OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E763, Docket DMEA-3448 (tungsten), dated February 2, 1955, with

Black Pearl Mining Company
5702 North 12th Street
Phoenix, Arizona
and its assignee
Hillside Mining & Milling Company
Bagdad, Arizona

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Black Pearl Mine located in Yavapai County, Arizona, during the period November 1, 1960, through November 5, 1963.

A certification of discovery or development was issued on October 25, 1957, and, in accordance with Article 8 and Amendment No. 4 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 13 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. An Audit Certificate dated January 13, 1958, indicated accepted costs under the exploration contract amounting to $59,068.80 with the Government's contribution on a 75 percent basis being $44,301.60.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through October 31, 1960, to be $180,666.21. The royalty account as of October 31, 1960, was:

Total Royalty Payable	$9,033.31
Total Royalty Paid	9,037.67
Overpayment of Royalty	$ 4.36

As of November 5, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$9,033.31
Total Royalty Paid	9,037.67
Overpayment of Royalty	$ 4.36

November 18, 1963

E. D. Talbert, OME Auditor

Idm-E763 Hillside Mining & Milling Company DMEA-3448

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 3 patented claims (Black Pearl Nos. 1, 2, and 7) in the NW quarter of sec. 18, T. 15 N., R. 7 W. At the time the contract was executed the Operator was in possession by virtue of an assignment from Edgar A. Scholz (the Operator's president), Irma R. Scholz (the Operator's secretary-treasurer), J. H. Cazier, and Dorothy L. Cazier, of an April 30, 1951, lease and option and an August 1954 amendment extending the lease and option to October 1, 1964, granted by the several owners. The lessors and assignors executed an Owner's Consent to Lien on February 16, 1955.

Exploration work under the contract was terminated effective August 1, 1956, under a June 11, 1957, agreement with the Operator-Assignee, which had acquired the original Operator's interest in the land under a sub-lease and assignment of option dated November 1, 1955. The Government consented to the assignment of the contract on December 12, 1955, without releasing the Operator-Assignor from any of the conditions of the contract.

Production during the exploration period and shortly thereafter resulted in sales of tungsten concentrates to the General Services Administration by the Operator-Assignor from April 1955 through July 1955 and by the Operator-Assignee from November 1955 to January 8, 1957. These sales, aggregating 56,547.5931 lbs. WO_3 with proceeds of $160,285.65, are covered by a February 17, 1958, Royalty Audit Certificate and Report. A $.47 overpayment of royalty by the Operator-Assignor and a $.01 underpayment by the Operator-Assignee is stated in the report.

By letter dated February 14, 1957, the Operator-Assignee advised that it was abandoning its sub-lease and option on the property. Upon conclusion of its operations the Operator-Assignee held in Bagdad a stockpile of 34,262 lbs. of tungsten concentrates. The sale to Fred H. Lenway and Company on March 24, 1960, of this stockpile containing 1,049.1578 S.T.U. WO_3 resulted in proceeds of $20,380.56, which are covered by a November 1, 1960, Report of Royalty Review. An overpayment of royalty of $3.90 on this transaction is stated in this report.

Inspections of the property and inquiries by DMEA and OME regional representatives disclosed no activities on the property from December 1956, when all equipment was removed and the shaft was bulkheaded at the collar, to April 8, 1960. In July 30, 1962, and November 5, 1963, replies to MME Form 63 inquiries addressed to the Operator-Assignee, its former general manager stated, over his signature as assistant general manager of Bagdad Copper Corporation, that: (1) no production from the property had occurred since April 8, 1960; (2) the Operator-Assignee was liquidated in December 1961; and (3) the property was returned to Messrs. Scholz and Cazier.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that all production has been reported and royalty thereon paid;

(2) The property has been inactive since 1956; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Building 20 - Federal Center
Denver, Colorado 80225

EXTRA COPY
O. M. E
RECEIVED DEC 9 1963
DATE
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December 4, 1963

Memorandum

To: Fiscal Section, Division of Management Operations
Office of the Secretary, U. S. Department of the Interior
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: DMEA-3448 (Tungsten)
Contract Idm-E763
Hillside Mining & Milling Company, Assignee
(Black Pearl Mine)
Yavapai County, Arizona

Attached is the original Report of Royalty Review dated November 18, 1963, on the subject property covering the period November 1, 1960, through November 5, 1963.

Original signed by

Hugh M. Commors

Attachment

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E763
Chron
HMC/lm

NOV 2 9 1963

Memorandum

To: Acting Field Officer, Region III

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3448 (Tungsten)
Hillside Mining & Milling Company, Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract Idm-E763

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Management Operations, Office of the Secretary, U. S. Department of the Interior, Washington, D. C. 20240; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 11-27-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

EXTRA COPY O. M. E RECEIVED NOV 21 1960		
DATE	INITIALS	CODE
		900

Building 20 - Federal Center
Denver 25, Colorado

November 16, 1960

Mr. Robert C. Bogart, Manager
Hillside Mining and Milling Company
Bagdad, Arizona

Re: DMFA-3448 (Tungsten)
Hillside Mining and Milling Company, Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract No. Ibn-E763

Dear Mr. Bogart:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated November 1, 1960 covering the period December 1, 1957, through October 31, 1960.

You will note that $4.55 is the amount of overpayment of Royalty. If you submit a claim to us for that amount the overpayment in Royalty will be refunded to you.

Yours very truly,

IM

for
Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure
IM
cc: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations (2)
Royalty Corres. E763
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 21 1960
DATE | INITIALS
800

Building 20 - Federal Center
Denver 25, Colorado

November 16, 1960

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMWA-3488 (Tungsten)
Contract No. Idm-3763
Hillside Mining and Milling Company, Assignee
Black Pearl Mine
Yavapai County, Arizona

Attached is the original Report of Royalty Review on the subject property dated November 1, 1960 covering the period December 1, 1957, through October 31, 1960.

Original signed by IM
For

Hugh M. Connors

Attachment

IM
cc: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations (2)
Royalty Corres E763
Chron

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E763, Docket No. DMEA-3448 (Tungsten), dated February 2, 1955, with

Hillside Mining and Milling Company
Assignee of Black Pearl Mining Company
Bagdad, Arizona

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Black Pearl Mine located in Yavapai County, Arizona, during the period December 1, 1957, through October 31, 1960.

A certification of discovery or development was issued on October 25, 1957, and, in accordance with Article 8 and Amendment No. 4 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 13 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. An Audit Report and Certificate dated January 13, 1958, indicated accepted costs under the exploration contract amounting to $59,068.80 with the Government's contribution, on a 75 percent basis, being $44,301.60.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales of wolframite concentrates for the period to be $20,380.56. Royalty due the Government at rates specified in the contract is $1,019.03.

A prior Royalty Audit Report and Certificate found the sales subject to Government royalty through November 30, 1957, to be $160,285.65 which added to the sales for this subsequent period make a total of $180,666.21. The royalty account as of November 30, 1957, was:

Total Royalty Due	$8,014.28
Total Royalty Paid	8,014.74
Overpayment of Royalty	$ 0.46

At October 31, 1960, the royalty account of this project was found to be:

Total Royalty Due	$9,033.31
Total Royalty Paid	9,037.67
Overpayment of Royalty	$ 4.36

November 1, 1960

C. E. Fisher, OME Auditor

Idm-E763 Hillside Mining and Milling Company DMEA-3448

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This property was not operated during the period covered by this review; however, the inventory of WO_3 on hand at the time of the prior royalty audit was sold during this period and royalty thereon was paid to the Government in April 1960.

My review included a recomputation of the final settlement statement of Fred H. Lenway and Company, Inc., purchasers of the concentrates, which consisted of 1,049.1578 STU WO_3 at $19.50/STU having a gross value of $20,458.53. Royalty at 5% was paid on this amount. The settlement statement indicated a deduction of $78.02, being ½ of weighing and sampling charges. This latter amount is deductible from gross proceeds in the computation of royalty due the Government. Thus, royalty was overpaid in the amount of $3.90 in connection with this sale, which added to the net overpayment of $0.46 shown by the prior royalty audit, makes a total overpayment of $4.36.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) Inspection reports by field representatives of the Government and other information in the Washington office files indicate that all production on which the Government would be entitled to royalty has been reported and proper royalty has been received, except as indicated above; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

NOV 8 1960

Memorandum

To: Acting Field Officer, Region III

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3449 (Tungsten)
Hillside Mining & Milling Co., Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract Idu-8763

Attached are the original and two copies of a Report of Royalty Review on the above cited project. If you concur in the facts stated in the report, distribution should be made as follows:

(a) Original of the report to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy to the Operator; and
(c) One copy for your file.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished to this Division. If for any reason you do not concur, the original and both copies of the report should be returned to this Division with your comments.

Attachments

CEFisher/ama
November 8, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Rothrock

MAY 3 1960

Mr. Robert G. Bogart, Manager
Millsite Mining and Milling Company
Bagdad, Arizona

Re: [illegible] (Temporary)
Millsite Mining and Milling Company,
Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract No. [illegible]

Dear Mr. Bogart:

We note from your letter of April 4, 1960, to Mr. J. W. Townsend, Executive Officer, GSE Field Team, Region III, Denver, Colorado, that you forwarded check for $1,022.93 in payment of royalty from the sale of stockpiled tungsten concentrates, with the statement that you believed this ended any obligation on the above contract, as the final report was submitted at the termination of operations.

Receipt of this check does clear present obligations. However, under the terms of the contract and of the certification, as noted in our letter of October 29, 1957, all minerals mined or produced from February 2, 1953, to February 2, 1958, are subject to the Government's percentage royalty until the sum of $44,301.60 is paid. You will note that this sum is slightly different from the figure given in our letter of October 29, 1957, which figure was revised by the final audit, which has now been made.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

SFWelt/gla
4/29/60
cc to: Black Pearl Mining Co.
Director's Reading File
Region III (2)
Docket
Chron
Code 500
CA&A Division

E-763

For royalty payment of $1,022.93, dated April 6, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

February 19, 1960

Mr. James H. Cazier
Black Pearl Mining Company
3052 South Kearney
Denver 22, Colorado

Re: Docket No. DMEA-3448 (Tungsten)
Contract No. Km-E763
Hillside Mining and Milling Company
(Black Pearl mine)
Yavapai County, Arizona

Dear Mr. Cazier:

In order to up-date our files on the referenced contract, we would like to obtain two copies of the instrument whereby the Hillside Mining and Milling Company surrendered possession of the property which it held by the "Sub-Lease and Assignment of Option". We, also, would like to know:

(1) Does your company still hold the property by assignment of the lease and option agreement between all the owners, and E. A. Scholz and Irma R. Scholz?

(2) Has there been production from the subordinated land since January 1, 1959? If yes, and shipments were made, who was the purchaser?

(3) Is any ore, concentrates, or low-grade ore stockpiled? If yes, please furnish estimated weight and grade of each type of material.

An early reply will be appreciated.

Very truly yours,

signed by

J. W. Townsend
Executive Officer, GME
Field Team, Region III

TMR:mjs
cc: Chmn. Op. Comm (2)
Royalty corres E763
Chron

BAGDAD COPPER CORPORATION

BAGDAD, ARIZONA

November 3, 1959

OME
DEPARTMENT OF THE INTERIOR
NOV 5 1959
REGION III
DENVER, COLORADO

Mr. J. W. Townsend
Executive Officer OME
Field Team, Region III
United States Department of Interior
Office of Minerals Exploration
Building 20 Federal Center
Denver 25, Colorado

Re: Docket DMEA 3448 (Tungsten)
Contract No. Idm E763
(Black Pearl Mine)
Yavapai County, Arizona

Dear Mr. Townsend:

The Black Pearl concentrates are stockpiled awaiting a buyer. At the present time we are attempting to locate a buyer and accepting bids.

You will be notified and royalty will be paid immediately upon receipt of settlement by the purchaser of these concentrates.

Very truly yours,

HILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

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EXTRA COPY O. M. E. RECEIVED OCT 14 1959		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

October 12, 1959

Mr. Robert C. Rogart, General Manager
Hillside Mining and Milling Company
Bagdad, Arizona

Re: Docket No. DMEA 3448 (Tungsten)
Contract No. Idm-E763
(Black Pearl mine)
Yavapai County, Arizona

Dear Mr. Rogart:

At the last inspection of the Black Pearl mine, it was noted that an estimated 34,000 pounds of 63.3 percent WO_3 concentrates from this property were stored in Bagdad. As you know, royalty is due the Government on these stockpiled tungsten concentrates when they are sold.

Will you please advise the present status of the above mentioned concentrates.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

EMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. E763
Semiannual Rept. file E763
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST ROYALTY AUDIT CERTIFICATE

I have examined the production records and sales documents pertaining to the sale of WO_3 for the period February 2, 1955 to November 30, 1957, by

Hillside Mining and Milling Company
Assignee Black Pearl Mining Company
Bagdad, Arizona

produced from Black Pearl Mine, located in Yavapai County, Arizona, on which royalties are due the U. S. Government under terms of Contract No. Idm-E763, Docket No. DMEA 3448, dated February 2, 1955, as amended.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit established the total sales of contained WO_3 in production, subject to DMEA royalties, to be $160,285.65. Royalty due the Government at 5% is $8,014.28. The royalty paid and the balance due are as follows: -

Total Royalties Due	$8,014.28
Total Royalties Paid	8,014.74
Royalties Overpaid	($ 0.46)

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February 17, 1958

T. H. Brading, Auditor

FIRST ROYALTY AUDIT REPORT

I. INTRODUCTION

On October 22 and 23, 1957, an audit was made of the production, sales and royalty accounts and records of

Hillside Mining and Milling Company
Assignee of Black Pearl Mining Company
Bagdad, Arizona

pertaining to the sale of tungsten trioxide during the period from February 2, 1955 to October 23, 1957, produced from Black Pearl Mine, located in Yavapai County, Arizona, on which royalties are due the United States Government under the terms of Contract Idm-F763, Docket No. DMEA 3448 (Tungsten), dated February 2, 1955, as amended.

