EXTRACT FROM: THE MINING RECORD, THURSDAY,
August 30, 1956, page 10

Bureau - 3778

MERCURY AREAS IN OREGON NOW SHOW GROWING ACTIVITY

* * *

The Opalite quicksilver mining district is southwestern Malheur county has again become active. Present work is concentrated in the vicinity of the old Bretz cinnabar mine which produced more than 10,000 flasks of mercury before it was abandoned in the early 1940's. The claims, originally staked by John Ruiz, were taken over last May by the Shawano Development Corp. Comstock Uranium Co. is building a furnace at the mine. Mining is to be done by Shawano Development Corp. and S. S. Arentz, operator. The cinnabar is disseminated through clayey tuffaceous lake sediments beneath an overburden averaging 20 to 30 feet thick.

April 23, 1956

MEMORANDUM

To: Rober E. Adams, Operations Control & Statistics Div., DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Return of unexecuted Contract No. Idm-E862 (Docket No. DMEA 378) by Shawano Development Corporation, successors to U. S. Mercury Corporation
Estimated cost of project $22,700.00, Government participation 75 percent $17,025.00

Mr. Jay A. Carpenter, Manager, U. S. Mercury Corporation and Consulting Engineer, Shawano Development Corporation, acknowledged receipt of the subject Contract, between the United States of America and the U. S. Mercury Corporation, dated August 25, 1956, and signed by the Administrator, DMEA, for the Government. Mr. Carpenter at the same time advised that the assets of the U. S. Mercury Corporation had been taken over by Shawano Development Corporation.

On December 29, 1955, Mr. Jay A. Carpenter, Consulting Engineer, for Shawano Development Corporation, returned the original and five copies of above noted Contract unexecuted and advised that the Shawano Development Corporation did not desire to avail themselves of the contract.

This Division recommends that return of the original and five copies of the above noted Contract, unexecuted by the applicant, be classed as a withdrawal of the application for exploration assistance by the Defense Minerals Exploration, and that any funds obligated for the same be released.

TLCHAPMAN/foc
4-23-56
cc to: Docket
Code 400
Admr. Read. File

W. S. Martin, Chief
Iron and Ferro-Alloys Division

400

JAN 10 1956

Mr. Jay A. Carpenter, Consulting Engineer
Shasano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. IMEA 3778 - Mercury
U. S. Mercury Corporation
Brets Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Reference is made to your letter of December 29, 1955, with the enclosed original and five unexecuted copies of Contract No. Idm-E862.

We are pleased to note your report that the drilling campaign you recommended to the Shasano Development Corporation was successful in finding a substantial body of mercury ore of good grade.

While we could not urge you and the Shasano Corporation to prepare and present a new application, we would, of course, consider a revised application including the Ramona claims Nos. 5, 6 and 8, in lieu of the claims on which the discoveries were made by your drilling.

Sincerely yours,

C. O. Ritzmann

Administrator

TLChapman:foc
1-6-56
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG.1 NW Dist.
H. M. Meyer, USBM
T. H. Kiilsgaard, USGS

400

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

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JAN 6 1956

January 3, 1956

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

After receipt of your teletype of December 23, 1955, we wrote Mr. Jay A. Carpenter asking him to return the unexecuted contract to Washington as soon as possible.

Today we received a postal card from him as follows: "The six unexecuted contracts with the U. S. Mercury Corporation No. 1 DME 582 have now been sent back to Mr. Frank E. Johnson of the DMEA at Washington, stating that the Shawano Development Corp. that took over the U. S. Mercury failed to avail itself of the opportunity to take over the contracts as offered by Mr. Johnson, mainly because of the fine ore body found by drilling." It is assumed that these have been received in Washington by now, but please let us know whether or not this is the case.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
Alvord

400

Copied from "THE MINING RECORD" for Thursday, December 15, 1955, page 11, column 1.

Owen 3778

OLD BRETZ MINE
SHOWS HIGHGRADE
MERCURY ORE BODY

McDermitt, Nev.--Ore bodies showing an average of 22 pounds of mercury to the ton have been disclosed at the Bretz Mercury mine of York. The property, located just over the Oregon border from McDermitt, was a righ mercury producer during the 1930's when it was operated by the Bradley Mining Co. of San Francisco, Calif. The claims were relocated in recent years and leased to the United States Mercury Corporation. Last May U. S. Mercury traded all its assets for stock in the Shawano Development Corporation.

A Defense Minerals Exploration Administration contract for 4,000 feet of drilling at 75 percent government expense has been awarded the company. Consulting engineer Jay A. Carpenter has examined the ore bodies drilled and submitted his report to the firm's mine manager. Louis Avant, of Santa Fe, New Mexico. If Mr. Avant's recommendation is favorable, it is believed that Shawano will build a mercury recovery plant at the mine.

DEC 23 1955

T E L E T Y P E

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - NW District
South 157 Howard St.
Spokane 4, Washington

Urlet November 22, Docket DMEA-3778, U. S. Mercury Corporation, Bretz Mine, quoted J. A. Carpenter's statement he would return unexecuted contract forms immediately. However, "The Mining Record," December 15, page 11, reports a DMEA contract for Bretz Mine has been awarded to Shawano Development Corporation. Please advise Carpenter again that unexecuted contract forms should be returned immediately.

George C. Selfridge

Chairman, Operating Committee

cc: Docket
Oper. Comm.
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
Helena Meyer, USBM
FT, Reg. I - Spokane

WSMartin/ls
12/22/55

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

400

December 23, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Copy retained 400

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

I am enclosing a copy of a letter which I have written to Mr. Carpenter as requested in your teletype of December 23. Since you had requested Mr. Carpenter to return the contract forms to you, we have had no way of knowing whether he had done so or not and consequently we have not followed this up as we normally would have.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: USBM (2)
Alvord

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

December 23, 1955

Air Mail

Mr. Jay A. Carpenter
Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

We are in receipt of a telegram this morning from the Washington office of the DMEA stating that you have not yet returned the unexecuted contract forms and requesting us to again ask you to do so at your earliest convenience.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: DMEA (2)
USBM (2)
Alvord

400

RECEIVED
NOV 28 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

November 22, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Copy retained 400

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

Please refer to your letter of November 18, 1955.

Mr. Fryklund talked to Mr. J. A. Carpenter, Consulting Engineer for Shawano Development Corporation, by telephone this afternoon. Assets of U. S. Mercury Corporation were transferred to Shawano Development Corporation before the contract was mailed to Mr. Carpenter. (At that time he was Manager of U. S. Mercury Corporation.) Shawano Development Corporation does not want to deal with DMEA principally because large cinnabar bodies had already been discovered in the contract area.

Mr. Carpenter had retained the unsigned copies of the contract for some unknown reason, but he said he would mail them to the Administrator in Washington right away.

Very truly yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
Kellum

400

NOV 18 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA FieldTeam, Region I - N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Reference is made to our letter of September 21, and our telegram of October 5, 1955, to Mr. Jay A. Carpenter, Consulting Engineer, Shawano Development Corporation, copies of which were forwarded to your office, requesting the return of all copies of the unexecuted Contract No. Idm-E662.

It is requested that your office take the necessary steps to determine the applicant's intentions and the circumstances delaying return of the unexecuted contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

Member, Bureau of Mines

Member, Geological Survey

cc: Docket
Oper. Committee
Adm. Read. File
Code 400
T. Killsgaard, USGS
H. M. Meyer, USBM
FT, Reg. I-Spokane

ADMcMahon/ls
11/17/55

4000

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

Mr. Jay A. Carpenter
Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon
Proposed Contract No. Idm-E862

Dear Mr. Carpenter:

Reference is made to your letter of September 28, 1955, wherein you request exemption of two claims, Yuletide No. 1 and No. 2, from lands covered by the above-referenced contract and cite reasons for not advising immediately regarding the change of Operator from U.S. Mercury Corporation to Shawano Development Corporation.

There would be no objection to exempting the two claims, Yuletide No. 1 and No. 2, from coverage by the contract. The exploration work then authorized, however, would have to be limited to work not less than 50 feet outside the boundaries of ~~said~~ claims.

As stated in our letter of September 21, 1955, please return all copies of the contract to us unexecuted by U. S. Mercury Corporation, and furnish us with copies of the Consent to Lien and of instruments transferring U. S. Mercury Corporation's interest in the land to Shawano. Photostats of transfers of control are acceptable. In the event additional claims recorded in the name of U. S. Mercury Corporation are to be included in consideration of a revised contract, appropriate Consent to Lien forms and, particularly, maps showing location of new claims should accompany the return to the unexecuted contract.

The Government's policy respecting DMEA exploration assistance is set forth in DMEA Order-1 Amended and the "Questions & Answers" pamphlet, copies of which are enclosed. Your interpretation of that policy as expressed in the fifth paragraph of your letter is incorrect.

Because of the delays encountered so far in executing a contract on the Bretz mine, the completion date of authorized exploration work would have to be advanced to some such date as you have suggested.

In effect, we will need a revised application covering the revised program that Shawano contemplates in place of the program first proposed to us by U. S. Mercury. To simplify our records, however, we shall continue to carry your application in the captioned docket.

Sincerely yours,

Administrator

Enclosures

DOCKET
Surname:
O'Mahon
Martin

4000

Mr. Jay A. Carpenter
Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon
Proposed Contract No. Idm-E862

Dear Mr. Carpenter:

Reference is made to your letter of September 28, 1955, wherein you request exemption of two claims, Yuletide No. 1 and No. 2, from lands covered by the above-referenced contract and cite reasons for not advising immediately regarding the change of Operator from U.S. Mercury Corporation to Shawano Development Corporation.

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In effect, we will need a revised application covering the revised program that Shawano contemplates in place of the program first proposed to us by U. S. Mercury. To simplify our records, however, we shall continue to carry your application in the captioned docket.

Sincerely yours,

Administrator

Enclosures

cc: Docket
Adm. Read. File
Code 400
Oper. Committee
FT, Reg. I-Spokane
T. Kiilsgaard, USGS
H. M. Meyer, USBM

ADMcMahon/ls
10/4/55

3778

400

Call Letters NCT Charge to: 14X4401(01) REVOLVING FUND - DMEA

GOVT DL OCTOBER 5, 1955

JAY A. CARPENTER, CONSULTING ENGINEER
SHAWANO DEVELOPMENT CORP., 245 UNIVERSITY TERRACE
RENO, NEVADA

REURLET SEPTEMBER 28. PLEASE RETURN ALL COPIES OF UNEXECUTED CONTRACT AND OTHER DOCUMENTS AS REQUESTED BY OURLET SEPTEMBER 21. PHOTOSTATS OF CONTROL TRANSFER ACCEPTABLE. TO HELP US CONSIDER YOUR REQUEST FOR EXEMPTION OF TWO CLAIMS, PLEASE ALSO SUBMIT MAP AND RECORDING DATA AND ANY CONTROL TRANSFER FOR CLAIMS YOU PROPOSE TO SUBSTITUTE.

Frank E. Johnson

ACTING ADMINISTRATOR, DMEA

cc: Docket
Adm. Read. File
Code 400
FT, Region I Spokane
Operating Committee
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

ADMcMahon/ls
10/5/55

SENT
OCT 5 1955
Clerical Service Section

DOCKET
Surname:
Adm
Martin
Selfridge
Johnson

OCT 4 - 1955

Interior Dept.
Defense Minerals Exploration Administration
14X4401(01) Revolving Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office of the Secretary)

TELETYPE

Mr. Jay A. Carpenter, Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Reurlet September 28. Please return all copies of unexecuted contract and other documents as requested by ourlet September 21. Photostats of control transfer acceptable. To help us consider your request for exemption of two claims, please also submit map and recording data and any control transfer for claims you propose to substitute.

C. O. Mittendorf (for)

C. O. Mittendorf
Administrator, Defense Minerals Exploration Administration

cc: Docket
Adm. Read. File
Code 400
FT, Region I-Spokane
Operating Committee
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

ADMcMahon/ls
10/4/55

not sent due to change to use of Telefax

R.C.S.

400 file Dnea 3778

COPY

Excerpt from THE MINING RECORD -- Thursday, September 29, 1955, page 14.

FIND OF SELENIUM AFTER NON-METALLIC KILLED MANY SHEEP

Craig, Colo.--Dying sheep, "rotten-egg' foliage, a cowboy digging post holes and mysterious governmental secrets are the stories behind what may be the world's first selenium mine, geological and chemical consultants revealed here.

Selenium, present in rich concentrations with uranium ore in Poison Basin 50 miles north of here in Carbon county, Wyoming, replaces tubes and transformers in radio and television sets.

It also is a deadly poison. But why the government is stockpiling it at skyrocketing prices is a closely guarded secret. It presently is produced only as a by-product from the electrolysis of copper.

Selenium's poisonous properties led to its discovery when sheep grazing there from 1919 to 1934 died like flies. Then last year a cowboy, LeRoy Benson, 40, of Baggs, Wyo., discovered radioactive sand while digging a post hole.

Benson staked uranium claims and sold them to Garfield and Pasternak, Inc., a Denver firm which assembled more claims and formed the Baggs Uranium Co.

Baggs was bought out by Shawano Development Corp. of New York which acquired 3,000 acres of claims and found uranium bearing sands only 3 feet beneath the surface.

Further tests recently revealed a large "channel" of uranium ore which contains as much as 10 pounds of selenium per ton.

Dr. O. A. Beath of the University of Wyoming and the Battelle Memorial Institute of Columbus, O., a research chemist, said selenium has never before been mined as a primary product. Present mills, such as those used to extract other minerals from ore, won't refine selenium, he said, although development of a commercial process is "not much of a problem."

Nobody knows how rich selenium ore must be in order to make a profit, he said, because the price has within the last few months shot up from $1. a pound to between $8 and $30.

Louis Avant, of Santa Fe, New Mex., general manager of Shawano's western mines, said government officials have promised to buy all the selenium the mine could produce. No price was quoted, he said, but he was told "not to worry about the price." --The Denver Post.

C O P Y

400

dmea 3778

JAY A. CARPENTER
245 UNIVERSITY TERRACE
RENO, NEVADA

Sat., 9/10/55

Defense Minerals Exploration Administration,
Washington, D. C.
Attention Administrator C. O. Mittendorf

Dear Sirs:

I have now received a drilling contract, No. E 862, for a D.M.E.A. loan for the U.S. Mercury Corporation. Your administrator, Mr. Mittendorf, is the one who can answer the question whether the contract can now be changed to the Shawano Development Corporation as the successor of the U.S. Mercury Corporation?

On about the middle of April I sent your office an application for a DMEA loan, Docket # 3778, for the U.S.Mercury Corporation for 4,000 ft. of drilling at the Bretz Mine in Oregon, well substantiated by Oregon and U.S.Government reports.

On May 19th Geologist Williard Puffett examined the mine and was apparently well pleased. However, the next word received was the receipt now over three months later of a signed drilling contract.

Meanwhile the U.S.Mercury Corporation traded all its assets for stock in the larger well financed Shawano Development Corporation, of 70 Wall St., N.Y.City. This company sent up to the mine in July a large rotrary drill that to date has shown up excellent mercury ore at shallow depth and north of previous work. However, more ore is necessary to merit a reduction plant. On the basis of this good showing the property merits more exploration work along the projected strike of the ore bodies.

Can and what will be the necessary steps for the Shawano to take over the drilling contract, and proceed promptly to carry out the drilling?

Yours truly,

/s/ Jay A. Carpenter

Consulting engineer for the
Shawano Development Corporation

Former manager for the U.S.
Mercury Corporation

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

SEP 21 1955

400 file

Mr. Jay A. Carpenter
Consulting Engineer
Shasano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon
Contract No. Idm-E362

Dear Mr. Carpenter:

Your letter of September 10 acknowledges receipt of Contract No. Idm-E362 executed by the Government, which recites that U. S. Mercury Corporation is the Operator. Your letter states that sometime after May 19, 1955, U. S. Mercury Corporation transferred all its assets to Shasano Development Corporation, and that the latter corporation, which has been exploring on the land since July, desires to take over the contract. If you had informed us of this fact promptly we would have drafted the contract in the name of Shasano.

Please return all copies of the contract to us unexecuted by U. S. Mercury Corporation, and furnish us with copies of the Consent to Lien and of the instruments transferring U. S. Mercury's interests in the land to Shasano. We shall give prompt reconsideration to the matter when we receive these papers.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

HCRubin/emd 9/16/55
Copy to: DMEA Docket
Field Team, Reg. I.-Spokane (2)
W. S. Martin
Adm. R. File
Operating Committee
J. L. Hofflund
H. C. Rubin
T. H. Kiilsgaard U.S.G.S.
H. M. Meyer, U.S.B.M. chron. pending

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~XXXXXXXXXXXXXXX~~ WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Washington
August 30, 1955

RECEIVED
SEP - 6 1955

Copy retained 400

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
Bretz Mine
Malheur County, Oregon
Contract No. Idm-E862

Gentlemen:

Enclosed are the original and five copies of an exploration project contract at the Bretz mine in Malheur County, Oregon. If this contract is satisfactory to you, please sign all copies, retain the one marked "Operator's copy" and return the other copies to this office.

Please inform us of the date you expect to commence work so that we can insert it in Article 3 of the contract; this date should also be noted on your copy of the contract.

Sincerely yours,

Wing G. Agnew, Member
DMEA Field Team, Region I
Northwest District

Enclosure

cc: DMEA (2)
USGS (2)

4N

AUG 9 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3778, U. S. Mercury Corporation (Mercury)

As requested in Mr. Martin's memorandum of July 27 we have prepared the attached contract, execution of which is subject to attachment of the Consent to Lien of the lessor of the Cliff and Yuletide claims.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

HCRubin/emd

Copy to: DMEA Docket
Solicitor's Docket
J. L. Hofflund
W. S. Martin
H. C. Rubin
chron.

400

Aug. 25, 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above referenced applicant, signed by the Administrator for the Government, together with Exhibit "A" (1 page), Annex I (1 page), and two maps.

If the terms and conditions of this proposed contract are satisfactory to you and the applicant, all six copies should be signed and the usual distribution made.

If any part of the proposed contract does not have either your approval or that of the applicant and cannot be amended within your delegated authority, the original and all copies of the proposed contract are to be returned to this office, together with the proposed changes for consideration.

Consent to Lien forms signed by the owner of the Cliff and Yuletide claims are understood from Mr. Puffett's memorandum of June 17, 1955, to have been submitted to DMEA, and are presumed to be in your office. They should be attached before the contract is executed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Enclosures

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kilsgaard
Member, Geological Survey

cc: Docket
FT, Reg. I Spokane
Code 400
Oper.Committee
Adm. Read. File
Thor Kilsgaard, USGS
H. M. Meyer, USBM

SPHolt/ls
8/22/55

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

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I-Northwest District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778-Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-referenced applicant, signed by the Administrator for the Government, together with Exhibit "A" (1 page), Annex I (1 page), and one map.

Xtra map

If the terms and conditions of this proposed contract are satisfactory to you and the applicant, all six copies should be signed and the usual distribution made.

If any part of the proposed contract does not have either your approval or that of the applicant and cannot be amended within your delegated authority, the original and all copies of the proposed contract are to be returned to this office, together with the proposed changes for consideration.

Consent to Lien forms should be obtained from the owner of the Cliff and Yuletide claims and attached before execution of the contract.

Rewrite

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Robert W. Lechow
Member, Bureau of Mines

Rewrite

Member, Geological Survey

Rubin

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

AUG 3 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3778, U. S. Mercury Corporation (Mercury)

As requested in Mr. Martin's memorandum of July 27 we have prepared the attached contract, execution of which is subject to attachment of the Consent to Lien of the lessor of the Cliff and Yuletide claims.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

HCRubin/emd

Copy to: DMEA Docket
Solicitor's Docket
J. L. Hofflund
W. S. Martin
H. C. Rubin
chron.

July 27, 1955

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of proposed contract
Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Brute mine
Malheur County, Oregon

Transmitted herewith is a rough draft of a proposed contract for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

7/27/55
FARutledge:foc
cc to: Docket
Code 400
Adm. Read. File

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMSA 3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite map showing surface geology, claim lines, surface excavations, and underground workings; Brets Mine; Malheur County; Oregon."

The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page	Date
Ramona	1	805	January 11, 1955
Ramona #1	1	606	January 11, 1955
Ramona #2	1	809	January 11, 1955
Ramona #3	1	9	January 16, 1955
Ramona #4	1	11	January 16, 1955

The operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page	Date
Yuletide #1	1	13	February 25, 1955
Yuletide #2	1	15	February 25, 1955
Yuletide #3	1	17	February 25, 1955
Yuletide #4	1	19	February 25, 195[illegible]
Cliff	1	22	February 25, 1[illegible]

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA 3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin No. 931-H."

Churn drill approximately 20 vertical drill holes below the main fault and on line with the mined ore bodies to explore for additional bodies of mercury ore. The location and depth of all drill holes shall be subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples which shall be assayed for mercury shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which is to be furnished to the Government.

Estimated Costs of the Project

4,000 feet of churn drilling @ $5.50/ft.	$22,000.00
200 samples analyzed for mercury @ $3.50/sample	700.00
Estimated Total Cost of Project	$22,700.00
Government Participation @ 75%	$17,025.00

MF-200A
(Revised June 1954)

Docket No. DMEA 3778

Commodity Mercury

Contract No. Idm-E

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, A Delaware Corporation, whose mailing address is 245 University Terrace Reno, Nevada, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and .....

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Owner and Lessee of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] un recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of ..... The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 ..... (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,700.00 ..... The Government will contribute 75 ..... percent of the fixed unit costs as work is performed, in a total sum not in excess of $17,025.00 .....: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

.....
(Operator)

By .....

By .....

.....

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

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RECEIVED
JUL 26 1955

July 25, 1955

Memorandum

To: W. S. Martin

From: Helena M. Meyer

Subject: Docket DMEA-3776, U. S. Mercury Corp., Greta Mine, Malheur County, Oregon, Mercury.

I have reviewed the application and the Field Team Report recommending that it be approved.

The geology of the mine and its history, as well as that of the surrounding area, and the views of the Field Team based on their own observations as well as recommendations of able geologists such as Edgar H. Bailey, make this appear to be a favorable location in which to explore for mercury.

Churn drilling appears to be a desirable method of exploration and the reviewer indicates that 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the property.

The project will have very competent direction.

I concur with the Field Team recommendations and suggest that the application be approved using the costs in Bardill's memorandum.

Helena M. Meyer

Helena M. Meyer

HMMeyer/vr
Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Thor H. Kiilsgaard, Room 5232
F i l e s

IN REPLY REFER TO:

400

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

RECEIVED
JUL 22 1955

July 21, 1955

Re: DMEA 3778
U. S. Mercury Corp.
Bretz Mine
Malheur Co., Oregon
$22,660.00 - Mercury

Memorandum

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

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

Subject: Review of Field Team report.

Large silicified zones characterize the two productive areas at the Bretz mine. The silicified rocks appear to have affected erosion as they occur in the relatively high ground between draws.

If the silicification and metallization are related to the faults which cut athwart the ridges and draws, the favorable places for covered centers of mercury mineralization and drilling are on the ridges near the projected surface traces of the faults.

We are not told and the maps and sections do not indicate that stoping was done from the extensive underground work beneath the East Pit, whether or no, there seems to be no real reason why all occurrences should outcrop.

The conclusions of the Field Team are well taken and I concur with the recommendation of approval of a churn drilling program.

N. E. Nelson

N. E. Nelson

NENelson:iml
~~XXXXXXX~~
G-7/21/55

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 2623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

400

RECEIVED
JUL 15 1955

July 8, 1955

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

WSAy

Re: Docket No. DMEA-3776 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

Enclosed are the original and three copies of a memorandum dated July 8, 1955, by John D. Bardill, Bureau of Mines, and four copies of a memorandum dated June 17, 1955, by Willard P. Puffett, Geological Survey, recommending an exploration project at the Bretz mine, Malheur County, Oregon.

We feel that the geologic potential for the discovery of other cinnabar ore bodies of the area is excellent, that the method of exploration is simple, and that the work will be done under competent supervision. We therefore recommend that the application be approved.

By Field Team, Reg. I, NW District

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures as above

cc: USGS (2)
Kellum

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
July 8, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John D. Bardill, Bureau of Mines

Subject: Estimated costs for unit-cost contract application, Docket No. DMEA 3778 (mercury), U. S. Mercury Corporation, Bretz Mine, Malheur County, Oregon

An appraisal of the subject application, proposing to explore the area in the vicinity of the Old Bretz open pit mercury mine, indicates that about 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the area. It is recommended that the 4,000 feet of drilling be done on a unit cost basis.

Estimated Costs of the Project

Fixed Unit Costs

1. 4,000 feet of churn drill holes @ $4.50 per foot	$18,000.00
2. Not to exceed 50 hours of bulldozing access roads and drill sites @ $10.00/hr.	500.00
3. Panner-sampler, not to exceed 100 days, @ $17.60 per day	1,760.00
4. Engineer-supervisor, not to exceed 4 months @ $400.00 per month	1,600.00
5. Not to exceed 200 sample assays for mercury @ $3.50 per sample	700.00
6. Accounting, not to exceed 4 months @ $25.00 per month	100.00
Estimated Total Cost of the Project	$22,660.00
Government's participation @ 75%	$16,995.00

Orig. & 3 cys - Wash.
USGS (2)
DMEA
Engr.

D Mac

UNITED STATES
Department of the Interior
Geological Survey
157 So. Howard Street
Spokane 4, Washington

June 17, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Willard P. Puffett, Geologist, Geological Survey

Subject: Docket No. DMEA-3778 (mercury), Appraisal of application for DMEA assistance submitted by U. S. Mercury Corporation for an exploration project at the Bretz mine, Malheur County, Oregon

APPLICANT

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

SUMMARY

More than 10,000 flasks of mercury were produced from the Bretz property between 1931 and 1940. This production was from 39,883 tons of ore averaging 19.12 pounds of mercury per ton. The mercury occurs in relatively flat ore bodies that have been localized to the south of and along a fault zone which strikes in a general northwest direction and separates rhyolitic flows and tuffs on the northeast from tuffaceous material and lake beds on the southwest.

The production came from two groups of open pits separated by an interval of more than 1,700 feet along the strike of the fault zone. Sporadic prospecting has been done in the area between the two groups of pits, but this area is essentially unexplored.

The applicant has submitted a proposal to explore the area between the two groups of pits, and also to explore along the fault zone both to the southeast and to the northwest from the limits of the two groups of pits. The exploration will consist of churn drilling vertical holes from the surface to a depth of about 200 feet. He estimates a total of 20 holes, or an aggregate of 4,000 feet of churn drilling will be sufficient.

At the Cordero mine, about 11 miles south of the Bretz property, churn drilling has been found to be a feasible method of exploration. The known ore bodies at the Bretz mine are relatively flat-lying, and thus it appears that churn drilling at this property will be a satisfactory method of exploration.

RECOMMENDATIONS

It is recommended that the application be approved.

EXAMINATION

The Bretz property was examined on May 19 and 20, by Willard P. Puffett and Donald F. Kellum, Geologists, Geological Survey. Mr. Jay Carpenter, consultant, and Mr. J. P. Hart, mine superintendent, U. S. Mercury Corporation, accompanied the examiners. Mr. John Ruiz, owner of five of the claims of the applicant's property, also accompanied the examiners through part of their inspection.

The examination consisted of a visit to the open pits, inspection of the new prospect workings now being excavated, and discussion of the applicant's proposal with Messrs. Carpenter and Hart. The location of one of the claim corners, with respect to a known survey point, was determined, and one sample of ore material was obtained. About a day and a half was spent on the examination.

