims adjacent to and east of the Red Rock group. Mr. Barlow has repeatedly attempted to lease the Red Rock group from Elder and Thompson. Mr. Woods opinions in this particular instant must be considered subject to question. Letters to and from Mr. Wood are inclosed as incl. 27.

4. Estimated total costs are as follows:

a. Carlson Area - 1560'
b. Open pit N & W - 405'
c. Open pit - Elder cut - 450'
d. 5 holes for high grade 310'
ore bodies hit by chance while drilling

2725' or $12,398.75

B. Site preparation - Verbal bids were received for dozer work as follows:

1. Lee Pitts, Minah, Nevada, and Red Rock mine area (his cabin is 50 feet from Red Rock claims line) D-4 dozer - $8.00/hr for dozing time.

2. Ted Gray, Dyer, Nevada. D-4 dozer - $9.00/hr for dozing time plus a 2 hour move to the site.

3. Estimated total site preparation time for 57 holes is 75 hours or $600.00

C. Assays

1. Commercial assay rate, Mineral Assay Office, Minah, Nevada (Box 275) $3.00/assay

2. Cutting bags for 5' of hole, AAA-Fremont Bag Co., Los Angeles (for order of 500 bags) $.25/bag (per assay)

3. Labor to split, package, and tag the sample for assay, estimated ½ hour @$2.00/hr - $1.00 per assay

4. Delivery of samples to assay office (114 miles round trip) 15 to 20 assays/day, mileage @ 10¢/mile plus labor 3 hrs @ 2.00/hr.

5. Supervision of sampling, recording, etc. - see Supervision

6. Total cost per assay $5.25/assay

7. Total assay costs for 545 samples are $286 .25

D. Consulting Geologist - Either D. B. Slemmons, University of Nevada or J. Leisek, Las Vegas

Consulting geologist, 4 days	@ 200/day
plus travel and expenses, est. @ 4 days	72/day
	$1088

E. Supervision - Includes surveying lorizontal and vertical locations of all drilling sites, mapping and recording all surveys, supervising drilling operations, supervising sampling and assay recordings, etc. Approximately two months. One cabin at the site will be made liveable for the exploration. The resident supervisor will be either I. L. Elder or L. L. Elder, depending upon the urgency of other business operations. Rate of pay will be $1350/month (this is the last monthly salary collected by either man as an employee. This was the salary of L. L. Elder from 1965 to 1966.) Total supervision cost $2700.

F. Total Costs

1.	Drilling	$12,398.75
2.	Site preparation	600.00
3.	Assays	2,861.25
4.	Consulting geologist	1,088.00
5.	Supervision	2,700.00
	TOTAL	19,648.00

IV SCHEDULE

A. Start as soon as loan is approved. Estimated completion time - 2 months.

B. Estimated payment schedule - $10,000 to $12,000 per month depending on durability of equipment and degree of weather interference.

J. D. Chaffin
DRILLING COMPANY
VISUAL SAMPLE RECOVERY BY REVERSE AIR VACUUM
851 Haverford Ave., Pacific Palisades, Calif. 90272 (213) 454-4822

July 1, 1968

Mr. Larry Elder
74-075 Setting Sun Trail
Palm Desert, California 92260

License Nevada #8978
Quotation #111

Dear Mr. Elder:

Thank you very much for your letter and map and your request for a bid on your future drilling project that you have in Nevada.

I will furnish drill and drill truck and pickup to transport men to and from the drill site, and furnish bits (you furnish bags); split sample at 5' intervals, or less if desired, and bag and label all samples as to footage and number of hole; drill a hole of 3½ inch in diameter and set surface pipe down through three or four feet of overburden; supply compressor and compressor truck with down-the hole hammer to drill holes to a depth of 100 feet or less, for a firm bid of $6.00 per foot.