No production records as such were maintained by Black Pearl Mining Company, which company maintained operations from February 2, 1955 to October 31, 1955. Basic production and sales data on the major portion of the production on which royalties were paid, were maintained in the Bagdad, Arizona, office of Hillside Mining and Milling Company.

Mr. T. M. Romslo, Mining Engineer, DMEA, Tucson, Arizona, accompanied the Auditor and assisted in the audit. Mr. R. C. Bogart, General Manager, and Edgar Kellis, Accountant, Hillside Mining and Milling Company, were consulted as necessary.

II. GENERAL INFORMATION

The exploration contract provides that the Government, within six months after receipt of an acceptable final report from the Operator, may certify that a discovery or development has resulted from the work. If certification is made, the Operator, as principal if the producer or as surety if not the producer, is obligated to pay a percentage royalty on all minerals produced from the land within 13 years from the date of the contract, or until the net amount contributed by the Government without interest is repaid, whichever occurs first.

The exploration work was completed on July 31, 1956, and the Operator's final report was received at Denver on May 2, 1957. Certification of Discovery or Development was issued October 25, 1957.

According to a final audit report and certificate dated January 13, 1958, by T. H. Breding, DMEA Auditor, the total accepted cost of exploration amounted to $59,068.80, with the Government's contribution on a 75 percent basis being $44,301.60.

This royalty audit was made simultaneously with the cost audit.

The first reported production subject to DMEA royalty occurred in April, 1955, and settlement sheets covering this production were submitted by Black Pearl Mining Company. Sales of tungsten concentrates produced were

made to Hillside Mining and Milling Company, which company disposed of the concentrates to General Services Administration. Last reported sale by Black Pearl Mining Company was in July, 1955. The first reported sale of tungsten concentrates by Hillside Mining and Milling Company was in December, 1955, and the last reported sale was January 8, 1957.

During the course of the audit one additional umpire settlement, which had not been reported, was found. Subsequently, copy of this settlement sheet was forwarded to the Executive Officer, DMEA Field Team, Region III, on November 14, 1957, and royalty due on that settlement sheet is included in this audit.

All royalty payments are based on sales of contained tungsten trioxide, the end product, to General Services Administration. Methods of prorating these sales were established by the Operator and approved by the Examining Engineer; Executive Officer, DMEA Field Team, Region III; and Chairman of the Operating Committee in Washington. All concerned agree that the basic method of proration and disposition of the product is such that the Government receives an equitable distribution of royalties due.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Examining Engineer

A conference with Mining Engineer (T. M. Romslo) disclosed the following: -

(a) The Operator does stockpile ore, tailing, and middlings, and does commingle production subject to DMEA royalties.

It is the opinion of Mr. Romslo that in all instances the records are maintained in a manner and allocation of production is such that the Government's interest is fully protected.

(b) The sampling and assay controls in effect are considered adequate.

(c) The manner of disposing of production is considered as giving the Government its fair royalty returns.

(d) Examination indicated that the Operator properly reported production subject to DMEA royalty.

B. Audit of Settlement Sheets

A considerable amount of preaudit analysis was accomplished in the DMEA office, Region III, Denver, Colorado, prior to the field audit. During this preaudit analysis statements of royalties received, prepared from copies of General Services Administration Acceptance invoice together with detailed schedule attached which reflected the basis of determining the royalty due DMEA, were recomputed in detail.

These statements, which are filed as a part of my working papers, were reconciled for Black Pearl Mining and Milling Company with memorandum production sheets in the files of that company, and for Hillside Mining and Milling Company with production summaries and the values with DMEA royalty account in the General Ledger.

At the time of the on-site audit in Bagdad, Arizona, Mr. Robert C. Bogart, General Manager of Hillside Mining and Milling Company advised that while exploration adtivities were terminated July 31, 1956, mining operations were not terminated until October, 1956, and milling operations continued until December, 1956, at which time a total of 21,522 pounds of WO_3 were on hand. This figure was reconciled to the Production Summary prepared by Mr. Robert C. Bogart.

IV. CONCLUSIONS

The sales subject to DMEA royalties, which are based on pounds of tungsten trioxide contained in tungsten concentrates shipped to General Services Administration, San Francisco, California, and royalties due and paid are shown in Exhibit "A" attached.

The audit has confirmed the accuracy and propriety of royalty payments received by the Regional Finance Officer, applicable to sales of tungsten trioxide during the period February 2, 1955 to November 30, 1957. It also has determined that all indicated sales during such period have been accounted for properly.

At the conclusion of the audit the audit findings were discussed with Mr. Robert C. Bogart, General Manager, Hillside Mining and Milling Company, and on November 4, 1957, discussed with Mr. E. N. Harshman, Acting Executive Officer, DMEA Field Team, Region III.

February 17, 1958

T. H. Brading, Auditor

EXHIBIT "A"

HILLSIDE MINING AND MILLING COMPANY
ASSIGNEE BLACK PEARL MINING COMPANY

Contract No. Idm-E763

Docket No. DMEA 3448

SUMMARY SALES WO3

	POUNDS WO	PROCEEDS	ROYALTY AT 5% DUE	ROYALTY AT 5% PAID
Black Pearl Mining Company	1,851.0	$ 5,847.03	$ 292.35	$ 292.82
Hillside Mining & Milling Co.	54,696.5931	154,438.62	7,721.93	7,721.92
	56,547.5931	$160,285.65	$8,014.28	$8,014.74
Royalties Due				8,014.28
Royalties Overpaid				$ 0.46

	NET VALUE	ROYALTY RATE	ROYALTY DUE	ROYALTY PAID	DIFFERENCE
Black Pearl Mining Company August, 1955	$ 204.12	5%	$ 10.21	$ 10.68	($0.47)
Hillside Mining & Milling Co. June 22, 1956 GSA 9-1739	$19,900.41	5%	$995.02	$995.01	.01
Net Overpaid					($0.46)

( ) - Indicates Credit

Check Sheet of Examining Engineer

Operator's Name Hillside Mining and Milling Company

Address Bagdad,

Arizona

Exploration Contract No. Idm-E763 Docket No. DMEA-3448

		Check One Yes	Check One No
1. (a)	Does the Operator stockpile ore subject to royalty repayment?	x	
(b)	If so, is segregation and identification procedure adequate?	x	
2. (a)	Does Operator commingle production subject to DMEA royalties with exempt production?	x	
(b)	If so, do you consider the allocation of the commingled production equitable?	x	
3. (a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?	x	
(b)	If so, are adequate records maintained on such material to protect the Government's interest?	x	
4.	Do you consider the assay controls in effect are adequate?	x	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	x	
7.	Does the Operator buy from or sell to other Operators?	x	

8. Comment on any item 2 (b) to 6 if answer is No.

Mining & milling operations were terminated during October 1956 and December 1956, respectively.
Approx. 21,500 #WO_3 on hand at shut down had been committed for delivery to GSA according to R. C. Bogart, General Manager

Date October 28, 1957

T M Romslo
Mining Engineer
T. M. Romslo

FIRST ROYALTY AUDIT REPORT

I. INTRODUCTION

On October 22 and 23, 1957, an audit was made of the production, sales and royalty accounts and records of

Hillside Mining and Milling Company
Assignee of Black Pearl Mining Company
Bagdad, Arizona

pertaining to the sale of tungsten trioxide during the period from February 2, 1955 to October 23, 1957, produced from Black Pearl Mine, located in Yavapai County, Arizona, on which royalties are due the United States Government under the terms of Contract Idm-E763, Docket No. DMEA 3448 (Tungsten), dated February 2, 1955, as amended.

No production records as such were maintained by Black Pearl Mining Company, which company maintained operations from February 2, 1955 to October 31, 1955. Basic production and sales data on the major portion of the production on which royalties were paid, were maintained in the Bagdad, Arizona office of Hillside Mining and Milling Company.

Mr. T. M. Romslo, Mining Engineer, DMEA, Tucson, Arizona, accompanied the Auditor and assisted in the audit. Mr. R. C. Bogart, General Manager, and Edgar Kellis, Accountant, Hillside Mining and Milling Company, were consulted as necessary.

II. GENERAL INFORMATION

The Exploration Contract as amended, provides that, regardless of any certification of discovery or development, the Government shall be entitled to a percentage royalty on all minerals mined or produced from February 2, 1955, until the lapse of time in which the Government may make such certification of discovery or development within a period of 13 years from the date of the contract, or until the net amount contributed by the Government without interest is fully repaid, whichever occurs first.

The exploration work was completed on July 31, 1956, and the Operator's final report was received at Denver on May 2, 1957. Certification of Discovery or Development was issued October 25, 1957.

According to a final audit report and certificate dated January 13, 1958, by T. H. Brading, DMEA Auditor, the total accepted cost of exploration amounted to $59,068.80, with the Government's contribution on a 75 percent basis being $44,301.60.

This royalty audit was made simultaneously with the cost audit.

The first reported production subject to DMEA royalty occurred in April, 1955, and settlement sheets covering this production were submitted by Black Pearl Mining Company. Sales of tungsten concentrates produced were

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3448
Contract No. Idm-8763
Milleide Mining and Milling Co.

Dear Mr. Breding:

I am enclosing the original and four copies (including two extras) of a rewrite of the first page of your First Royalty Audit Report on the referenced project. This rewrite clarifies the first paragraph under Section II.

If you concur, please substitute this page in the Operator's and Regional Office's copies of the report. Normal distribution is then authorized.

In future royalty audit certificates and reviews please show the mineral or minerals covered by the contract as parenthetical words following the docket numbers. This is a requirement of Mr. Chambers' memorandum of May 11, 1956, to all auditors.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Director
Contract Administration
and Audit Division

Enclosure
EDTalbert/wb
February 21, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 55
14-23-040-81

$ 19.29

For credit of 9013 Treasur[redacted]ional Office, Denver, Colo. 11/[redacted]/57
(Name, title, and disbu[redacted]other identification symbol of accountable officer) [redacted] (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14[illegible]401		19.29

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in account of the Treasurer of the United States on the date sh[illegible] subject to adjustment for uncollectible items included therein.

Bonnell
(Authorized signature)

11/15/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—[illegible]

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

E-[illegible] Hillside Min & Milling
Company 19.29

800

For Certificate of Deposit No. 104, dated February 5, 1957, giving royalty payment of $1,043.12, see E-395.

For Certificate of Deposit No. 88, dated January 2, 1957, giving royalty payment of $4,415.69, see E-53.

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO.
14-23-040-27

For credit of 413 Treasury [illegible]gional Office, Denver, Colo. [illegible]6/56
(Name, title, and disbursing o[illegible]er identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo.Denver,Colo.
(Name and location of depositary)

$ 789.91

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
1X4401		789.91

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

B. [illegible]
(Authorized signature)

8/16/56
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY.

1956 AUG 16 AM 11 42

E-763 Black Pearl

789.91

For Certificate of Deposit No. 18, dated July 31, 1956, giving royalty repayment of $1,453.91, see E-7.

For Certificate of Deposit No. 68, dated December 7, 1955, giving royalty repayment of $40.25, see E-6.

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

[redacted]IS DEPOSIT IS NOT SUBJECT TO [redacted]ECK

For credit of 413 Treasury R[redacted]ional Office, Denver, Colo. 1[redacted]0/55
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. 14-0[redacted]-040-43

deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

$ 2.32

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		2.32

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration
Administration
224 New Customhouse
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

OCT 10 1955

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

Idn E-763 Black Pearl 2.32

For Certificate of Deposit No. 24, dated August 24, 1955, giving royalty repayment of $250.25, see E-4.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

2/10 C 220 800

I have examined the records and transactions of:

Hillside Mining and Milling Company
Assignee of Black Pearl Mining Company
Bagdad, Arizona

pertaining to Exploration Project Contract No. Idm-E763, Docket No. DMEA 3448, dated February 2, 1955, including Amendments Nos. 1 through 4, covering a project for the exploration of tungsten on property known as Black Pearl Mine, located in Yavapai County, Arizona, for the period March 8, 1955 to July 31, 1956, and the subsequent disposition of project property.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor:

Total cost as billed by Contractor			$59,863.23
Less: Proceeds from disposition of property			254.25
Net Claimed Cost			$59,608.98
Exceptions: (See audit report for details)			
Prior to this audit	$689.07		
Less: Reinstatements	178.96	$510.11	
During this audit		30.07	540.18
Total Accepted Cost			$59,068.80

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Forty-four thousand, three hundred one and 60/100ths Dollars is valid and proper.

Amount payable to Operator	$44,301.60
Amount reimbursed	43,880.62
Balance due Operator	$ 420.98

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

January 13, 1958

T. H. Brading, Auditor

AUDIT REPORT

I. INTRODUCTION

On October 21, 22 and 23, 1957, a final audit (covering operations for the period March 8, 1955 to July 31, 1956) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E763, Docket No. DMEA 3448, dated February 2, 1955, including Amendments Nos. 1 through 4, with

Hillside Mining and Milling Company
Assignee of Black Pearl Mining Company
Bagdad, Arizona

covering a project for the exploration of tungsten on property known as the Black Pearl Mine located in Yavapai County, Arizona.

Mr. T. M. Romslo, Mining Engineer, Tucson office, DMEA, accompanied the auditor and assisted in the audit. Mr. J. H. Cazier, representing Black Pearl Mining Company, Mr. Robert C. Bogart, General Manager, and Mr. Edgar Kellis, Accountant, Hillside Mining Company, were consulted as required.

II. GENERAL INFORMATION ON RECORDS

Black Pearl Mining Company conducted the exploration operations for the period from March 8, 1955 to October 31, 1955, and Hillside Mining Company conducted the operations from November 1, 1955 to July 31, 1956.

The records of Black Pearl Mining Company were in custody of Mr. J. H. Cazier, Secretary-Treasurer, and the audit was conducted in his room at the Sahara Motor Hotel, Phoenix, Arizona. Records submitted by Mr. Cazier for examination consisted of monthly files, payrolls, sales invoices, and check register of Black Pearl Mining Company.