PROPERTY

At present the applicant's property comprises 10 contiguous unpatented claims, all staked in an area from the southeast limit of the east pit to the northwest group of open pits of the old Bretz mine. Subsequent to the time of the DMEA examination, Mr. Carpenter had signified his intention of locating four additional claims that would extend the area covered by the ten claims. Mr. Carpenter has stated that as soon as the location work has been completed on these new claims, the necessary information concerning them will be forwarded to be attached to the application. The accompanying map shows in solid outline the ten claims now recorded and shows in broken lines the four additional claims now in the process of being located and recorded.

Five of the claims, the Yuletide 1, 2, 3, 4, and the Cliff, are owned by John Ruiz of McDermitt, Nevada. These have been leased to the applicant, and copies of the lease and Owner's Consent to Lien form have been submitted to DMEA. The rest of the claims are owned by the applicant. The ten claims are recorded in the Malheur County Courthouse, Vale, Oregon.

The Bretz property is about 15 miles by desert road slightly north of west from McDermitt, a small town through which the Oregon-Nevada state boundary passes. Some recent improvements have been made on the road, and as the mine is in a typically desert region, it is probable that access can be gained to the mine over the road during all months of the year.

There are no surface facilities at the Bretz mine, as all the production obtained there was treated in a furnace at the Opalite mine, some 7 or 8 miles to the west.

COMPETENCY OF THE APPLICANT

The officers of the corporation comprise a group of individuals from the New York City area. It is reported that they have over $200,000.00 with which to finance exploration and development of their property.

Mr. Jay Carpenter, former head of the Nevada School of Mines is their consultant, and Mr. J. P. Hart is the mine superintendent. These two individuals have been supervising some churn drilling for the applicant at a small property in Nevada near the Cordero mine. This operation was visited by the DMEA examiners to determine in what manner it was being supervised. Mr. J. P. Hart is obtaining sludge samples at designated intervals from the churn drill holes and is panning the material to determine if cinnabar is present. The samples are then split and dried,and carefully sacked and marked to be filed for future reference. Any samples containing cinnabar are being assayed. Mr. Hart has been very carefully locating the claim corners of the new claims at the Bretz property and also is keeping an up-to-date map of all the new prospect work that is being done. It is believed that Mr. Carpenter and Mr. Hart are highly capable individuals and can efficiently supervise a DMEA exploration project.

GEOLOGY

The geology of the Bretz property has been described in numerous Government publications, and subsequent to the publication date of these papers Mr. E. H. Bailey, Geologist, Geological Survey, made a confidential Government report of the property. During the war, the U. S Bureau of Mines did some exploration work at the property, but no report describing this work has been published. Consequently, it does not seem necessary to describe the details of the geology in this report, other than in a most general way.

The Bretz property is one of a group of three properties in a relatively restricted area west of McDermitt, Nevada, that had a total recorded production of more than 22,000 flasks of mercury during the period from 1927 to 1941. Since around 1942, the Opalite

and the Bretz properties have not been in production; but the Cordero mine is currently producing from a reported high-grade cinnabar zone that was found considerably deeper than that from which production had been previously obtained in the district.

The rocks in the district are flat-lying volcanics, basic to acidic in composition, which have been overlain by younger tuffaceous lake beds. Numerous normal faults have cut the volcanics and the lake beds, and locally mineralizing solutions have altered and silicified the rocks, forming a silicified rock type known locally as "opalite." Cinnabar has, in general, been localized both within and around these opalized areas. Most of the known ore bodies have been found within 100 feet of the surface, but recent work has found high-grade ore at the Cordero mine nearly 500 feet beneath the surface.

The cinnabar at the Bretz mine has been deposited in lake beds adjacent to faults, in argillized tuff and breccia, in fresh tuff, as replacements in tuff-breccia, in opalized tuff, and as selective fillings in porous sinter. Although the ore bodies are relatively restricted in area, those mined contained high-grade ore averaging nearly 20 pounds of mercury per ton.

The ore bodies that were mined by open-pit at the Bretz mine were localized in two areas separated by a horizontal distance of more than 1,700 feet. The location of the pits from which the ore was produced is shown on the accompanying map. An inspection of this map shows that they are aligned parallel and to the south of a normal fault which traverses the area in a northwest direction. Two of the pits, Pits A and B, are about 400 feet south of the surface trace of the fault, but Pit C, and the much larger East Pit cover an area in which the surface trace of the fault is exposed.

According to the accompanying map, the main normal fault marks the general boundary between rhyolite flows and tuffs to the northeast and lake beds to the southwest. There are reports that some cinnabar has been found in prospect pits to the northeast of the fault, but the most important occurrences of ore are to the southwest of the fault.

Insofar as can be determined the general area southwest and along the fault can reasonably be expected to be a favorable location for the localization of mercury ore. There is an area between the two groups of pits which has been prospected very little, but the geological relationships in this area are very similar to those in the pit areas, and there seems to be a good possibility that this relatively unexplored area should be a good place in which to do additional exploration. The applicant has been doing some prospecting in this area, and a promising showing of cinnabar has been found in a very shallow prospect hole near the fault about midway between the two groups of pits.

The apparently strong fault zone which traverses the area between the two groups of pits extends both to the northwest and the southeast and there is therefore some justification for additional exploration in both these directions to determine if cinnabar has been deposited in the lake beds to the southwest of the fault.

Insofar as can be determined the general area southwest and along the fault can reasonably be expected to be a favorable location for the localization of mercury ore. There is an area between the two groups of pits which has been prospected very little, but the geological relationships in this area are very similar to those in the pit areas, and there seems to be a good possibility that this relatively unexplored area should be a good place in which to do additional exploration. The applicant has been doing some prospecting in this area, and a promising showing of cinnabar had been found in a very shallow prospect hole near the fault about midway between the two groups of pits.

The apparently strong fault zone which traverses the area between the two groups of pits extends both to the northwest and the southeast, and thus, there is some justification for additional exploration in both these directions to determine if cinnabar has been deposited in the lake beds to the southwest of the fault.

Ore Reserves

Insofar as is known no ore reserves in bedrock can now be assigned to the Bretz mine. However, during the spring of 1942, the U. S. Bureau of Mines extensively sampled the dumps around the margins of the pits and this week indicated these dumps contained 164,000 tons of material containing 1½ pounds of mercury per ton; the Bureau of Mines believes that this material could be successfully treated to recover nearly all included mercury.

Should the applicant be awarded a DMEA contract it is believed that the dump material should be excluded from royalty payment provisions.

APPLICANT'S PROPOSAL

The applicant has submitted a proposal to explore the Bretz property by churn drilling holes in the area between the two groups of pits and also both to the southeast and northwest of the pit areas in a search for extensions of the ore. He has submitted a detailed and complete application, in which all his costs are outlined.

In an unpublished memorandum, Mr. E. H. Bailey, Geologist, Geological Survey, has strongly recommended that the area between the two groups of pits be explored, either by trenching or by diamond drilling. He did not specifically recommend exploration to the southeast of the east pit or northwest of Pits A, B, and C, but there seems to be no reason why these areas should not also be explored, provided the applicant's property extends far enough in these directions.

The applicant has retained the services of very competent individuals to supervise the exploration program, and thus it is believed that the application should be strongly recommended for approval.

A separate memorandum discussing the costs of the proposed project will be submitted by a representative of the U. S. Bureau of Mines.

Enclosure

Distribution
DMEA (4)
USBM (2)
USGS (SRO)
Docket
Puffett
Kellum

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

May 25, 1955

Mr. J. A. Carpenter
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Thank you very much for the assay data which I received today. I will appreciate receiving any more assay results you obtain.

I am certain that I will be able to get a report on your property to Washington before I am transferred. If we need additional information I will contact you by telephone.

Enclosed are six copies of Owner's Consent to Lien forms. It will be necessary that you have Mr. Ruiz sign these forms so as to cover those claims in your application that are owned by him. We will appreciate receiving these at an early date.

Lots of luck in your prospecting for mercury.

Yours very truly,

Willard P. Puffett
Geologist

cc: DMEA (2)
USBM (2)
Puffett

00

MAY - 2 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I-Northwest District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778, Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Two copies of a relevant memorandum dated April 26, 1955, by E. L. Newcomb, Geological Survey, are enclosed for your information.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

APPROVED:

M. E. Volin
Member, Bureau of Mines

/s/ R. D. Trace
Member, Geological Survey

cc: Docket
Adm. Read. File
Code 400
Oper. Comm.
FT, Reg. I-Spokane
T. Kiilsgaard, USBS, 5222
H. M. Meyer, USBM, 3623

WSMartin/ls
4/28/55

MAY - 2 1955

400

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA 3778-Mercury
Bretz Mine
Malheur County, Oregon

Gentlemen:

The above-docketed application for exploration assistance has been reviewed by the Defense Minerals Exploration Administration and referred to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I - Northwest District, South 157 Howard Street, Spokane 4, Washington, for a field examination of the property.

Any assistance that you can give the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

cc: Docket
Adm. Read. File
Code 400
Oper. Committee
Thor Kiilsgaard, USGS
H. M. Meyer, USBM
FT, Reg. I-Spokane

WSMartin/ls
4/29/55

IN REPLY REFER TO:

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

400

April 26, 1955

Re: DMEA-3778
U. S. Mercury Corp.
(Bretz Mine)
Malheur Co., Oregon
$25,204 - Mercury

Copy retained 400

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of proposed exploration

The operator has proposed 4,000 feet of churn drilling on a line extending eastward and westward from the East pit. The objective of the work is to explore a mineralized fault zone within which a number of open pits have been developed.

According to a report in our files, which was prepared in 1942 by E. H. Bailey, the Bretz mine produced about 40,000 tons of ore averaging 19.1 pounds of quicksilver between 1931 and 1940 and yielded about 10,000 flasks of mercury. Most of the production has come from the East, A, B, and C pits. Rocks in the vicinity are volcanics and lake beds which dip gently southward. The contact between the volcanics and the lake beds may be conformable, but locally there is evidence of faulting before deposition of the lake beds.

As a result of the field investigation, Bailey recommended drilling or trenching between the East pit and A and B pits.

In the War Minerals Report 46, 1943, the Bureau of Mines estimated 164,000 tons of 1.5 pound mercury ore in the dumps and sides of the old pits, as a result of their extensive sampling program in 1942.

Although indicated reserves at the surface are low grade, it is possible at present mercury prices that these deposits can be mined at a profit. In addition to these low grade materials, there is a good chance that additional high grade deposits will be found by trenching or drilling between the East and A pits.

I recommend the application be referred to the Field Team for an examination and report of their recommendations.

CC: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
H. M. Meyer, 2623 Interior

E. L. Newcomb

Copy retained 400

ELNewcomb:hlm
G-4/26/55

402

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

May 11, 1955

Air Mail

Copy mailed 400

Mr. J. A. Carpenter
U. S. Mercury Corporation
245 Univ. Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Thank you for your letter of May 6, 1955. Our field examiners plan to visit the Bretz property about the 18th of May. They will contact Mr. Hart at McDermitt and advise him of the exact date as soon as they can determine this. They will also get in touch with you and would be glad to have you at the property at the time of the examination in case you should care to do this.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

cc: DMEA (2)
USBM (2)
Puffett

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

Defense Minerals Administration
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MAY 1 0 1955

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[illegible]

cc: DMA (2)
USGS (2)
[illegible]

Docket

EXTRACT FROM: THE MINING RECORD, THURSDAY,
August 30, 1956, page 10

MERCURY AREAS IN OREGON NOW SHOW GROWING ACTIVITY

* * *

The Opalite quicksilver mining district is southwestern Malheur county has again become active. Present work is concentrated in the vicinity of the old Bretz cinnabar mine which produced more than 10,000 flasks of mercury before it was abandoned in the early 1940's. The claims, originally staked by John Ruiz, were taken over last May by the Shawano Development Corp. Comstock Uranium Co. is building a furnace at the mine. Mining is to be done by Shawano Development Corp. and S. S. Arentz, operator. The cinnabar is disseminated through clayey tuffaceous lake sediments beneath an overburden averaging 20 to 30 feet thick.

DMEA-3778

Nomen 3798

Copied from The Mining Record -- Thursday, October 27, 1955, Page 10

OREGON MERCURY MINE OF SHAWANO HAS MILL PLANS

Reno, Nevada--Installation of a mercury recovery plant reportedly is under consideration for Bretz quicksilver mine located just over the Oregon line westedly from McDermitt, Nev., where an orebody of sensational values has been located by drilling conducted during the past few months by J. P. Hart.

The mine was taken over in May from the leasing company, United States Mercury Company, by Shawano Development Company of New York, Alexander L. Guterma, president. Application for DMEA loan for 4000 ft. of churn drilling, made last April by Jay A. Carpenter, now consulting engineer for Shawano and previously manager for United States Mercury, was signed and received recently by coincidence when a total of 4,000 ft. of drilling had just been completed at the mine.

Mercury ore running from 11 lbs. of metal to 32 lbs. to the ton was cut by the drills over a wide area, with average depth of overburden said to be 30 ft. The area of good ore is farther to the northwest of any ore mined previously. Bretz mine, formerly operated under lease by the Bradley Mining Company, was discovered by William Bretz, who leased it to the Bradleys in 1931. Production is said to total over $2,250,000. The claims were relocated in recent years by John Ruiz of McDermitt, who gave a long-time lease to the United States Mercury Corp. in October 1954. This firm traded all its assets of cash and mercury properties for stock in the rapidly expanding Shawano Development Corp.

Government's copy

RECEIVED
JAN 3 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3778

Commodity Mercury

Contract No. Idm-E 662

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

AUG 25 1955

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED
AUG 29 1955
U. S. G. S.
SPOKANE, WASH.

16—70618-1

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mercury. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,700.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $17,025.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By .....
Administrator, Defense Minerals
Exploration Administration

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

RECEIVED
JAN 3

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

RECEIVED
JAN 3

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-N."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED
JAN 3 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Malheur, State of Oregon, described as follows:1/ Mining claims in the Opalite District,. Owned personally by John Ruiz, McDermitt, Nev.

Yuletide #1 Book 1, Page 13
" #2 " 1 " 15
" #3 " 1 " 17
" #4 " 1 " 19
and Cliff " 1 " 22

2/25/55 Bookl Page 24
All five located by J.P.Hart and deeded(recorded) to John Ruiz.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/ None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above and leased (not recorded) to the U.S.Mercury Corporation

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 1955.

John Ruiz [Seal]

~~Personal owner of above property~~ [Seal]

Subscribed & sworn to before me Hilda W. Reeves Notary Public [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, 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]

Finance Office copy

JAN 9 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3778

Commodity Mercury

Contract No. Idm-E 862

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED AUG 29 1955 U. S. G. S. SPOKANE, WASH.

16—70618-1

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mercury. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,700.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $17,025.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By .....
Administrator, Defense Minerals
Exploration Administration

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMMA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-N."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED JAN 3 1953

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Malheur, State of Oregon, described as follows:1/ Mining claims in the Opalite District Owned personally by John Ruiz, McDermitt, Nev. Certificates of Loactions recorded;

Yuletide #1 -Book 1, Page 13 — 2/25/55 Book 1, Page 24
" #2 " 1, " 15
" #3 " 1, " 17 — All five located by J.P.Hart and deeded (recorded) to John Ruiz.
" #4 " 1, " 19
and Cliff " 1, " 22

_____,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/ None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above ~~and leased (not recorded) to the U.S.Mercury Corporation~~

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 1955.

John Ruiz [Seal]

Personal owner of above property [Seal]

Subscribed & sworn to before me Hilda W. Reese, Notary Public [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, 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]

Notary

Operator's copy

JAN 3 1955

MF-200A
(Revised June 1954)

Docket No. DMEA 3778

Commodity Mercury

Contract No. Idm-E 662

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED AUG 29 1955 U. S. G. S. SPOKANE, WASH.

16—70618-1

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

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(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

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(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By C Mitchenoy
Administrator, Defense Minerals
Exploration Administration

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMSA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-N."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED JAN 3 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Malheur, State of Oregon, described as follows:1/ Mining claims in the Opalite District Owned personally by John Ruiz, McDermitt Nev. Certificates of Location recorded: 2/25/55 Book 1, Page 24

Yuletide #1- Book 1, Page 13
" #2 " 1, " 15
" #3 " 1, " 17
#4 " 1, " 19
and Cliff " 1, " 22

All five located by J.P.Hart and deeded (recorded) to John Ruiz.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/ None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above. and leased to the U.S.Mercury Corporation

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 1955.

John Ruiz [Seal]

Personal owner of above property [Seal]

Subscribed & sworn to before me Hilda W Reynes, Notary Public [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, 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]

Division copy

JAN 3 1955

MF-200A
(Revised June 1954)

Docket No. DMEA 3178

Commodity Mercury

Contract No. Idm-E862

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED
AUG 29 1955

U. S. G. S. 16—70618-1
SPOKANE, WASH.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mercury. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,700.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $17,025.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Ruth Hoffman
"Appd. Sol. Off."
Hoff
Chapman
Nelson
Pherra
Stalnut

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

Selfridge

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

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Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3776

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-N."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED
JAN 3 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of ~~Malheur~~, State of ~~Oregon~~, described as follows:1/ Mining claims in the Grolite District Owned personally by John Ruiz, Dormitt, Nev. Certificates of Locations recorded;

~~Bulletin #1 -Book 1, Page 13~~
~~" #2 " 1, " 15~~
~~" #3 " 1, " 17~~
~~" #4 " 1, " 19~~
~~and Claim " 1, " 22~~

2/25/55 Book1 Page 24
~~All five located by J.P.Hart and deeded (recorded)~~ to John Ruiz.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above

~~and leased (not recorded) to the U.S.Mercury Corporation~~

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 195_. 5

John Ruiz [Seal]

Personal owner of above property [Seal]

Subscribed & sworn to before me Hilda W. Reeves, Notary Public [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, 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]

Notary

Field Team copy

RECEIVED
JAN 3 1953

MF-200A
(Revised June 1954)

Docket No. DMEA 3778

Commodity Mercury

Contract No. Idm-E 862

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED
AUG 29 1955
U. S. G. S.
SPOKANE, WASH.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mercury. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,700.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $17,025.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION

(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-N."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED
JAN 3 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Malheur, State of Oregon, described as follows:1/ Mining claims in the Opalite District Owned personally by John Ruiz, McDermitt Nev. Certificates of Location recorded:

Yuletide #1- Book 1, Page 13
" #2 " 1, " 15
" #3 " 1, " 17
#4 " 1, " 19
and Cliff " 1, " 22

2/25/55 Book 1, Page 24
All five located by J.P.Hart and deeded (recorded) to John Ruiz.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/ None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above. and leased to the U.S.Mercury Corporation

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 195 5.

John Ruiz [Seal]

~~Personal owner of above property~~ [Seal]

Subscribed & Sworn to before me Helen W. Reeves Notary Public [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, 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]

Extra copy

MF-200A
(Revised June 1954)

Docket No. DMEA [illegible]

Commodity Mercury

Contract No. Idm-E 862

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is [illegible] University Terrace
Reno, Nevada,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of ..... The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before ..... (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $22,000.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $16,500.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

J. S. MERCURY CORPORATION

(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

C. O. Mittendorf

By Administrator, Defense Minerals Exploration Administration

---

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of the Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMRA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMRA-3776

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-M."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Building access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMSA-3778

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U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3776

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Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

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U. S. MERCURY CORPORATION
DOCKET NO. DMSA-3778

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200 samples analyzed for mercury @ $3.50/sample	700.00
Estimated Total Cost of Project	$22,700.00
Government Participation @ 75%	$17,025.00

Docket copy

RECEIVED
JAN 3

MF-200A
(Revised June 1954)

Docket No. DMEA 5773

Commodity Mercury

Contract No. Idm-E862

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this AUG 25 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] U. S. Mercury Corporation, a Delaware Corporation,

whose mailing address is 245 University Terrace
Reno, Nevada,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Oregon, County of Malheur, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

RECEIVED
AUG 29 1955
U. S. G. S.
SPOKANE, WASH.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mercury. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

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(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

U. S. MERCURY CORPORATION

(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By O Mitchendon

Administrator, Defense Minerals Exploration Administration

Appd. Sal. Off.

Rubin
Holland
Holt
Chapman
Nelson
Gilbert
Selfridge

I, ..., certify that I am the ..... secretary of the corporation named as Operator herein; that ..... who signed this contract on behalf of said Operator, was then ..... of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

8.

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite Map Showing Surface Geology, Claim Lines, Surface Excavations, and Underground Workings, Bretz Mine Malheur County, Oregon."

1. The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Ramona	1	805
Ramona #1	1	606
Ramona #2	1	809
Ramona #3	1	9
Ramona #4	1	11

2. The Operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page
Yuletide #1	1	13
Yuletide #2	1	15
Yuletide #3	1	17
Yuletide #4	1	19
Cliff	1	22

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin 931-M."

Churn drill approximately 20 drill holes in the fault zone and along the trend of the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a 6-inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.35/ft.	$21,400.00	
Bulldozing access roads and drill sites, not to exceed 50 hours @ $12.00/hr.	600.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project	5.67	$22,700.00
Government Participation @ 75%		$17,025.00

MF-203
Revised March 24, 1955

RECEIVED
JAN 3 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of ~~Malheur~~, State of ~~Oregon~~, described as follows:1/ Mining claims in the Opalite District Owned personally by John Ruiz, McDermitt, Nev. Certificates of Locations recorded;

~~Nuletide #1 Book 1, Page 13~~
~~" #2 " 1, " 15~~
~~" #3 " 1, " 17~~
~~" #4 " 1, " 19~~
~~and Cliff " 1, " 22~~

2/25/55 Book1 Page 24
~~All five located by J.P.Hart and deeded (recorded)~~ to John Ruiz.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. 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;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/ None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and described as above ~~and leased (not recorded) to the U.S.Mercury Corporation~~

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: None

Dated this _____ day of June, 195 5.

John Ruiz [Seal]
Personal owner of above property

Subscribed & sworn to before me Hilda W. Ruiz, Notary Public [Seal]

_____ [Seal]

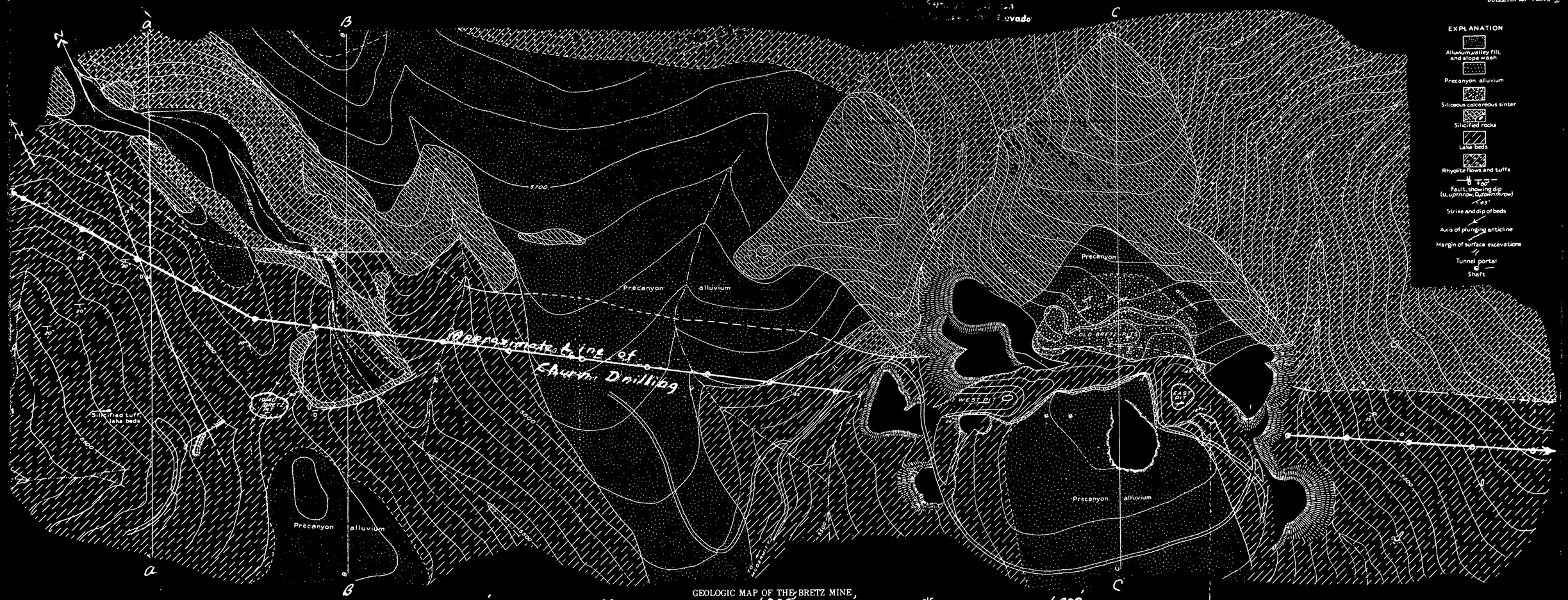
I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing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

Notary _____ [Corporate Seal]

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

OFFICIAL BUSINESS

Unexecuted Copies
of Contract
Dmea 3778.