If casing is required, due to caving, the charge for diamond drill type casing without collars will be $57.95 per ten-foot joint, plus freight and casing shoes, so casing can be driven, shoes $27.00 each; a charge of $2.00 per foot, including reamer bits, will be charged if holes have to be reamed to set casing. A charge of $1.00 per foot will be charged to run casing; there will be no charge for removing casing provided it will pull without too much trouble, otherwise we leave casing in hole. If owner requests we try, after one hour of trying to free casing, to continue to recover casing, a standby charge of $25.00 per hour will be charged until casing is recovered or abandoned.

If drill is shut down due to mechanical breakdown, there will be no charge, but if drill is shut down for any other reason other than breakdowns, a standby charge of $25.00 per hour will be made.

If a sealing agent, such as cement, water with mud, or other agents, is required to seal off any major cracks, caving material such as loose rock, sand, water or any other loss of circulation problems where cement or its equivalent will have to be used, then a charge of $25.00 per hour for cementing, plus the cost of cement, mud or other material, for actual time needed to cement and allow for the cement to set so it can be drilled out. The above is based on a ten-hour day.

This bid is based on a dry reverse air vacuum recovery with a down-the-hole hammer for hard rock drilling and will not work where water is encountered. If water is encountered then we must switch to water and mud for circulation if owner desires to continue the drilling into water or mud.

Incl 25/1

Drilling time, one or two ten (10) hour shifts per day, working twelve days on and two days off, or twenty-four days on and four days off.

Drill pads required to station drill should be at least 15' by 25' with turn-around in rough places. In rough hilly terrain the owner agrees to have cat tractor to help move drill equipment and other machinery up steep grades. Owner will plug all drill holes.

Proper and sufficient insurance covering equipment and men and public liability will be carried to $300,000, as per formal contract to be signed before job starts.

Thank you very much for the opportunity to bid this drilling project.

I am,

Very truly yours,

J. D. Chaffin
J. D. CHAFFIN DRILLING COMPANY

JDC/ar

25/2

HOUSTON TOOL COMPANY
MANUFACTURERS OF DRILLING EQUIPMENT
P. O. BOX 248 SANTA SUSANA, CALIFORNIA 93063

OFFICE OF
R. T. HOUSTON

SANTA SUSANA
(805) 526-4266
LOS ANGELES
(213) 348-7660

AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

March 26, 1968

To Whom It May Concern:

The Houston Tool Company has manufactured, sold and leased Vacuum Drilling Equipment for many years.

For the size rig needed to explore the quartzite formations in the Red Rock Mine to no more than 200' depths, we believe very realistic costs would be as follows:

1.	Set up rig for drilling on new site ½ hour @ $30/ hour	$15.00
2.	Operating fuel and lube	$ 2.00/hr.
3.	Drilling rate in quartzite (allowing 10% for fishing out stuck tools)	10 ft/hr.
4.	Bits - estimated @	75¢/ft.
5.	Pipe - worn and lost @	20¢/ft.
6.	Rig rental (w/o fuel and labor)	$10/hr.

Very truly yours,

HOUSTON TOOL COMPANY

Robert R. Houston

Robert R. Houston

RRH:gl

INCL 26

EXPLORATION DRILLING INC.
P. O. BOX 141
SEAL BEACH, CALIFORNIA 90740

GENEVA 0-1420

July 11, 1968

Larry Elder
Professional Engineer
74-075 Setting Sun Trail
Palm Desert, Calif. 92260

Dear Sir:

In reply to your correspondence of June 26, 1968, Exploration Drilling Inc. did the drilling work on your Father's and Don Thompson's properties, east and south of you, along the road approaching the Red Rock.

You state in your letter that you intend to drill the property yourself. As we have in the past investigated the Red Rock, relative to drilling, and are well acquainted with the type of drilling involved, we do not feel we should create and offer a drilling bid. But, if it will be of any assistance to you, I can tell you, from our drilling in the general area, that we found the rock to be brecciated, broken and very difficult drilling. With the type of drill we used it could be accomplished at a rate of $4.00 to $4.50 a foot, depending on the depth of the holes and what is required. But, in all fairness to you, I suggest, if possible, that you rent some type of rig other than vacuum, as the nature of the area is such it will be difficult to drill with vacuum equipment.