The Operator's Monthly Report and Voucher forms MF-104 were prepared by Mr. Cazier.

The records of Hillside Mining Company were maintained by Bagdad Mining Company as subsidiary accounts in the General Ledger of that company.

The Operator's Monthly Report and Voucher forms MF-104 were prepared for Hillside Mining Company by Mr. R. C. Bogart, General Manager.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the Form MF-104, Operator's Monthly Report and Voucher, for the month of July, 1956, but including the subsequent settlement on December 31, 1957, of the Government's equity in certain project property. Since by letter dated September 21, 1955, addressed to Mr. J. H. Cazier, Secretary-Treasurer, Black Pearl Mining Company, the Executive Officer of the DMEA Field Team for Region III, waived the requirement for submission of supporting documents with the Monthly Forms MF-104, a complete and detailed audit and analysis of all costs was necessary.

The audit disclosed some improper distribution of charges to the "Items of Cost" shown on the form MF-104. Therefore, the audit findings presented below are those resulting after correction of cost distribution.

(1) Independent Contracts

Invoice from Bagdad Copper Corporation, dated June 10, 1955, for 21½ hours of bulldozing time at $12.50 per hour, totaling $268.75, was examined. This charge is considered as reasonable and allowable under the terms of the contract.

Fixed Unit Costs
Shaft Sinking

Proper and allowable charges for shaft sinking were found to be divided as follows:

Black Pearl Mining Company	68.5 feet @ $130.00/ft.	$ 8,905.00
Hillside Mining and Milling Company	81.5 feet @ $130.00/ft.	10,595.00
Total Allowable Cost	150 feet @ $130.00/ft.	$19,500.00

Verification of footage reported was made by checking examining engineer's monthly narrative reports.

Station and Skip Pocket

In his narrative report dated March 20, 1956, the examining engineer reported that the size of the station was in excess of minimum specifications of 9x9x20 feet. The cost as reported by Hillside Mining and Milling Company of $2,000.00 is considered as proper and allowable under the terms of the contract.

Drifting and Crosscutting

Charges under this category are broken down as follows:

Black Pearl Mining Company	194.5 feet @ $34.00/ft.	$ 6,613.00
Hillside Mining and Milling Company	521.5 feet @ $34.00/ft.	17,731.00
Total Allowable Cost	716 feet @ $34.00/ft.	$24,344.00

Footage reported was verified by checking the monthly narrative report of the examining engineer.

Timbering

All charges for timbering were verified by checking examining engineer's monthly narrative reports. The allowable charges are shown below:

Black Pearl Mining Company	196 feet @ $7.00/ft.	$ 1,372.00
Hillside Mining and Milling Company	478.5 feet @ $7.00/ft.	3,349.50
Total Allowable Cost	674.5 feet @ $7.00/ft.	$ 4,721.50

Raise

Total of 118 feet of raise reported by Hillside Mining and Milling Company was verified by checking examining engineer's monthly narrative report. Total proper and allowable charges under the contract were determined to be

118 feet @ $35.00/ft. $4,130.00

Sampling and Analysis

A charge of $5.00 per sample for sampling and assaying was an allowable charge under the terms of the contract. Charges were verified by checking examining engineer's monthly narrative report. An analysis of allowable cost follows:

Black Pearl Mining Company	39 samples @ $5.00 each	$195.00
Hillside Mining and Milling Company	87 samples @ $5.00 each	435.00
	126 samples @ $5.00 each	$630.00

(2) Labor and Supervision

Labor

Payroll records were examined in detail by T. M. Romslo, Mining Engineer. Costs as charged to project were verified by recomputation. Total proper and allowable charges under the contract were determined to be $719.63.

Supervision

Total allowable costs for supervision and technical services under the contract were $300.00, or 1/2 time for one month of supervisor, engineer at $600.00 per month. While no record of the time devoted to the project on the part of Messrs. Scholz and Cazier was maintained, it is the opinion of the examining engineer, which is concurred in by the Acting Executive Officer, DMEA Field Team, Region III, that the charge of $300.00 for technical and supervisory services is reasonable and proper.

(3) Operating Materials and Supplies

Fuel and Lubrication Supplies

Charge for fuel and lubrication represents the cost of one barrel, 52 gallons of gasoline, $19.84, which was prorated to the cost of the project. This amount is considered to be an allowable charge under terms of the contract.

Explosives

Invoice from Bagdad Copper Company, dated June 30, 1955, in the amount of $19.81 for the following listed supplies was submitted for examination:

2 boxes 1-1/8" gelemite	$16.70
50 #6 blasting caps	.96
200 ft. Black Sequoia fuse	2.15
Total	$19.81

Total of $19.81 is considered an allowable cost.

Steel

Invoice from Copper King Lease, dated June 10, 1955, in the amount of $20.00 for 1 piece Copco insert steel was examined. This amount is considered an allowable cost.

Track

Invoice from Copper King Lease, dated June 10, 1955, for 1,000 feet 16 pound used rail and fish plates in the amount of $50.00 was examined. This amount is considered an allowable cost.

Pipe

Invoice from Copper King Lease, dated June 10, 1955, for 70 feet 2" used black pipe in the amount of $20.00 was examined. This amount is considered an allowable cost.

Small Tools

Charges for small tools were verified by examination of suppliers' invoices, as detailed below: -

2	16" Rasps		$ 5.61
3	LH SP Shovels	$10.86	
2	LH RP Shovels	6.80	
		$17.66	
	Tax	.35	18.01
3	Picks with handles		9.70
2	24" Hacksaw blades		2.51
1	Square	2.98	
1	Rabbit plane	4.35	
1	Draw knife	2.55	
1	Wood chisel 2-3/8"	1.89	
		$11.77	
	Tax	.24	
	Postage	.69	12.70
1	Claw Hammer		1.52
2	N-11 Carpenter's half head, adz and handles	7.98	
	Tax	.16	8.14
	Total		$58.19

Total cost of $58.19 is considered reasonable and allowable.

(4) Operating Equipment
Purchase:

Charges for equipment purchases were verified by examination of invoices, as follows:

Copper King Lease, June 10, 1955	1 12" Pneumatic Saw	$200.00
Copper King Lease, Oct. 3, 1955	Blower with Sears Model 500 - 203015 - air cooled gasoline engine, David Bradley 6½ - 8¼ HP pulley, automatic clutch and belt	180.00
	Total	$380.00
	Less: Property disposition	$103.00
	Balance	$277.00

$277.00 is considered a proper and allowable cost.

Operating Equipment
Depreciation

Under the terms of the contract an amount of $200.00 for depreciation on company owned equipment was allowed. Details of this amount are shown below: -

	DESCRIPTION	VALUE	TIME USED	DEPRECIATION
1	315 Cu. Ft. Worthington Compressor	$6,000.00	1 Month	$100.00
1	R.I.T. Minneapolis-Moline tractor with Reese loader	2,800.00	" "	46.67
1	Jackhammer, hose and fittings	350.00	" "	5.83
1	1948 Dodge bus	700.00	" "	11.67
1	1947 Chevrolet dump truck	500.00	" "	8.33
1	1951 Ford pickup truck	500.00	" "	8.33
1	Transit, saw, drill and water truck	1,150.00	" "	19.17
	Total Allowable Cost			$200.00

(5) Initial Rehabilitation and Repairs

Charges under subject category not applicable to this contract.

(6) New Buildings, Improvements, etc.

Charges under this category were verified by examination of Operator's payrolls and suppliers' invoices, as detailed below:

JUNE, 1955

Labor	$187.00	
Insurance	16.14	
Payroll Taxes	6.26	
Total		$209.40

Hillside Lumber Company 7/31/55
2,293 Board Feet 8x8 and 6x8 Fir Timber 204.65

A. Louis Peterson 5/30/55

6	8x8x16	512 Board Feet		
6	1x2x16	96		
4	1x6x16	32		
10	6x6x16	480		
18	2x12x16	540		
		1660 Board Feet @ $75.00	$124.50	
		Tax	1.25	125.75

Bagdad Copper Company, invoices as dated: -

5/30/55	- Oxygen K 173 171		$ 3.00	
6/30/55	- 20# Washers		5.10	
6/15/55	- 1 Acetylene		9.51	
7/3/55	- 21 5/8x10 Machine Bolts	$ 4.22		
	- 24 5/8x9 " "	4.30		
	- 25 5/8x8 " "	4.18		
		$12.70		
	Tax	.25	12.95	
7/3/55	- 12 Regular Cement		16.03	
7/6/55	- 413 Pounds 3/16" Plate	$30.56		
	- 437 Pounds 8" Channel	35.83		
	- 21 5/8x8 Machine Bolts	3.61		
		$70.00		
	Tax	1.40	71.40	$117.99
Total Claimed June, 1955				$657.79
Less: Insurance and Payroll taxes transferred to proper accounts				22.40
Total Allowable Cost June, 1955				$635.39

AUGUST, 1955

Labor	$1049.76	
Insurance	90.59	
Payroll Taxes	35.17	
Total Labor Claimed		$1,175.52

Bagdad Copper Company, Invoices as dated: -

8/30/55	- 25# 3/8" Malleable Washers	$ 6.25		
	- 1 Oxygen	2.94		
	- 20# 3/4" Nuts	.84	10.03	
8/16/55	- 8 5/8x7½ Machine Bolts	1.12		
	- 22 5/8x7 " "	3.19		
	- 10# 5/8 W.I. Washers	2.50	6.81	
8/20/55	- 24' 1/4x8 Channel	9.66		
	- 10# 5/8 Malleable Washers	2.50		
	- 16 5/8x7 Machine Bolts	2.32		
	- 15 5/8x9 Machine Bolts	2.69		
	- 15 5/8x10 Machine Bolts	3.02	20.19	
7/20/55	- 534 Board Feet 8x8 and 6x8		44.50	
8/1/55	- 8x2¼ Channel		16.97	
			$98.50	
	Tax		1.97	100.47
A. Louis Peterson, 7/12/55				
	571' Native Timber @ 75¢		$42.83	
	Tax		.43	43.26
R. R. Liggett, Invoice 3698				
	2 2-15/16 Dodge Pillow Blocks			53.04
Total Claimed August, 1955				$1,372.29
Less: Insurance and Payroll taxes transferred to proper accounts				125.76
Total Allowable Cost August, 1955				$1,246.53

SUMMARY

Total cost June	(Head Frame)	$ 635.39
Total cost August	" "	1,246.53
Total Claimed Cost	" "	$1,881.92
Total allowed by Contract		1,500.00
Total Disallowed		$ 381.92

This disallowance of $381.92 is prorated between Labor and Materials, as follows:

Total Labor	$1,236.76	- 65.72% or	$ 251.00
Materials	645.16	- 34.28% or	130.92
Total	$1,881.92	- 100.00% or	$ 381.92

The Finance Officer had made a disallowance of $530.08 which included Payroll Taxes and Insurance as follows:

	P.R. TAXES	INSURANCE	TOTAL
June	$ 6.26	$16.14	$ 22.40
August	35.17	90.59	125.76
Total			$148.16

Total Disallowance by Finance Officer	$530.08
Disallowance, as above	381.92
Reinstated by Auditor	$148.16

The disallowance made by the Finance Officer was excessive in the amount of $148.16 due to error in accounting distribution made by the Operator and corrected by the Auditor, details of which are shown in prior tabulations. The excess of the disallowance is accordingly reinstated by the Auditor.

Total allowable cost per contract	$1,500.00
Less: Property Disposal	151.25
Total Allowable Cost	$1,348.75

(7) Miscellaneous
Trucking Charge

This item represents charge by R. J. Dickie for hauling lumber to project. Verification was made by examination of invoice from supplier dated June 30, 1955, as follows:

Delivery Timber	$15.00
3% Federal Tax	.45
2½% State Tax	.38
Total Allowable Cost	$15.83

Payroll Taxes and Insurance

Payroll Taxes

Examination of the files of Black Pearl Mining Company disclosed payroll tax rates as follows:

F.I.C.A.	2.00%
State Unemployment	1.35%
Total	3.35%

Payroll taxes claimed by Operator: -

Labor	3.35% of	$ 719.63	$ 24.11
Labor on Head Frame (June)	3.35% of	187.00	6.26
Labor on Head Frame (August)	3.35% of	1,049.76	35.17
Total Payroll Tax Claimed		$1,956.39	$ 65.54
Disallow payroll tax on labor disallowed (Head Frame) in August	3.35% of	251.00	8.41
Net Payroll Tax Allowable	3.35% of	$1,705.39	$ 57.13

Insurance

Examination of the files of the Operator disclosed that the rate on Liability Insurance was 8.63%.

Liability Insurance claimed by Operator: -

Labor	8.63% of	$ 719.63	$ 62.10
Labor on Head Frame (June)	8.63% of	187.00	16.14
Labor on Head Frame (August)	8.63% of	1,049.76	90.59
Total Insurance Claimed		$1,956.39	$168.83
Disallow liability insurance on labor disallowed on Head Frame in August	8.63% of	251.00	21.66
Net Liability Insurance Allowable	" of	$1,705.39	$147.17

Accounting

A total of $175.00, or $25.00 per month for seven months, was charged by Black Pearl Mining Company for accounting. Mr. Cazier explained that this represented a prorated portion of his salary of $1,000.00 per month, as he handled the major portion of the record keeping and prepared the monthly MF-104's. The charge is considered reasonable and proper under the terms of the contract.

Pickup Mileage

In September, 1955, the Operator included the following items on his MF-104: -

Use of bus and travel of crew
Total project labor $1,994.61
Total labor 6 months, or $2,389.26 average per month

$\frac{1994.61}{2389.26}$ = 83.48% of one month's use

Bus travels 997.5 miles per month

83.48% x 997.5 miles @ 9¢		$ 74.94
Telephone - June 6		2.80
Auto mileage - personal cars		
Trip to Phoenix E. A. Scholz 7/14 - 250 miles		
Trip to Prescott E. A. Scholz 8/18 - 140 "		
Trip to Mayer J. H. Cazier 9/19 - 205 "		
595 miles @ 7¢		41.65
Meals E. A. Scholz 7/14 and 8/18		4.70
Meals J. H. Cazier		4.10
Pickup 11 round trips to Bagdad 440 miles @ 7¢		30.80
Total		$158.99

This entire amount was disallowed by the Finance Officer, as the items included were not provided for by the terms of the contract.