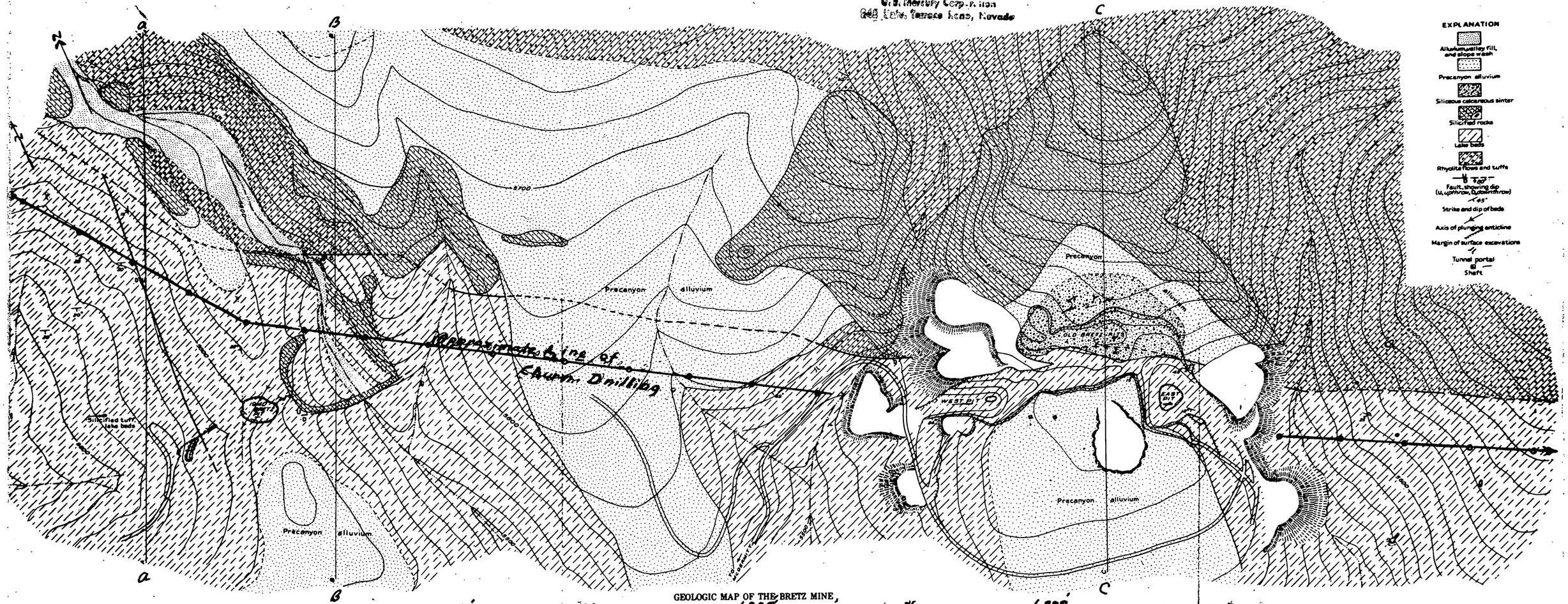
GEOLOGIC MAP OF THE BRETZ MINE, with Contour interval 20 feet

PROPOSED LINE OF CHURN DRILLING 3/20/55 by Jay A Carpenter

USGS Bulletin 931-M
Robert G. Yates '42

GPO 0-42

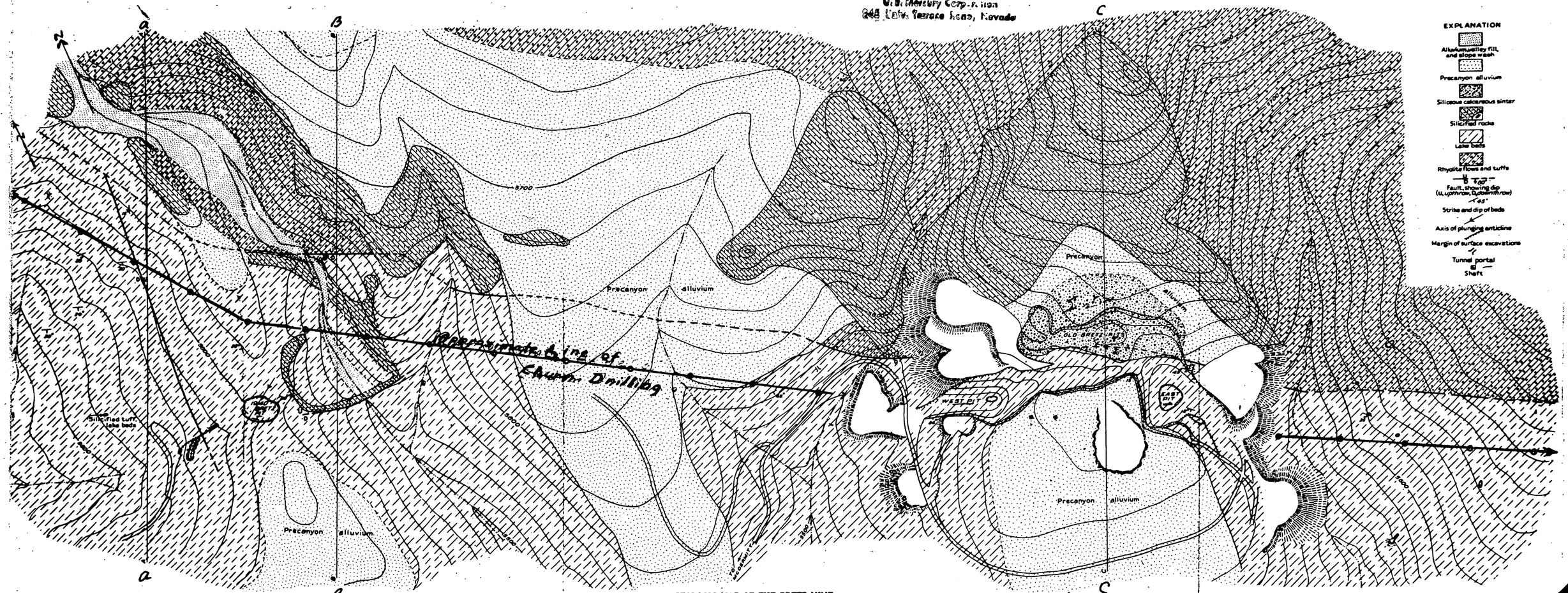
U.S. Mercury Corporation
848 Lake Terrace Reno, Nevada



GEOLOGIC MAP OF THE BRETZ MINE,
with
PROPOSED LINE of CAVERN DRILLING. 3/20/55 by Jay A Carpenter

U.S.G.S. Bulletin 931-M
Roland W. Yates '42

U.S. Mercury Corporation
848 Lake Terrace Reno, Nevada

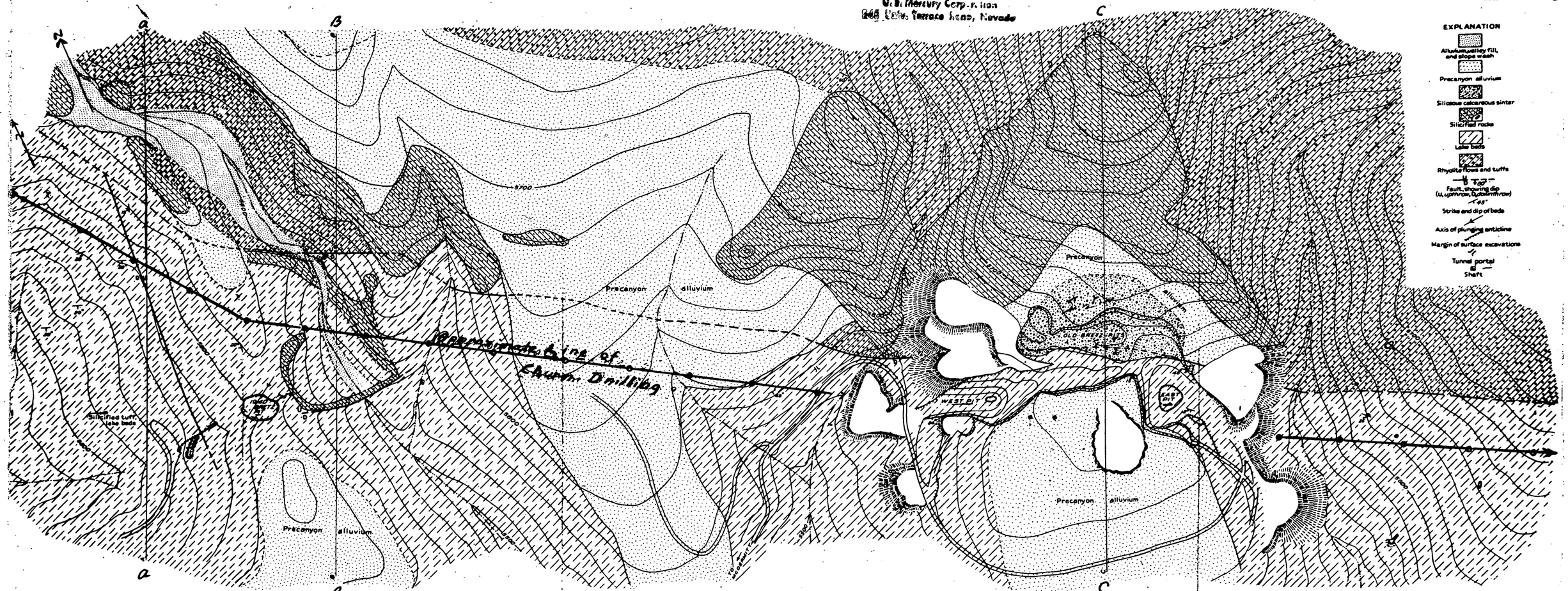


GEOLOGIC MAP OF THE BRETZ MINE, NEVADA

PROPOSED LINE of CHURN DRILLING 3/20/55 by Jay A Carpenter

U.S.G.S. Bulletin 931-M
Robert B. Yates '42

U.S. Mercury Corporation
848 Lake Terrace Reno, Nevada



GEOLOGIC MAP OF THE BRETZ MINE,
with
PROPOSED LINE OF CHURN DRILLING.

Contour interval 20 feet

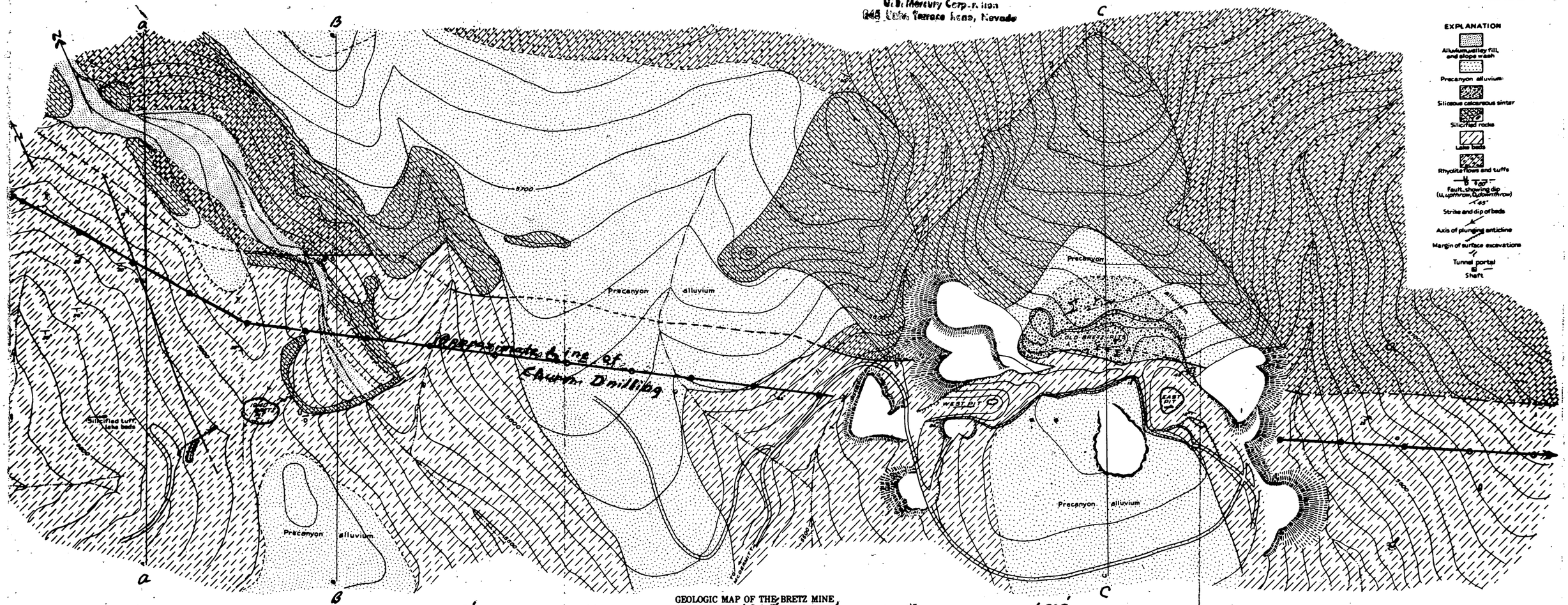
1000'

1000'

U.S.G.S. Bulletin 931-M
Robert E. Yates '42

3/20/55 by Jay A Carpenter

U.S. Mercury Corporation
845 Lake Terrace Reno, Nevada

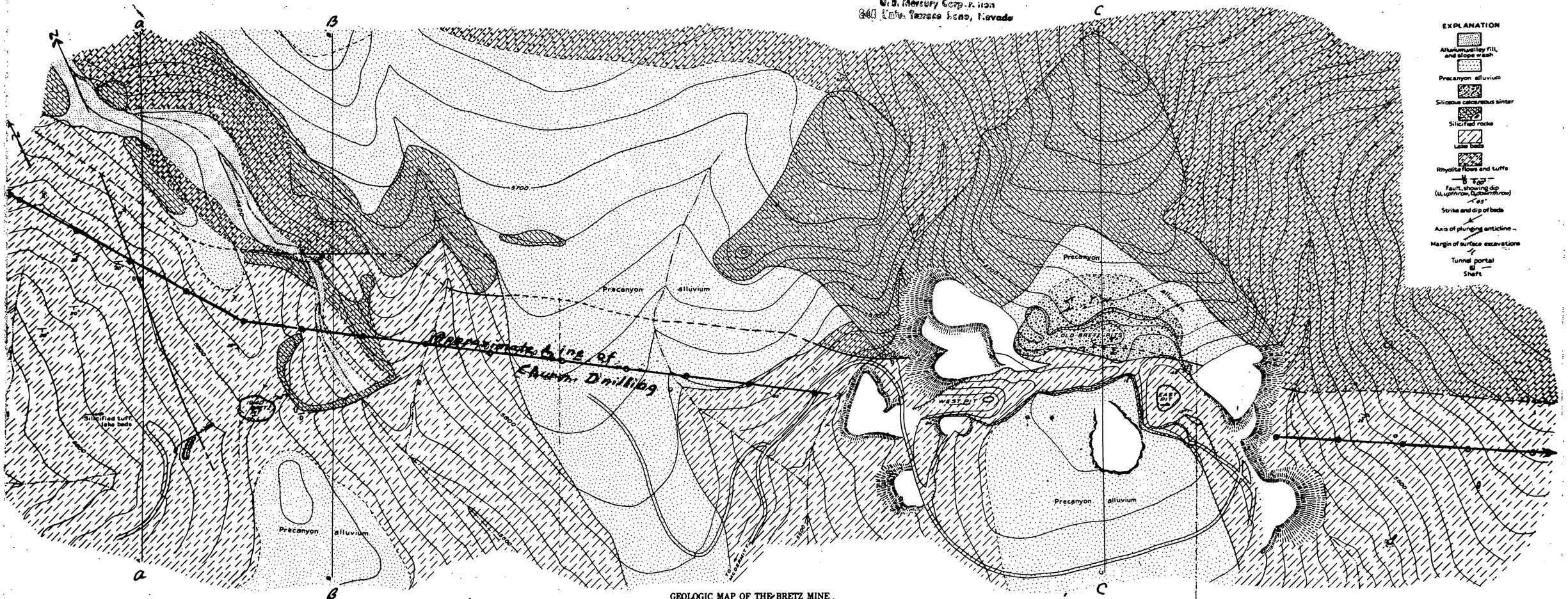


GEOLOGIC MAP OF THE BRETZ MINE,
WITH
Contour interval 20 feet

PROPOSED LINE of CHURN DRILLING. 3/20/55 by Jay A Carpenter

U.S.G.S. Bulletin 931-H
Roland W. Yates '42

U.S. Mercury Corporation
840 Lake Tahoe Reno, Nevada



GEOLOGIC MAP OF THE BRETZ MINE, with

Contour interval 20 feet

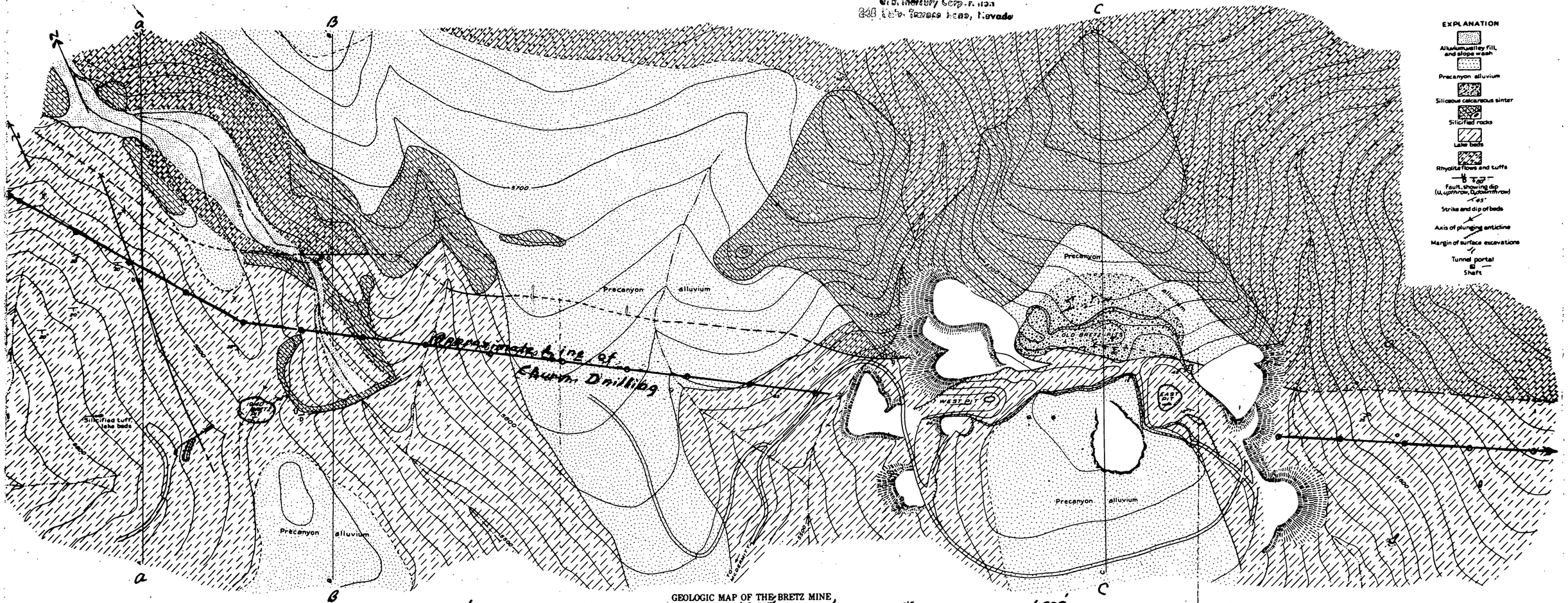
1000' 1000' 1000'

500 0 500 Feet

U.S.G.S. Bulletin 931-M
Robert B. Yates '42

PROPOSED LINE OF CHURN DRILLING 3/20/55 by Jay A Carpenter

U.S. Mercury Corporation
[illegible] Tonopah, Nevada



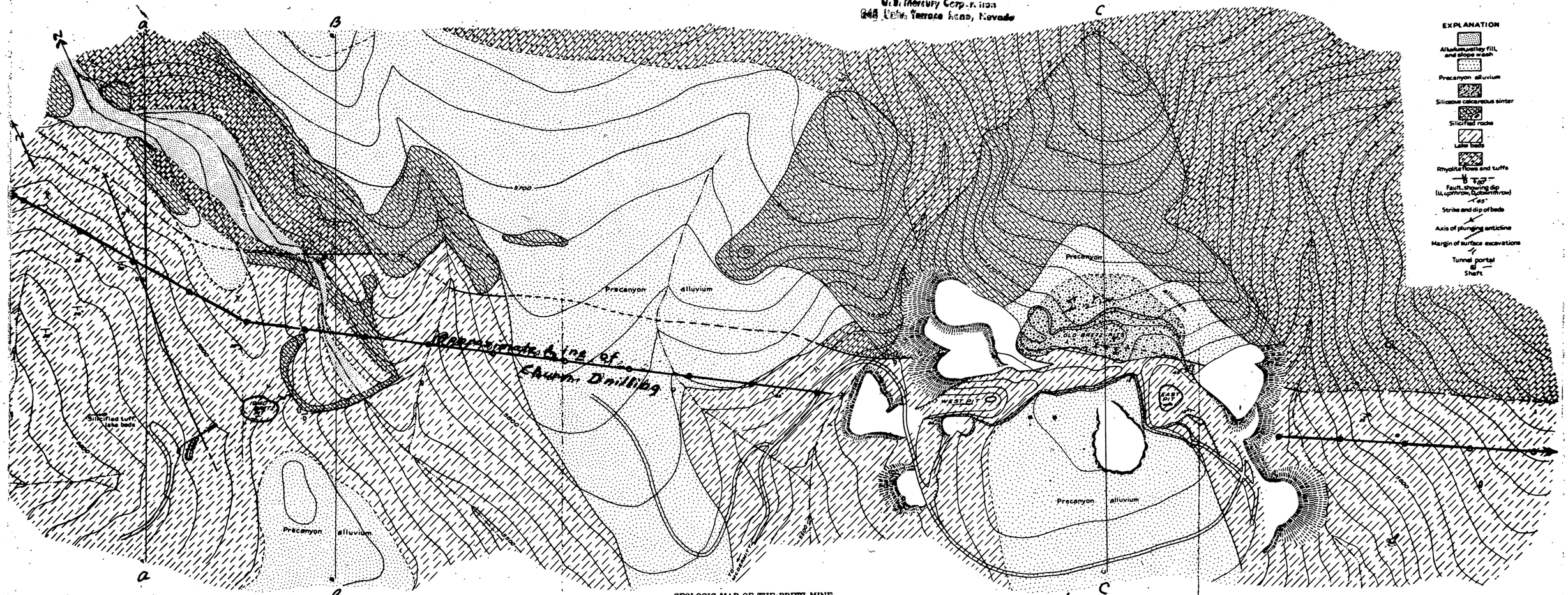
GEOLOGIC MAP OF THE BRETZ MINE,
1000'
with
Contour interval 20 feet

1000'

PROPOSED LINE OF CHURN DRILLING. 3/20/55 by Jay A Carpenter

USGS Bulletin 931-M
Robert G. Yates '42

U.S. Mercury Corporation
248 Lake Terrace Reno, Nevada



GEOLOGIC MAP OF THE BRETZ MINE,
NEAR
Contour interval 20 feet

U.S.G.S. Bulletin 931-M
Robert B. Yates '42

PROPOSED LINE of CANYON DRILLING 3/20/55 by Jay A Carpenter

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

B

April 23, 1956

MEMORANDUM

To: Robert E. Adams, Operations Control & Statistics Div., DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Return of unexecuted Contract No. Idm-E862 (Docket No. DMEA 3778) by Shawano Development Corporation, successors to U. S. Mercury Corporation
Estimated cost of project $22,700.00, Government participation 75 percent $17,025.00

Mr. Jay A. Carpenter, Manager, U. S. Mercury Corporation and Consulting Engineer, Shawano Development Corporation, acknowledged receipt of the subject Contract, between the United States of America and the U. S. Mercury Corporation, dated August 25, 1955, and signed by the Administrator, DMEA, for the Government. Mr. Carpenter at the same time advised that the assets of the U. S. Mercury Corporation had been taken over by Shawano Development Corporation.

On December 29, 1955, Mr. Jay A. Carpenter, Consulting Engineer, for Shawano Development Corporation, returned the original and five copies of above noted Contract unexecuted and advised that the Shawano Development Corporation did not desire to avail themselves of the contract.

This Division recommends that return of the original and five copies of the above noted Contract, unexecuted by the applicant, be classed as a withdrawal of the application for exploration assistance by the Defense Minerals Exploration, and that any funds obligated for the same be released.

W S Martin
W. S. Martin, Chief
Iron and Ferro-Alloys Division

400

DOCKET
SURNAME
Chapman
Martin

April 23, 1956

MEMORANDUM

To: Robert E. Adams, Operations Control & Statistics Div., DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Return of unexecuted Contract No. Idm-E862 (Docket No. DMEA 3778) by Shawano Development Corporation, successors to U. S. Mercury Corporation
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W. S. Martin

TLCHAPMAN/foc
4-23-56
cc to: Docket
Code 400
Admr. Read. File

W. S. Martin, Chief
Iron and Ferro-Alloys Division

3/23/56

Mr. Martin:

On January 10, you told Shawano that if they wanted to they could submit a new application for our consideration if they so desired, but no word has come from Carpenter.

Last week in the newspaper I noted an advertisement by Shawano for all stockholders to send in their current addresses to the company as a dividend would be paid shortly, so apparently the company does not necessarily need money for the exploration.

By the time we would prepare a letter to close the docket it would be almost three months that Carpenter would have had in order to send in a new application if the Shawano Co. so desired.

This is something to let leave well enough alone. Let the applicant make the next move, if any

DOCKET
SURNAME
Chapman
400 Martin
Johnson

JAN 1 0 1956

Mr. Jay A. Carpenter, Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Reference is made to your letter of December 29, 1955, with the enclosed original and five unexecuted copies of Contract No. Idm-E862.

We are pleased to note your report that the drilling campaign you recommended to the Shawano Development Corporation was successful in finding a substantial body of mercury ore of good grade.

While we could not urge you and the Shawano Corporation to prepare and present a new application, we would, of course, consider a revised application including the Ramona claims Nos. 5, 6 and 8, in lieu of the claims on which the discoveries were made by your drilling.

Sincerely yours,

G. O. Mitternacht

Administrator

TLChapman:foc
1-6-56
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG.1 NW Dist.
H. M. Meyer, USBM
T. H. Kiilsgaard, USGS

R.S.S.

Docket

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

So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JAN 6 1956

No reply necessary because W. will get a copy of our letter to Carpenter
WSG

January 3, 1956

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

After receipt of your teletype of December 23, 1955, we wrote Mr. Jay A. Carpenter asking him to return the unexecuted contract to Washington as soon as possible.

Today we received a postal card from him as follows: "The six unexecuted contracts with the U. S. Mercury Corporation No. 1 DME 582 have now been sent back to Mr. Frank E. Johnson of the DMEA at Washington, stating that the Shawano Development Corp. that took over the U. S. Mercury failed to avail itself of the opportunity to take over the contracts as offered by Mr. Johnson, mainly because of the fine ore body found by drilling." It is assumed that these have been received in Washington by now, but please let us know whether or not this is the case.

Rec'd 1-3-56.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
Alvord

Copy [illegible]

JAY A. CARPENTER
245 UNIVERSITY TERRACE
RENO, NEVADA

JAN 3 1956

December 29th, 1955

Mr. Frank E. Johnson, Acting Director
D.M.E.A., Washington, D.C.

Re -Contract No. Idm E862 BretzMine

Dear Mr. Johnson;

Note especially last P

Re your letter of Sept 21st, and your telegram of Oct. 5th, enclosed herewith are the six unexecuted contracts No. Idm E-862 with expiration date of Dec. 31st, '55.

The Shawano Development Corporation of 430 Park Ave. New York City evidently lost all interest in the D.M.E.A. application upon our discovery of a very rich body of mercury ore on the ground included in the DMEA application and along the line of drilling proposed by me.

As a mining engineer you will be impressed by this part of my report, based on dry drilling of 6 inch holes, " ten successful holes over an area of 7000 sq. ft. with no other holes within the area, averaged a 25 ft thickness of ore, of an average of 22 lbs. of mercury per ton. This shale ore weighs only 100 lbs to the cu. ft., giving an approximate estimate of nearly 200,000 lbsof mercury under this area(at U.S. price of $3 a pound!) The average depth of overburden from the surface to the ore in these holes is 30 ft. "

This ore of 22 lbs mercury to the ton is in line with the Bradley report on the Bretz of a total of 40,000 tons of 18.8 lbs. per ton recovered.

This ore body was on Yuletide #1 claim (see application map) and since my report a line of holes continued in good ore into the Ramona claim, and drilling on Yuletide #2 claim opened up lower grade ore. Drilling ended on Nov. 1st with the first snow.

In your letter you were favorable to Shawano taking over the DMEA application of the U.S.Mercury, and you asked that we furnish you with copies of the "Consent to Lien" and of the instruments (copies) transfering the U.S. Mercury interests in the claims involved to the Shawano.

My requests for 6 copies of this transfer to the busy New York office was never complied with due either to negligence or lack of interest, to my chagrin!

Drilling due to the elevation and snow could not proceed again until about the last of March when we hope to start furnace construction. The success of our drilling surely merits more drilling along the proposed line, and I naturally, just as an engineer, wish to see it done.

In a letter to you I asked that the claims that now have good ore on them be excluded from a new contract to the Shawano. You answered favorably by asking what new claims we might wish to substitute.

These claims located for the Shawano would be the Ramona's No's 5, 6, and 8 recorded at Vale, Oregon in Book 1, pages 260, 262, and 264 respectfully, being new claims recommended by your DMEA geologist.

The application forms for the U.S. Mercury contain all the necessary data for a changed or new application for the Shawano except for the transfer from the U.S. Mercury and the above change in mining claims.

If you would consider a revised or new application I wish to urge action on the part of Shawano as it wouldredound to my credit and to the DMEA to encounter more excellent ore on the line of proposed drilling that in May so favorably impressed Mr. Plunkett, your DMEA geologist.