Exploration Drilling's equipment is a Failing CF-15, with down-the-hole hammer tool and air, and with water injection. Due to the nature of the disturbed rock at the Red Rock, this type of rig would be the most economical.

Yours truly,

Barlow L. Wood

Barlow L. Wood, President

BLW:vw

Incl 2711

June 26, 1968

COPY

Exploration Drilling, Inc.
P. O. Box 141
Seal Beach, California 90740

Dear Sirs:

At the suggestion of the Office of Mineral Exploration we are writing you for a bid on exploration drilling.

To be fair, I must tell you that we hope to do the drilling ourselves with a leased, vacuum drilling unit. However we need bids by experienced contractors to assure OME that our estimated costs are realistic. Your assistance would be very much appreciated.

The drilling is to take place on the Red Rock mine on the eastern slope of White Mountain on the west side of Fish Lake Valley in Esmeralda County, Nevada. The average mine elevation is 7000 feet. The access rads to the mine are good. A separate contract will be made for clearing the drilling sites. The material is highly fractured, silicified limestone, with some quartzite and talc. The mineral being sought is cinnabar.

The job will involve a maximum of 60 holes and 2600' of hole. Samples are to be collected at 5' intervals and all hole cuttings are to be bagged in the owners bags. Since the drilling will proceed in phases, the drilling could be terminated after only ½ to 2/3 of the work. In view of this, I suggest that your bid be made in two parts: one for moving on and setting up at each hole and a second for the actual drilling, per foot of hole.

Hole spacing and depths are shown on the inclosed drawing, Fig. 6. Approximately 10 holes not shown are reserved to define high grade ore bodies.

27/2

Surveying the drilling sites, and storing the samples will be the owner's responsibility. Water is available approximately 1 mile to the southeast of the mine. Time for the work to begin will depend upon the OME contract completion. The earliest will probably be September 1968.

You may visit the site by taking US Hiway 6 from Tonopah toward Bishop to Nevada Highway 3A. Take 3A south 13½ miles to a road junction just north of the Shiatvich Ranch and a Nevada State Highway Maintenance station. A mail box and a sign point to the Red Rock Mine west of 3A. Take this dirt road 7 miles to the mine, following the well travelled route to a group of 8-10 buildings at the base of a ridge. The mine lies uphill and South of the cabins. If you wish to meet me there, please call me at 714-346-2306 to schedule a time.

Your early assistance would be appreciated.

Sincerely,

LLE:s

LARRY ELDER, P.E.

Incl - Fig 6

COPY

27/3

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

BACKGROUND AND EXPERIENCE SUMMARY OF APPLICANTS

1. Don P. Thompson, Partner

Born 2/23/13

Education - High School, 2 yrs college

Business Experience

1/1/51 to present - Owner-manager The Bearing House-Thompson Supply Co., Santa Maria, California
1933 to 1942 - Firestone Tire and Rubber Co., Des Moines, Iowa. Progressed from service station through accounting department to district office manager.

Mining Experience

6/46 to 7/47 - Cinnabar mining, Paso Robles, California
1927-1931 - Coal mining, Knoxville, Iowa

Organizations or Societies

Elks, Bearing Specialists Association

2. I. Lloyd Elder, Partner

Born 8/21/00

Education - Elementary School

Business Experience

1941 to present - Owner-Manager, Elder's Welding Service, Santa Maria, California

1962 to present - President, Valley Garbage and Rubbish Co, Inc., Santa Maria, California

1914 to 1941 - Welder at various locations from Wyoming to California, primarily in oil fields.