During the course of the audit Mr. Cazier brought up the subject of this disallowance, particularly the $74.94 for transportation of the crew and $30.80 for pickup mileage. The Auditor agreed to discuss the matter with the Executive Officer on returning to Denver. On Monday, October 28, 1957, the matter was reviewed with Mr. E. N. Harshman, Acting Executive Officer, DMEA Field Team, Region III. He agreed with the Auditor that the pickup mileage, ($30.80) which was primarily for hauling supplies, should be allowed, as this is an ordinary and necessary charge to the project. After discussing the charge for transporting crew, it was agreed by the Auditor and the Executive Officer that the disallowance should stand. The transportation for one month covered all charges for direct labor, and labor on Head Frame, which actually was incurred over a five months' period. The transportation of that portion of the crew included in the labor charge as claimed (actually, total labor allowed was $1,705.39) was incidental to the transportation of the crew engaged in operation under Fixed Unit Costs, and the claim for this item is accordingly denied.

The amount of $30.80 representing 11 round trips to Bagdad, or 440 miles @ 7¢, which is reinstated by the Auditor, is more fully described in prior paragraph. IK addition, an amount of $15.40 for pickup mileage was claimed in October, 1955, and this amount was approved by the Executive Officer.

Total of $30.80 plus $15.40 = $46.20, allowable project cost.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project with the exception of net disallowances totaling $540.18, as itemized in the preceding section of this report, are reasonable and proper under the terms of the contract.

The adjustments between "Items of Costs" as shown on the July, 1956 MF-104, the disallowances, disposition of jointly owned equipment, and the accepted costs, as disclosed by this audit, are summarized in Exhibit "A" attached hereto.

At the conclusion of that portion of the audit dealing with operations of Black Pearl Mining Company on October 22, 1957, the findings were discussed with Mr. J. H. Cazier, Secretary-Treasurer, Black Pearl Mining Company. On October 23, 1957, the findings were discussed with Mr. R. C. Bogart, General Manager, Hillside Mining Company, covering operations of that company. On October 28, 1957, the findings of the entire operation were reviewed with Mr. E. N. Harshman, Acting Executive Officer, DMEA Field Team, Region III.

T. H. Brading, Auditor

January 13, 1957

EXHIBIT "A"

AUDIT SUMMARY

Contract No. Idm-8763

	BLACK PEARL MINING COMPANY								WILLSIDE MINING AND MILLING COMPANY				
	PREPARATORY WORK	EXPLORATORY WORK	TOTAL	DISTRIBUTION CORRECTED	DISALLOWANCES PRIOR	DISALLOWANCES AUDIT	REINSTATED	TOTAL	STAGE I	STAGE II	TOTAL	PROPERTY DISPOSAL	TOTAL ACCEPTED COSTS
1. Independent Contracts													
Bulldozing	$ 268.75		$ 268.75	$ 268.75				$ 268.75					$ 268.75
1A Fixed Unit Costs													
Shaft Sinking		$ 8,905.00	8,905.00	8,905.00				8,905.00	$10,595.00		$10,595.00		19,500.00
Station and Skip Pocket									2,000.00		2,000.00		2,000.00
Drifting and Crosscutting		6,613.00	6,613.00	6,613.00				6,613.00	17,731.00		17,731.00		24,344.00
Timbering		1,372.00	1,372.00	1,372.00				1,372.00	3,349.50		3,349.50		4,721.50
Raising										$4,130.00	4,130.00		4,130.00
Sampling and Assaying		195.00	195.00	195.00				195.00	435.00		435.00		630.00
2. Labor and Supervision													
Labor	719.63		719.63	719.63				719.63					719.63
Supervision	300.00		300.00	300.00				300.00					300.00
3. Operating Materials and Supplies													
Fuel and Lubrication	19.84		19.84	19.84				19.84					19.84
Explosives	19.81		19.81	19.81				19.81					19.81
Pipe	20.00		20.00	20.00				20.00					20.00
Track	50.00		50.00	50.00				50.00					50.00
Drill Bits and Steel	20.00		20.00	20.00				20.00					20.00
Small Tools	58.19		58.19	58.19				58.19					58.19
4. Operating Equipment													
Purchase	380.00		380.00	380.00				380.00				$103.00	277.00
Depreciation	200.00		200.00	200.00				200.00					200.00
6. New Buildings, Improvements, etc.	2,030.08		2,030.08	1,881.92	$530.08		$148.16	1,500.00				151.25	1,348.75
7. Miscellaneous													
Trucking Charge	15.83		15.83	15.83				15.83					15.83
Payroll Taxes	86.21		86.21	65.54		$ 8.41		57.13					57.13
Liability Insurance				168.83		21.66		147.17					147.17
Accounting	175.00		175.00	175.00				175.00					175.00
Pickup Mileage	174.39		174.39	174.39	158.99		39.80	46.20					46.20
Totals	$4,537.73	$17,085.00	$21,622.73	$21,622.73	$689.07	$30.07	$178.96	$21,082.55	$34,110.50	$4,130.00	$38,240.50	$254.25	$59,068.80

ADDENDUM TO REPORT

DISPOSITION OF PROPERTY

HILLSIDE MINING AND MILLING COMPANY

Contract No. Idm-8/35 Docket No. DMEA 3448

Disposition of purchased equipment was effected by sale to Black Pearl Mining Company (approved by letter from Executive Officer, DMEA Field Team, Region III, dated December 31, 1957, addressed to the Operator), as shown in the following summary: -

Head Frame and Sheave Wheel complete with bearings	$151.25
Blower with gasoline engine	2[illegible].75
12" pneumatic saw	7[illegible].25
Total	$254.25

Due to the location of the property, 12[illegible] miles from Phoenix and about 19 miles from Bagdad, Arizona, the nearest town which is a company-town of Bagdad Copper Company, it was very difficult to interest anyone in submitting bids for the two items of equipment plus the headframe and sheave. Three bids, as follows, were finally obtained:

Western Machinery Company, Phoenix, Arizona	$ 75.00
Hillside Mining and Milling Co., Bagdad, Ariz.	90.00
Black Pearl Mining Company	254.25

Sale to Black Pearl Mining Company was approved by the Executive Officer, DMEA Field Team, Region III, in letter to the Operator, dated December 31, 1957.

FEB 7 1958

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-2314
Contract Ida-7254
American Exploration and
Mining Co.
and
Docket No. DMEa-3448
Contract Ida-7763
Hillside Mining and Milling
Company

Dear Mr. Breding:

In your letter of February 5, 1958, you ask whether both operators under each of the referenced contracts should be furnished copies of your reports of reviews.

Both operators in each case should be given a copy of the report.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

JLChambers/vb
February 6, 1958

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

JAN 27 1958

Re: Docket No. DMEA-3448
Contract No. Idm-5763
Hillside Mining and
Milling Company

Dear Mr. Brading:

Your letter of January 24, 1958, satisfactorily explains the audit findings which were questioned by my letter of January 17, 1958. Copies of your letter will be attached to the Washington copies of the audit report, thereby making revision of the report unnecessary.

Upon submission to this Division of:

(1) another copy of the audit report,
(2) two copies of an addenda to the report furnishing information regarding the disposition of property, and
(3) three copies of the revised certificate,

the report will be acceptable and normal distribution is authorized without further advice from this Division.

In connection with this case, and for your consideration in the preparation of future audit reports, it is to be remembered that an audit report should "stand on its own feet." In other words, it should not be necessary for a reader to review vouchers, correspondence, and examining engineers' reports to determine the auditor's reasons for either acceptance or disallowance of costs. The manual states, relative to Section III of the report, that: "It will indicate the extent and scope of attention given each item and the auditor's finding and determination in regard to the acceptability of pertinent costs. Details should be given of the auditor's examination of each item under each category or subcategory, sufficient to enable the reader to obtain a fair picture of the extent and thoroughness of the coverage."

For example, your treatment of the headframe costs (in the audit report and without the benefit of your letter) certainly does not give sufficient or pertinent facts. After one and a half pages

of unnecessarily minute cost details, the report erroneously indicates a disallowance for costs in excess of a maximum. No mention is made that the Operator built a 44 foot headframe rather than the specified 35 foot headframe, and that the disallowance actually was for the excess costs involved.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
January 27, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

January 24, 1958

RECEIVED		
DATE	INITIALS	CODE
1/27		220
		800

Mr. J. L. Chambers, Director
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Hillside Mining and Milling Company
Docket No. DMEA-3448, Contract Idm-E763

Dear Mr. Chambers:

Reference is made to your letter of January 17, 1958, regarding Audit Report and Certificate covering subject contract.

The records of the Black Pearl Mining Company, project operator for March to October, 1955, were the type of records maintained by the average small operator. In endeavoring to be fair to all parties concerned, apparently I did not state my position too clearly in portions of the report. Scholz and Cazier are mining engineers, both of whom, I understand, had been employed in supervisory capacities by Bagdad Copper Company prior to undertaking the Black Pearl project.

At October, 1957, the date of the audit, neither of these persons was employed by Bagdad Mining Company. The records pertaining to the operation had been stored partially in the residence of Mr. Scholz in Phoenix, and partially in a public warehouse in Phoenix. Mr. Scholz was absent from Phoenix, and it was necessary for Mr. Cazier to obtain the records from these two points of storage and assemble them in shape to be audited. The audit was made two years after Scholz and Cazier had assigned the contract to Hillside Mining and Milling Company, and so Mr. Cazier's memory was hazy on some points.

A detailed reply to your comments follows: -

I assumed that because Scholz and Cazier had prepared and signed the maps and monthly narrative reports, and, in at least one instance, the Examining Engineer refers to Scholz as "Project Supervisor," it would be self-evident that Scholz and Cazier were mining engineers and considered to be competent by the Examining Engineer. I will amplify my comment regarding Scholz and Cazier and state that they are both qualified mining engineers, which I trust will be satisfactory.

Items (2) and (3): - Comments regarding disposition of property will be made as outlined in your letter.

Regarding comment on page 7 - "Total Allowed by Contract" : -

Please refer to the August, 1955 MF-104, as submitted by the Operator. This document has the following comment typed on the face: "Application has been made to increase the amount allowed for the headframe from $1,500.00 to $2,100.00. This amount is for headframe only, and exceeds the $1,500.00." This comment was interpreted to mean that the amount charged Year to Date $2,030.08 to New Buildings and Improvements, was in excess of the $1,500.00 allowed by the contract.

Under date of August 16, 1955, Mr. Cazier, Secretary-Treasurer of Black Pearl Mining Company, requested that the contract be amended to increase the size of the headframe from 35 feet to 44 feet, with an increase in cost from $1,500.00 to $2,100.00; further, that the cost of the hoist be increased from $2,500.00 to $4,500.00.

By letter dated September 19, 1955, addressed to W. M. Traver, Executive Officer, DMEA Field Team, Region III, the Chairman, Operating Committee, denied both of these requests, and stated specifically that if the Operator desired to build a higher headframe, the difference in cost would be at his own expense. This information was transmitted to the Operator by letter written by W. M. Traver, dated September 23, 1955.

In the fifth paragraph of your letter you refer to the fact that claimed costs may cover hoist installation, for which an estimate of $300.00, in addition to the estimate of $1,500.00 for the headframe, is given in Exhibit "A" of the contract.

Giving consideration to the aforementioned comment on the August,1955 MF-104, how could it be interpreted that there is any possibility of the claimed costs covering hoist installation? In other words, by his own comment the Operator states the excess cost of the headframe was due to the fact that he constructed a 44 foot headframe instead of the 35 foot headframe specified by the contract. Hence, my comment on this disallowance.

Item 4 - Trucking Charges: - It is true that this item of trucking costs for hauling timber was allowed as part of Category (7) costs. This item was discussed at the time with Mr. E. N. Harshman, Acting Executive Officer, Region III. It was our joint conclusion that this item was allowable, as an amount of $500.00 is allowed under "General." This was interpreted to mean and include items of operating materials and supplies, including lumber for repairs. There is no doubt that some lumber was used and not claimed. Is it reasonable and proper to allow the hauling charge, which was documented, in lieu of lumber that was used and not charged for? There is no indication that the lumber hauled was for "headframe," "underground" or "repairs." In practically all mining operations lumber is hauled to the mine, stacked, then cut and used as needed. Our joint conclusion was that in view of the fact, Item 7 of the contract allowed $300.00 for railway freight and trucking, and an additional $500.00 for General, the claim for hauling lumber is an allowable item. It is true that this interpretation of the contract is a liberal interpretation of Miscellaneous on page (3) following page 21 of the manual. "Any other items of direct, reasonable and necessary costs that do not fall within other categories or subcategories of cost."

Item (5) - Accounting Costs: Again I plead liberal interpretation of the contract. Work actually started March 8, 1955, and the first MF-104 was submitted April, 1955, but did not include any items of actual cost. There is no doubt that some supplies were ordered, and clerical or accounting duties in connection with actual cost items were performed in March and April, and again I repeat, I interpreted the provisions of the contract liberally and allowed the $25.00 charge for April.

I think you will agree that, in connection with the proration of the salaries of Messrs. Scholz and Cazier, the portion prorated ($475.00) of a total of $14,000.00 would hardly include services as corporate officer.

Item (6) - Conclusions: Since the contract does not specifically designate any items as "Maximum" as many contracts on this same form do, I decided that this schedule was not required. A careful review of the matter on pages following pages 21 of the audit manual contract guide, would seem to indicate that on this contract form, while not specifically designated as "Allowable Maximums," some items of cost are considered as allowable maximum. Summary will be prepared as shown on page 65 of the audit manual.

The Audit Report and Certificate had been written in October and in rewriting the Certificate in January, I overlooked proper preparation of "Exceptions."