Respectfully yours

Jay A. Carpenter +

Consulting engineer for the Shawano Development Corporation.

+ Reference. C. O. Mittendorf.

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

December 23, 1955

No reply necessary
WGM

Copy retained 200

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

I am enclosing a copy of a letter which I have written to Mr. Carpenter as requested in your teletype of December 23. Since you had requested Mr. Carpenter to return the contract forms to you, we have had no way of knowing whether he had done so or not and consequently we have not followed this up as we normally would have.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

Enclosure

cc: USBM (2)
Alvord

RECEIVED
DEC 27 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

December 23, 1955

Air Mail

Mr. Jay A. Carpenter
Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

We are in receipt of a telegram this morning from the Washington office of the DMEA stating that you have not yet returned the unexecuted contract forms and requesting us to again ask you to do so at your earliest convenience.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: DMEA (2)
USBM (2)
Alvord

3778

Quicksilver Ore Bonanza Found at Bretz Mercury Mine

Cont'd from Page One

and Louis Avant, of Santa Fe, New Mexico, as the mine manager. NEWSWEEK issue of Sept. 19, under "Top Personnel News", gives data on Guterma, and states that he, as president of Shawano, a holding company, has, in one year's time, boosted its total assets from $1.3 million to $11.7 million.

Hart remained at the Bretz as superintendent, and in July the company sent out to him a dry-drilling caterpillar-mounted rotary drill, with its compressor for blowing the cuttings to the surface. For his first holes Hart chose a presumed fault intersection area only distinguishable to him.

First Hole

In the first hole the drill cut through ore from 30 foot depth to 46 feet in 32 lb. mercury ore! The second hole cut ore at only 5 ft. depth, and averaged for the next 37 feet, 11 lbs. mercury to the ton. Continuous drilling gave also, low grade or barren holes, but 10 successful holes, over an area of 7,000 squar feet of rectangular shape, with no other holes within the area, averaged a 25 ft. thickness of ore, of an average of 22 lbs. mercury to the ton. This shale ore weighs only 100 lbs. to the cu. ft., giving an approximate estimate of nearly 200,000 lbs. of mercury under this area. The average depth of overburden from the surface to the ore in these holes is 30 ft., with the deepest overburden of 55 ft. The deepest hole in ore was 40 ft. thick, being from 55 ft. to 95 ft., of an 18.6 mercury content per ton. The ore is apparently in a flat dipping bed to the north.

The cuttings from each 5 ft. of 4½ inch hole, being from fines to fingernail size, are rolled and sampled. A panning is taken and an estimate of the mercury content is made. If estimated at above 3 lbs. to the ton, the samples are sent to reliable assaying firms. The low cut-off point in estimating thickness of ore is figured at a 5 lb. content. Most of the holes have low grade ore either above or below the assumed widths of profitable ore to be mined. The removal of the cuttings from the bottom of the hole appears to be quite complete, as, for example, a 5 ft. sample of 16 lb. ore is followed by one of only a pound or two. This is the type of drill used by Anaconda at Yerington for combined sampling and blasting purposes.

Ore Area

Teh area of good ore is farther to the northwest of any ore mined previously, and illustrates how easily a good ore body can be missed, as an old ore hauling road crosses the north end of the area; an exploration shovel cut across the south end, and with an open cut in a bed of low grade white ore in the center of the area, all being above the bed of the good brown ore below.

At the present time drilling is proceeding to the north of the above area in good ore, but of considerably narrower width, and also in opalized ore 1,000 ft. to the east and 80 ft. higher. By coincidence, a total of 4,000 feet had been completed last week, with the good ore discovery made, when Carpenter received, after four and one-half months interval, a signed D.M.E.A. contract for 4,000 feet of drilling at 75 percent government expense, based upon his April application report. Too late!

Whether a mercury recovery plant will now be authorized by the Shawano directors will depend upon Mr. Avant's recommendation after receiving Mr. Carpenter's report. Going ahead.

Rocky-Moore Fight Odds Drop 4 to 1

NEW YORK, (UP)— The "boner" postponement that sends Rocky Marciano and Archie Moore into the ring tonight for their heavyweight championship fight left the odds unchanged at 4-1 but may boost the gate toward $900,000.

With the weather lid lifted by a forecast of "cool and fair," officials of the International Boxing Club figured today's rush of ticket buyers might swell the crowd at Yankee stadium to 70,000.

Despite challenger Moore's nervousness during yesterday's physical examination and the general belief that the 24-hour delay would bother him more than the "ice-cold" champion, the betting price remained static.

Unbeaten Marciano and the 38-year-old light heavyweight champion were slated for another physical exam today by Dr. Ira McCown, medical director for the N.Y. State Athletic Commission. But they need not undergo the ordeal of another weigh-in. The examinations will be made at their hotels.

Their expected weights at ringtime, 10:45 p.m. (EDT), are 187 for the Brockton blockbuster and 186 for Archibald Moore of San Diego, Calif., and several other "home" cities.

Story Of

councilman Ernest Debs. If mem-
bers of the board are not willing to assert their leadership and exercise their responsibility for smog control why are they trying to pass the buck to us. They ought to resign and get the hell out of there."

formula published, hoping the kidnaper would see to it that the child was nourished properly.

"He's such a little baby," Marcus said. "He didn't even have his eyes open until the day he was taken."

there.

Damage inside Tampico was called "incalculable." Waterfront refineries were shattered, port installations were all but knocked out.

Heward until 10 a.m. Sept. 28.

Tomlinson was nabbed by Winnemucca police after he allegedly crashed into the parked auto belonging to Rose Quilici on Baud street yesterday.

9/11 A. S. Cooper Mercury outbody. more now

Quicksilver Ore Bonanza Struck At Bretz Mercury Mine

Jay A. Carpenter, consulting engineer for the Shawano Development Corporation, returned last week from an examination of the ore bodies disclosed recently at the Bretz Mercury Mine by superintendent J.P. Hart.

The mine is just over the Oregon line westerly from McDermitt, Nevada. It was discovered by William Bretz, who leased it in 1931 to the Bradley Mining Company. This company mined from its Opalite Mine to 1937—152,000 tons of hard opalized ore, recovering 5.6 lbs. of mercury per ton, or a total of 11,300 flasks; and mined and hauled 11 miles from the Bretz 33,058 tons, recovering from the softer shale ore 17.8 lbs. of mercury per ton, for a total of 7,751 flasks.

A new discovery was made at the Bretz in 1940, over 2,000 feet north-westerly along the line of the main fault, resulting in a total production from the mine, by the Bradley records, of 40,000 tons of ore of 18.8 lbs. mercury per ton recovered as 10,019 flasks. This, at the present guaranteed government price of $225 a flask, or approximately $3.00 a pound, totals over $2,250,000., making the Bretz one of the past large, high grade mercury mines of the country.

Claims Relocated

The claims were relocated in recent years by John Ruiz, of McDermitt, who, in October of last year, gave a long-time lease to the United States Mercury Corporation, of New York, with Mr. Carpenter as the intermediary and the manager.

The mineralizing solutions rising up on steep faults deposited cinnabar close to the surface in certain adjacent beds of the flat-dipping old "lake beds", being a white to brown to black shale, fairly soft and clayey. The main fault and many auxiliary faluts are difficult to distinguish, except where outlined by surface chalcedony.

The mine is an imposing sight of a half mile of large cuts and dumps. When the snow melted in late spring of this year, Hart had his crew trenching for new ore showings while he studied the faulting system, he having had long experience on the fault problems at the Extension Mine in Tonopah and the Gaines Mine in California.

Completes Application

Carpenter, in April, completed an application to the Defense Minerals Exploration Administration (D.M.E.A.) for a loan for 4,000 ft. of churn drilling. In May, the U.S. Mercury traded all its assets of cash and mercury properties for stock in the rapidly expanding Shawano Development Corporation, of New York. This company, starting in Florida with cotton, dairy and hotel interests, then took over phosphate, uranium and oil companies in rapid succession, for diversification of interests, with Alexander L. Guterma as president,

Cont'd on Page 4, Col. 3

C. & C. Tungsten Mining Corporation
245 University Terrace, Reno, Nev.
Joyce Pres. Mgr.
3¢ dividend in Jan 56!

400

a "fast buck" venture for men on 5 mo. salary + 500 a mo and sale of stock for $20,000 cash!

DOCKET
Surname:
Martin
Selfridge
Forman
Matthews

DEC 23 1955

TELETYPE

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - NW District
South 157 Howard St.
Spokane 4, Washington

Urlet November 22, Docket DMEA-3778, U. S. Mercury Corporation, Bretz Mine, quoted J. A. Carpenter's statement he would return unexecuted contract forms immediately. However, "The Mining Record," December 15, page 11, reports a DMEA contract for Bretz Mine has been awarded to Shawano Development Corporation. Please advise Carpenter again that unexecuted contract forms should be returned immediately.

George C. Selfridge
Chairman, Operating Committee (JB)

cc: Docket
Oper. Comm.
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
Helena Meyer, USBM
FT, Reg. I - Spokane

WSMartin/ls
12/22/55

N.G.F.

DOCKET
Surname:
Martin
Gechen
Kilsgaard

T E L E T Y P E

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - NW District
South 157 Howard St.
Spokane 4, Washington

Urlet November 22, Docket DMEA-3778, U. S. Mercury Corporation, Bretz Mine, quoted J. A. Carpenter's statement he would return unexecuted copies of contract immediately. However, "The Mining Record", December 15, page 11, reports a DMEA contract for Bretz Mine has been awarded to Shawano Development Corporation. Please advise us actual status of contract.

Chairman, Operating Committee

cc: Docket
Oper. Comm.
Code 400
Adm. Read. File
T. Kiilsgaard, USGS
Helena Meyer, USBM
FT, Reg. I-Spokane

WSMartin/ls
12/21/55

Mr Dwyer pointed
out that operator
has only until
Dec 31, 1955 to
complete the work -
We don't have to say
we will cancel because
in ten days it will
expire

WSM
12/20/55

Copied from "THE MINING RECORD" for Thursday, December 15, 1955, page 11, column 1.

OLD BRETZ MINE
SHOWS HIGHGRADE
MERCURY ORE BODY

McDermitt, Nev.--Ore bodies showing an average of 22 pounds of mercury to the ton have been disclosed at the Bretz Mercury mine of York. The property, located just over the Oregon border from McDermitt, was a righ mercury producer during the 1930's when it was operated by the Bradley Mining Co. of San Francisco, Calif. The claims were relocated in recent years and leased to the United States Mercury Corporation. Last May U. S. Mercury traded all its assets for stock in the Shawano Development Corporation.

A Defense Minerals Exploration Administration contract for 4,000 feet of drilling at 75 percent government expense has been awarded the company. Consulting engineer Jay A. Carpenter has examined the ore bodies drilled and submitted his report to the firm's mine manager. Louis Avant, of Santa Fe, New Mexico. If Mr. Avant's recommendation is favorable, it is believed that Shawano will build a mercury recovery plant at the mine.

When we get the contract back we can see whether to raise any issue over the publicity Shamano gave us

WSM

11/29/55

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
NOV 28 1955

November 22, 1955

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Copy retained 400

WSay

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

Please refer to your letter of November 18, 1955.

Mr. Fryklund talked to Mr. J. A. Carpenter, Consulting Engineer for Shawano Development Corporation, by telephone this afternoon. Assets of U. S. Mercury Corporation were transferred to Shawano Development Corporation before the contract was mailed to Mr. Carpenter. (At that time he was Manager of U. S. Mercury Corporation.) Shawano Development Corporation does not want to deal with DMEA principally because large cinnabar bodies had already been discovered in the contract area.

Mr. Carpenter had retained the unsigned copies of the contract for some unknown reason, but he said he would mail them to the Administrator in Washington right away.

Very truly yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I, NW Dist.

cc: USBM (2)
Kellum

400

DOCKET
Surname:
McMahon
Martin
Selfridge
Hefner

Nov 18 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA FieldTeam, Region I - N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Reference is made to our letter of September 21, and our telegram of October 5, 1955, to Mr. Jay A. Carpenter, Consulting Engineer, Shawano Development Corporation, copies of which were forwarded to your office, requesting the return of all copies of the unexecuted Contract No. Idm-E862.

It is requested that your office take the necessary steps to determine the applicant's intentions and the circumstances delaying return of the unexecuted contract.

Sincerely yours,

George C. Selfridge By ESF
Chairman, Operating Committee

Approved:

/s/ Robert W. Gaffer By ESF
Member, Bureau of Mines

N. E. Nelson By ESF
Member, Geological Survey

cc: Docket
Oper. Committee
Adm. Read. File
Code 400
T. Kiilsgaard, USGS
H. M. Meyer, USBM
FT, Reg. I-Spokane

ADMcMahon/ls
11/17/55

11/7/55

Mr. Martin:

9/21/55--We asked for return of contract copies made out for U. S. Mercury Corp. and we would consider request of Shawano Corp.

10/5/55-We sent wire to Applicant to return the contract; also send us data on transfer of property from U. S. Mercury to Shawano, etc.

No reply has been received to our 9/21 letter or our 10/5 telegram. Shall we send another follow-up to get back the contract?

ls

Yes, but work through (Washington) ~~Richter~~ this time
And wait till 11/14/55

WBM
11/7/55

dOmea 3778

Copied from The Mining Record - Thursday,
October 27, 1955, Page 5

DEVELOPS MERCURY ON BOUNDARY LINE NEVADA AND OREGON

Las Vegas, Nev. -- Jay A. Carpenter of Reno, retired head of Nevada University's geology department, reported in Las Vegas that a mercury deposit valued at more than $2 million has been blocked out on the Nevada-Oregon line near the twon of McDermott, Nevada.

The Nevada geologist said the mercury deposit is owned by the Shawano Development Corporation of New York City. A mill is to be built on the property, which will employ many Nevadans.

Shawano only recently made mining news headlines at its Poison Basin properties near Baggs, Wyoming, with a multi-million-dollar uranium find and discovery of the nation's first natural deposit of commercial selenium.

Carpenter, interviewed at Wilbur Clark's Desert Inn, reported that more than 35,000 tons of mercury ore valued in excess of $2 million has been blocked out by rotary drilling at Shawano's Bretz Mine which in the past has been one of the largest high-grade mercury mines in the country.

The mine is located 13 miles west and slightly north of McDermitt.

Mercury was first discovered on the properties back in June of 1917. Since then, more than $2,250,000 worth of ore--valued at today's prices--has been taken from the mine's open pits.

After acquiring the Bretz property, Shawano sent a dry drilling caterpillar mounted rotary drill to the mine site.

Carpenter said subsequent drilling has resulted in the blocking out of an ore body of more than 7,000 feet in rectangular shape averaging 25 feet in thickness and chemically assayed at 32 pounds of mercury to the ton.

Olmer 3378

Copied from The Mining Record -- Thursday, October 27, 1955, Page 10

OREGON MERCURY MINE OF SHAWANO HAS MILL PLANS

Reno, Nevada--Installation of a mercury recovery plant reportedly is under consideration for Bretz quicksilver mine located just over the Oregon line westedly from McDermitt, Nev., where an orebody of sensational values has been located by drilling conducted during the past few months by J. P. Hart.

The mine was taken over in May from the leasing company, United States Mercury Company, by Shawano Development Company of New York, Alexander L. Guterma, president. Application for DMEA loan for 4000 ft. of churn drilling, made last April by Jay A. Carpenter, now consulting engineer for Shawano and previously manager for United States Mercury, was signed and received recently by coincidence when a total of 4,000 ft. of drilling had just been completed at the mine.

Mercury ore running from 11 lbs. of metal to 32 lbs. to the ton was cut by the drills over a wide area, with average depth of overburden said to be 30 ft. The area of good ore is farther to the northwest of any ore mined previously. Bretz mine, formerly operated under lease by the Bradley Mining Company, was discovered by William Bretz, who leased it to the Bradleys in 1931. Production is said to total over $2,250,000. The claims were relocated in recent years by John Ruiz of McDermitt, who gave a long-time lease to the United States Mercury Corp. in October 1954. This firm traded all its assets of cash and mercury properties for stock in the rapidly expanding Shawano Development Corp.

Elmer 3778

DELEGATES ARRIVE—Joseph L. Vieira (left) of Philadelphia, [illegible]the E. F. Outghton and company, and E. A. [illegible]ng, of N[illegible]nal Amalgamated Steel corporation, Phoenix, [illegible]iz., get acquainted at the start of the American Mining Congress convention cocktail party held Sunday. (SUNfoto)

Valuable Mercury Deposit Found Near Nevada-Oregon State Line

Elmer 3778 - formerly U.S. Mercury

Jay A. Carpenter of Reno, retired head of Nevada University's geology department, reported here today that a mercury deposit valued at more than $2 million has been blocked out on the Nevada-Oregon line near the town of McDermott, Nevada.

The noted Nevada geologist — in Las Vegas to attend the four-day American Mining Congress convention which opened here yesterday — said the mercury deposit is owned by the Shawano Development Corporation of New York City. A mill is to be built on the property, which will employ many Nevadans.

Shawano only recently made mining news headlines at its Poison Basin properties near Baggs, Wyoming, with a multi-million-dollar uranium find and discovery of the nation's first natural deposit of commercial selenium.

Carpenter, interviewed today at Wilbur Clark's Desert Inn, reported that more than 35,000 tons of mercury ore valued in excess of $2 million has been blocked out by rotary drilling at Shawano's Bretz Mine which in the past has been one of the largest high-grade mercury mines in the country.

The mine is located 13 miles west and slightly north of McDermitt in the same general area of Sun Oil Company's Cordero Mine. The Cordero mine is in Nevada.

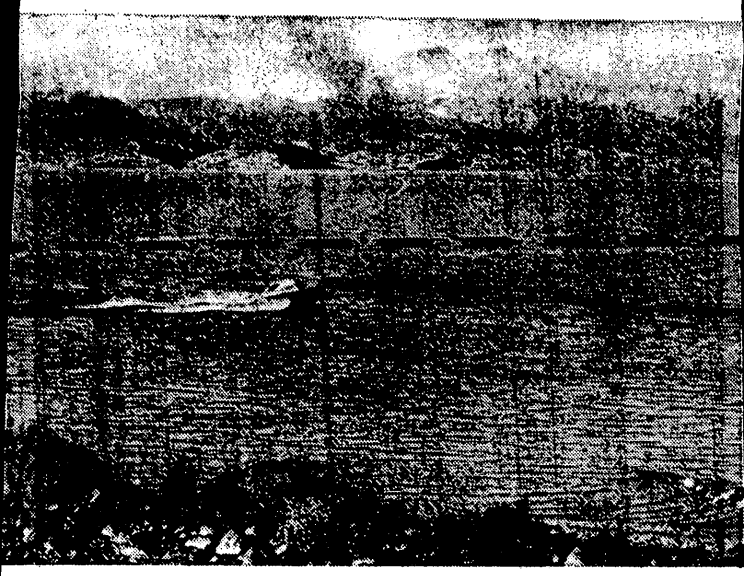
Mercury was first discovered on the properties back in June of 1917. Since then, more than $2,250,000 worth of ore — valued at today's prices — has been taken from the mine's open pits.

After acquiring the Bretz property, Shawano sent a dry drilling caterpillar mounted rotary drill to the mine site. First hole made by the drill-bit found mercury ore averaging 32 pounds to the ton at a depth of 30 to 46 feet. The second hole encountered ore averaging 11 pounds to the ton from 5 to 42 feet.

Carpenter said subsequent drilling has resulted in the blocking out of an ore body of more than 7,000 feet in rectangular shape averaging 25 feet in thickness and chemically assayed at 32 pounds of mercury to the ton.

The present government guaranteed price is $225, or approximately $3 a pound for a 76-pound flask. However, the open market for mercury in recent months has been from $265 to as high as $320 per 76-pound flask.

Alexander L. Guterma, president of Shawano, and recently elected Chairman of the Board of the United Dye and Chemical corporation, stated that preliminary arrangements for the erection of a mill on this property have been undertaken and that he hoped it would be in operation early next year.



N — Arrows indicate e at Lake Mead where will attempt to break cord Sunday. The event will be staged in conqunction with the L Regatta. NBC will televise the record try r Boat pictured from Burro Point vantage Century Coronado owned by Hal Whitehou

on of 28 deer, shot by a party sponsored by Kenny Searls and in primitive area 80 miles north of Tonopah. Fifty horses and vilderness from Searls' camp on the headwaters of the Reese t, Kenny Searls, Cappy Edwards, Cy Crandall, Mario Gamhi, n, Cliff Everman, and Bud Holstein. Twenty-eight men partici- d their 28 deer by 9 a. m.

Michigan Takes Over 1st Place in AP Poll

By The Associated Press

Michigan's mighty football team hit the experts with as solid an impact as it hit Army last Saturday, but instead of fumbling like the Cadets, the nation's sports writers and broadcasters reacted by voting the Wolverines into the spot in the national rankings.

Wisconsin climbed from ninth to sixth. TCU went from eighth to seventh and Navy from 12th to 8th.

UCLA's stock dropped a notch in a close count while West Virginia, with fewer points than it received a week ago, edged out Duke and Washington for the tenth spot. Washington was 12th.

There may be trouble in store for a couple of the top teams next Saturday, although most of them will be engaged with conference rivals which don't look too dangerous.

Notre Dame takes on a Michigan State team that extended Michigan to the limit and then walloped Stanford. Georgia Tech faces Auburn, perhaps its strongest Southeastern Conference rival and Wisconsin travels west to play Southern California, which likely will be

DOCKET
Surname:
McMahon
Martin

Amer
3778

Call Letters NEX Charge to: 14X0401(01) REVOLVING
FUND - DMEA

GOVT RL OCTOBER 5, 1955

JAY A. GARDENER, CONSULTING ENGINEER
ENAMARO DEVELOPMENT CORP., 545 UNIVERSITY TERRACE
RENO, NEVADA

REFERRED SEPTEMBER 26. PLEASE RETURN ALL COPIES OF UNEXECUTED CONTRACT AND OTHER DOCUMENTS AS REQUESTED BY OURLTR SEPTEMBER 21. PHOTOSTATS OF GENERAL TRANSFER ACCEPTABLE. TO HELP US CONSIDER YOUR REQUEST FOR EXEMPTIONS OF TWO CLAIMS, PLEASE ALSO SUBMIT MAP AND RECORDING DATA AND ANY GENERAL TRANSFER FOR CLAIMS YOU PROPOSE TO RELINQUISH.

Frank E. Johnson

ACTING ADMINISTRATOR, DMEA

cc: Docket
Adm. Read. File
Code 400
FT, Region I-Spokane
Operating Committee
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

ADMcMahon/ls
10/5/55

SENT
OCT 6 1955
Clerical Service Section

COPY

DMEA 3778

Excerpt from THE MINING RECORD -- Thursday, September 29, 1955, page 14.

FIND OF SELENIUM AFTER NON-METALLIC KILLED MANY SHEEP

Craig, Colo.--Dying sheep, "rotten-egg' foliage, a cowboy digging post holes and mysterious governmental secrets are the stories behind what may be the world's first selenium mine, geological and chemical consultants revealed here.

Selenium, present in rich concentrations with uranium ore in Poison Basin 50 miles north of here in Carbon county, Wyoming, replaces tubes and transformers in radio and television sets.

It also is a deadly poison. But why the government is stockpiling it at skyrocketing prices is a closely guarded secret. It presently is produced only as a by-product from the electrolysis of copper.

Selenium's poisonous properties led to its discovery when sheep grazing there from 1919 to 1934 died like flies. Then last year a cowboy, LeRoy Benson, 40, of Baggs, Wyo., discovered radioactive sand while digging a post hole.

Benson staked uranium claims and sold them to Garfield and Pasternak, Inc., a Denver firm which assembled more claims and formed the Baggs Uranium Co.

Baggs was bought out by Shawano Development Corp. of New York which acquired 3,000 acres of claims and found uranium bearing sands only 3 feet beneath the surface.

Further tests recently revealed a large "channel" of uranium ore which contains as much as 10 pounds of selenium per ton.

Dr. O. A. Beath of the University of Wyoming and the Battelle Memorial Institute of Columbus, O., a research chemist, said selenium has never before been mined as a primary product. Present mills, such as those used to extract other minerals from ore, won't refine selenium, he said, although development of a commercial process is "not much of a problem."

Nobody knows how rich selenium ore must be in order to make a profit, he said, because the price has within the last few months shot up from $1. a pound to between $8 and $30.

Louis Avant, of Santa Fe, New Mex., general manager of Shawano's western mines, said government officials have promised to buy all the selenium the mine could produce. No price was quoted, he said, but he was told "not to worry about the price." --The Denver Post.

NY Times Sunday Oct 2, 1955

SHAWANO
DEVELOPMENT CORPORATION

Oil • Mercury • Agriculture • Real Estate • Ramie
Hotel Operations • Dairy Farming • Etc.
and now

• SELENIUM* •

SHAWANO DEVELOPMENT CORPORATION recently announced that tests conducted on findings of Selenium on its Baggs, Wyoming, property indicated that a commercial grade of this rare metal had been located. This may prove to be the first real Selenium mine. (Up to now it has only been obtainable as a by-product of electrolytic refining.)

*Selenium's biggest use is in rectifiers, devices that convert AC to DC currents in TV sets, radar and other electronic equipment. It is also used in the glass, ceramic, chemical, stainless steel, pigment and rubber industries, and as a catalyst in making the drug CORTISONE.

This in capsule form is the amazing 2-year record of growth.

	Nov. 14, 1953	May 31, 1954	May 31, 1955*
TOTAL ASSETS	$530,530.74	$1,286,397.70	$11,661,293.53

*Giving effect to the statutory merger of Garnak Drilling Co., with Shawano Development Corporation on June 1, 1955.

A GAIN OF OVER 2000% IN TOTAL ASSETS...

Now, Selenium finds could increase Shawano's assets even more —this is one added step in Shawano's program of diversification.

Priced About $1.50 Per Share

Simply fill out the coupon below for more information on Shawano Development Corporation. There's no obligation, of course.

J. H. LEDERER CO., INC.

40 Exchange Place HAnover 2-5440 New York 5, N.Y.

Please send me free information on SHAWANO DEVELOPMENT CORP.

Name:.....

Address:.....

City:.....Zone:.....State:.....

Telephone:.....

NT 102

SELENIUM—Why is it so valuable?

- The Government is a buyer.
- The price rose drastically within a month.
- Selenium has unique properties. Its electrical resistance varies with the amount of light (it's the element that makes a photo-electric cell light sensitive).

Today, with increasing demands for Selenium for use in rectifiers, radar, electronic equipment, and stainless steel processing, sources of supply are of prime importance.

Tests recently conducted on property of Shawano Development Corporation at Baggs, Wyoming, indicate that Shawano may well have a commercial grade of Selenium ore which will give it the world's first real Selenium mine (Selenium has up to now been available solely as a by-product of electrolytic refining of copper.)

Astute management has already given Shawano the advantages of steady, progressive expansion. Priced about $1.50 per share, we feel that this common stock offers fine opportunities for capital gains.

For more information on Selenium and Shawano Development Corporation just fill out and mail the coupon below.

McGrath Securities
CORPORATION

70 Wall Street, N. Y. 5, N. Y. • WH 4-0175

Please send me information on Shawano Development Corp.

Name_____

Address_____

City_____ Zone_____ State_____

Telephone_____

NT1002

JAY A. CARPENTER
245 UNIVERSITY TERRACE
RENO, NEVADA

Sept. 28, 1955

RECEIVED
SEP 30 1955 9:34

Mr. Frank E. Johnson,
Acting Adminstrator D.M.E.A.,
Washington , D. C.

Re- Docket No. DMEA 3778
U. S. Mercury Corporation,
Bretz Mine
Contract No. Idm-E862.