Mining Experience

1945 to 1958 - Asbestos mining, Salt River Canyon, Arizona

1953 to 1955 - Chromium mining, San luis Obispo, California

Organizations and Societies

Elks, Masonic Lodge

INCL 28/1

ELDER AND THOMPSON
354 Lake View Road
Santa Maria, California 93454

3. Larry Elder, Partner

Born - 9/21/25

Education - High School, BS at USMA, West Point, New York
MSE, Univ. of Michigan, Ann Arbor

Business Experience

Dec. 66 to Date - Self-Employed Consulting Agricultural Engineer, Palm Desert, California

April 62 to Dec. 66 - Chief Engineer, Janss Cattle Industries, and Chief Engineer and Director, Batley-Janss Enterprises, Thermal and Brawley, California

Dec. 56 to Mar 62 - Assistant Manager and Engineer, Dehydrating Division, Sinton and Brown Co., Santa Maria, California

Military Experience

Feb 52 to Feb 56 - Project Officer U.S. Army Armor Research and Development Board, Fort Knox, Ky.

June 46 to Feb 52 - Various military assignments as 2d Lt. through Captain

Mining Experience - None

Organizations and Societies

American Society of Argicultural Engineers

American Society of Agricultural Consultants

Other Information

Registered Professional Mechanical Engineer, Calif. and Arizona

Member Santa Barbara County Planning Commision 1960-61

Member Santa Barbara County Open Space Committee 1960

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/26/69	Emerick	120
		120
		220

AIRMAIL

JUN 26 1969

Messrs. Larry Elder and
Don Thompson
354 Lakeview Road
Santa Maria, California 93454

Re: OME-6749 (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

Gentlemen:

Thank you for informing us that you have sold your lease on the Red Rock Mine and, therefore, will no longer be interested in the subject application.

Consequently, we are considering your application as having been withdrawn and are placing it in our inactive file.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to: Mr. Larry Elder
74-075 Setting Sun Trail
Palm Desert, California 92260

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region II
Mr. Emerick

WLEmerick/gla 6-26-69

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 23, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 25 1969

INITIALS	CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6749 (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

Enclosed is an Application Report on the subject property recommending that the application be denied. However, while the report was in preparation, a letter was received (dated June 17, 1969, copy enclosed) stating that the Applicants' interest in the property had been sold. Although this letter, in effect, withdraws the application, the enclosed report is submitted for the record in case the new owners attempt to reopen the application in their name.

In place of a notice of denial, the Applicants' letter of withdrawal should be acknowledged.

H. K. Stager

Enclosures

LARRY ELDER
CONSULTING AGRICULTURAL ENGINEER

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

June 17, 1969

Mr. Harold Steiger
Office of Minerals Exploration
U. S. Department of the Interior
Menlo Park, California 94025

Dear Mr. Steiger: Ref OME6748

I regret to inform you that Lloyd Elder and Don Thompson, principal owners of the lease on the Red Rock Mine, have sold it to a group in California. The transaction went into escrow on 16 June and is supposed to clear about 1 July.

This came as a surprise to me; but considering Lloyd's change of interest, I am sure it is for the best.

Your consideration and help have been very much appreciated.

Sincerely,

Larry Elder

LLE:s

LARRY ELDER, P.E.

RECEIVED
JUN 19 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

UNITED STATES

DEPARTMENT OF THE INTERIOR

WALTER J. HICKEL, SECRETARY

GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6749 (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

By

H. K. Stager
Field Officer
OME, Region II

June 23, 1969

ON-SITE
FLD.REPORT

CONTENTS

	Page
INTRODUCTION	1
SUMMARY	1
RECOMMENDATIONS	2
LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES	2
PROPERTY	3
History and Production	3
Ownership	3
Financial Eligibility	4
Development	4
GEOLOGY	4
Geologic Setting	4
Ore Deposits	5
Sampling	6
Ore Reserves	6
EXPLORATION	6
Applicants' Proposal	6

ILLUSTRATIONS

Figure 1. Index map of Esmeralda County, Nevada.

INTRODUCTION

The partnership of Elder and Thompson, 354 Lakeview Road, Santa Maria, California 93454, applied to the Office of Minerals Exploration for Government assistance in an exploration project, Docket OME-6749, to explore for mercury at the Red Rock Mine, Esmeralda County, Nevada. The Applicants infer the presence of large low-grade bodies of mercury-bearing material, minable by open-pit methods, at the Red Rock Mine and wish to explore and sample these bodies by rotary drilling from surface sites.