To summarize briefly, the Operator did not do too good a job, either of preparing the MF-104's or claiming expenses in a proper manner. There is not much doubt that the Operator did more work than he claimed on New Buildings and Improvements, but he did not file his claim properly. Can we justify these small allowances which he did claim, in lieu of items which no doubt were allowable but unclaimed?

After giving consideration to all the facts as presented, would appreciate your advice and counsel as to the proper procedure in this case.

Very truly yours,

T. H. Brading

T. H. Brading, DMEA Auditor

In order that you may follow comments above, I am attaching one copy of Report and Certificate

2 KBB

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3448
Contract No. Idm-E763
Hillside Mining and
Milling Company

Dear Mr. Breding:

The Washington copies of your Audit Report and Certificate covering the referenced project are returned herewith for such revision as may be necessary after consideration of the following points:

(1) On page 3 of the report, under the title of Supervision, reference is made to the time of "Messrs. Schols and Casier" without identification of their supervisory or technical capacity. Mr. Casier is identified elsewhere in your report as secretary-treasurer of Black Pearl, but I find no other reference in your report to Mr. Schols; however, he signed several contract documents as president.

(2) On page 4, under Operating Equipment, and on page 7, under New Buildings, etc., deductions are stated for property disposition, but no information is given as to method of disposition. The proper reporting of this information is given by example on pages 56 and 64 of the audit manual.

(3) On page 7, under New Buildings, etc., costs of the headframe in excess of $1,500.00 have been disallowed without sufficient explanation. Your report indicates that the amount of $1,500.00 is a maximum under the contract; however, the contract specifies that only the total for the category, i. e., $2,300.00 is a maximum. This interpretation is set forth on page 18 and in the contract guide (following page 21) of the audit manual.

The docket on this project indicates that the Operator built a 44 foot headframe instead of the 35 foot headframe specified by the contract. Therefore, any costs in excess of the reasonable and necessary costs of a 35 foot headframe are for the account of the Operator and should be disallowed. Consideration also must be given to the possibility that the claimed costs may cover the hoist installation,

for which an estimate of $300.00, in addition to the estimate of $1,500 for the headframe, is given in Exhibit "A" of the contract.

(4) On page 7 trucking charges for hauling timber have been allowed as part of the Category (7) costs. If the timber was used in the headframe, the trucking costs should be transferred to Category (6) and given consideration in determining the allowable costs of the headframe. On the other hand, if the timber was used in the underground work, the trucking charges should be disallowed. Such costs are included in the fixed unit costs.

(5) On page 8 accounting costs of $175.00 for a prorated portion of Mr. Casier's salary of $1,000.00 per month for seven months are allowed, whereas the Operator's narratives and the examining engineer's reports indicate that the work on an actual cost basis was performed during a period extending only from May 4, 1955, to the latter part of September 1955.

In connection with Mr. Casier's salary of $1,000.00 per month (as well as the salary of Mr. Schols), part of which also was prorated to supervision and technical services, the question arises as to whether such salary was for services as a corporate officer. Article 6 (b) of the contract prohibits contribution by the Government to corporate management expenses.

(6) Sec. IV, Conclusions, of the report does not include a summary statement of the status of contract maximums. An example of this summary is given on page 65 of the audit manual.

(7) The audit certificate states the exceptions as follows:

Prior to this audit	$689.07	
During this audit (Reinstatement)	148.89	540.18

Based upon your audit summary the exceptions properly should be stated in the following manner:

Prior to this audit	$689.07		
Less: Reinstatements	178.96	$510.11	
During this audit		30.07	540.18

A sample of this format is attached to my memorandum addressed to all auditors under date of November 8, 1957.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosure
EDTalbert/wb
January 17, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY
DMEA
RECEIVED
DATE | CODE
800

224 New Customhouse
Denver 2, Colorado
January 2, 1958

Memorandum

To: T. H. Brading, DMEA Auditor, Region III

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. 3448 (Tungsten) Contract Idm-8763
Hillside Mining & Milling Company (Black Pearl mine) Yavapai County, Arizona

The subject contract was terminated by mutual agreement by a Termination Agreement, dated June 11, 1957, which was made effective August 1, 1956. A copy of the Termination Agreement is enclosed for your records.

The Operator has rendered a final accounting as required by the contract, and the Operator's interim report was accepted as its final report, as indicated in the letter from the Chairman, Operating Committee, dated August 15, 1957. The Government has approved the Operator's proposal in the liquidation of the Government's interest in the jointly owned property acquired under the contract, and a copy of the Government's acceptance and supporting bids are enclosed for your records.

Final payment of the Operator's account is now in order contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs, whichever the case indicates.

Acceptable units of work or service completed on a "Fixed Unit Cost" basis are as follows:

Shaft sinking	150 feet
Excavation of station and skip pocket	1
Drifting and crosscutting	716 feet
Timbering	675.5 feet 674.5
Raising	113 feet
Chemical analyses of samples	126

The sum of $500.00 was withheld from reimbursement to the Operator in processing its final accounting report, which was for the month of July, 1956.

Original signed by
W. H. KING
W. H. King

JWT:hmh
cc: Chmn. Op. Comm. (2)
Harshman
Townsend
Corres. File, Reg. III
Chron

EXTRA COPY
DMEA
RECEIVED DEC 2 1957

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

November 26, 1957

CERTIFIED MAIL

Mr. Robert C. Bogart, General Manager
Hillside Mining & Milling Company
Bagdad, Arizona

Re: Docket No. DMEA 3448 (Tungsten)
Contract No. Idm-8765
Hillside Mining & Milling Company
(Black Pearl mine)
Yavapai County, Arizona

Dear Mr. Bogart:

Enclosed for appropriate action by your Company is a sealed bid relative to liquidating the Government's interest in jointly owned property acquired under the Contract, and a copy of Mr. Scholz's letter of November 22, 1957 by which the sealed bid was transmitted to this office.

In submitting your proposal relative to liquidating the Government's interest in the jointly owned property acquired under the Contract, you should abstract all bids received, including your own bid should you wish to bid on the property in order to retain it in place, and provide this office with the original and four copies of the abstract of bids and the original and four copies of each bid included in the abstract.

Very truly yours,

Original signed
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

Enclosure

cc: Mr. J. H. Cazier
1555 South Ash Street
Denver, Colorado

cc: Mr. Edgar A. Scholz, President
Black Pearl Mining Company
Bagdad, Arizona

JWT:prl
cc: Chmn. Op. Comm. (2)
Harshman) w/copy of Mr. Scholz's
Townsend Emerick) letter of Nov. 22.
Chron. DMEA/Tucson-Romslo)
Corres. file)

224 New Customhouse
Denver 2, Colorado

August 30, 1957

Mr. Robert C. Bogart, General Manager
Hillside Mining and Milling Company
Bagdad, Arizona

Re: Docket No. DMEA-3448 (Tungsten)
Contract No. Idm-1763
Hillside Mining and Milling Co.
(Black Pearl Mine)
Yavapai County, Arizona

Dear Mr. Bogart:

By the terms of your exploration project contract with the Government, the Government acquires an interest in any property paid for or purchased with funds contributed jointly by the Operator and the Government. Such property includes: all facilities, buildings, fixtures, equipment, or other items costing more than $50 each; materials and supplies considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), if the original cost of the remaining categories of materials or supplies exceeded $50; and equities in any installment-purchase contract; or rental-purchase contract.

It is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. By the terms of your contract, if it is necessary to accomplish such disposition of property, you are required to dismantle it, sever it from the land, and remove it for the purpose of sale. Reasonable efforts to accomplish the sale might include: (1) advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users or dealers in such property; and (3) negotiating with the original vendor for accepting the return of the property.

Should you wish to retain the property, or in effect sell it to yourself, you may do this only after having first made every reasonable effort to procure a price higher than you yourself are willing to pay. In the case of an incompleted installment-purchase or rental-purchase agreement, the contract itself is the property to be disposed of. You are not authorized to complete the purchase of the equipment covered by such incompleted contracts for your own account without reference to the Government's interest. Consultation should be had with the Government's agents with respect to the disposition of equities in any installment-purchase or rental-purchase contracts.

In a proper case the Government will approve of and join in the sale of property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof.

A preliminary review of the accounting records on file in this office, submitted by the Operator, indicates that the costs of the following property are subject to liquidating procedures, as outlined in this letter: -

1. Equipment Purchased

ITEM	ORIGINAL COST
1 12" pneumatic saw	$ 200.00
1 Fan with gasoline motor	180.00
	$ 380.00

2. New Buildings and Improvements

Head frame and sheave	$1,500.00	
TOTAL		$1,880.00

Liquidation of the Government's interest in the foregoing jointly owned property must be resolved before the required final audit of reported project costs by the Contract Administration and Audit Division, DMEA, can be completed. Tentatively, an on-site audit is scheduled for some time the latter part of September. Further contact will be made with you regarding the exact date of the audit.

In the meantime please advise the location of the project cost records pertaining to the portion of the work completed by Black Pearl Mining Company, and the cost records pertaining to work completed by Hillside Mining and Milling Company after assignment of the contract.

Very truly yours,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer,
DMEA Field Team, Region III

JWT:bh

cc-Mr. Edgar A. Scholz, President
Black Pearl Mining Company
Chairman, Op. Comm. (2)
Brading
Harshman
DMEA/TUC.
Emerick
Townsend
Corres. File - Chron.

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DATE
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224 New Customhouse
Denver 2, Colorado

August 23, 1957

Memorandum

To: T. H. Breding, DMEA Auditor

From: Alternate Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3448 (Tungsten), Contract No. Idm-K763, Hillside Mining and Milling Company (Black Pearl mine), Yavapai County, Arizona

The subject contract was terminated by mutual agreement, effective August 1, 1956, before completion of all the work provided for in the contract. Enclosed is a copy of the TERMINATION AGREEMENT for your records.

The Operator has rendered an acceptable final engineering and geologic report and a final accounting, as required by the contract. Therefore, final payment of the Operator's account is in order, contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs, whichever the case indicates.

Acceptable units of work or service completed on a Fixed Unit Cost basis are as follows:

Shaft sinking	150	feet
Skip station and skip pocket.....	1	
Drifting and crosscutting.....	716	feet
Timbering.....	674.5	feet
Raising.....	118	feet
Sample analysis.....	126.	

The sum of $500.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the month of July, 1956.

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWT:prl

cc: Chmn. Op. Comm. - 2
Marshman
Townsend
Corres. file
Chron.

224 New Customhouse
Denver 2, Colorado
February 10, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No DMEA 3448 (Tungsten) Contract Idm-763, Hillside Mining and Milling Company (Black Pearl mine) Yavapai County, Arizona - FINAL PAYMENT

Reference is made to our memorandum of August 31, 1956, whereby we forwarded the final Form MF-104, Operator's Monthly Report and Voucher, for the month of July 1956, and requested that you withhold the amount of $500.00 from reimbursement to the Operator, pending resumption of work under the contract.

Project work was not resumed and the contract was terminated effective August 1, 1956. The Operator's final report has been received, therefore we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, DMEA, dated January 13, 1958. Attached is one copy of correspondence concerning liquidation of jointly owned property acquired under the contract.

Basis for Final Payment

Total accepted cost----------	$59,068.80
Government participation at 75%-----	44,301.60
Total prior payments----------	43,880.62
Balance due the Operator----------$	420.98

Enclosure

JDC:hmh

cc: Ohmn. Op. Comm. (2)) w/copy
DMEA/Tucson) of property
MF-104 file, Reg III) liquidation data
Harshman
Emerick
Townsend
Corres file, Reg III
Chron

Original signed by
W. H. KING
W. H. King

#420.98
2/12/58 DMM-58-87

224 New Customhouse
Denver 2, Colorado
December 31, 1957

Mr. Robert C. Bogart, General Manager
Hillside Mining & Milling Company
Bagdad, Arizona

Re: Docket No. DMEA 3443 (Tungsten)
Contract Idm-8763
Hillside Mining & Milling Company
(Black Pearl mine)
Yavapai County, Arizona

Dear Mr. Bogart:

Consistent with authority delegated to this office under Order No. 2808, from the Office of the Secretary, Department of the Interior, the United States of America acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby approves the bid by Black Pearl Mining Company, dated December 17, 1957, in the amount of $254.25, for the jointly owned property acquired under Contract Idm-8763, in which the Government has a 75 percent interest which is subject to liquidation under the provisions of the contract.

You are instructed to make the necessary arrangements with the successful bidder as to payment to you for the property and upon receipt of payment, release the property to Black Pearl Mining Company.

The sum of $254.25 reflecting both yours and the Government's interest in the property liquidation will be deducted from the gross amount of claims by you held pending in this office for reimbursement under the terms of the contract, thereby automatically making a deduction from monies due you in final payment of your account of the amount of $190.69, due the Government in the transaction.

Yours very truly,

W H King

W. H. King
Executive Officer, DMEA
Field Team, Region III

cc: J. H. Cazier, Sec-Treas.
Black Pearl Mining Co.
1555 South Ash Street
Denver, Colorado

JWT:hmh

cc: MF-104 File (5)) with
DMEA Auditor, Reg. III) copies
Harshman)supporting
Corres. File)bids
Emerick
Tucson (Romslo)
Townsend
Chron

xxxxxxxxxxxxxxxxxxxx

December 26, 1957

DMEA
DEPARTMENT OF THE INTERIOR
DEC 30 1957
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team Region III
224 New Customhouse
Denver 2, Colorado

RE: Docket No. DMEA 3448 (Tungsten)
Contract No. IDM E763
Hillside Mining & Milling Company
(Black Pearl Mine)
Yavapai County, Arizona

Dear Mr. Harshman:

Enclosed is a bid on the equipment located at the Black Pearl Mine, in addition to the two sent to you on November 25, 1957.

The following bids were made on the headframe, sheave wheel, shaft ventilation fan and air saw:

Black Pearl Mining Co.	$254.25
Western Machinery	75.00
Hillside Mining & Milling Co.	50.00

It might be well to note that the headframe and sheave could possibly be of value to the contract if left in the property as an added inducement to future mining.