Dear Mr. Johnson;

In reference to your letter of Sept. 21st, when the Shawano Development Corporation took over the assets of the U. S. Mercury Corporation, I promptly dropped out as manager for the Shawano had its own manager of mines in Mr. Louis Avant of Sante Fe ,New Mexico. He later appointed me as consult-engineer on the Bretz mine operations.

The policy of the Shawano was to promptly start drilling at the Bretz along the fault line shown on the DMEA application. Recently we finished 4,000 ft. of drlling as we had requested in the application, and this resulted under an area of 8,000 sq. ft. an indicated body of mercury ore of an average thickness of 24.5 ft. of an average mer cury content of 22.2 lbs. per ton of ore with an average thickness of overburden of 30 ft. ,and an estimated content of 200,000 lbs. of mercury. This is similiar to Bretz ore bodies mined by the Bradley interests in former years.

As there was no pay ore in sight at the time of the application , no reservation of ground from DMEA royalty was made as Mr. Riker of the D.M.E.A. office here said could be done. Now the area of the new ore bodies should be excepted in the contract as the royalties that would be paid on the new ore would exceed the Government investment in the DMEA loan! This area consists of the the two claims , Yuletide No.1 and No. 2 where we have found new ore. These claims are shown on the geologists map accompanying the contract.

The present success of drilling 4,000 ft. along the main fault indicates the possibility of such drilling on the extension of the fault both to the northwest and southeast. Your U.S.G.S. geologist was so well impressed with this idea (before our present discoveries of ore) that he suggested locating more claims along the line of the main fault, which we did.

The Shawano has the funds to do this drilling without Government help , just as the Bunker Hill & Sullivan (of which I am a stockholder) could on its very large DMEA loans. However the Govenment policy, is it not, is to loan on risky development work to increase our metal reserves?

If you grant the request to exempt the above two claims from DMEA royalty , we can return the present contracts that have attached "Consent to Leins" attached.. Apparently these are still o.k. as there is no reference to any one beneficuary in them. Is this correct? Photostats of change of ownership from U.S. Mercury to Shawano can be furnished promptly from New York.

Winter storms at the Bretz may now prohibit the 4,000 ft. of drilling to be completedby Dec. 31st as per the present contract. Better July 31, 1956?

Awaiting your reply,

Jay A. Carpenter

(Retired) Director Nev. Bureau of Mines.

140

Rubin
Martin
Chapman

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

SEP 21 1955

Mr. Jay A. Carpenter
Consulting Engineer
Shawano Development Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon
Contract No. Idm-E862

Dear Mr. Carpenter:

Your letter of September 10 acknowledges receipt of Contract No. Idm-E862 executed by the Government, which recites that U. S. Mercury Corporation is the Operator. Your letter states that sometime after May 19, 1955, U. S. Mercury Corporation transferred all its assets to Shawano Development Corporation, and that the latter corporation, which has been exploring on the land since July, desires to take over the contract. If you had informed us of this fact promptly we would have drafted the contract in the name of Shawano.

Please return all copies of the contract to us unexecuted by U. S. Mercury Corporation, and furnish us with copies of the Consent to Lien and of the instruments transferring U. S. Mercury's interests in the land to Shawano. We shall give prompt reconsideration to the matter when we receive these papers.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

HCRubin/emd 9/16/55
Copy to: DMEA Docket
Field Team, Reg. I.-Spokane (2)
W. S. Martin
Adm. R. File
Operating Committee
J. L. Hofflund
H. C. Rubin
T. H. Kiilsgaard U.S.G.S.
H. M. Meyer, U.S.B.M. chron. pending

docket

JAY A. CARPENTER
245 UNIVERSITY TERRACE
RENO, NEVADA

Sat.,9/10/55

WSM

Defense Minerals Exploration Adminstration,
Washington, D.C.

Attention Adminstrator C.O.Mittendorf

Dear Sirs;

I have now received a drilling contract,No.E 862,for a D.M.E.A. loan for the U.S.Mercury Corporation. Your adminstrator, Mr. Mittendorf, is the one who can answer the question whether the contract can now be changed to the Shawano Development Corporation as the successor of the U.S.Mercury Corporation?

On about the middle of April I sent your office an application for a DMEA loan, Docket # 3778,for the U.S.Mercury Corporation for 4,000 ft. of drilling at the Bretz Mine in Oregon, well substantiated by Oregon and U.S.Government reports.

On May 19th Geologist Williard Puffett examined the mine and was apparently well pleased. However, the next word received was the receipt now over three months later of a signed drilling contract.

Meanwhile the U.S.Mercury Corporation traded all its assets for stock in the larger well financed Shawano Development Corporation, of 70 Wall St. N.Y.City. This company sent up to the mine in July a large rotray drill that todate has shown up excellent mercury ore at shallow depth and north of previous work. However more ore is necessary to merit a reduction plant. On the basis of this good showing the property merits more exploration work along the projected strike of the ore bodies.

Can and what will be the necessary steps for the Shawano to take over the drilling contract,and proceed promptly to carry out the drilling?

Yours truly,

Jay A. Carpenter

Consulting engineer for the
Shawano Development Corporation.

Former manager for the U.S.
Mercury Corporation.

U. S. Mercury Corporation
245 Univ. Terrace Reno, Nevada

RECEIVED
SEP 14 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

made + Copy retained 400
also copies made for F.T.

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 N. Division St.
Spokane 2, Washington
August 30, 1955

RECEIVED
SEP - 6 1955

Copy retained 400

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (Mercury)
Bretz Mine
Malheur County, Oregon
Contract No. Idm-E862

Gentlemen:

Enclosed are the original and five copies of an exploration project contract at the Bretz mine in Malheur County, Oregon. If this contract is satisfactory to you, please sign all copies, retain the one marked "Operator's copy" and return the other copies to this office.

Please inform us of the date you expect to commence work so that we can insert it in Article 3 of the contract; this date should also be noted on your copy of the contract.

Sincerely yours,

Wing G. Agnew, Member
DMEA Field Team, Region I
Northwest District

Enclosure

cc: DMEA (2)
USGS (2)

400

DOCKET
Surname
Holt
Chapman
Selfridge

Sf.12

AUG 25 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I - N.W. District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-referenced applicant, signed by the Administrator for the Government, together with Exhibit "A" (1 page), Annex I (1 page), and two maps.

If the terms and conditions of this proposed contract are satisfactory to you and the applicant, all six copies should be signed and the usual distribution made.

If any part of the proposed contract does not have either your approval or that of the applicant and cannot be amended within your delegated authority, the original and all copies of the proposed contract are to be returned to this office, together with the proposed changes for consideration.

Consent to Lien forms signed by the owner of the Cliff and Yuletide claims are understood from Mr. Puffett's memorandum of June 17, 1955, to have been submitted to DMEA, and are presumed to be in your office. They should be attached before the contract is executed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (SHB)

Enclosures

APPROVED:

/s/ Robert W. Geehan (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

cc: Docket
FT, Reg. I-Spokane
Code 400
Oper.Committee
Adm. Read. File
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

SPHolt/ls
8/22/55

R.C.G.

400

DOCKET
Surname:
Holt
Chapman
Kelsor
Meyer
Talbot

Mr. A. R. Weissenborn, Executive Officer
DMEA Field Team, Region I-Northwest District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778-Mercury
U. S. Mercury Corporation
Breta Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

Enclosed are the original and five copies of a proposed contract for an exploration program by the above-referenced applicant, signed by the Administrator for the Government, together with Exhibit "A" (1 page), Annex I (1 page), and one map.

If the terms and conditions of this proposed contract are satisfactory to you and the applicant, all six copies should be signed and the usual distribution made.

If any part of the proposed contract does not have either your approval or that of the applicant and cannot be amended within your delegated authority, the original and all copies of the proposed contract are to be returned to this office, together with the proposed changes for consideration.

Consent to Lien forms should be obtained from the owner of the Cliff and Yuletide claims and attached before execution of the contract.

Sincerely yours,

Chairman, Operating Committee

Enclosures

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

cc: Docket
FT, Reg. I-~~Spokane~~ Spokane
Code 400
Oper. Committee
Adm. Read. File
Thor Kiilsgaard, USGS
H. M. Meyer, USBM

SPHolt/ls
8/12/55

Revised

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA-3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Bretz mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Bretz Mine, U. S. Geological Survey Bulletin No. 931-N."

Churn drill approximately 20 vertical drill holes below the main faults and on a line with the mined ore bodies to explore for additional bodies of mercury ore. The holes shall be finished with not less than a six inch bit. The location and depth of all drill holes are subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples shall be taken in all mineralized ground encountered and assayed for mercury. Each sample shall be divided into at least two parts, one of which shall be furnished to the Government.

Estimated Costs of the Project

Fixed Unit Costs

4,000 feet of churn drilling @ $5.50/ft.	$22,000.00	
200 samples analyzed for mercury @ $3.50/sample	700.00	
Estimated Total Cost of Project		$22,700.00
Government Participation @ 75%		$17,025.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

AUG 9 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3778, U. S. Mercury Corporation (Mercury)

As requested in Mr. Martin's memorandum of July 27 we have prepared the attached contract, execution of which is subject to attachment of the Consent to Lien of the lessor of the Cliff and Yuletide claims.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

400 DOCKET SURNAME
Rutledge
Martin

July 27, 1955

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of proposed contract
Docket No. DMEA 3778 - Mercury
U. S. Mercury Corporation
Bretz mine
Malheur County, Oregon

Transmitted herewith is a rough draft of a proposed contract for your use in preparing the final draft.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

Attachment

7/27/55
FARutledge:foc
cc to: Docket
Code 400
Adm. Read. File

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMSA 3770

ANNEX I

The land referred to in Article 2 of the Contract consists of ten unpatented mining claims in Section 3, T. 41 S., R. 41 E., in Malheur County, Oregon, as indicated on the map attached hereto and made a part hereof entitled: "Composite map showing surface geology, claim lines, surface excavations, and underground workings; Ruth Mine; Malheur County; Oregon."

The Operator is the owner of five claims by right of location, and the recorded location notices are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page	Date
Ramona	1	805	January 11, 1955
Ramona #1	1	606	January 11, 1955
Ramona #2	1	809	January 11, 1955
Ramona #3	1	9	January 16, 1955
Ramona #4	1	11	January 16, 1955

The operator is the lessee of five claims under an indenture dated March 16, 1955. The location notices of these five claims are filed with the County Recorder of Malheur County, at Vale, Oregon, as follows:

Claim	Book	Page	Date
Yuletide #1	1	13	February 25, 1955
Yuletide #2	1	15	February 25, 1955
Yuletide #3	1	17	February 25, 1955
Yuletide #4	1	19	February 25, 1955
Cliff	1	22	February 25, 1955

EXPLORATION PROJECT CONTRACT
U. S. MERCURY CORPORATION
DOCKET NO. DMEA 3778

EXHIBIT "A"

Description of the Work

The objective of this project is exploration of the Brets mine for mercury. The project work is indicated on the map attached hereto and made a part hereof entitled "Plate 56, Geologic Map of the Brets Mine, U. S. Geological Survey Bulletin No. 931-N."

Churn drill approximately 20 vertical drill holes below the main fault and on line with the mined ore bodies to explore for additional bodies of mercury ore. The location and depth of all drill holes shall be subject to the approval of the Government. The aggregate of all drilling shall not exceed 4,000 feet.

Representative samples which shall be assayed for mercury shall be taken of all mineralized ground encountered. Each sample shall be divided into at least two parts, one of which is to be furnished to the Government.

Estimated Costs of the Project

4,000 feet of churn drilling @ $5.50/ft.	$22,000.00
200 samples analyzed for mercury @ $3.50/sample	700.00
Estimated Total Cost of Project	$22,700.00
Government Participation @ 75%	$17,025.00

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

Marshall

RECEIVED
JUL 26 1955

July 25, 1955

Memorandum

To: W. S. Martin

WSM

From: Helena M. Meyer

Subject: Docket DMEA-3778, U. S. Mercury Corp., Bretz Mine, Malheur County, Oregon, Mercury.

I have reviewed the application and the Field Team Report recommending that it be approved.

The geology of the mine and its history, as well as that of the surrounding area, and the views of the Field Team based on their own observations as well as recommendations of able geologists such as Edgar H. Bailey, make this appear to be a favorable location in which to explore for mercury.

Churn drilling appears to be a desirable method of exploration and the reviewer indicates that 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the property.

The project will have very competent direction.

I concur with the Field Team recommendations and suggest that the application be approved using the costs in Bardill's memorandum.

Helena M. Meyer

Helena M. Meyer

Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Thor H. Kiilsgaard, Room 5222
F i l e s

Copy to Marshall 1400

RECEIVED
JUL 26 1955

July 25, 1955

Memorandum

To: W. S. Martin

From: Helena M. Meyer

Subject: Docket DMEA-3776, U. S. Mercury Corp., Brets Mine, Malheur County, Oregon, Mercury.

I have reviewed the application and the Field Team Report recommending that it be approved.

The geology of the mine and its history, as well as that of the surrounding area, and the views of the Field Team based on their own observations as well as recommendations of able geologists such as Edgar H. Bailey, make this appear to be a favorable location in which to explore for mercury.

Churn drilling appears to be a desirable method of exploration and the reviewer indicates that 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the property.

The project will have very competent direction.

I concur with the Field Team recommendations and suggest that the application be approved using the costs in Bardill's memorandum.

Helena M. Meyer

Helena M. Meyer

HMMeyer/vr
Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Thor H. Kiilsgaard, Room 5322
F i l e s

RECEIVED
JUL 26 1955

July 25, 1955

Memorandum

To: W. S. Martin

From: Helena M. Meyer

Subject: Docket DMEA-3776, U. S. Mercury Corp., Breta Mine, Malheur County, Oregon, Mercury.

I have reviewed the application and the Field Team Report recommending that it be approved.

The geology of the mine and its history, as well as that of the surrounding area, and the views of the Field Team based on their own observations as well as recommendations of able geologists such as Edgar H. Bailey, make this appear to be a favorable location in which to explore for mercury.

Churn drilling appears to be a desirable method of exploration and the reviewer indicates that 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the property.

The project will have very competent direction.

I concur with the Field Team recommendations and suggest that the application be approved using the costs in Bardill's memorandum.

Helena M. Meyer

Helena M. Meyer

HMMeyer/vr
Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Thor R. Killagnard, Room 5222
F i l e s

July 25, 1955

Memorandum

To: W. S. Martin

From: Helena M. Meyer

Subject: Docket DMRA-3775, U. S. Mercury Corp., Erets Mine, Malheur County, Oregon, Mercury.

I have reviewed the application and the Field Team Report recommending that it be approved.

The geology of the mine and its history, as well as that of the surrounding area, and the views of the Field Team based on their own observations as well as recommendations of able geologists such as Edgar H. Bailey, make this appear to be a favorable location in which to explore for mercury.

Churn drilling appears to be a desirable method of exploration and the reviewer indicates that 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the property.

The project will have very competent direction.

I concur with the Field Team recommendations and suggest that the application be approved using the costs in Bardill's memorandum.

Helena M. Meyer

Helena M. Meyer

HMMeyer/vr
Copy to: Division of Minerals
Branch of Base Metals
H. M. Meyer
Thor E. Killingsard, Room 5222
F i l e s

IN REPLY REFER TO:

Dlacker

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

RECEIVED
JUL 22 1955

July 21, 1955

Re: DMEA 3778
U. S. Mercury Corp.
Bretz Mine
Malheur Co., Oregon
$22,660.00 - Mercury

Memorandum

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

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

Subject: Review of Field Team report.

WSM

Large silicified zones characterize the two productive areas at the Bretz mine. The silicified rocks appear to have affected erosion as they occur in the relatively high ground between draws.

If the silicification and metallization are related to the faults which cut athwart the ridges and draws, the favorable places for covered centers of mercury mineralization and drilling are on the ridges near the projected surface traces of the faults.

We are not told and the maps and sections do not indicate that stoping was done from the extensive underground work beneath the East Pit. Whether or no, there seems to be no real reason why all occurrences should outcrop.

The conclusions of the Field Team are well taken and I concur with the recommendation of approval of a churn drilling program.

N. E. Nelson

N. E. Nelson

Copy retained 400

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

JUL 15 1955

July 8, 1955

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

WBM

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Selfridge:

Enclosed are the original and three copies of a memorandum dated July 8, 1955, by John D. Bardill, Bureau of Mines, and four copies of a memorandum dated June 17, 1955, by Willard P. Puffett, Geological Survey, recommending an exploration project at the Bretz mine, Malheur County, Oregon.

We feel that the geologic potential for the discovery of other cinnabar ore bodies of the area is excellent, that the method of exploration is simple, and that the work will be done under competent supervision. We therefore recommend that the application be approved.

By Field Team, Reg. I, NW District

A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew
Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosures as above

cc: USBM (2)
Kellum

Reviewed by
DMEA OPERATING COMMITTEE
7-20-55
(date)

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

1201 N. Division St.
Spokane 2, Washington
July 8, 1955

MEMORANDUM

To: DMEA Field Team, Region I, Northwest District

From: John D. Bardill, Bureau of Mines

Subject: Estimated costs for unit-cost contract application, Docket No. DMEA 3778 (mercury), U. S. Mercury Corporation, Bretz Mine, Malheur County, Oregon

An appraisal of the subject application, proposing to explore the area in the vicinity of the Old Bretz open pit mercury mine, indicates that about 20 vertical churn drill holes each approximately 200 feet deep will adequately explore the area. It is recommended that the 4,000 feet of drilling be done on a unit cost basis.

Estimated Costs of the Project

Fixed Unit Costs

1.	4,000 feet of churn drill holes @ $4.50 per foot	$18,000.00
2.	Not to exceed 50 hours of bulldozing access roads and drill sites @ $10.00/hr.	500.00
3.	Panner-sampler, not to exceed 100 days, @ $17.60 per day	1,760.00
4.	Engineer-supervisor, not to exceed 4 months @ $400.00 per month	1,600.00
5.	Not to exceed 200 sample assays for mercury @ $3.50 per sample	700.00
6.	Accounting, not to exceed 4 months @ $25.00 per month	100.00
	Estimated Total Cost of the Project	$22,660.00
	Government's participation @ 75%	$16,995.00

Approved by
DMEA Contract Committee
7-20-55
(date)

Orig. & 3 cys - Wash.
USGS (2)
DMEA
Engr.

D mas

UNITED STATES
Department of the Interior
Geological Survey
157 So. Howard Street
Spokane 4, Washington

June 17, 1955

Memorandum

To: DMEA Field Team, Region I, Northwest District

From: Willard P. Puffett, Geologist, Geological Survey

Subject: Docket No. DMEA-3778 (mercury), Appraisal of application for DMEA assistance submitted by U. S. Mercury Corporation for an exploration project at the Bretz mine, Malheur County, Oregon

APPLICANT

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

SUMMARY

More than 10,000 flasks of mercury were produced from the Bretz property between 1931 and 1940. This production was from 39,885 tons of ore averaging 19.12 pounds of mercury per ton. The mercury occurs in relatively flat ore bodies that have been localized to the south of and along a fault zone which strikes in a general northwest direction and separates rhyolitic flows and tuffs on the northeast from tuffaceous material and lake beds on the southwest.

The production came from two groups of open pits separated by an interval of more than 1,700 feet along the strike of the fault zone. Sporadic prospecting has been done in the area between the two groups of pits, but this area is essentially unexplored.

The applicant has submitted a proposal to explore the area between the two groups of pits, and also to explore along the fault zone both to the southeast and to the northwest from the limits of the two groups of pits. The exploration will consist of churn drilling vertical holes from the surface to a depth of about 200 feet. He estimates a total of 20 holes, or an aggregate of 4,000 feet of churn drilling will be sufficient.

Reviewed by
DMEA OPERATING COMMITTEE
7-20-55
(date)

At the Cordero mine, about 11 miles south of the Bretz property, churn drilling has been found to be a feasible method of exploration. The known ore bodies at the Bretz mine are relatively flat-lying, and thus it appears that churn drilling at this property will be a satisfactory method of exploration.

RECOMMENDATIONS

It is recommended that the application be approved.

EXAMINATION

The Bretz property was examined on May 19 and 20, by Willard P. Puffett and Donald F. Kellum, Geologists, Geological Survey. Mr. Jay Carpenter, consultant, and Mr. J. P. Hart, mine superintendent, U. S. Mercury Corporation, accompanied the examiners. Mr. John Ruiz, owner of five of the claims of the applicant's property, also accompanied the examiners through part of their inspection.

The examination consisted of a visit to the open pits, inspection of the new prospect workings now being excavated, and discussion of the applicant's proposal with Messrs. Carpenter and Hart. The location of one of the claim corners, with respect to a known survey point, was determined, and one sample of ore material was obtained. About a day and a half was spent on the examination.

PROPERTY

At present the applicant's property comprises 10 contiguous unpatented claims, all staked in an area from the southeast limit of the east pit to the northwest group of open pits of the old Bretz mine. Subsequent to the time of the DMEA examination, Mr. Carpenter had signified his intention of locating four additional claims that would extend the area covered by the ten claims. Mr. Carpenter has stated that as soon as the location work has been completed on these new claims, the necessary information concerning them will be forwarded to be attached to the application. The accompanying map shows in solid outline the ten claims now recorded and shows in broken lines the four additional claims now in the process of being located and recorded.

Five of the claims, the Yuletide 1, 2, 3, 4, and the Cliff, are owned by John Ruiz of McDermitt, Nevada. These have been leased to the applicant, and copies of the lease and Owner's Consent to Lien form have been submitted to DMEA. The rest of the claims are owned by the applicant. The ten claims are recorded in the Malheur County Courthouse, Vale, Oregon.

The Bretz property is about 13 miles by desert road slightly north of west from McDermitt, a small town through which the Oregon-Nevada state boundary passes. Some recent improvements have been made on the road, and as the mine is in a typically desert region, it is probable that access can be gained to the mine over the road during all months of the year.

There are no surface facilities at the Bretz mine, as all the production obtained there was treated in a furnace at the Opalite mine, some 7 or 8 miles to the west.

COMPETENCY OF THE APPLICANT

The officers of the corporation comprise a group of individuals from the New York City area. It is reported that they have over $200,000.00 with which to finance exploration and development of their property.

Mr. Jay Carpenter, former head of the Nevada School of Mines is their consultant, and Mr. J. P. Hart is the mine superintendent. These two individuals have been supervising some churn drilling for the applicant at a small property in Nevada near the Cordero mine. This operation was visited by the DMEA examiners to determine in what manner it was being supervised. Mr. J. P. Hart is obtaining sludge samples at designated intervals from the churn drill holes and is panning the material to determine if cinnabar is present. The samples are then split and dried,and carefully sacked and marked to be filed for future reference. Any samples containing cinnabar are being assayed. Mr. Hart has been very carefully locating the claim corners of the new claims at the Bretz property and also is keeping an up-to-date map of all the new prospect work that is being done. It is believed that Mr. Carpenter and Mr. Hart are highly capable individuals and can efficiently supervise a DMEA exploration project.

GEOLOGY

The geology of the Bretz property has been described in numerous Government publications, and subsequent to the publication date of these papers Mr. E. H. Bailey, Geologist, Geological Survey, made a confidential Government report of the property. During the war, the U. S Bureau of Mines did some exploration work at the property, but no report describing this work has been published. Consequently, it does not seem necessary to describe the details of the geology in this report, other than in a most general way.

The Bretz property is one of a group of three properties in a relatively restricted area west of McDermitt, Nevada, that had a total recorded production of more than 22,000 flasks of mercury during the period from 1927 to 1941. Since around 1942, the Opalite

and the Bretz properties have not been in production; but the Cordero mine is currently producing from a reported high-grade cinnabar zone that was found considerably deeper than that from which production had been previously obtained in the district.

The rocks in the district are flat-lying volcanics, basic to acidic in composition, which have been overlain by younger tuffaceous lake beds. Numerous normal faults have cut the volcanics and the lake beds, and locally mineralizing solutions have altered and silicified the rocks, forming a silicified rock type known locally as "opalite." Cinnabar has, in general, been localized both within and around these opalized areas. Most of the known ore bodies have been found within 100 feet of the surface, but recent work has found high-grade ore at the Cordero mine nearly 500 feet beneath the surface.

The cinnabar at the Bretz mine has been deposited in lake beds adjacent to faults, in argillized tuff and breccia, in fresh tuff, as replacements in tuff-breccia, in opalized tuff, and as selective fillings in porous sinter. Although the ore bodies are relatively restricted in area, those mined contained high-grade ore averaging nearly 20 pounds of mercury per ton.

The ore bodies that were mined by open-pit at the Bretz mine were localized in two areas separated by a horizontal distance of more than 1,700 feet. The location of the pits from which the ore was produced is shown on the accompanying map. An inspection of this map shows that they are aligned parallel and to the south of a normal fault which traverses the area in a northwest direction. Two of the pits, Pits A and B, are about 400 feet south of the surface trace of the fault, but Pit C, and the much larger East Pit cover an area in which the surface trace of the fault is exposed.

According to the accompanying map, the main normal fault marks the general boundary between rhyolite flows and tuffs to the northeast and lake beds to the southwest. There are reports that some cinnabar has been found in prospect pits to the northeast of the fault, but the most important occurrences of ore are to the southwest of the fault.

Insofar as can be determined the general area southwest and along the fault can reasonably be expected to be a favorable location for the localization of mercury ore. There is an area between the two groups of pits which has been prospected very little, but the geological relationships in this area are very similar to those in the pit areas, and there seems to be a good possibility that this relatively unexplored area should be a good place in which to do additional exploration. The applicant has been doing some prospecting in this area, and a promising showing of cinnabar has been found in a very shallow prospect hole near the fault about midway between the two groups of pits.

The apparently strong fault zone which traverses the area between the two groups of pits extends both to the northwest and the southeast and there is therefore some justification for additional exploration in both these directions to determine if cinnabar has been deposited in the lake beds to the southwest of the fault.

Insofar as can be determined the general area southwest and along the fault can reasonably be expected to be a favorable location for the localization of mercury ore. There is an area between the two groups of pits which has been prospected very little, but the geological relationships in this area are very similar to those in the pit areas, and there seems to be a good possibility that this relatively unexplored area should be a good place in which to do additional exploration. The applicant has been doing some prospecting in this area, and a promising showing of cinnabar had been found in a very shallow prospect hole near the fault about midway between the two groups of pits.

The apparently strong fault zone which traverses the area between the two groups of pits extends both to the northwest and the southeast, and thus, there is some justification for additional exploration in both these directions to determine if cinnabar has been deposited in the lake beds to the southwest of the fault.

Repeated

Ore Reserves

Insofar as is known no ore reserves in bedrock can now be assigned to the Eretz mine. However, during the spring of 1942, the U. S. Bureau of Mines extensively sampled the dumps around the margins of the pits and this week indicated these dumps contained 164,000 tons of material containing 1½ pounds of mercury per ton; the Bureau of Mines believes that this material could be successfully treated to recover nearly all included mercury.

Should the applicant be awarded a DMEA contract it is believed that the dump material should be excluded from royalty payment provisions.

APPLICANT'S PROPOSAL

The applicant has submitted a proposal to explore the Eretz property by churn drilling holes in the area between the two groups of pits and also both to the southeast and northwest of the pit areas in a search for extensions of the ore. He has submitted a detailed and complete application, in which all his costs are outlined.

In an unpublished memorandum, Mr. E. H. Bailey, Geologist, Geological Survey, has strongly recommended that the area between the two groups of pits be explored, either by trenching or by diamond drilling. He did not specifically recommend exploration to the southeast of the east pit or northwest of Pits A, B, and C, but there seems to be no reason why these areas should not also be explored, provided the applicant's property extends far enough in these directions.