A field examination was requested by the Office of Minerals Exploration and was made by H. K. Stager, Field Officer, on May 16, 1969, accompanied by Mr. I. L. Elder and Mr. L. L. Elder, representing the Applicants. The Applicants' maps, assay data, and metallurgical information were examined and compared with exposures in the mine area.

The property was previously explored in 1953-54, under Docket DMEA-1640, Contract Idm-E207, but the results were unfavorable and the property was not certified.

SUMMARY

The Red Rock Mine has yielded about 2,400 flasks of mercury from ore shoots in metamorphosed Paleozoic sedimentary rocks. The Applicants proposed to explore the central part of the deposit by drilling about 57 shallow test holes from surface sites, totaling about 2,725 feet. Estimated cost of the project was $27,665 and it was estimated that the work would require about 2 months to complete. Part of the area was previously explored, under a DMEA contract, by surface trenching and this work indicated the mineralized material to be of low grade and erratically distributed. No minable ore was

found by the previous work and the project was not certified. The low potential of the project, for the development of sufficient minable ore to permit an open-pit operation, does not justify additional Government assistance in what is essentially a near-surface sampling program.

RECOMMENDATIONS

It is recommended that the application be denied on the basis that the geologic probability of discovering large tonnages of minable ore, in an area that has been largely tested by previous work, is too small to justify additional Government assistance.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Red Rock Mine is in sec. 18, T. 1 S., R. 34 E., MDM, Fish Lake Valley District, Esmeralda County, Nevada (Fig. 1), on the northeast slope of the White Mountains at an altitude of about 7,100 feet.

To reach the property, that is about 70 miles west of Tonopah (the closest major town), drive west on U. S. Highway 6 about 47 miles to Nevada Highway 3A, turn south and drive about 16 miles to a road junction just north of the Chiatovich Ranch, then turn west on a dirt road about 9 miles to the mine. The road is accessible to ordinary passenger cars except during the winter months when the last few miles are commonly closed by snow. The drive from Tonopah usually requires about 2 hours.

Mine labor, services, and supplies are available in Tonopah or Bishop, California (90 miles). Railroad service is available at Mina, Nevada (60 miles). Water is available from springs on the property or nearby. Assay service is available in Mina, at a cost of $3 per sample for mercury.

PROPERTY

History and Production

Mercury was discovered in the Fish Lake Valley district about 1916 and at the Red Rock Mine (also known as the Chrysler Mine) about 1927 although the property had previously been located for silver in 1914. The greatest period of activity was from 1927 to 1932. A small rotary furnace was in operation between 1928 and 1931 and produced about 1,000 flasks of mercury. About 330 flasks was produced by various operators between 1932 and 1939. A 20-ton Cottrell furnace was then built and produced 435 flasks by 1942. From 1943 to the present an additional 700 flasks of mercury was produced for a total production of about 2,400 flasks.

Ownership

The property consists of six unpatented mining claims owned by Walter F. Dunnigan and Roberta S. Dunnigan of Dyer, Nevada. The claims are recorded in Goldfield, Nevada, as follows:

Claim Name	Book	Page
Red Rock	1-B and 1-C	263 and 132
Red Rock No. 1	1-B and 1-C	263 and 133
Red Rock No. 2	1-A and 1-C	293 and 133
Red Rock No. 3	1-A and 1-C	291 and 134
Blue Rock	1-D	512
Blue Rock No. 1	1-D	513

The Applicants hold the property by virtue of a 22-year lease and option to buy, dated June 22, 1962, and recorded in Book 4-B, p. 469 to 473. The owners refused to sign a Lien and Subordination Agreements on the property and the Applicants proposed to provide a Performance Bond if a contract were approved.

Financial Eligibility

The Applicants furnished copies of letters to two banks requesting loans for the proposed work and also copies of letters from the banks denying the loans. The Applicants proposed to furnish their share of the exploration costs in cash.