In view of the above facts, I recommend the bid of the Black Pearl Mining Company be accepted.

Very truly yours,

HILLSIDE MINING & MILLING COMPANY

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp
Enclosure

DMEA
DEPARTMENT OF THE INTERIOR
DEC 30 1957
REGION III
DENVER, COLORADO

December 17, 1957

Mr. E. N. Harshman
Executive Officer
DMEA Field Team
Region III
224 New Customhouse
Denver 2, Colorado

Re: DMEA Docket No. 3448
Contract ldm - H 763
Black Pearl Mine
Yavapai County, Arizona

Dear Sir:

The following bids are offered on equipment located at the Black Pearl Mine or in Hillside Mining and Milling Co. storage in the area:

1)	Headframe and sheave wheel complete with bearings	$151.25
2)	Shaft ventilation fan complete with 6½ - 8½ H.P. single cylinder gasoline engine with V-belt drive	26.75
3)	Rotary or turbine air motor skill saw swinging 12" blade	76.25
		254.25

Yours very truly,

BLACK PEARL MINING CO.

J. H. Cazier
Secretary Treasurer

JHC:jp

xxxxxxxxxxxxxxxxxxxx

DMEA
DEPARTMENT OF THE INTERIOR
NOV 29 1957
REGION III
DENVER, COLORADO

November 25, 1957

Mr. E. N. Harshman
Executive Officer
DMEA Field Team
Region III
224 New Customhouse
Denver, Colorado

Re: DMEA DOCKET NO. 3448
CONTRACT IDM E763
BLACK PEARL MINE
YAVAPAI COUNTY, ARIZONA

Dear Mr. Harshman:

Enclosed is one bid on the equipment at the Black Pearl Mine.

This lot is so small that it is difficult to obtain bids. I have been unable to find anyone who is at all interested in the wooden head frame and sheave.

Therefore, on behalf of the Hillside Mining & Milling Company, I would like to submit a token bid of $50.00 for the lot, consisting of one air saw, Briggs & Stratton air cooled engine, head frame and sheave.

Very truly yours,

HILLSIDE MINING & MILLING COMPANY

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp
Enclosure

DMEA
DEPARTMENT OF THE INTERIOR
NOV 29 1957
REGION III
DENVER, COLORADO

October 29, 1957

Mr. Robert C. Bogart
% Bagdad Copper Corporation
Bagdad, Arizona

Dear Mr. Bogart:

Mr. E. A. Scholz, mining engineer, has talked to me a couple of times about making them an offer on some small items at the Black Pearl Mine. All he has there, according to our phone conversation, is a 12" air saw; an old sheave wheel, and a small Briggs & Stratton air cooled engine. I told Mr. Scholz that we didn't really want this equipment as it is too small a lot of equipment for me to make a trip to inspect but, if it was delivered to Phoenix, we would pay $ 75.00 for the three items. Unfortunately there is not enough for anyone to go to much expense to inspect it, and Mr. Scholz suggested I wrote you and tell you what we would pay for it.

If you can get any more money from any other source out of it, we would rather not have it. I realize the offer is low but none of the items are very interesting.

Best regards.

Yours very truly,

WESTERN MACHINERY COMPANY

J. P. Keller
Manager

JPK:hj

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 50-R1036.5

RECEIVED
OCT 1 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 195 6 Docket No. DMEA

Contract No. DMEA-1-763

Operator's Name Hillside Mining & Milling Company

Minerals Tungsten

Address Bagdad, Arizona

Contract Amount, $ 127,285.00 Government Participation: 75 %

Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Dauer shaft sinking			19,500.00			
Bulldozing			268.75			
Sampling Prospecting & Assaying			630.00			
Drifting & crosscutting			24,344.00			
Timbering			4,721.50			
(2) Labor and Supervision: Raico			4,130.00			
Labor			719.63			
Supervision						
Technical Services			300.00			
(3) Operating Mat'ls. and Supplies:						
Timber			19.04			
Explosives			19.01			
Pipe			20.00			
Track			50.00			
Drill Steel & Bits			20.00			
Small Tools			50.19			
(4) Operating Equipment:						
Rental						
Purchase			300.00			
Depreciation			200.00			
(5) Initial Rehabilitation and Repairs			2,030.00			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment			15.03			
Sampling and Analysis						
Payroll Taxes			86.21			
Liability Insurance						
Acct. & Supplies			175.00			
Pickup Mileage			174.39			
(8) Contingencies (specify):						
Station & Skip Pocket			2,000.00			
TOTALS			59,863.23			

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

Date 9-11-56 *Payee Hillside Mining & Milling Company

Per R. C. Boyd Title General Manager

R. C. Boyd

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

→ NOTE.—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.

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. ..... in accordance with the terms of the contract.

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT - 1 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August, 1956 Docket No. DMEA Contract No. IDC-8-763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting				24,344.00	716.0	34.00	1,705	34.00
Crosscutting & timbering				4,721.50	675.50	7.00	1,600	7.00
Raising				4,130.00	118.0	35.00	125	35.00
Shafts				19,500.00	150.0	130.00	275	130.00
Winzes Spiling							120	20.00
Drifting: Core Stations				2,000.00	1	2,000.00	2	2,000.00
Sampling & Assaying: Churn				630.00	126	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs				55,325.50				Total Costs Authorized by Contract
Bulldozing				265.75				400.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.00				2,300.00
Other Preparatory Work				1,850.90				2,400.00
Total Costs				59,863.23				127,205.00

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

Date 9-11-56 Operator Hillside Mining & Milling Co.

Per R. C. Bergart Title General Manager
R. C. Bergart

→ NOTE.—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.

(Instructions on reverse)

Remarks:
Advance—Drift
Audit level - 271 ft. Todate
125 ft. " 445 " "

Advance—Timbering
Audit Level - 275.5 ft. todate
125 ft. " 40.0 " "

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
OCT - 1 1956

224 New Customhouse
Denver 2, Colorado

September 28, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Mine) Yavapai County, Arizona

Enclosed are two copies of a Monthly Progress Report from the subject Operator. No work was performed under the contract during the period inasmuch as the contract is in recess. An amendment to authorize a suspension and to extend the completion date is presently under consideration by the Washington Office. The Operator has been asked to furnish DMEA with a brief summary of activities during the recess.

Forms MF-104 and MF-104A were submitted for the month of August, 1956. The Operator has been informed that the accounting forms will not be required until such time as the contract work is resumed.

W. M. TRAVER

W. M. Traver

Enclosures

RECEIVED
OCT - 1 1956

September 24, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team

From : Superintendent, Southwest Experiment Station

Subject : August 1956 Progress Report, Docket DMEA-3448 (Tungsten), Contract Idm-5763 (Tungsten), Hillside Mining & Milling Co. (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report;

(3) Forms MF-104 and MF-104A.

Also included are 4 extra copies of our engineer's report.

No work was done under terms of the contract during the month, therefore no payment is due the operator.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (Orig. & 8)
DMEA-3448
RF

WRStorms:frj

RECEIVED
OCT - 1 1956

September 19, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romslo, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for August 1956, Docket DMEA-3448, Contract Idm-8763 (Tungsten) Hillside Mining and Milling Co., (Black Pearl Mine) Yavapai County, Ariz.

During my last monthly inspection of the Black Pearl mine on August 7, 1956 I found that all authorized work on the 125 level had been completed and that the operator expected to request recession of the project for 3 months from August 1, 1956. Since a complete record of accomplishments at the mine and mill during the life of the contract is desirable, I asked the operator to furnish DMEA with a brief summary of activities during the recess.

His report for August is attached. The MF forms of the report are not needed and the operator had been told that they should not be included with the remaining reports for the recess period.

Original signed by
T. M. Romslo

T. M. ROMSLO, Mining Engineer
Southwest Experiment Station

CC W. M. Trayer (Orig. & 8)
DMEA-3448
MF

TMRomslo:frj

September 5, 1956

RECEIVED
OCT - 1 1956

Mr. W. H. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO. DMEA 3448 (TUNGSTEN)
NO. IDME763

Dear Mr. Traver:

The following is a brief summary of the activities at the Black Pearl Mine during the month of August, 1956.

No advance was made under the DMEA contract as everything available for completion has been finished with the exception of the sinking of the shaft. This will be the next operation as explained in a separate letter.

Tonnage mined amounted to 951 tons as calculated by cars.

MILL DATA

Dry Tons Milled	Assay Heads	Assay Tails	Indicated Recovered	Recovered by Conc. lbs. WO_3
1,505	0.364	0.054	6.20	6.8824

During the month the main operation was the starting of stopes. As soon as the stopes are under way the plans are to resume the drifting toward the east as further exploration.

Very truly yours,

HILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

Form MF-134 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~Aug~~ July 1956 Docket No. DMEA 3448 Contract No. IDI E 763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $ 127,285.00 Government Participation: 75 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
~~Drilling~~ Shaft Sinking		19,500.00	19,500.00			
Bulldozing		268.75	268.75			
Sampling & Assaying Crosscutting		630.00	630.00			
Drifting & Crosscutting	850.00	23,494.00	24,344.00			
Timbering	175.00	4,546.50	4,721.50			
~~Labor and Supervision~~ Raise	1680.00	2,450.00	4,130.00			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
Timber		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drill Steel & Bits		20.00	20.00			
Small Tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment		15.83	15.83			
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup Mileage		174.39	174.39			
(8) Contingencies (specify):						
Station & Skip Pocket		2,000.00	2,000.00			
TOTALS	2,705.00	57,158.23	59,863.23	2,705.00	57,158.23	59,863.23
				4 -	689.07	689.07
						59,174.16

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

Date Aug. 11, 1956 *Payee Hillside Mining & Milling Co.

Per Robert C. Bogart Title General Manager

Robert C. Bogart

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

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the ~~amount of~~: 56,469.16 $1528.75

Signature
(Authorized Certifying Officer)

Date 9/6/56 Vou. No. DMA 57-28

(See other side)

4 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date 8/21/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: for WRS

Signature [illegible] Title Executive Officer Date AUG 31 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July, 1956 195 Docket No. DMEA 3448 Contract No. IDM E 763

Operator's Name HILLSIDE MINING & MILLING COMPANY Minerals Tungsten

Address Bagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting	ft.	850.00	25'	24,344.00	716.0	34.00	1,705	34.00
~~Crosscutting~~ timbering	ft.	175.00	25'	4,721.50	675.5	7.00	1,600	7.00
Crosscutting	ft.	1,680.00	48'	4,130.00	118.0	35.00	125	35.00
Raising	ft.			19,500.00	150.0	130.00	275	130.00
Shafts							120	20.00
Winzes ~~spiling~~				2,000.00	1	2,000.00	2	2,000.00
Drilling: Core Stations				630.00	126	5.00	320	5.00
Sampling & Assaying Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		2,705.00		55,325.50				Total Costs Authorized by Contract
Bulldozing				268.75				480.00
Operating Equipment Purchased				380.00				~~[illegible]~~
Initial Rehabilitation and Repairs								4,750.00
New Buildings, Improvements, etc.				2,030.08				2,300.00
Other Preparatory Work				1,858.90				2,460.00
Total Costs		2,705.00		59,863.23				127,285.00

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

Date Aug. 11, 1956 Operator Hillside Mining & Milling Co.

Per Robert C. Bogart Title General Manager

Remarks:
Advance: Drift footage
Audit level—271 ft. todate
125' " 445 " "

Timbering
Audit level—275.5 ft. todate
125' " 400.0 " "

NOTE.—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.

(Instructions on reverse)

(For Government use only)

W. Moomslo

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

Administrative Audit Difference Statement

[illegible] Mining & Milling Company
[illegible], Arizona

Date: [illegible]
Payee's
Reference: [illegible]

Gentlemen:

FINAL DISTRIBUTION
MADE SEP 7 1956

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ [illegible]

Difference $ _____

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible] [illegible] additional work under the contract.

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-III-B & F Form No. 4
4-15-52 D

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

224 New Customhouse
Denver 2, Colorado

August 31, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl mine) Yavapai County, Arizona - Operator's Monthly Progress Report for the month of July, 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's account, except for the following deduction.

Withhold an amount of $500.00 pending additional work under the contract. Information contained in the Engineer's report indicates that a request for recess of operations will be submitted by the Operator in the near future. Inform the Operator of the reason for the withholding by means of Administrative Audit Difference Statement.

Remarks

Date of Report - - - - - - - - - - - - - - - - August 11, 1956
Date Received in Field Office- - - - - - - August 14, 1956
Date Received in Region Office- - - - - - August 24, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Townsend w/copy engr's report
Chase

DMEA
Date Rec'd
AUG 24 1956
BUREAU OF MINES
Denver, Colorado

August 22, 1956

Memorandum

To : W. M. Trexler, Executive Officer, DMEA Field Team

From : Lincoln A. Stewart for Walter R. Storms

Subject : Progress Report for July 1956, Docket DMEA-3448, Contract Idm-8763, (Tungsten) Hillside Mining and Milling Co., (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with the terms of the contract, I recommend that the Government's share of the costs be paid, deducting $300.00 therefrom pending resumption of work.

LINCOLN A. STEWART

Lincoln A. Stewart, Mining Engineer
for Walter R. Storms
Superintendent
Southwest Experiment Station

CC W. M. Trexler (8)
DMEA-3448
BF

LAStewart:frj

August 22, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station

From : T. M. Rosale, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for July 1956, Docket BMRA-3448, Contract Bm-5763 (Tungsten), Hillside Mining and Milling Co., (Black Pearl Mine), Yavapai County, Ariz.

On August 7, 1956, I visited the Black Pearl mine and inspected progress under subject contract with Pete Cordova, mine foreman of the night shift.

I found that progress for July 1956 was confined to an extension of the east 125 level drift and completion of the raise from the 125 level to the adit. The east 125 level had been advanced to 416 feet from the crosscut and it was timbered to within 5.5 feet of the face. Authorized drifting and timbering on this level was 400 feet. Allowable advance of each operation for July was 375 to 400 feet or 25 feet. The raise was completed during July for a rail to rail distance of 125 feet. Allowable advance for July was 48 feet since 70 feet was reported for June and the starting point of the raise was 7 feet from the floor of the 125 level.