The applicant has retained the services of very competent individuals to supervise the exploration program, and thus it is believed that the application should be strongly recommended for approval.

A separate memorandum discussing the costs of the proposed project will be submitted by a representative of the U. S. Bureau of Mines.

Enclosure

Distribution
DMEA (4)
USBM (2)
USGS (SRO)
Docket
Puffett
Kellum

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 31 1955

May 25, 1955

Copy retained 400

WSM

Mr. J. A. Carpenter
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Thank you very much for the assay data which I received today. I will appreciate receiving any more assay results you obtain.

I am certain that I will be able to get a report on your property to Washington before I am transferred. If we need additional information I will contact you by telephone.

Enclosed are six copies of Owner's Consent to Lien forms. It will be necessary that you have Mr. Ruiz sign these forms so as to cover those claims in your application that are owned by him. We will appreciate receiving these at an early date.

Lots of luck in your prospecting for mercury.

Yours very truly,

Willard P. Puffett
Geologist

cc: DMEA (2)
UEBM (2)
Puffett

Docked

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 16 1955

~~XXXXXXXXXXXXXXXX~~
So. 157 Howard Street
Spokane 4, Washington

May 11, 1955

Air Mail

WSM

Copy retained 400

Mr. J. A. Carpenter
U. S. Mercury Corporation
245 Univ. Terrace
Reno, Nevada

Re: Docket No. DMEA-3778 (mercury)
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Carpenter:

Thank you for your letter of May 6, 1955. Our field examiners plan to visit the Bretz property about the 18th of May. They will contact Mr. Hart at McDermitt and advise him of the exact date as soon as they can determine this. They will also get in touch with you and would be glad to have you at the property at the time of the examination in case you should care to do this.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

cc: DMEA (2)
USBM (2)
Puffett

Docket

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

[illegible]

[illegible]

MAY 1 8 1955

May 13, 1955

WSM

[illegible]

Docket reduced $400

[illegible]

Re: Docket No. [illegible] (Mercury)
[illegible] Mercury Corporation
[illegible]
[illegible], [illegible]

Dear Mr. [illegible]:

[illegible] Mercury, Nevada, [illegible] May 23, [illegible] will contact [illegible] which is [illegible] the [illegible] property for Thursday, May 26. [illegible] your [illegible]. But that [illegible]. It will be [illegible] for you to make any [illegible] and [illegible] to us.

Very truly yours,

[illegible]
Geologist

cc: DMEA (2)
USBM (2)
Pulsotts

400

DOCKET
Surname:
Martin
Meyer
Johnson

MAY - 2 1955

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region I-Northwest District
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA 3778, Mercury
U. S. Mercury Corporation
Bretz Mine
Malheur County, Oregon

Dear Mr. Weissenborn:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Two copies of a relevant memorandum dated April 26, 1955, by E. L. Newcomb, Geological Survey, are enclosed for your information.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

APPROVED:

M. E. Volm (SLB)
Member, Bureau of Mines

/s/ R. D. Trace (SLB)
Member, Geological Survey

cc: Docket
Adm. Read. File
Code 400
Oper. Comm.
FT, Reg. I-Spokane
T. Kiilsgaard, USBS, 5222
H. M. Meyer, USBM, 3623

WSMartin/ls
4/28/55

DOCKET
Surname:
Martin
Meyer
Trace
Volin
Johnson

400

MAY - 2 1955

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

Re: Docket No. DMEA 3778-Mercury
Bretz Mine
Malheur County, Oregon

Gentlemen:

The above-docketed application for exploration assistance has been reviewed by the Defense Minerals Exploration Administration and referred to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region I - Northwest District, South 157 Howard Street, Spokane 4, Washington, for a field examination of the property.

Any assistance that you can give the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf
by ESY
Administrator

cc: Docket
Adm. Read. File
Code 400
Oper. Committee
Thor Kiilsgaard, USGS
H. M. Meyer, USBM
FT, Reg. I-Spokane

WSMartin/ls
4/29/55

cal

4/27/55 gfa

IN REPLY REFER TO:

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

Docket

April 26, 1955

Re: DMEA-3778
U. S. Mercury Corp.
(Bretz Mine)
Malheur Co., Oregon
$25,264 - Mercury

WSM

Copy retained 100

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of proposed exploration

The operator has proposed 4,000 feet of churn drilling on a line extending eastward and westward from the East pit. The objective of the work is to explore a mineralized fault zone within which a number of open pits have been developed.

According to a report in our files, which was prepared in 1942 by E. H. Bailey, the Bretz mine produced about 40,000 tons of ore averaging 19.1 pounds of quicksilver between 1931 and 1940 and yielded about 10,000 flasks of mercury. Most of the production has come from the East, A, B, and C pits. Rocks in the vicinity are volcanics and lake beds which dip gently southward. The contact between the volcanics and the lake beds may be conformable, but locally there is evidence of faulting before deposition of the lake beds.

As a result of the field investigation, Bailey recommended drilling or trenching between the East pit and A and B pits.

In the War Minerals Report 46, 1943, the Bureau of Mines estimated 164,000 tons of 1.5 pound mercury ore in the dumps and sides of the old pits, as a result of their extensive sampling program in 1942.

Although indicated reserves at the surface are low grade, it is possible at present mercury prices that these deposits can be mined at a profit. In addition to these low grade materials, there is a good chance that additional high grade deposits will be found by trenching or drilling between the East and A pits.

I recommend the application be referred to the Field Team for an examination and report of their recommendations.

E. L. Newcomb
E. L. Newcomb

Copy retained 100

April 18, 1955
Subject: DMEA 3778
Re: Exploration Assistance
Bretz Mine

U. S. Mercury Corporation
245 University Terrace
Reno, Nevada

Gentlemen:

The receipt of your application dated April 11, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3778 and referred to the Rare and Miscellaneous Metals Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

U. S. Mercury Corporation
245 Univ. Terrace Reno, Nevada

JAY A. CARPENTER, Mgr.
245 UNIVERSITY TERRACE
RENO, NEVADA

Defense Minerals Administration
RECEIVED
APR 15 1955

April 11th, 1955

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

Attention -C.O.Mittendorf

Dears Sirs;

Enclosed herewith is an "Application for D.M.E.A. Aid in an Exploration Project#" on the Bretz quicksilver mine in Malheur County, Oregon.

This mine with its past production of 10,019 flasks of mercury has been thoroughly studied and reported upon by Oregon and U.S. Dept. of the Interior geologists and engineers.

This application contains photostated parts of these reports with accompaning maps, along with references to other reports available to you in Government files.

This will simplify the investigation of the project by your staff. Since the mine is in Oregon, it will, I presume be referred to your Region II office in Spokane? I will gladly meet with the engineers at the mine and at Spokane.

Sincerely yours,

Jay A. Carpenter Mgr.

P.S. No return of photostated material is requested.

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED

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

Not to be filled in by applicant

Docket No. 3778
Metal or Mineral Mercury
Date Received 4-15-55
Estimated Cost $25,264
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: U. S. Mercury Corporation
245 Univ. Terrace Reno, Nevada

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Attached hereto

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

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

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

(*e*) If you own the land, describe any liens or encumbrances on it None

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

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

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

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

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

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

16—66551-1

a

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

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

(*c*) The work will start within 30 days and be completed within 6 months from the date of an exploration project contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated April 11th, 195-5

U. S. Mercury Corporation
245 Univ. Terrace Reno, Nevada

(Applicant)

By Jay A. Carpenter, Mgr.

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

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

APPLICATION FOR A D.M.E.A.LOAN

BY THE

U.S.MERCURY CORPORATION

245 University Terrace, Reno, Nevada.

- - - - - - - -

1 (a) U.S.Mercury Corporation, 245 University Terrace, Reno, Nevada.

1 (b) A Delaware Corporation.

1 (c)

President:	Robert L. Scheinman	1 Topland Road, Hartsdale, New York.
Treasurer & Director	Morris Levine	250 Montgomery Street, Brooklyn, N.Y.
Secretary & Director:	Robert E.Rich	165 Broadway, New York, N.Y.
Director:	Joseph H.Amy	1161 York Avenue, New York, N.Y.

1 (d) A Delaware Corporation.

3 (a) The mining claims desired to be explored are:

(1) The Yuletide group of claims, being the Yuletide #1, #2, #3 and #4, and the Cliff claim; five in all; and adjacent to each other. These are unpatented, being held by recent location, and now owned by Mr.John Ruiz.

(2) And also five claims adjacent to, and around, the above claims, being

the Ramona, Ramona No.1, 2, 3 and 4, being recently located and owned by the U.S.Mercury Corporation.

All of the above ten claims lie almost entirely within Section 3, T-41 S., R 41 E., in Malheur County, Oregon.

Herewith is a map of these claims.

3 (b) The claims cover the ground of what is commonly known as the Bretz Mine, as Wm.S.Bretz located the ground in 1917. It was mined under lease to the Bradley Mining Company in 1931 to 1936, and again in 1940 to 1942.

The ground was presumably relocated in 1947 as the Sunset #1, Sunset #2, Cottonwood #1, Blue Bird #1 and Sagebrush claims, by John Ruiz and relatives, but the recent search of title now shows no required legal certificates of locations were recorded for these claims, thus invalidating a legal title to them. In ignorance of this, proof of labor notices were filed in succeeding years, the last three being in the name of John Ruiz only. He presumably had purchased the interests of his partners. To confirm this, he recently secured quit-claims from his former partners and recorded same on November 29, 1954, thus leaving him the sole owner of these non-legal claims.

Mr.Ruiz, unaware of his questionable title, gave to Mr.J.P.Hart, Mine Superintendent of the U.S.Mercury Corporation, in November, 1954, the right to examine the mine workings and to make a search of title. When the search disclosed the title to be defective, and with men making locations close by, Mr.Hart made new locations on December 29, 1954, on free ground and over-

lapping the defective claims, being the Yuletide #1, #2, #3 and #4, and, later on, the Cliff claim. The intent was not to "jump" Mr.Ruiz' ground, but to protect him by a satisfactory agreement. This was done later by Mr.Ruiz formally abandoning his claims and filing notice of abandonment with the County Recorder, and Mr.Hart giving Mr.Ruiz a quit-claim deed to the new claims and recording the same, and the drawing up and signing up a legal lease from Mr. Ruiz to the U.S.Mercury Corporation, dated March 16, 1955. Attached hereto are copies of these documents.

3 (c) The U.S.Mercury'Corporation's interest in the mining land is as a lessee, with no purchase clause on the above Yuletide group and the Cliff claim, and as the sole owner of the Ramona group of claims.

3 (d) Herewith a copy of the lease as in 3 (b).

3 (e) There are no liens or encumbrances on any of the land covered by all the above claims.

3 (f) The recorded location notices, with copy of the location notice and affirmation of the required location work, filed with the County Recorder of Malheur County, at Vale, Oregon, and are as follows:

Claim	Book	Page	Date
Yuletide #1	1	13	Feb.25, 1955
" #2	1	15	Do
" #3	1	17	Do
" #4	1	19	Do
Cliff	1	22	Do

Claim	Book	Page	Date
Ramona	I	805	Jan.11, 1955
Ramona #1	I	606	Do
" #2	I	809	Do
" #3	1	9	Jan.16, 1955
" #4	1	11	Do

Recorded also - Quit-claim deeds:

Date	Book	Page	From	To	Claim
11-29-54	98	79	Peter Albisee & Marie Albisee	John Ruiz	Cottonwood #1
11-29-54	98	75	Klaris Albisee	John Ruiz	Bluebird #1
11-29-54	98	77	Wilbur I.Hance & Mary Hance	John Ruiz	Sagebrush #1

The Sunset #1 and #2 were "located" by John Ruiz, alone, in 1947, thus the sole ownership of these five claims became the property of John Ruiz even if the claims had no valid location certificates, as shown by title search of the Malheur Title & Abstract Company, Inc., of Ontario, Oregon, dated January 20, 1955, and by a confirming letter of January 25, 1955, stating: "You will find that location notices as to all five claims have not been filed".

4 (a) The best detailed description of the mining operations on the Britz Mine up to 1938 appears in the State of Oregon Department of Geology and Mineral Industries Bulletin No.4, "Quicksilver in Oregon", by C.N.Schuette. Since this bulletin cannot any longer be purchased, enclosed are phostated copies of pages 159-164, both inclusive, that cover the Britz Mine; and of "Figure No. 26 - Britz Mine, Early Plan and Sections"; and of "Figure 27 - Britz Mine, Topography, Plan of Workings, etc".

A later report dated in 1942 is to be found in the U.S.G.S.Bulletin 931-N, "Quicksilver Deposits of the Opalite District, Malheur County, Oregon,

and Humboldt County, Nevada", by Robert G.Yates. This bulletin is listed as out of print by the U.S.G.S., but is available to the D.M.E.A.staff in Government Libraries. This bulletin covers a larger area of the Brätz workings than the Oregon bulletin, extending a half mile northerly from the 1938 mining area to the new mining area discovered and worked in 1940-1942. This report, besides covering the general geology and mineralogy of the district, gives "Suggestions for Prospecting", including specifically the Brätz Mine, and also a specific description of the mine. Note, on page 340, the "Favorable geologic conditions exist between the old Brätz pits and the 1940 pit".

About 1942, war times, the Department of the Interior made an extensive, confidential study on the mercury resources of the United States, which included the Brätz Mine. Over twelve years have passed by without publication of the very complete geological and mining survey, including the usual sampling and recommendations for further exploration. This is on file at the Reno U.S. Bureau of Mines office, and presumably in Washington, D.C., but still held confidential from quotation. On the owner's request he is given meager information, but not the geological reports with the recommendations for exploration. This work, however, is available to the D.M.E.A.

In the U.S.G.S.Bulletin 931-B, Geologist Yates states on Page 342, that "No body of commercial extent or grade is known now in the vicinity of either the old or the new Brätz workings". "There are several showings of cinnabar that have been prospected since the field work for this report was done". This was evidently without success".

Noting evidence of about three churn-drill holes, I made inquiry of Mr. Worthen Bradley, who stated that with the discovery of mercury ore at depth in the Cordero Mine, in about 1942, a few holes were drilled to depth at the Bretz without ore discovery. This was similar to the results of earlier shaft sinking and tunneling work. All ore mined has been from surface opencuts on shallow, relatively flat ore deposits adjacent to faults. There is now a long distance along faults worthy of exploring by relatively shallow churn-drilling. The ore bodies mined have been of relatively low volume but surprisingly high mercury content.

Since the U.S.Mercury Corporation became interested in the Bretz Mine, in the late fall of 1954, the only work accomplished has been the restoration of old claim markings and making new locations with required discovery work. The attached photostat of "Geological Map of the Bretz Mine", from U.S.G.S. Bulletin 931-N shows our intended exploration line of churndrilling holes below the main fault and on the line of past ore bodies. All of the open pits are relatively free from caving and are open for inspection.

4 (b) The production record of the Bretz Mine is given in the Oregon bulletin of 1938 as "Total production to date from the Bretz Mine is 7,751 flasks from 33,058 tons of ore. This makes the average grade of the ore treated some 17.8 lbs. of mercury per ton on recovery."

The U.S.G.S.bulletin 931-N states on page 345, under "The Bretz Mine" and "The 1940 Bretz Pit", "by the end of 1940 this ore body of the Bretz Pit

had been exhausted, yielding about 5,000 tons of ore, averaging 12.8 lbs. of quicksilver per ton".

Also, on page 322, a table gives the total Britz production for 1931-1940 - from 39,885 tons of ore, or 18.84 lbs. per ton, producing 10,019 flasks of mercury, "as taken from the records of Mr.Worthen Bradley, President of the Bradley Mining Company". This is probably the record kept on which royalty was paid to Mr.Britz, and therefore conservative. No ore has been mined in recent years.

According to the Oregon bulletin, Page 159, the Bradley Mining Company, from its Opalite Mine, calcined some 152,000 tons of ore, yielding 11,300 flasks of quicksilver to the end of 1937, with the grade of the ore being 5.6 lbs. per ton on recovery.

The contrast on the quicksilver yield per ton of ore emphasizes the unusual high content of the Britz ore.

There are no ore reserves now at the Britz Mine, but there are many "hot spots" of good ore in the open cuts that will be developed in the hope of opening up a considerable tonnage for a recovery of the mercury content.

There is also a large tonnage of possibly 40,000 tons in the open cut dumps, of a probably 2.3 lbs. content of mercury, on which screen tests will be made to ascertain if screening will raise the grade to the point that construction of a flotation plant would be recommended. Such a plant is termed feasible by Mr.C.N.Schuette on Page 164 of the Oregon bulletin. Such a plant could also treat the higher grade ore mined, if not enough tonnage is placed in sight to justify a furnace plant.

4 (c) "The geologic features of the property, including mineralization", etc., are fully covered in the aforesaid Oregon bulletin, the U.S.G.S.Bulletin 931-N, and the 1942 study by the Interior Department, and you are referred to them. The existing mine workings are as described therein, and the property has never had on it any production facilities, the ore having been treated at the furnace plant at the Opalite Mine, which now no longer exists.

Our interest in the claims now covering the Britz Mine is to locate, if possible, similar ore bodies along known faults, with lengths as yet unexplored, by churn-drilling. These faults are on maps in the Oregon bulletin and the U.S.G.S.Bulletin 931-N.

4 (d) The Britz Mine is 13 miles by desert road from the town of McDermitt, Nevada, that is on the Nevada-Oregon State line. Winnemucca is 70 miles south from McDermitt, on good connecting black pavement road. Winnemucca is a mining supply center for many mines.

The last 2-1/2 miles of the road climbing up to the Britz Mine from McDermitt is often blocked by snow in the winter months. A reduction plant at the bottom of this road, with stock-piled ore, could operate all winter, being on the road kept open to McDermitt.

4 (e) The large operating Cordero Quicksilver Mine, also 13 miles from Mc Dermitt, finds sufficient manpower, materials, supplies and equipment for continuous operation, power being generated by gasoline and diesel engines.

The same should apply to the Brätz Mine. At the Brätz Mine local springs supply water, and Cottonwood Creek and McDermitt Creek are available for larger supply.

5 (a) We wish to explore for additional bodies of mercury ores.

5 (b) The proposed work, under the D.M.E.A., is to churn-drill along the faults on the mining property as shown on the maps of the above State and U.S.Government publications, particularly as shown on the photostated "Geological Map of the Brätz Mine", U.S.G.S.Bulletin 931-N, and on the photostated map of the "Brätz Cinnabar Mine, 1942", as herewith attached.

5 (c) The work will be started within thirty days and be completed within six months from the date of an exploration contract by contracting the churn-drilling.

5 (d) The U.S.Mercury Corporation is a new corporation depending upon its Manager to operate the Brätz property. The Manager is Jay A.Carpenter, the (retired) Director of the Mackay School of Mines of the University of Nevada, and the Nevada State Bureau of Mines. For his many years as a Mine Operator, consult "Who's Who in America".

U. S. Mercury Corporation

6 ESTIMATE OF COSTS:

Based upon 4,000 feet of churn drilling at unit cost per foot:

a.	Churn drilling to be contracted at		$4.50 per foot
	This being an average cost for opalite and softer ground on mercury properties near McDermitt at the present time		
	Bulldozing for preliminary location of sites, and for roads for churn drill setups.		
	Rental contract $10.00 an hour for 200 hrs		.50 per foot
b.	Churn drilling superintendence, mapping and geological work-- requiring one-half of the time of the Mine Superintendent at his salary of $800.00 a month for 4-months	.40	
	Panner and sampler and drying samples: 100- days @ $16.00 a day	.40	.80
c.	None, or if any, furnished at no cost		.00
d.	None. Truck use for transportation of men, water and samples to be furnished at no cost		.00
e.	None		.00
f.	None - or at no cost		.00

U. S. Mercury Corporation

g. Express on samples and cost of mercury assays at Reno:

Approximately 200 @ $4.00 each	$ .20	
Industrial insurance at $5.00 per $100.00; Unemployment - $2.70; Social Security at $2.00; on $4,800.00 pay-roll as in (b) - Total $465.00	.116	
Accounting - on contracts and pay-rolls and reports to the Government; 4 months @ $100.00 a month (At Manager's office in Reno)	.10	$0.416

h. Manager's trips of inspection to mine - For time and expense: 8 at $50.00 each 0.10

$6.316 per ft.

7. a. Yes

b. By money. Now in banks awaiting the contract with the Government.

# # # # # # # # # # # # # # # # # # #

U. S. Mercury Corporation

THIS INDENTURE OF LEASE, made and entered into this 16 day of March, A. D. 1955, by and between JOHN RUIZ, of the Town of McDermitt, County of Humboldt, State of Nevada, the party of the first part, hereinafter called the Lessor, and U. S. MERCURY CORPORATION, a Delaware corporation, the party of the second part, hereinafter called the Lessee,

W I T N E S S E T H:

1. The lessor in consideration of the sum of One Dollar and the agreements of the lessee set forth herein, hereby grants and leases exclusively to the lessee for the purpose of investigating, exploring, prospecting, drilling and mining for, producing and removing mercury ores and all other minerals, building reduction plants, pipe lines, tanks, power stations, telephone lines and other structures thereon to mine, produce, save, take care of, treat, store, transport and manufacture said minerals and housing its employees, the following described land situated in the Opalite Mining District, Malheur County, Oregon, to-wit:

Yuletide No. 1, Certificate of Location thereof recorded in Book 1, Page 13, in the Office of the County Recorder of Malheur County, Oregon.

Yuletide No. 2, Certificate of Location thereof recorded in Book 1, Page 15, in the Office of the County Recorder of Malheur County, Oregon.

Yuletide No. 3, Certificate of Location thereof recorded in Book 1, Page 17, in the Office of the County Recorder of Malheur County, Oregon.

Yuletide No. 4, Certificate of Location thereof recorded in Book 1, Page 19, in the Office of the County Recorder of Malheur County, Oregon.

Cliff, Certificate of Location thereof recorded in Book 1, Page 22, in the Office of the County Recorder of Malheur County, Oregon.

Also said lessor herewith leases any right, title and interest he might have or could have in and to the following described mining claims which were abandoned by him and for which he has filed a

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

written abandonment:

Sunset No. 1

Sunset No. 2

Cottonwood No. 1

Bluebird No. 1

Sagebrush No. 1

2. Subject to other provisions herein contained, this lease shall remain in force for a term of twenty (20) years from the date of this lease, called the primary term, and as long thereafter as valuable mineral is produced from said land, or as long as lessee shall conduct exploring, drilling or mining operations continue thereon with no cessation of more than sixty consecutive days until production results, and if production results so long as any such mineral is produced.

3. Royalties to be paid by lessee are on all minerals mined and marketed, eight per cent (8%) of their gross value at the furnace plant, royalties to be deposited to the credit of the lessor in the First National Bank of Nevada, Winnemucca Branch, Winnemucca, Nevada, on or before the 15th day of the month following the date of sale of such minerals produced.

4. If operations for the exploration and development of said land shall not be commenced before thirty days from the date hereof, this lease shall terminate as to both parties.

5. The rights of either party may be assigned in whole or in part, but no change or division in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee for any purpose until lessee shall be furnished with a certified copy of recorded instrument, or other legally authenticated written evidence of such change of ownership.

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WINNEMUCCA, NEVADA

6. It is understood and agreed by and between the parties hereto, that the lessee in marketing quicksilver, shall not sell the same below U.S. guaranteed price. That further, the lessee shall not stockpile commercial ore in greater amounts than is necessary to insure the continuous operation of the plant for a period of six months.

7. The lessor further agrees that he will do or cause to be done any acts, and execute any instruments which the lessee may from time to time request that he do or execute, including the making and filing of any re-locations or amended locations of said claims or parts thereof, for the sole purpose of perfecting title to the above described claims.

8. When operations are delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, riot, strike, differences with workmen, failure of carriers to transport or furnish facilities for transportation, or as a result of some order, requisition or necessity of the government, or by adverse weather conditions, or if the price received for mercury produced is less than Seventy-five Dollars ($75.00) per flask at the property, or by any cause whatsoever beyond control of the lessee, the time for such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

9. Lessee agrees to operate the property in a good workmanlike manner with due regard to the development and preservation of said mining premises.

10. During the first six months of this lease, lessee agrees to work said premises for at least forty (40) one man eight hour shifts each month. Thereafter lessee agrees to work one hundred (100) one man eight hour shifts until a plant is

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

placed in operation, save and excepting the months of December, January and February of each year if prevented by inclement weather conditions. In computing the number of shifts performed on the premises, any work performed by the lessee by bulldozer, shovel or churn drill shall be figured on the basis of one day machine time being equal to five shifts of one man labor.

11. The lessee agrees to keep all timbering in active haulageways in good and safe condition.

12. The lessor or his agents shall have the right during regular working hours, to enter upon and examine the leased premises for the purposes of inspection, survey or sample taking.

13. It is understood and agreed by and between the parties hereto, that should any fractions be discovered within the boundaries of the claims herein leased, such fractions shall be located by the lessee in the name of the lessor, and said fractions shall thereafter become a part of this lease.

14. That further the lessee agrees that he will assume all responsibility in case of accident to any of its employees, and agrees to keep all employees employed on said property insured with the Oregon Industrial Commission at its own cost and expense. The lessee will post on said property and premises, Notices of Non-Liability supplied to it by the lessor and keep and maintain the same to the end that the lessor or the property shall not be responsible for materials or labor furnished lessee or the property at the instance and request of lessee.

15. Lessee agrees to do the necessary assessment work on the Yuletide claims and the Cliff claim in such manner as to preserve title to the claims in the lessor. It is understood, however, that the lessor and lessee shall participate for income tax purposes in depletion of the mining premises as follows:

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WINNEMUCCA, NEVADA

The lessor may take 15% depletion of the actual royalties paid him from said mine. The lessee, on the other hand, may assume the benefit of depletion at the rate of 15% of the gross ores produced and sold less actual royalties paid lessor.

16. All taxes assessed against said premises and for ores mined and ores treated under this lease shall be paid by the lessee.

17. All work performed on the property by the lessee shall be at the lessee's sole expense.

18. Lessee shall and will while in possession of the property carry on mining activities according to the laws of the State of Oregon and in accordance with the rules of the Oregon State Mine Inspector.

19. Lessee may at any time reassign all right and title to the property to the lessor and thereafter be relieved of any and all further obligations connected therewith, save and except payments of royalty due, and lessee shall be entitled to remove from the property all machinery, equipment and tools placed upon said premises.

20. In the event of a breach by the lessee of any covenant or agreement herein contained to be kept and performed by it, and a failure by the lessee to rectify such violation within thirty days after receipt of written notice of the same, this lease shall terminate; save and except that lessee shall be limited to a ten day grace period on the payment of actual royalty as hereinabove set forth or minimum royalty as hereinafter set forth, and that the lessor need not serve notice of the violation of payment of either minimum or actual royalty upon lessee, but upon the expiration of ten days after the date payment should be made, this lease shall, at the option of the

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

lessor, be cancelled and of no further force and effect.

21. In the event the lessee shall not commence the erection of a plant capable of handling fifty (50) tons of ore per day within eighteen (18) months after the date hereof, this lease shall terminate.

22. It is further understood and agreed by and between the parties hereto that the said lessee shall monthly and each and every month during the term hereof, beginning with the first day of April, 1955, pay unto the lessor a minimum advance royalty of $200.00 per month. All actual royalties paid are to apply against the minimum guaranteed royalty.

23. In the event notice is required to be served under the terms of this lease, it shall be addressed to the lessor or lessee as follows:

John Ruiz, McDermitt, Nevada

U. S. Mercury Corporation, c/o Jay A. Carpenter
245 University Terrace, Reno, Nevada.

24. It is further understood and agreed by and between the parties hereto, that in the event said lessee applies for a Defense Minerals Exploration Administration loan, that then and in that event, the lessor agrees to sign an Owner's Consent of Lien on behalf of the government.