Development

The property is developed by about 2,000 feet of underground workings on two levels, several open pits, and numerous prospect pits and trenches. Much of the underground workings are caved and inaccessible. At the time of the field examination the old stopes, open to the surface, contained large snow drifts that prevented study of the stope walls and prevented access to much of the mineralized area of the mine.

Surface installations include about a dozen small cabins in fair condition, a 30-ton-per-day Gould furnace plant with crusher, ore bins, jigs and screens, fuel tanks, light plant, retorts and condensing system, all in poor condition and not useable without extensive repairs and rehabilitation.

GEOLOGY

Geologic Setting

The Red Rock Mine is in a small roof pendant of metamorphic rocks of Paleozoic age, surrounded by granitic rocks of Jurassic age, and locally covered by volcanic rocks of Tertiary age.

The metamorphic rocks consist of interbedded phyllite and marble. These rocks strike northwest and dip northeast to southwest along the trend of a gently southeast-plunging anticline. The granitic rock is a monzonite

and is part of a stock or pluton that extends westward into the core of the White Mountains. Volcanic rocks are basalt and dacite flows, and tuffs.

There are three subparallel zones of alteration that strike about N. 85° W. and dip about 45° S. These zones are cut off by a fault that strikes N. 60° E. and dips about 75° S. The intersection of the fault and zones of gouge and alteration form inverted troughs beneath which most of the ore was localized.

Ore Deposits

The mercury-bearing ore bodies that have been mined at the Red Rock Mine occur in brecciated silicified rock beneath inverted troughs of gouge along the intersection of a major fault and several subparallel zones of intensely altered and sheared metamorphic rocks. The ore shoots range in size from small mineralized pods containing less than one ton of material to that of the major shoot, mined from the adit and glory hole, that was about 60 feet in length, 10 to 20 feet in width, and was mined down dip about 70 feet. The average grade of the material mined is not known but it was probably about 10 to 20 pounds of mercury per ton. Most of the production has come from about three or four ore shoots that have yielded a total of about 2,400 flasks of mercury.

Cinnabar is the only mercury-bearing mineral reported from the property and occurs as crystalline seams filling cracks in the fractured silicified rocks, as disseminated grains and crystals, and as thin films on fracture surfaces. Gange minerals are quartz, calcite, barite, limonite, clays, and rarely stibnite and stibiconite.

Sampling

No samples were taken during the examination. All significantly mineralized material exposed by previous operators has been mined. Samples taken by the Applicants, and by their consultants, indicate extremely low grade ranging from a trace to 3.40 pounds of mercury per ton, and averaging less than 1.0 pound per ton.

Ore Reserves

The Applicants did not state the quantity of ore reserves that they considered probable, or possible, in the area to be tested. One attached report, by a consulting geologist, states that reserves total "several hundred thousand to one million tons" of material containing 2.0 pounds of mercury per ton. Another attached report, by a different consultant, states that the ore is in small isolated pods and pockets and that the average grade is too low to indicate the presence of large tonnages of material containing one to two pounds of mercury per ton. The results of the previous DMEA project, and my observations of the deposit during this field examination, indicate that the second consultant is more probably correct.

EXPLORATION

Applicants' Proposal

The Applicants originally proposed a program of close-spaced, shallow, drill holes from surface sites on the Red Rock and Red Rock No. 1 Claims in the area of the old mine workings and test pits. This program was estimated to require about two months to complete and cost a total of $19,648. On June 1, 1969, the Applicants submitted a revised proposal,

utilizing private drilling contractors and consultants, at an increased total cost of $27,665.

Much of the proposed area of exploration has been previously tested by the earlier DMEA trenching program and by test pits put down by various former operators. The potential of the area, for the development of sufficient minable ore to justify construction of a new furnace plant and the open-pit mining of large tonnages of low-grade material, is too low to warrant a testing program of the size and cost proposed by the Applicants.