Good tungsten values are exposed in the 2 veins at the face of the drift. The main vein along the north wall of the drift is2.8 feet wide. This vein is expected to persist and the 1.2-foot wide vein along the other wall is expected to pinch within a short distance. The vein of the raise also carries good tungsten values and ranges in width from about 2.5 to 4.0 feet.

Robert C. Bogart, General Manager, was interviewed at Bagdad. He reported that the 3 samples of the operator's report were obtained and assayed during July and that the allowable cost of this work would be vouchered at a later date. He also said that deepening of the shaft could not be started for a few months for reasons that will be given in a request for suspension of the contract work.

CC W. M. Traver (Orig. & 8)
BMRA-3448
MF

TMRosale:frj

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Drifting and Crosscutting - The $850.00 is for the authorized 25 feet of advance at $34.00 per foot.

Timbering. - The $175.00 is for the authorized 25 feet of advance at $7.00 per feet.

Raising - The $1,680.00 is for the authorized 48 feet of advance at $35.00 per foot.

Total Costs - The Monthly Total of $2,705.00 is correct. The other costs, $37,158.23 and $80,063.00 are believed to be correct before previous disallowances totalling $[illegible].07.

Form MF-104A

The form has been properly completed.

Operator's Narrative Report

The narrative report with map and assay record is satisfactory. It was first received at Tucson Aug. 14. The MF-forms were mailed to the Operator for signatures and were returned to Tucson August 17.

Recommendation: Withhold $300.00 of the operator's share of costs for July pending resumption of work.

Original signed by
T. M. Romslo

T. M. Romslo
Mining Engineer
Southwest Experiment Station

xxxxxxxxxxxxxxxxxxxx

August 13, 1956

Mr. W. R. Traver, Executive Officer
DMEA Field Team Region XII
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO. DMEA 3448 (TUNGSTEN)
NO. IDME 763

Dear Mr. Traver:

The following is a summary of the mining activities at the Black Pearl Mine during the month of July, 1956, under the above DMEA contract.

Thirty-five feet of advance was made on the 100' level, bringing the total advance east to 410 ft., which is 10 ft. beyond the Stage I contract. Twenty-five feet will be turned in on our invoices. The average vein width was 19.6" with a grade of 0.291% WO_3.

In the raise 200 ft. east of the shaft 48 ft. of advance was made, breaking this raise through to the Adit level. The ore was continuous and of average grade throughout this raise.

The following is a resume of tonnages mined and milled to date:

PERIOD	MINED TONNAGE (ESTIMATED BY CARS)
Nov. 1st to May 1st	3,665
May, 1956	1,042
June	1,106
July	755
Total to date:	6,568 Tons

MILL DATA

DRY TONS MILLED (BY BELT WT)		ASSAY HEADS	ASSAY TAILS	INDICATED RECOVERED	RECOVERED BY CONC. LBS. WO_3
April	1,922	Mixed with Tungstona			3.058
May	1,857	" "	"		3.913
June	1,282	0.375	0.103	5.44	4.481
July	1,450	0.292	0.069	4.46	6.286
	6,511				

The tonnage mined is evidently in error as 300 to 400 tons is still remaining in the stockpile.

During May and June the lowest grade ore was milled in order to get the "bugs" out of the revised mill circuit without resulting in great losses. In June the circuit was again revised, eliminating the rod mill to reduce sliming, and this resulted in increased recovery. In the latter part of July a scavenger jig was placed on the coarse tails to further reduce losses.

Very truly yours,

HILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

BLACK PEARL

100 LEVEL EAST

DIST.	WIDTH OF CUT	% WO_3
380	18"	1.37
385	24 "	0.03
390	16"	0.01
395	16"	0.14
400	24"	0.03
	19.6"	0.291

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED
AUG - 6 1956

Month of June, 1956, 195 Docket No. DMEA Contract No. IDM-E-763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $127,285.00 Government Participation: 75 % Amount, $95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
~~Mining~~ Shaft Sinking	$	19,500.00	19,500.00			
Bulldozing		268.75	268.75			
~~Crosscutting~~ Sampling & Assaying	155.00	475.00	630.00			
Drifting & Crosscutting	4,590.00	18,904.00	23,494.00			
Timbering	945.00	3,601.50	4,546.50			
(2) Labor and Supervision Raise	2,450.00	-0-	2,450.00			
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
Timber		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drill Steel & Bits		20.00	20.00			
Small Tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: Trucking		15.83	15.83			
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup Mileage		174.39	174.39			
(8) Contingencies (specify):						
Station & Skip Pocket		2,000.00	2,000/00m			
TOTALS	8,140.00	49,018.23	57,158.23	8,140.00	49,018.23	57,158.23
				11	689.07	684.07
					48,329.16	56,469.16
				$ 6105.00		

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 12, 1956 *Payee Hillside Mining & Milling Co.
Per R. C. Bogart Title Gen. Manager
R. C. Bogart

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

→ NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 6105.00
Signature
(Authorized Certifying Officer)
Date 8/1/56 Vou. No. DMA 57-15
(See other side)

1 Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature T. M. Romolo Title Mining Engineer Date 7/24/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Drake Title Executive Officer Date JUL 30 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG - 6 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1956 Docket No. DMEA Contract No. IDM E 763
Operator's Name Hillside Mining & Milling Company Minerals
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & Crosscutting	ft.	4,590.00	135	23,494.00	691.0	34.00	1,705	34.00
Crosscutting timbering	ft.	945.00	135	4,546.50	650.5	7.00	1,600	7.00
Raising	ft.	2,450.00	70	2,450.00	70.0		125	35.00
Shafts	ft.			19,500.00	150.0	130.00	275	130.00
Winzes spiling							120	20.00
Drifting: Core Stations	ft.			2,000.00	1	2,000.00	2	2,000.00
Churn Sampling & Assaying	each	155.00	20	630.00	126	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		8,140.00	52,620.50					TOTAL COSTS AUTHORIZED BY CONTRACT
Bulldozing			268.75					480/00
Operating Equipment Purchased			380.00					4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.			2,030.08					2,300.00
Other preparatory work.			1,858.90					2,460.00
TOTAL COSTS		8,140.00	57,158.23					127,285.00

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

Date July 11, 1956 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title Gen. Mgr.

R. C. Bogart

NOTE.—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.

REMARKS:
Advance—drift—footage
Audit level - 271 ft. tedate
125 " 420 " "

Advance—Timber—footage
Audit level - 275.5 ft. tedate
125 " 375.0 " "

(Instructions on reverse)

(For Government use only)

D. M. Romolo

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
AUG - 6 1956

224 New Customhouse
Denver 2, Colorado

July 30, 1956

FINAL DISTRIBUTION
MADE AUG 2 1956

RECEIVED
AUG - 6 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Mine) Yavapai County, Arizona - Operator's Monthly Progress Report for the month of June, 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks

Date of Report ---------- July 12, 1956
Date Received in Field Office ---------- July 20, 1956
Date Received in Region Office ---------- July 26, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.

RECEIVED
AUG - 6 1956

ED
- 6 1956
DMEA
Date Rec'd.

July 24, 1956

JUL 26 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team

From : Superintendent, Southwest Experiment Station

Subject : June 1956 Progress Report, Docket DMEA-3448, Contract IDM-4763 (Tungsten), Hillside Mining & Milling Co. (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRStorms:fr

RECEIVED
AUG - 3 1956

July 24, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romale, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for June 1956, Docket BMGA-3448, Contract Ldm-8763, (Tungsten) Hillside Mining and Milling Co., (Black Pearl Mine), Yavapai County, Ariz.

On July 5, 1956 I visited the Black Pearl mine and inspected progress under subject contract with R. E. Jeans, mine mechanic. Mr. Jeans, the only person present, was engaged in hauling water to the mine during a 3-day holiday.

I found that measurable progress was confined to 135 feet of drifting and timbering on the east 125 level and an initial 70 feet of advance in the raise being driven from the 125 level to the adit. Other work consisted of sampling 31 channel samples. The map of the operator's report shows locations of the drift, raise and samples.

At the east face of the 125 level, minor amounts of wolframite were observed in a 2-foot wide vein along the south wall of the drift and a partially exposed vein along the north wall. Based on a similar condition on the adit level, the north vein, which has been followed by the drift, will pinch out within 10 or 20 feet. The south vein should be about 2 feet wide and widen to 3 or 4 feet as it is followed to the east.

The vein at the face of the raise contains blebs of wolframite scattered over a width of about 30 inches.

The 125 east drift is being driven to a minimum cross section of 5 by 7 feet in clear of timber. The raise has 2 timbered compartments, each 5 by 5 feet in clear of timbers.

Robert C. Bogart, General Manager, was interviewed at Bagdad. According to Mr. Bogart, 1,282 tons of Black Pearl ore milled during June yielded concentrates containing 6,525.977 pounds WO_3. Prior to June, production subject to Government royalties was from co-mingled ores from the Black Pearl and Tungstonia mines.

CC W. M. Traver (Orig. & 8)
BMGA-3449
BF

TMRomale:frj

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Sampling and Assaying - The $155.00 is for the assaying of 31 authorized samples from the 125 level east drift.

Drifting and Crosscutting - The $4,590.00 is for the authorized 135 feet of advance at $34.00 per foot.

RECEIVED
AUG - 6 1956

Timbering - The $945.00 is for 135 feet of drift timbering at $7.00 per foot.

Raise - The $2,450.00 is for the 70 feet of authorized advance at $35.00 per foot.

Total Costs - The Monthly Total of $8,140.00 is correct. The other costs, $49,018.23 and $57,158.23, include previous disallowances totalling $689.07.

Form MF-104A

The form has been properly completed.

Narrative Report

The narrative report with map is satisfactory.

T. M. Romalo
Mining Engineer
Southwest Experiment Station

July 12, 1956

RECEIVED
AUG - 6 1956

Mr. W. N. Traver
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

Dear Mr. Traver:

Re: Docket No. DMEA 3448 (Tungsten)
No. IDME 763

The following is a summary of the mining activities at the Black Pearl Mine during the month of June, 1956, under the above DMEA Contract.

One Hundred and thirty-five feet of advance was made on the 100' level drift. The average vein width was 42.3 In. with an average grade of 0.164% WO_3, as indicated by cut samples. Grab samples were taken during this period and indicate 0.295% WO_3 as mined. The vein has been quite uniform in composition; consisting of heavy iron pyrite and tungsten on white quartz.

The ground in the drift has become quite heavy resulting in a large amount of timber repair and replacement.

In the raise 200 ft. east of the shaft, 70 ft. of advance was made. With the completion of this raise the ventilation will be much better with a great improvement in working conditions.

After completion of the mill changes, 1,282 dry tons were milled with 6,525.977 lbs. of WO_3 recovered including hand sorted tungsten. No market for the concentrates at this time, but hope the Government will take some action in the near future on the stockpiling program.

Very truly yours,

HILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

HILLSIDE MINING & MILLING CO.
BLACK PEARL
100 LEVEL EAST

DIST.	WIDTH OF CUT		% WO_3
225		48	1.46
230		48	0.13
235		48	0.03
240		48	0.04
245		48	0.01
250		48	0.01
255		48	0.09
260		48	0.03
265		48	0.13
270		48	0.01
275		48	0.16
280		42	0.33
285		46	0.19
290	20 + 36	56	0.31
295	27 + 20	47	0.02
300		48	0.49
305		48	0.71
310		43	0.02
315		43	0.02
320		42	0.02
325		48	0.01
330		48	0.01
335		40	0.02
340		42	0.01
345		37	0.17
350		24	0.03
355		32	0.01
360		24	0.04
365		24	0.01
370		24	0.02
375		26	0.10
		42.3	0.164

Average drift width 84 in.

Average vein width	42.3	@	0.164
Dilution	41.7	@	0.000
Indicated grade with dilution by cut samples:	84.0		0.083

Grab Samples	0.28
	0.52
	0.19
	0.40
	0.30
	0.08
Indicated grade by grab samples:	0.295

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May 1956 Docket No. DMEA Contract No. XM 763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $ 127,205.00 Government Participation: ____% Amount, $ 25,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Shaft Sinking		17,500.00	17,500.00			
Bulldozing		266.75	266.75			
Sampling & Assaying	100.00	375.00	475.00			
Drifting & Crosscutting	1,880.00	14,026.00	15,906.00			
Timbering	840.00	2,761.50	3,601.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
Gasoline fuel & lube		19.84	19.84			
Explosives		19.81	19.81			
Pipe		30.00	30.00			
Track		50.00	50.00			
Drill Steel & Bits		20.00	20.00			
Hand Tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		300.00	300.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.00	2,030.00			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: Trucking		15.83	15.83			
Rent						
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup Mileage		174.37	174.37			
(8) Contingencies (specify):						
Station & Slip Pocket		2,000.00	2,000.00			
TOTALS	2,020.00	43,998.23	45,018.23	2,020.00	43,998.23	45,018.23
					689.07	689.07

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

Date 6-16-56 *Payee Hillside Mining & Milling Company

Per R. C. Bogart Title Gen. Mgr.

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

→ NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 43,309.16 48,329.16

$ 3765.00

Signature
(Authorized Certifying Officer)

Date 7/3/56 Vou. No. 2374 57-3

(See other side)

JUL 9 - 1956

Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-6763 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date 6/25/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JUN 29 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1956 Docket No. DMEA Contract No. IDM E 763
Operator's Name Hillside Mining & Milling Company Minerals
Address Bagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting	ft.	4,030.00	120'	13,904.00	556.0	34.00	1,705	34.00
Crosscutting timbering	"	840.00	120'	3,601.50	515.5	7.00	1,600	7.00
Raising	"						125	35.00
Shafts	"			19,500.00	150.0	130.00	275	130.00
Winze Spiling	"						120	20.00
Pump Stations each				2,000.00	1	2000.00	2	2000.00
Sampling & Assaying	"	100.00	20	475.00	95	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		5,020.00		49,480.50				Total Costs Authorized by Contract
Bulldozing				268.75				480.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.00				2,300.00
Other preparatory work				1,858.90				2,460.00
Total Costs		5,020.00		49,018.15				127,285.00

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

Date May 6-16-56 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title General Manager
R. C. Bogart

NOTE.—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.