25. Time is of the essence of this agreement, and all terms, covenants and conditions herein set forth shall be binding upon the heirs, executors, administrators and assigns of the respective parties hereto.

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

John Ruiz
Lessor

U. S. MERCURY CORPORATION
By [signature]
President
Lessee

Attest:
[signature] Asst. Secretary

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

STATE OF NEVADA,)
) SS.
COUNTY OF HUMBOLDT.)

On this 16 day of March, A. D. 1955, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named JOHN RUIZ, who is known to me to be the identical individual described in and who executed the within instrument, and acknowledged to me that he executed the same freely and voluntarily.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first in this, my certificate, written.

Thera W. Pearce
Notary Public in and for said County and State.

My commission expires:
July 23, 1955.

STATE OF New York)
COUNTY OF New York) SS.

On this 22 day of March A. D. 1955, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Robert L. Schemman, who being duly sworn, did say that he is the President of U. S. Mercury Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first in this, my certificate, written.

Notary Public in and for said County and State.

My commission expires:

ROBERT F. SUMNER
NOTARY PUBLIC, State of New York
Qualified in Kings County
No. 24-9248700
Commission Expires March 30, 1956

JAMES A. CALLAHAN
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

application. 3 d

Copy #1

U. S. Mercury Corporation

U. S. Mercury Corporation

245 Univ. Terrace Reno, Nevada

Application 4(a) copy #1

U.S. Mercury Corporation
245 Univ. Terrace Reno, Nevada

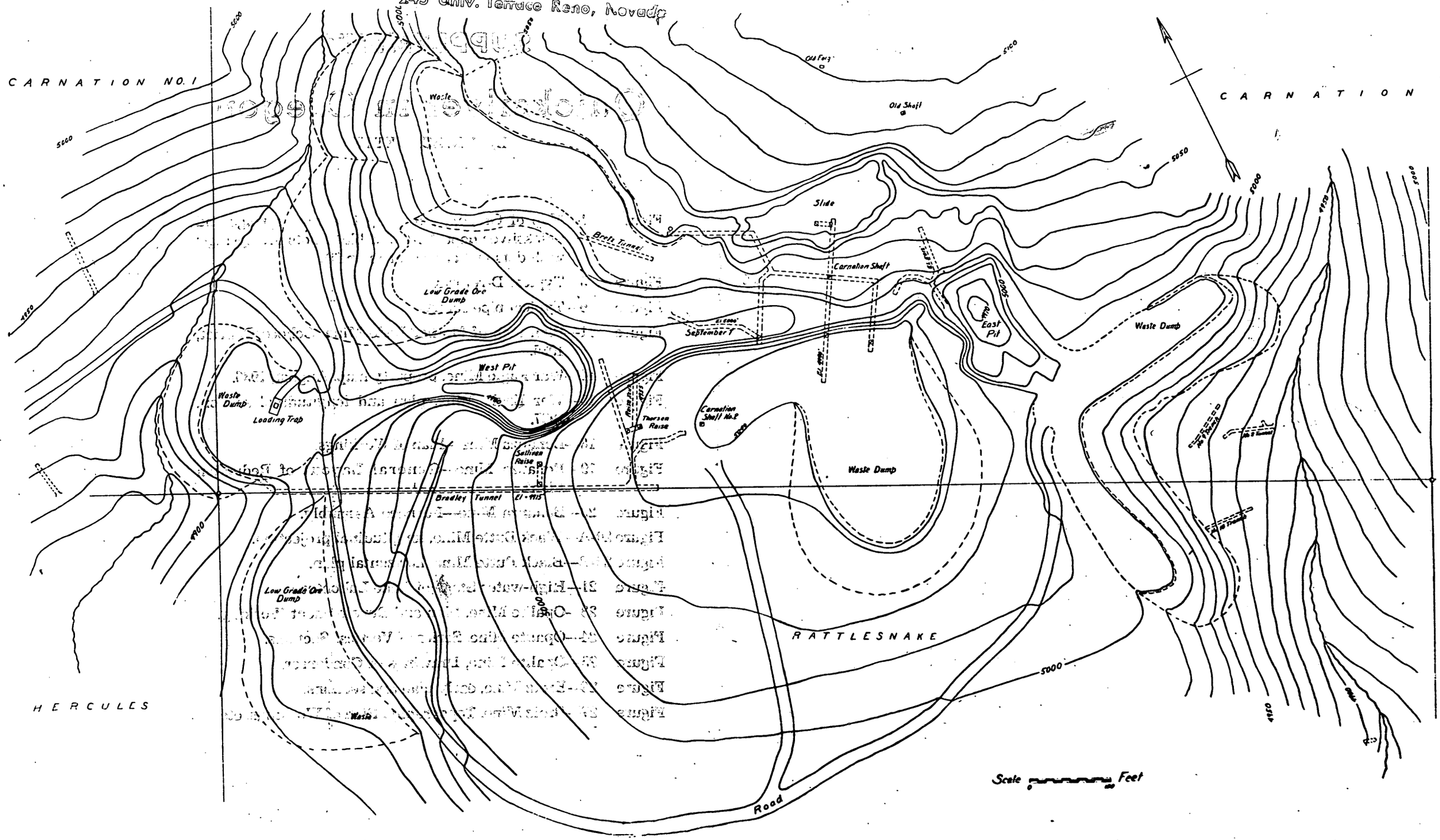


Figure 27—Bretz Mine—Topography, plan of workings, etc.

Application. 41(a)
Copy #1
U. S. Mercury Corporation

STATE OF OREGON

Department of Geology and Mineral Industries

BULLETIN No. 4

Quicksilver in Oregon

By C. N. SCHUETTE

SCHOOL OF MINES LIBRARY

U. S. Mercury Corporation
248 Univ. Terrace Reno, Nevada

PORTLAND, OREGON
1938

a total of 11,300 flasks of quicksilver to the end of 1937. The grade of the ore then was 5.6 lbs. per ton on recovery. For the period of its life, that is 1926-1937, Opalite is the largest producer in Oregon though Black Butte has a greater total output to date.

Wages at the plant have varied with the price of quicksilver as is usual with quicksilver mines. In November, 1937, wages were $4.50 and $5.00 per day. The average crew numbers some 30 men. Fuel oil costs in 1937 were about 8 cents per gallon for 19° B and 9½ cents per gallon for 27° B delivered at the mine.

BRETZ MINE

This mine is located in Sec. 3, T. 41 S., R. 41 E., also in Malheur County, Oregon. It is 13 miles from McDermitt and 11 miles from the Opalite mine.

The Bretz mine was located in July, 1917, by William S. Bretz who also later found the Opalite mine. Assessment work was done for many years without finding any high-grade ore. Some hard opalite croppings showed low-grade cinnabar and much of the assessment work was done in this hard rock. It was not until 1931 when pannings from a trench in some soft

Photo No. 42—Bretz Mine. The calcareous sinter as first exposed in the West Benches of the mine.

lake beds disclosed high-grade ore that interest in the prospect was aroused.

Mercury Mining Syndicate had meanwhile been dissolved and Bradley Mining Co. was operating the Opalite mine 11 miles away. Bretz now sold his second quicksilver mine to the Bradleys and they began operations with a 3/4 yd. shovel and trucked the ore to Opalite for treatment.

At Bretz the ore deposition was also one phase of sinter deposition by thermal waters coming up an east-west fault.

The lake beds at Bretz and Opalite show striking similarities and suggest the same order of deposition as is only natural if they were both deposited on the shores of Lake Lahontan. If the fossil-wood strata found at Bretz and Opalite were laid down at the same time—and this seems probable—then Opalite is older than Bretz geologically speaking. The Opalite deposit was formed in a low-water stage of the lake before the fossil-wood strata were deposited in a later high-water stage. The Bretz deposit was formed just after the fossil-wood strata were deposited in this high-water or rising water stage of the lake.

At Bretz, sublacustral hot springs were active in depositing an irregular mound of calcareous sinter near the shore of the lake. The source of the thermal waters was an east-west fault along the shore of the lake. The north boundary of the lake at this point was an upstanding block of hard indurated tuff the strata of which dip some 30° south. The dropped block south of the fault formed the bottom of the lake basin and lake beds were being deposited on it.

The calcareous sinter is a fairly dense rock near the bottom (it was cut through in the mine workings) but near the top it shows a more open or spongy texture and reticulated structure. Lake beds were being deposited while this calcareous sinter was being built up. Photo 42 shows the calcareous sinter as first exposed in the West Benches of Bretz pit.

Fig. 26 gives an early plan and sections of the Bretz mine. On the north is the fault that bounded the lake at this point. North of the fault is the hard indurated upstanding old tuff. South of the fault the lake beds lie against it with gentle southerly dips and exhibiting the typical sag-dips of close-to-shore lake beds. This formation of calcareous sinter occurs

with varying prominence at different points for some 600 feet in an east and west direction. This position of the ground is covered by Carnation claim as shown in Fig. 26 and 27. On both ends of this claim creek beds have cut through the lake beds from north to south. Between these creeks the lake beds formed a mound covered with desert wash. Ore had been found both on the east and west of this mound where erosion had cut through the lake beds and a little trenching had disclosed ore. The calcareous sinter was found on both the west and east side of the mound and on the west side there was ore in it. On both the east and west sides there was ore in the lake beds adjacent to it.

It was thought that the hot-spring action which deposited the calcareous sinter had also deposited the ore and that the ore should be continuous between the east and west exposures.

However, to make sure of this before inaugurating a mining system based on this premise a shaft was sunk and underground exploration was undertaken. This work is shown by dotted lines in Fig. 27.

It was not long before many new and unforeseen facts had upset the entire theory of the ore deposition. It was found that the calcareous sinter was not continuous and that a siliceous sinter carried the ore in the underground workings. This caused a re-examination of the surface for siliceous sinter and it was found to exist in crustal sheets, nodules, and other "geyser basin" forms in two district fan-shaped areas as shown by the dotted lines in Fig. 26. The shape of these areas suggested two spring vents and surface flows of siliceous waters down the fan-shaped areas.

These siliceous waters flowing into the rising lake silicified the beds forming at that time. Two such silicified lake bed strata about 18 inches apart are well developed and illustrated in Photo 43. They are both some 4 to 6 inches thick.

Now, and apparently as a phase of the silicification, cinnabar came up with the silica carrying solutions. Some deposition took place on the edges of the calcareous sinter and some of the mineralizing solutions ran out into the lake because the upper lake beds for hundreds of yards around the spring vents will assay a trace to 1 or 2 lbs. of quicksilver per ton.

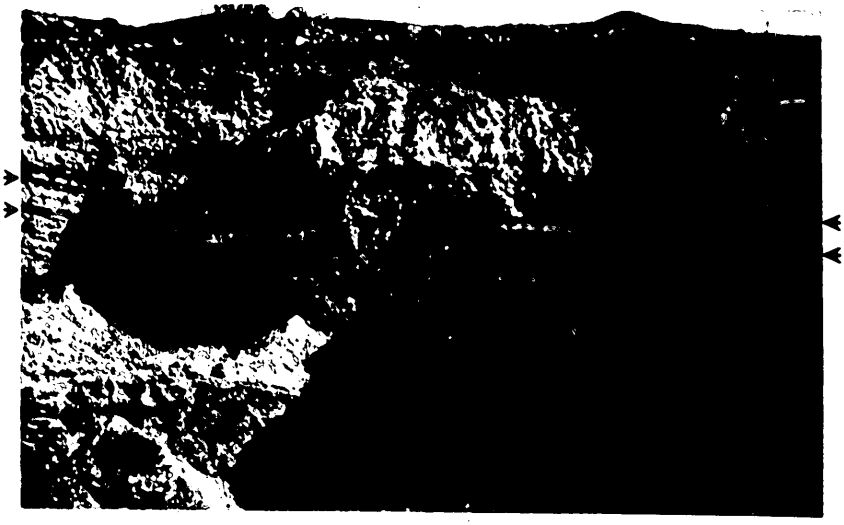


Photo No. 43—Bretz Mine. The silicified lake beds that formed the cap rock under which a concentration of the primary mineralization took place.

Photo No. 44—The Bretz Mine in 1932 after about one year's operation. Bradley Tunnel at the lower right. The hard indurated tuff is at the left.

Such part of the mineralizing solutions however, that sought escape into the sand, gravel, and clay strata of the lake beds, were trapped under the dense impervious silicified strata that capped this area and here a concentration of the primary mineralization took place that made Bretz the highest grade quicksilver mine thus far found in Oregon.

The two fan-shaped areas on the surface delineated the underground distribution of the ore with fair accuracy and high-grade ore bodies predicted by the author on the basis of the general theory of deposition, as here related, were found practically where and as predicted.

Since no plant was built at Bretz, relatively high-grade ore was needed because of the cost of transportation to Opalite. Varying tonnages of Bretz ore were treated at Opalite plant from 1931 to 1936 inclusive. At the end of the mining season in 1936 the option to purchase the Bretz mine was released and no work has been done by the Bradley Mining Company in the Bretz mine since then.

Total production to date from the Bretz Mine is 7,751 flasks from 33,058 tons of ore. This makes the average grade of the ore treated some 17.8 lbs. per ton on recovery or just a little better than that of the Horse Heaven mine.

The Bretz mine has of course reverted to William Bretz, the discoverer, and he has just recently found a narrow vein of good ore back in the hard indurated tuff. The mining operations of Bradley Mining Company were entirely by open cut with a 3/8 yd. shovel and Photos 44 and 45 taken in 1932 and 1937 show the tremendous cuts and waste dumps made in these five years. The dump, just showing at the right in Photo 45, is low-grade ore and the so-called waste dumps are by no means barren either as assays of the dump samples run over 2 and 3 lbs. per ton for the various waste dumps.

The fault on which the ore was brought up can be traced to the west for a considerable distance and some exploratory work has been done on it by tunnels. It is mineralized, but no high grade has yet been found in quantity outside of Carnation Claim.

Fig. 27 shows the present condition of the Bretz pits and dumps in relation to the exploratory work done underground, and Photo 46 shows the big cut.

The Bretz ore was hauled to Opalite in two 6 yd. and one 10 yd. trucks each capable of making four round trips per day, so that some 88 cu. yds. per day were hauled over. This was fairly expensive but as Opalite was not worked out that plant could not be moved to Bretz.

A flotation mill to treat Bretz ore was considered and flotation tests were made on it. Colloidal matter in the ore indicated that high recoveries were possible only with a 6½ to 1 pulp dilution when floating. This would require some 600 to 700 tons of water per day for a 100-ton mill. McDermitt Creek, some four miles from the Bretz Mine and 900 feet lower in elevation is an adequate source of water and has good mill sites. The cost of pumping water from here to Bretz or trucking the Bretz ore to the mill on the creek would be about the same per ton of ore treated.

There is lots of low-grade and some high-grade ore left in the Bretz Mine waiting for the man who can devise an economical method for recovering it.

The treatment of two such dissimilar ores as those from Bretz and Opalite in the same plant afforded some interesting comparisons. Comparative runs on Opalite and Bretz ores were made under test conditions when the construction of a furnace plant for the Bretz mine was under consideration.

An excellent U. S. Bureau of Mines paper[24], that is not known nearly as well as it deserves to be, gives a practical and accurate method of determining the time of passage of ore through rotary kilns. This method was used to obtain the time of passage for Opalite and Bretz ores through the 4 by 70 foot kiln at Opalite. Both ores traveled through the kiln in practically the same time, namely 61.6 minutes for Opalite ore and 62.4 minutes for Bretz ore. This calculated time checked well with observed time of test particles that were sent through the kiln.

Opalite ore is practically all silica and is practically dry.

---

[24] Sullivan, John D., Maier, Chas. G., and Ralston, Oliver C.: Passage of Solid Particles Through Rotary Cylindrical Kilns. U. S. Bureau of Mines Technical Paper 384.

Applications 3. 6.
Copy 21

Recorded 3/25/55

U.S. Mining Corporation
243 Wm. Moran Reno, Nevada

BOOK 1 PAGE 40

Quitclaim Deed

This Indenture made the 16 day of March one thousand nine hundred and fifty five.

Between

J. P. Hart

the party of the first part,

and

John Ruiz

the party of the second part,

Witnesseth: That the said party of the first part, in consideration of the sum of Ten dollars, lawful money of the United States of America, to him in hand paid by the party of the second part, the receipt whereof is hereby acknowledged, does hereby release and forever QUITCLAIM unto the party of the second part, and to his heirs and assigns, all those mining claims as a certain lot, piece or parcels of land situate in the County of Maltheur State of Oregon, and bounded and described as follows, to-wit:

YULETIDE #1 recorded in Book 1, Page 13 on 2/25/'55
YULETIDE #2 " " Book 1, " 15 " " "
~~YULETIDE~~
YULETIDE #3 " " Book 1, " 17 " " " "
YULETIDE #4 " " " 1, " 19 " " "
and CLIFF " " " 1, " 22 " " " " ,

five in all situated in Sec. 3, T 41 S, R 41 E. Malheur County, Oregon

Together with the tenements, hereditaments, and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof.

To Have and to Hold the said premises, together with the appurtenances, unto the party of the second part, and to his heirs and assigns forever.

In Witness Whereof the party of the first part has executed this conveyance the day and year first above written.

Signed and Delivered in the Presence of

Raymond Smith

J. P. Hart

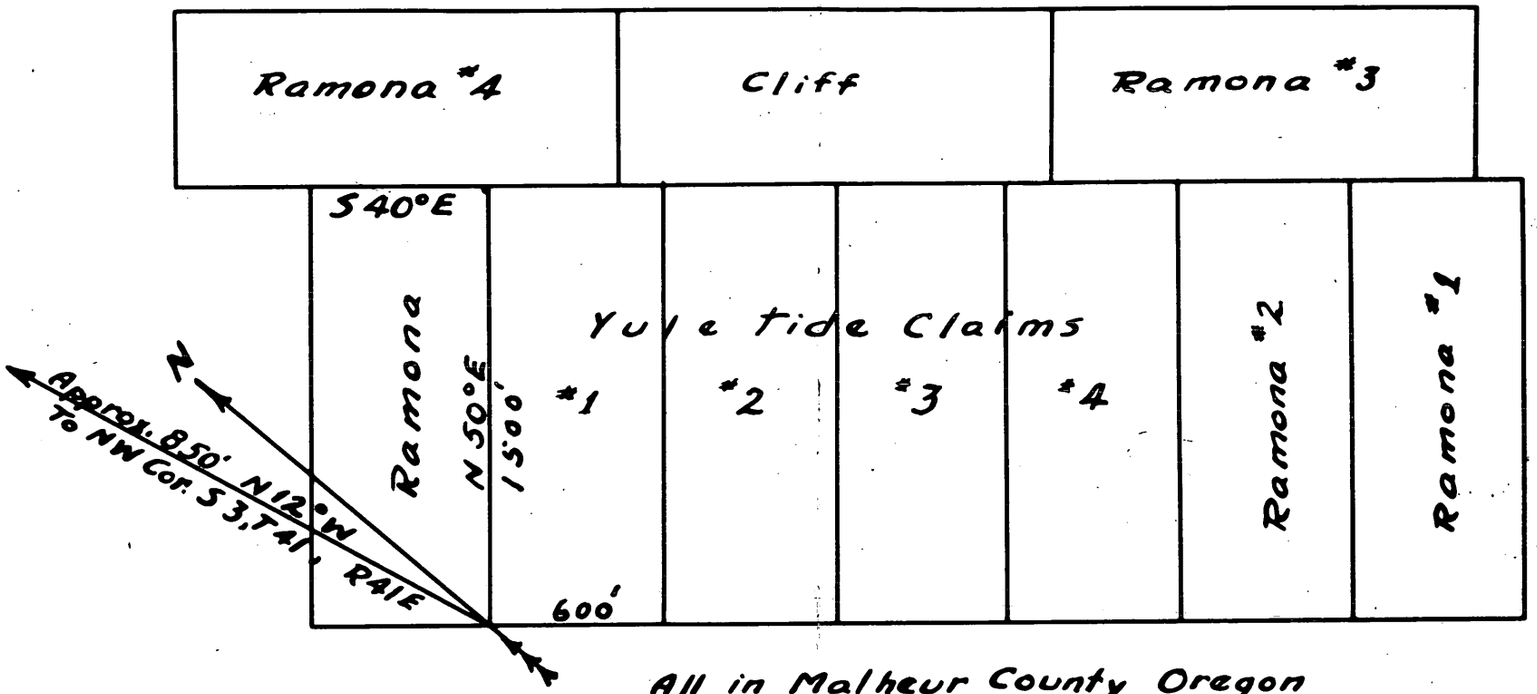
Cowdery's Form No. 490—QUITCLAIM DEED—SHORT FORM.

Application 3-a-2. Copy #1

Copy #1

U. S. Mercury Corporation

U. S. Mercury Corporation
[illegible] Main Tonopah Road, Nevada



All in Malheur County Oregon
Yuletide and Cliff Claims held under lease
Ramona Claims held by location.

CLAIM MAP - U.S. MERCURY CORPORATION.

by Jay A. Carpenter

3/20/55

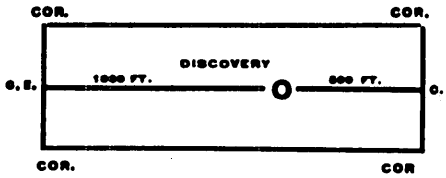
No. 424—NOTICE OF QUARTZ LOCATION

Application 3.6.

Copy #1

Abandonment of U.S. Mercury

BOOK 1 PAGE 42



THIS DIAGRAM WILL EXPLAIN METHOD OF DESCRIPTION OF CLAIM.

Notice of Quartz Locations.

Abandoned ~~Located~~ this 16th day of March, A. D. 19 55

in Malheur County, STATE of Oregon

in the Opalite MINING DISTRICT.

Notice is hereby given that the undersigned, a citizen of the United States, over the age of twenty-one years, ~~having complied with the requirements~~

~~does hereby~~ publically annouce that I have abandoned, and as the sole owner, ~~have forfeited any right of owne ship to the following mining claims towit known as~~ ~~SUNSET #1~~, ~~SUNSET#2~~, ~~COTTONWOOD #1~~, ~~BLUEBIRD~~ ~~BLUEBIRD #1~~, and ~~SAGEBRUSH #1, five in all.~~ All in Sec. 3, T 41 S, R 41 E. ~~presumably "located" in 1952, but there is no official record in the~~ County Recorders Office of locations or certificates as shown by a recent search of title, this of questional possession.

Witness:

Raymond Smith

John Ruiz

~~Locators.~~

U.S. Mercury Corp.
243 Univ. Tempe, Ariz.

Application 4(a) Copy 1
U. S. Mercury Corporation
U. S. Mercury Corporation
243 Univ. Terrace Reno, Nevada

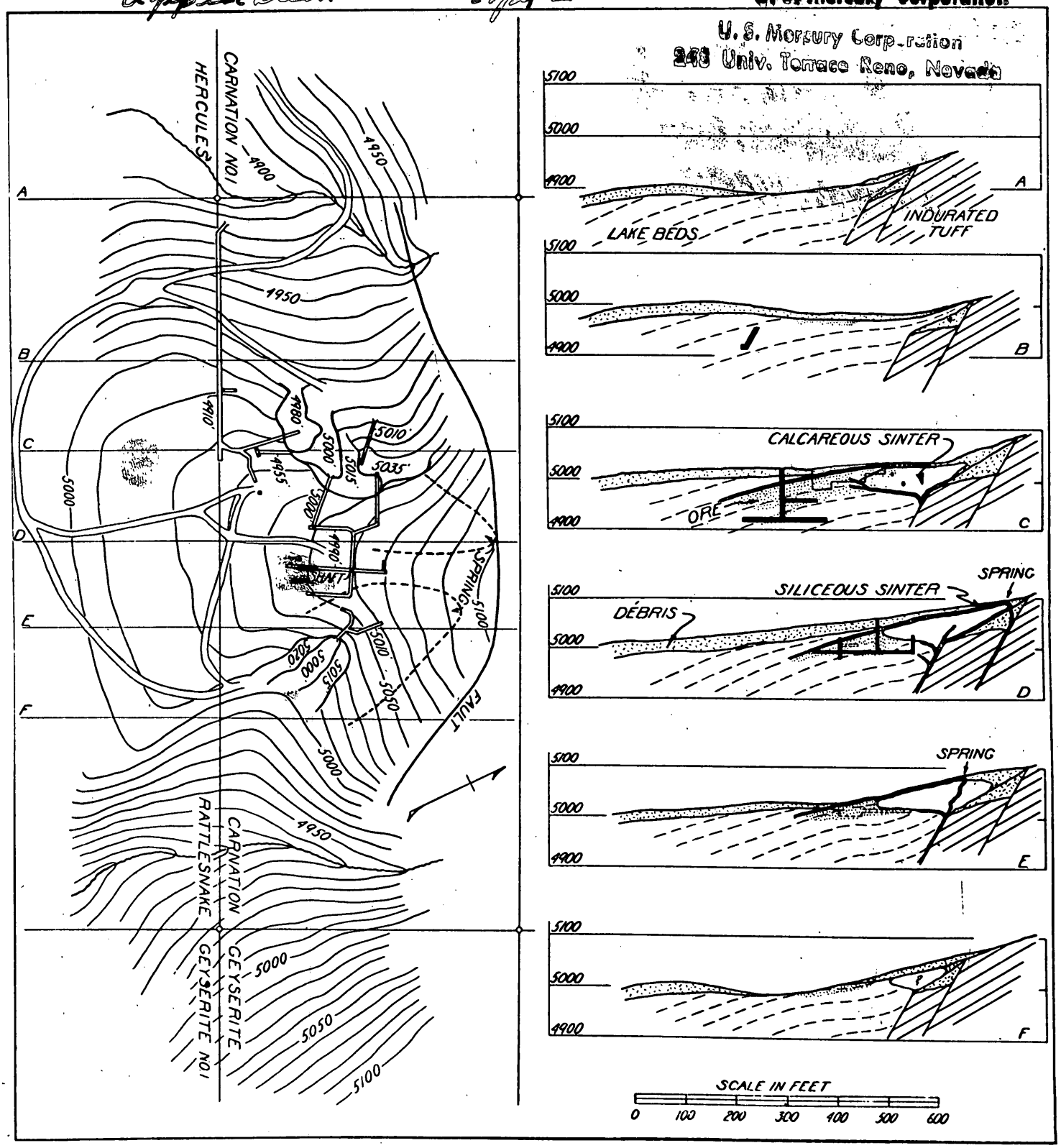


Figure 26—Bretz Mine—Early plan and sections.