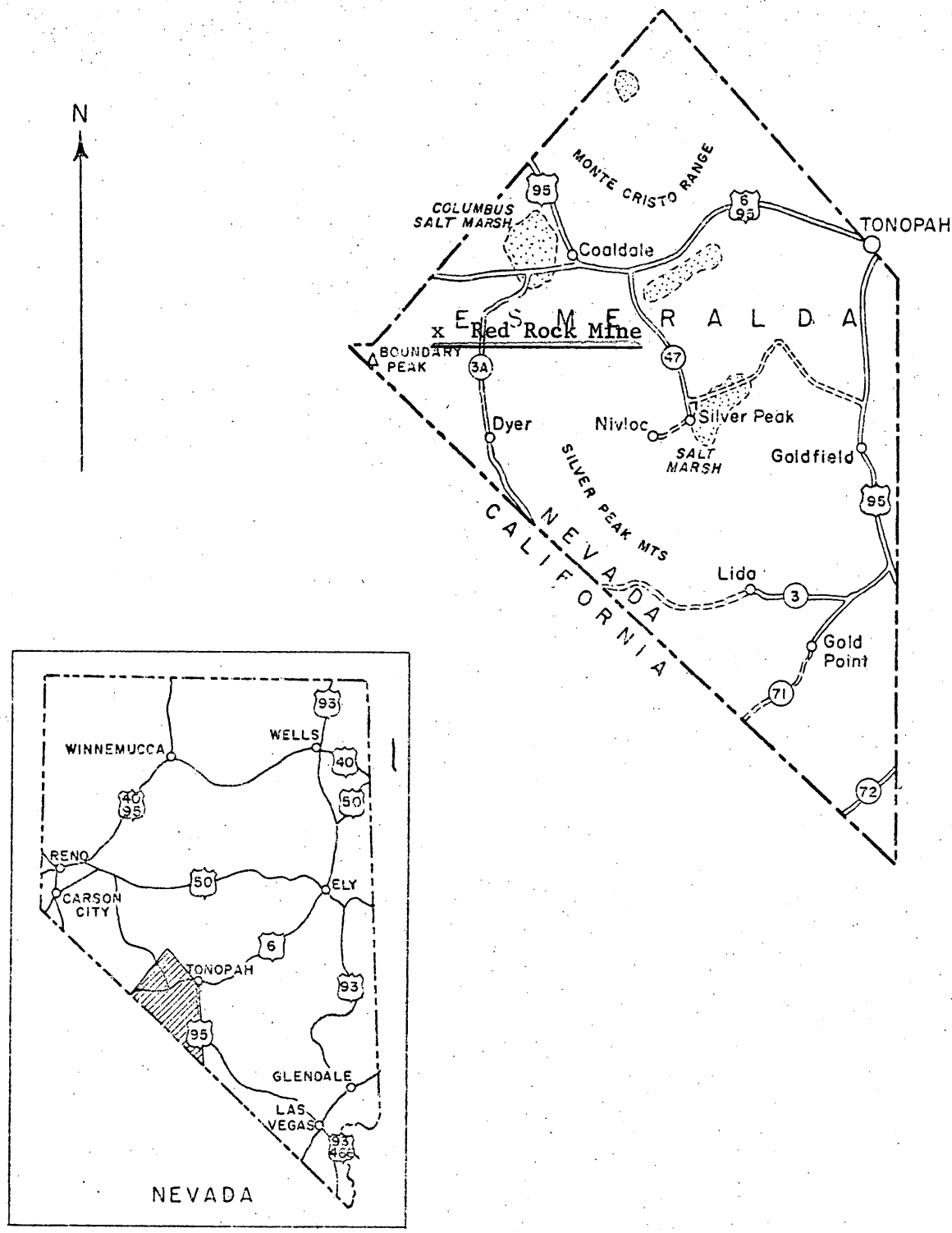

Figure 1. INDEX MAP OF ESMERALDA COUNTY, NEVADA

0 20 40 60 Miles

LARRY ELDER
PROFESSIONAL ENGINEER
California ME 13872 • Arizona ME 6770

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

MEMBER:
American Society of Agricultural Engineers
American Society of Agricultural Consultants

October 14, 1968

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

RE: OME-6749

Dear Mr. Stager:

As a result of my conversation with Mr. Smith in your office on 14 October, I am sending you, for your information, the results of an assay effort we made on the Red Rock mine.