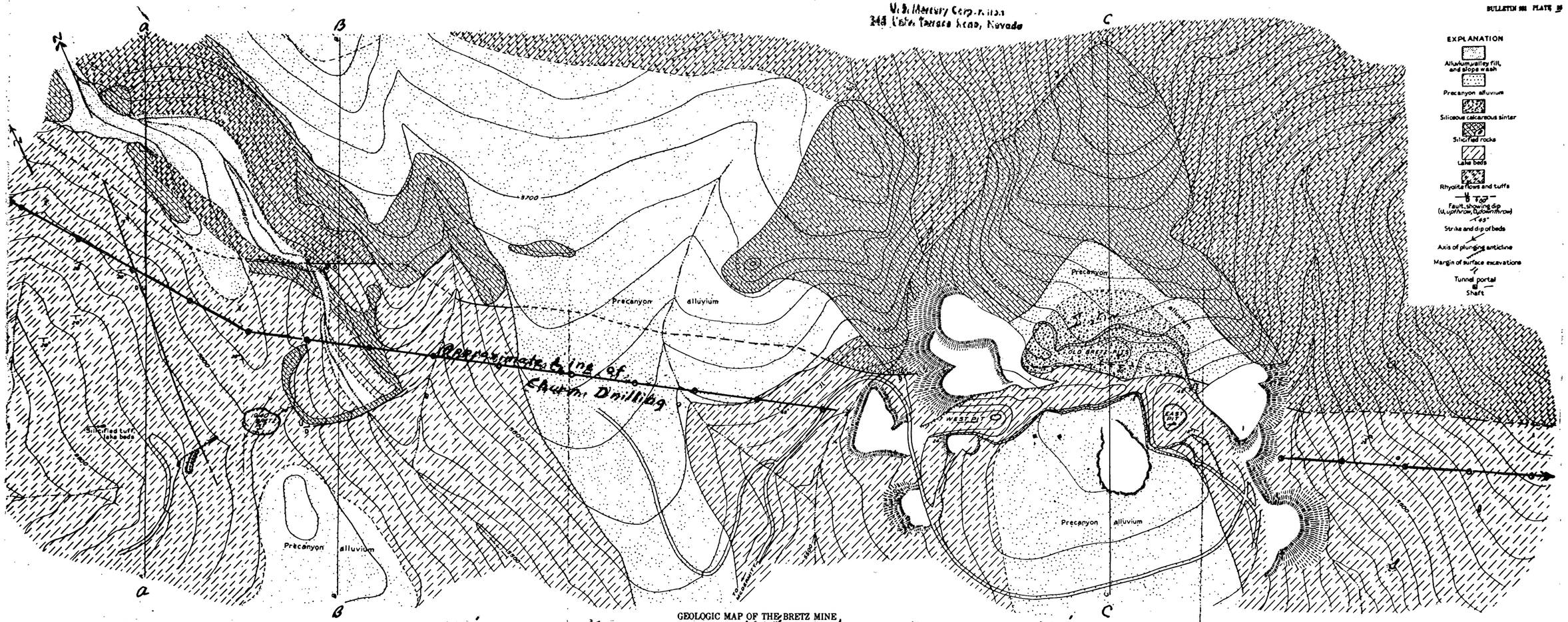
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
~~University Station, Reno, Nevada~~

OFFICIAL BUSINESS

(PMCO)

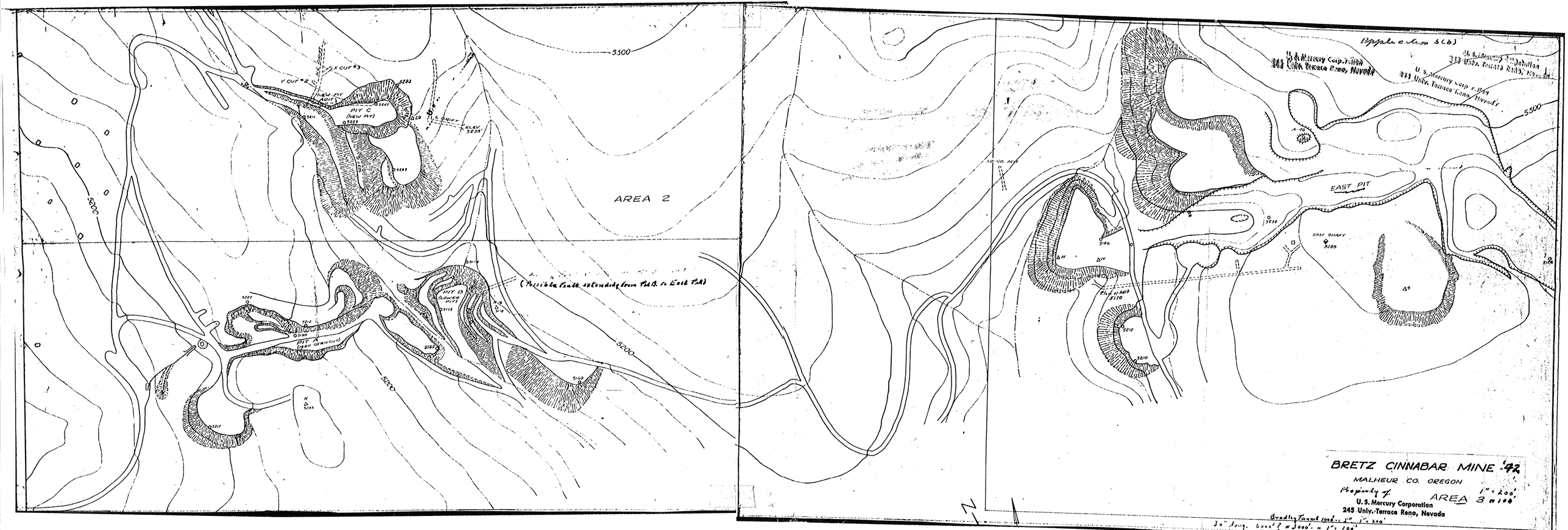
DMEA

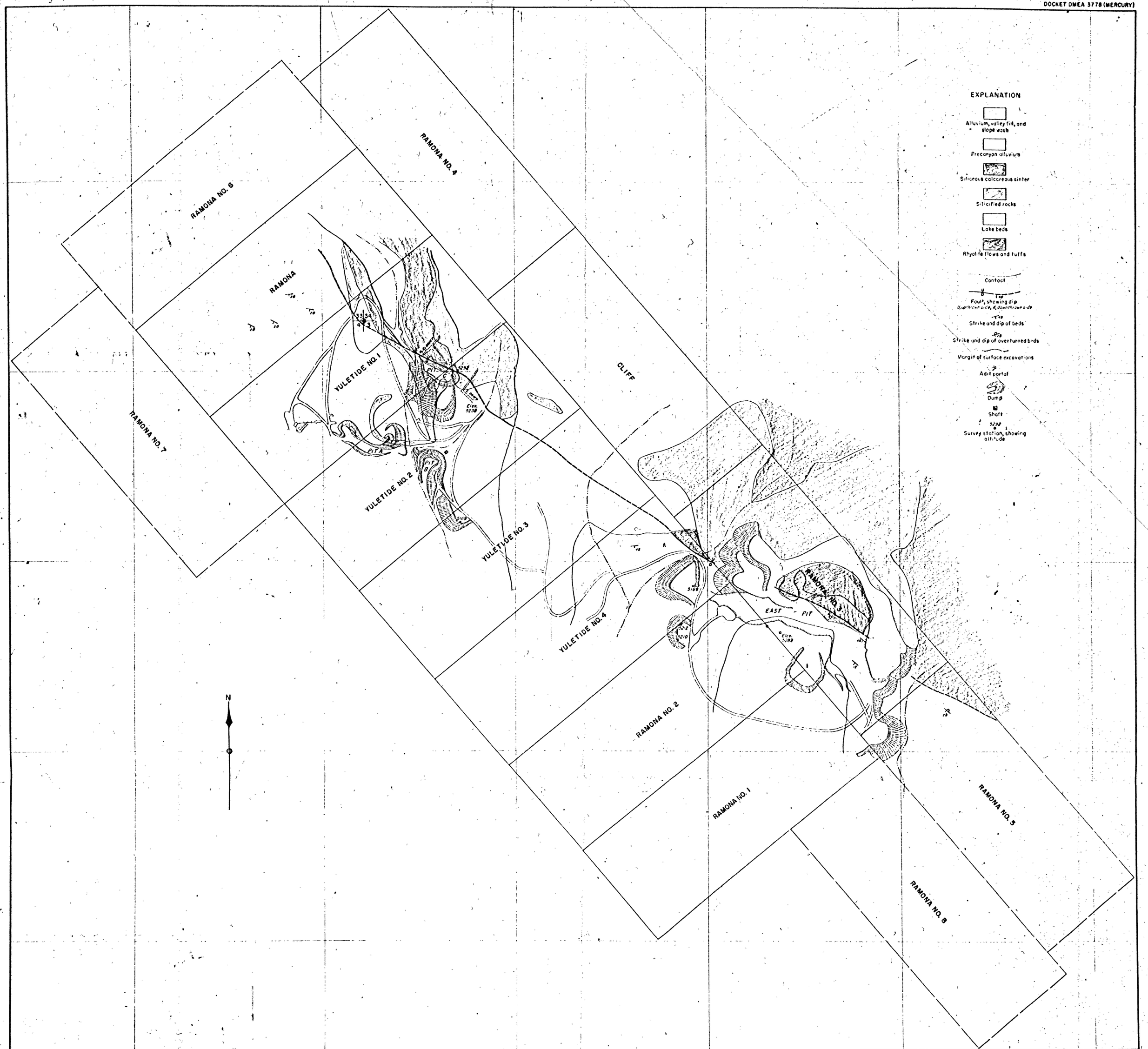
U.S. Mercury Corp. 1953
243 Lake Terrace Reno, Nevada

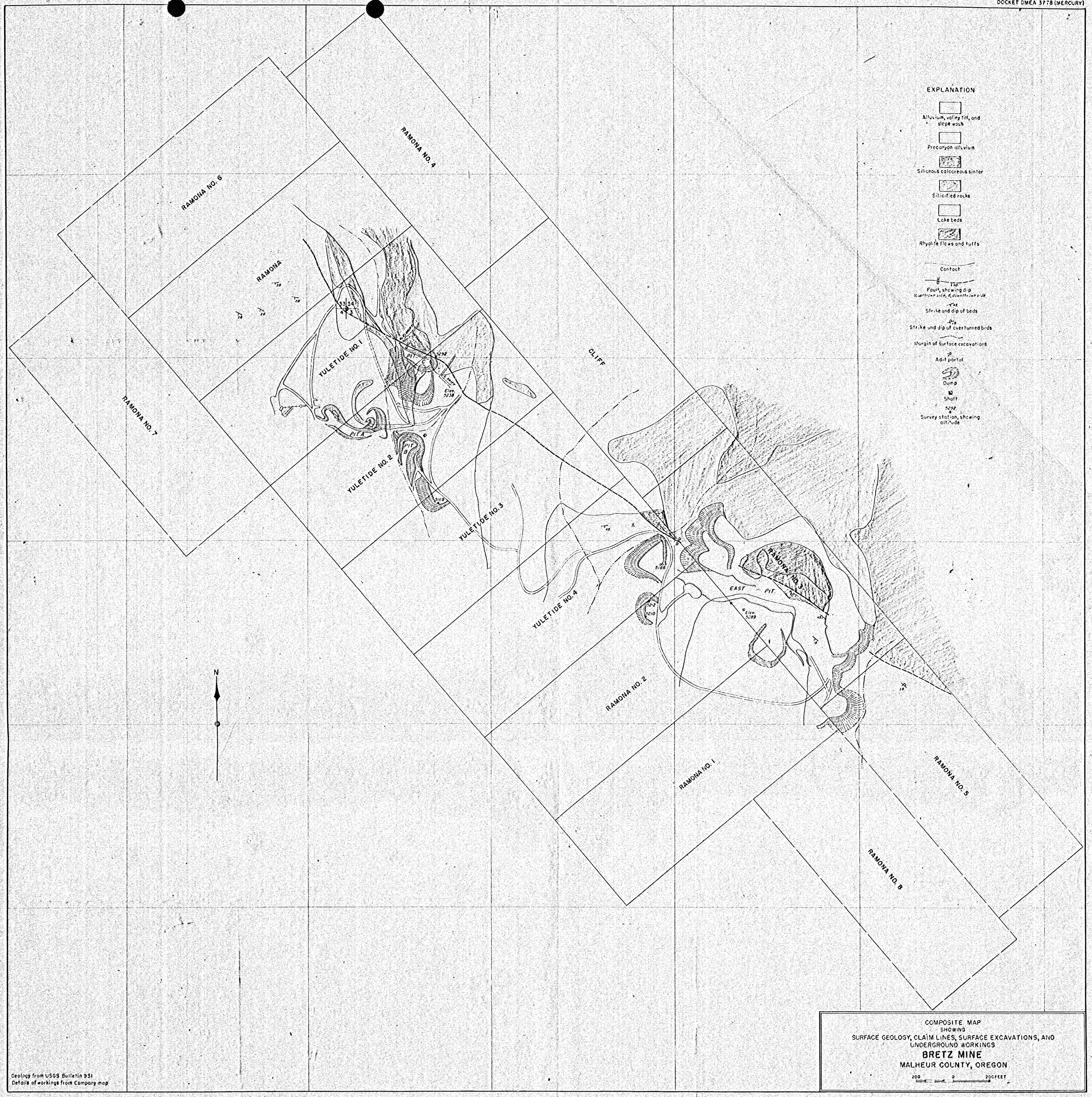


GEOLOGIC MAP OF THE BRETZ MINE,
with
PROPOSED LINE OF CHURN DRILLING. 3/20/55 by Jay A Carpenter

U.S.G.S. Bulletin 931-M
Robert E. Yates '42


AREA 2
5300
5200
5200
5200
PIT C
(NEW PIT)
PIT B
(LOWER PIT)
PIT A
(1940 OPEN CUT)
(Possible Path extending from Pit B. to East Pit)
EAST PIT
EAST SHAFT
5289
5232
5210
5212
5110
5186
5109
5245
5217
5221
5212
5186
5183
5114
5118
5293
5292
5265
5265
5265
5211
5229
5234
Elev. of Adit 5110
Appendix 5(b)
U.S. Mercury Corp. Reno
245 Univ. Terrace Reno, Nevada
BRETZ CINNABAR MINE '42
MALHEUR CO. OREGON
Property of
U.S. Mercury Corporation
245 Univ. Terrace Reno, Nevada
AREA 3
1" = 200'
N


EXPLANATION
Alluvium, valley fill, and slope wash
Precanyon alluvium
Siliceous calcareous sinter
Silicified rocks
Lake beds
Rhyolite flows and tuffs
Contact
Fault, showing dip
U, upthrown side, d, downthrown side
Strike and dip of beds
Strike and dip of overturned beds
Margin of surface excavations
Adit portal
Dump
Shaft
5292
Survey station, showing altitude
RAMONA NO. 6
RAMONA NO. 4
RAMONA
RAMONA NO. 7
YULETIDE NO. 1
CLIFF
YULETIDE NO. 2
YULETIDE NO. 3
YULETIDE NO. 4
RAMONA NO. 3
EAST PIT
RAMONA NO. 2
RAMONA NO. 1
RAMONA NO. 5
RAMONA NO. 8
N
Geology from USGS Bulletin 931
Details of workings from Company map
COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS
BRETZ MINE
MALHEUR COUNTY, OREGON
200 0 200 FEET


EXPLANATION
Alluvium, valley fill, and slope wash
Precanyon alluvium
Siliceous calcareous sinter
Silicified rocks
Lake beds
Rhyolite flows and tuffs
Contact
Fault, showing dip
U, upthrown side, D, downthrown side
Strike and dip of beds
Strike and dip of overturned beds
Margin of surface excavations
Adit portal
Dump
Shaft
5292
Survey station, showing altitude
RAMONA NO. 6
RAMONA NO. 4
RAMONA
RAMONA NO. 7
YULETIDE NO. 1
YULETIDE NO. 2
YULETIDE NO. 3
YULETIDE NO. 4
CLIFF
PIT A
PIT B
PIT C
Elev. 5238
5292
5169
5166
5212
5210
EAST PIT
Elev. 5289
RAMONA NO. 3
RAMONA NO. 2
RAMONA NO. 1
RAMONA NO. 5
RAMONA NO. 8
N
Geology from USGS Bulletin 931
Details of workings from Company map
COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS
BRETZ MINE
MALHEUR COUNTY, OREGON
200 0 200 FEET

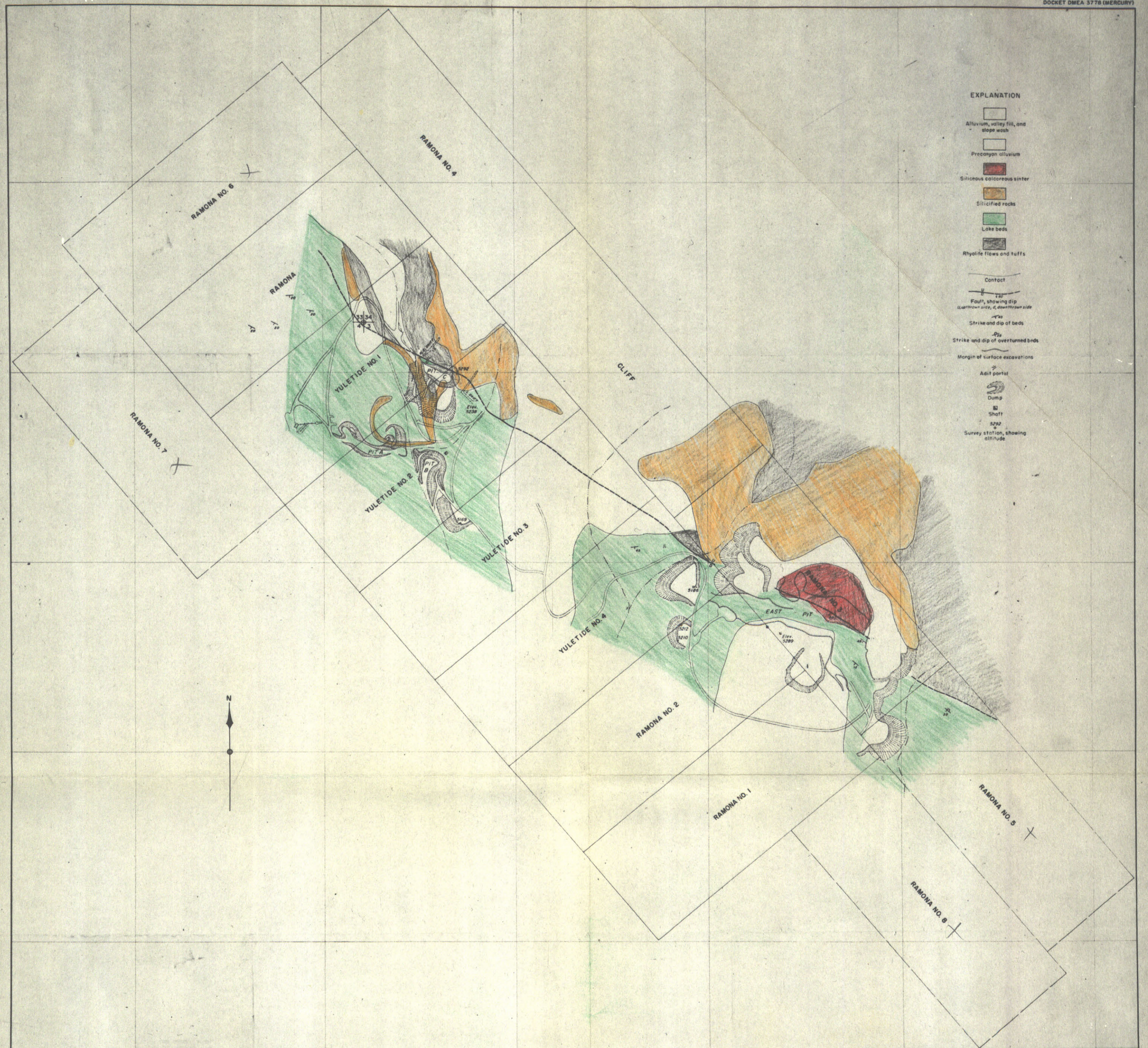
COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS

BRETZ MINE

MALHEUR COUNTY, OREGON

200 0 200 FEET

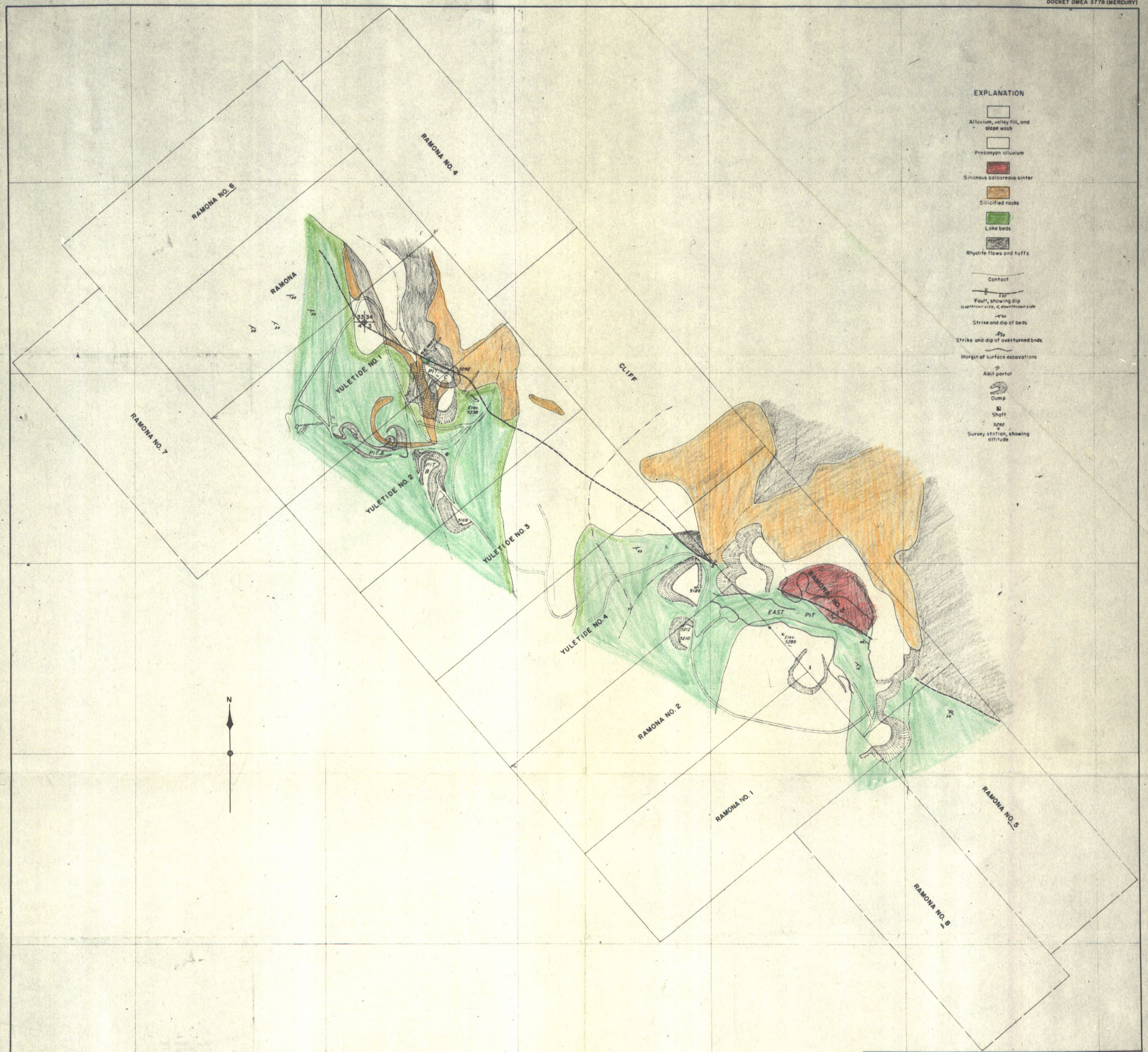
Geology from USGS Bulletin 931
Details of workings from Company map



COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS
BRETZ MINE
MALHEUR COUNTY, OREGON

200 0 200 FEET

Geology from USGS Bulletin 931
Details of workings from Company map



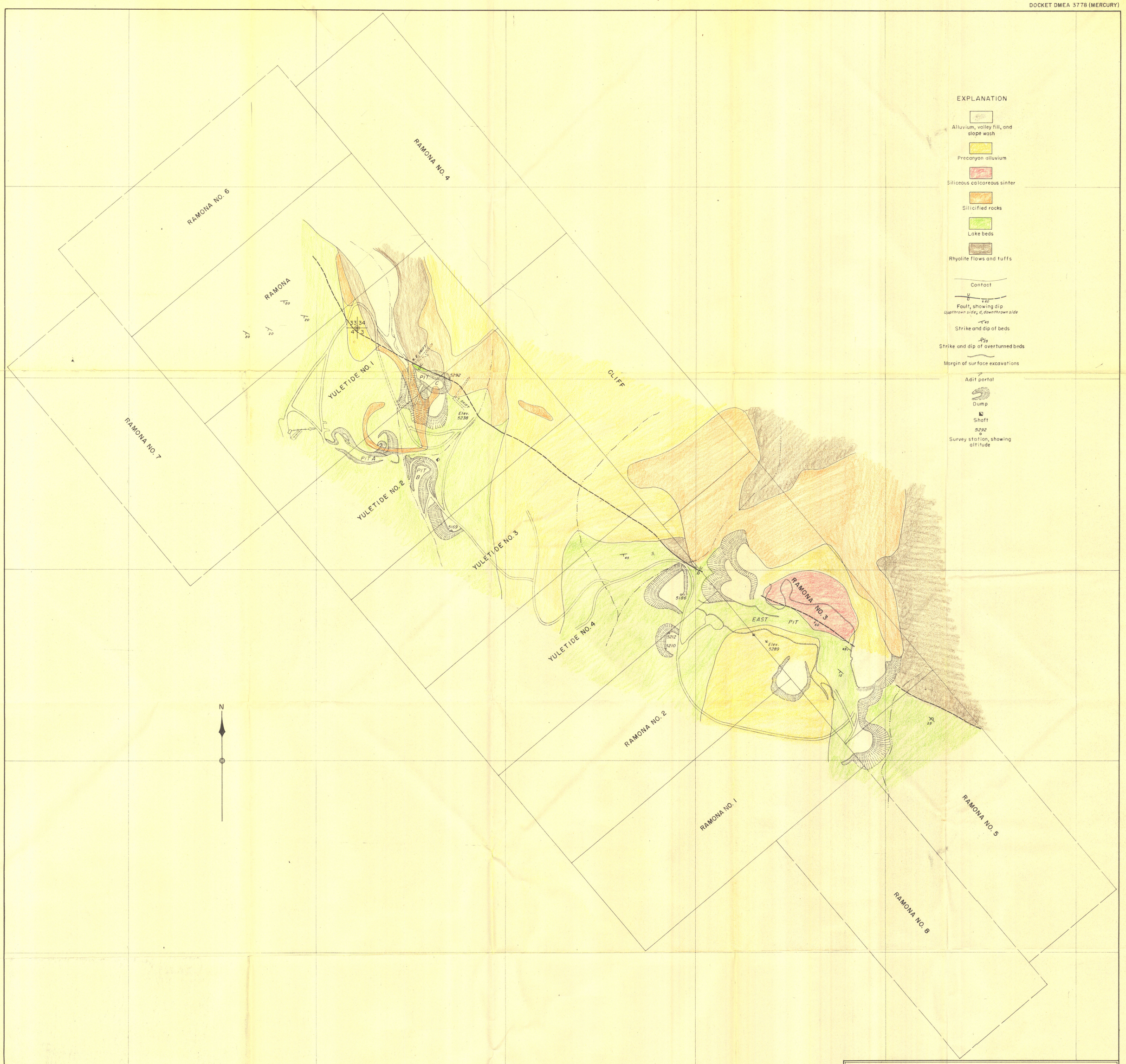
COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS

BRETZ MINE

MALHEUR COUNTY, OREGON

200 0 200 FEET

Geology from USGS Bulletin 931
Details of workings from Company map



COMPOSITE MAP
SHOWING
SURFACE GEOLOGY, CLAIM LINES, SURFACE EXCAVATIONS, AND UNDERGROUND WORKINGS

BRETZ MINE

MALHEUR COUNTY, OREGON

200 0 200 FEET

Geology from USGS Bulletin 931
Details of workings from Company map