Mr. Petersen of Machinery Engineering Co., Watsonville, California, has designed and built a continuous retort mercury refining system. He insisted that assays were not reliable on low grade ores. In fact, he insisted that his pilot plant consistently beat the assays.

So we collected 2000 lb. of the yellow, broken material that had been dozed out of the way on the north side of the glory hole. This material is scattered over the area between the glory hole and the crusher bin. Previous grab sample assays had indicated .47 to 3.04 lbs/ton of mercury for this material.

While the 2000 lb of material was being run, tablespoon size samples from each 7 lb of crushed material were collected. This material was finely crushed and separated into 9 samples. Three samples were submitted to laboratories using different assay methods. Results of these assays were as follows:

University of Nevada, gold foil method
.88 lb/ton
.93 lb/ton
.98 lb/ton

Mineral Assay Office, Minah Nevada, silver foil method

1.92 lb/ton
1.20 lb/ton
1.20 lb/ton

B.C. Laboratories, Bakersfield, California modified silver foil method
1.226 lb/ton
1.200 lb/ton
1.172 lb/ton

Pilot plant operation recovery was 1.75 lb/ton from the 2000 lb of ore. In the application inclosure 16, I refer to 1.33 lb of mercury from this material. This was the recovery before the mud from the condensers was processed. Final recovery, according to Mr. Peteren, was 1.75 lb.

Sincerely,

Larry Elder

LARRY ELDER, P.E.

LLE:s

RECEIVED
OCT 17 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/26/68		120
		120
		110
8/26	Cal	220
		120M

26 AUG 1968

AIRMAIL

Messrs. Elder and Thompson
354 Lakeview Road
Santa Maria, California 93454

Re: OME-6749 (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

Gentlemen:

Your application for exploration assistance has been reviewed in our Washington office and referred 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 additional information concerning the application is needed, and possibly to make arrangements for a field examination.

Sincerely yours,

Edward C. Peterson
for 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
130

ECPeterson/bsl 8/26/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/26/68		120
	(on leave)	120
		110
		220

120M

26 AUG 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6749 (Mercury)
Elder and Thompson
Red Rock Mine
Esmeralda County, Nevada

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

The application is complete, and we have no specific questions on the geology or other preliminary considerations. Based on the disappointing results obtained under a previous Government contract (DMEA-1640), the findings of Joe Leisek as outlined in his report appear to be overly optimistic.

If a contract is recommended, bids for the bulldozing and one additional bid for drilling should be requested of the Applicant. As you have noted, estimated costs for overhead are excessive.

We note that in the event of a contract the partnership will provide a Performance Bond in lieu of Lien and Subordination Agreements.

Edward C. Peterson
for Frank E. Johnson

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

ECPeterson/bsl 8/26/68

August 9, 1968

Elder and Thompson
354 Lakeview Road
Santa Maria, California 93454

Subject: OME-6749

Gentlemen:

Your application for exploration assistance, dated June 17, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6749.

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

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy Region II

LARRY ELDER
CONSULTING AGRICULTURAL ENGINEER

74-075 SETTING SUN TRAIL
PALM DESERT, CALIF. 92260
714-346-2306

June 17, 1969

Mr. Harold Steiger
Office of Minerals Exploration
U. S. Department of the Interior
Menlo Park, California 94025

Dear Mr. Steiger: Ref OME6748

I regret to inform you that Lloyd Elder and Don Thompson, principal owners of the lease on the Red Rock Mine, have sold it to a group in California. The transaction went into escrow on 16 June and is supposed to clear about 1 July.

This came as a surprise to me; but considering Lloyd's change of interest, I am sure it is for the best.

Your consideration and help have been very much appreciated.

Sincerely,

Larry Elder

LLE:s LARRY ELDER, P.E.

RECEIVED
JUN 19 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.