Remarks:

(Instructions on reverse)

(For Government use only)

M. Pendle

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

June 29, 1956

FINAL DISTRIBUTION
MADE JUL 5 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Mine), Yavapai County, Arizona - Operator's Monthly Progress Report for the month of May, 1956

Enclosed are the original and four copies of Forms MF-104 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore, we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks

Date of Report----------June 16, 1956
Date Received in Field Office----------June 25, 1956
Date Received in Region Office---------- June 28, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JWT:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chrem.

RECEIVED
JUL 9 - 1956

DMEA
Date Rec'd.

JUN 28 1956

BUREAU OF MINES
Denver, Colorado

June 26, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team

From : Superintendent, Southwest Experiment Station

Subject : May 1956 Progress Report, Docket DMEA-3448 (Tungsten), Contract Idm-8763, Hillside Mining & Milling Co. (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's Narrative report with map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRSterms:frj

June 25, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Remale, Mining Engineer, Tucson, Arizona

Subject : Progress Report for May 1956, Docket DMEA-3448, Contract Idm-8763 (Tungsten) Hillside Mining and Milling Company, (Black Pearl Mine) Yavapai County, Ariz.

I visited the Black Pearl mine and inspected pertinent underground workings with K. Pumala, mine foreman, at the end of the day shift on May 31. I found that measurable work under the contract was confined to 120 feet of advance and timbering in the east 125 level. The face of the drift was 240 feet from the cross-cut to the shaft. Other work consisted of the cutting and assaying of the 20 composite samples of the attached operator's report.

The vein at the face of the east 125 drift was 46 inches wide. No tungsten minerals were observed.

Preparations were being made to start the raise from the 125 level to the adit. This raise is part of stage 2 operations that were recently approved.

Information about milling operations was obtained from Robert C. Bogart, General Manager of subject company, who recently was appointed assistant to G. Colville, general manager of the Magma Copper Co. Mr. Bogart will continue to supervise the Black Pearl operations. He said that simultaneous milling of Black Pearl and Tungstena ores continued during May, but future milling, after changes to the flow sheet, would be confined to Black Pearl ore. We discussed royalty payments and mutually agreed that concrete data to support such payments would require production statistics from the milling of Black Pearl ore.

CC W. M. Traver (8)
DMEA-3448
BF

TMRemale:frj

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Sampling and Assays - The $100.00 is for the assaying of the 20 authorized samples from the 126 level at $5.00 each.

Drifting and crosscutting - The $4,080.00 is for the authorized 120 feet of advance at $34.00 per foot.

Timber - The $840.00 is for the authorized 120 feet of timbering at $7.00 per foot.

Total Costs - The costs for the month correctly total $5,020.00. The other costs, $43,988.23 and $49,018.23, are believed to be correct before previous disallowances, totalling $689.07.

Form MF-104A

The form has been properly completed. The operator will be asked to use the "Remark" section of future reports for a segregation of advances by levels.

Narrative Report

The narrative report with map is satisfactory.

T. M. Ramale
Mining Engineer
Southwest Experiment Station

June 19, 1956

Mr. W. M. Traver
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO.DMEA 3448 (TUNGSTEN)
NO. IDME 763

Dear Sir:

The following is a summary of the mining activities at the Black Pearl Mine during the month of May, 1956, under the above DMEA contract.

The 100' level drift advance amounted to 120 feet, with an average vein width of 43.6 inches, and a grade of 0.389% WO_3, as calculated from the cut samples. Again a comparison is made between cut samples and grab samples in order to establish a reliable grade. It will be interesting to compare it with the mill heads and final recovery.

Preparation is now in progress for starting a raise from the 100' level to the Adit level. This raise will be 200 feet east of the shaft as originally proposed.

The milling calculations for the month of April and May indicate 3.058 and 3.913 lbs WO_3 recovered per ton. The ore milled was a mixture of Tungstona and Black Pearl ore. A deduction was made for an average recovery of the Tungstona ore and the remainder credited to the Black Pearl.

Due to the cut in the price of Tungsten, we were forced to close the Tungstona operation. We have again changed the mill flow sheet to mill Black Pearl ore only. Therefore, any ore milled in the future will be exclusively Black Pearl. After a conference with your field engineer it was decided not to submit any final figures until a run on Black Pearl ore was made and some concrete data obtained.

Very truly yours,

HILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp
Encl. 2 maps & Sample Sheet.

BLACK PEARL

May, 1956

DRIFT CUT SAMPLES 100' LEVEL

DIST.	CUT (WIDTH INCHES)	% WO_3
125	54	0.02
130	54	0.76
135	55	0.09
140	50	0.01
145	55	0.39
150	48	0.03
155	50	0.03
160	36	0.05
165	36	0.04
170	36	0.04
175	26	0.01
180	24	0.14
185	24	0.01
190	40	1.64
195	48	0.03
200	50	0.03
205	40	4.41
210	46	0.22
215	55	0.04
220	44	0.03
	43.6	0.389

Comparison Cut Samples to grab samples:

Grab Samples: 0.27, 0.38, 0.28, 0.14, 0.17 — 0.248

Indicate grade grab samples: .032 — 0.280

24 cans @ 16.38 = 393.12 lbs. WO_3

$\frac{7 \times 8 \times 120}{11}$ = 610 Tons

$\frac{393.12}{610}$ = 0.644 lbs WO_3/Ton

.0322% WO_3 recovered/ton hand sort

Indicate grade as mined by cut samples:

Average drift width 84"

	Inches Width		% WO_3
Average vein width	43.6	@	0.389
Dilution	36.4	@	0.000
Indicated grade by cut samples with dilution.	84"		0.202

Form MF-104 (Rev.)
(April 1952)

DMEA
Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Date Rec'd
MAY 28 1956
BUREAU OF MINES
DENVER, COLORADO

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 195 Docket No. DMEA 3448 Contract No. DMEA-763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $ 127,285.00 Government Participation: 75% Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling: Shaft Sinking		19,500.00	19,500.00			
Bulldozing		268.75	268.75			
Crosscutting: Sampling & Assaying	115.00	260.00	375.00			
Drifting: & Crosscutting	2,720.00	12,105.00	14,824.00			
Timbering	560.00	2,201.50	2,761.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
Timber: fuel & lube		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drill Steel & Bits		20.00	20.00			
Small Itools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380/00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: Trucking						
Repairs to Equipment		15.83	15.83			
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup mileage		174.39	174.39			
(8) Contingencies (specify):						
Station & Skip Pocket		2,000.00	2,000.00			
TOTALS	3,395.00	40,603.23	43,998.23	3,395.00	40,603.23	43,998.23
					689.07	689.07
					39,914.16	43,309.16
					$3546.25	

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 5-22-56 *Payee Hillside Mining & Milling Company
Per Robert C. Bogart Title Gen. Mgr.

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

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
Signature
(Authorized Certifying Officer)
Date 5/31/56 Vou. No. DMA 56-115
(See other side)

1 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E 763 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date 5/24/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature [illegible] Title Acting Executive Officer Date MAY 29 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

DMEA
Date Rec'd.

RECEIVED MAY 28 1956
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April, 1956 95 Docket No. DMEA 3448 Contract No. IIM-E-763
Operator's Name Hillside Mining & Milling Company Minerals tungsten
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & Crosscutting	ft.	2,720.00	80	14,824.00	436.0	34.00	1,705	34.00
Crosscutting timbering	"	560.00	80	2,761.50	394.5	7.00	1,600	7.00
Raising	"						125	35.00
Shafts	"			19,500.00	150.0	130.00	275	130.00
Wines Spiling	"						120	20.00
Drilling Ore Stations	each			2,000.00	1	2,000.00	2	2,000.00
Sampling & Assaying	"	115.00	23	375.00	75	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS		3,395.00		39,460.50				
Bulldozing				268.75				400.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.00				2,300.00
Other Preparatory Work				1,859.90				2,460.00
TOTAL COSTS		3,395.00		43,998.15				127,285.00

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

REMARKS:

Date 5-22-56 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title Gen. Mgr.
R. C. Bogart

NOTE.—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.

(Instructions on reverse)

(For Government use only)

N. W. Pounds

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED JUN 4 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION MADE JUN 1 1956

May 29, 1956

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Mine) Yavapai County, Arizona - Operator's Monthly Progress Report for the month of April, 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks

Date of Report----------May 22, 1956
Date Received in Field Office---------- May 24, 1956
Date Received in Region Office---------- May 28, 1956

J. W. Townsend

J. W. Townsend

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chren.

DMEA
Date Rec'd.

MAY 23 1956

BUREAU OF MINES
Denver, Colorado

May 24, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : April 1956 Progress Report, Docket DMEA-3448, Contract Idm-E763, (Tungsten), Hillside Mining & Milling Co. (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with assays and map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRStorms:frj

DMEA
Date Rec'd.
MAY 28 1956
BUREAU OF MINES
Denver, Colorado

May 24, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romalo, Mining Engineer, Tucson, Arizona

Subject : Progress Report for April 1956, Docket DMEA-3448, Contract Idm-E763 (Tungsten), Hillside Mining and Milling Company (Black Pearl Mine), Yavapai County, Ariz.

I visited the Black Pearl mine and inspected pertinent underground workings at the end of the day shift April 30, 1956. Alton Meders, mine foreman, accompanied me underground and assisted in taking necessary measurements. I found that work under the contract was confined to the 125 East Drift where 80 feet of drifting and timbering was done, and 16 samples were cut and assayed. The vein at the face of the drift was about 5 feet wide.

Drifting advance through May on the 125 level, as measured from the crosscut to the shaft, totalled 235 feet. Of the 235 feet, 120 feet to the east is authorized by the contract and 115 to the west was driven at no expense to the Government. Drifting to the west was stopped when the width of the vein narrowed from an average of about 4 feet for the first 80 feet to about 8 inches at the face. Good values in wolframite are largely confined to the wider portion of the vein.

Stoping operations above the adit were in progress. Ore from the stopes and the 125 level is placed on the stockpile at the mine. Trucking of this ore to the Tungstona mill continues. Milling of ore from the Black Pearl started early in April. During April the mill treated a total of 4,145 tons of ore of which 1,922 was from the Black Pearl and the remaining 2,223 tons was from the Tungstona mine. Concentrates and middling products produced during the month contained a total of 10,376.66 pounds WO_3. At present, milling data are being analyzed to determine how much of production after losses in up-grading operations, is subject to royalty payments to the Government.

CC W. M. Traver (Orig. & 8)
DMEA-3448
DF

TMRomalo:frj

DMEA
Date Rec'd.
MAY 28 1956
BUREAU OF MINES
Denver, Colorado

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Sampling and Assaying. The cost of $115.00 is for the authorized cutting and assaying 23 samples at $5.00 each. Of the 23 samples shown on the list attached to the report, 16 were taken during April and 7 were obtained during March.

Drifting and Crosscutting. The $2,720.00 is the cost of the 80 feet of authorized drifting at $34.00 per foot.

Timbering. The $560.00 is for the authorized 80 feet of timbering at $7.00 per foot.

Total Costs. The total cost for the month, $3,395.00, is correct. The other totals, $40,603.23 and $43,998.23 do not reflect previous disallowances totalling $689.07.

The previously reported cost of Drifting and Crosscutting should be $12,104.00 instead of the reported $12,105.00.

Form MF-104A

The properly completed form shows totals before the previous disallowances.

Narrative Report

The narrative report with map and list of assays is acceptable.

T. M. Romalo, Mining Engineer
Southwest Experiment Station

DMEA
Date Rec'd.

MAY 28 1956

BUREAU OF MINES
Denver, Colorado

May 21, 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO. DMEA 3448 TUNGSTEN
NO. 1DMX 763

Dear Mr. Traver:

The following is a summary of the mining activities at the Black Pearl Mine during the month of April, 1956, under the above DMEA contract.

The drift was advanced from 40 ft. to 120 ft., or a total of 80 ft. The average width over the entire 120 ft. was 53.7 in. with an average grade as shown by the cut samples of 0.816% WO_3. The attached sheet contains these samples, together with a comparison of grab samples to cut samples. This comparison was quite close considering the difficulties encountered in sampling tungsten ore bodies containing large crystals of Wolframite. I am still quite reluctant to consider them to be accurate or trustworthy.

The milling of the stockpile has been started with numerous difficulties. The Black Pearl ore contains large amounts of Pyrite, which are troublesome to float at our course grind of 20M. Also, the ore contains some quantities of Hematite and Specularite, which concentrate with the table concentrate. They are also slightly magnetic and cannot be separated on our magnetic separator resulting in low grade concentrates. These concentrates can be brought to grade by retabling, but losses are quite heavy.

The mill calculations, together with the tonnage report are completed, but are not enclosed at this time as Mr. Remalo, your Field Engineer, desired to examine them before submission. If any corrections or additions are necessary they will be made, therefore eliminating extra reports and correspondence.

A plan map is enclosed showing the relationship of the Adit and 125 ft. level. A cross section will be sent next month, as I am the only engineer on the job and am in the process of breaking in a new man, who will be able to keep this work up to date.

Hoping this meets with your approval, I remain

Sincerely yours,

MILLSIDE MINING & MILLING CO.

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

DMEA
Date Rec'd.
MAY 28 1956
BUREAU OF MINES
Denver, Colorado

BLACK PEARL

Drift Cut Samples 100 ft. level.

DIST.	CUT WIDTH INCHES	% WO_3
12	50	0.03
17	53	0.68
22	55	1.86
27	54	1.40
32	52	0.01
37	50	1.01
42	50	0.70
47	53	1.66
52	48	0.56
57	48	0.09
62	48	0.01
67	46	0.01
72	48	0.05
77	48	0.05
82	48	0.01
87	48	0.02
92	45	0.02
97	48	10.11
102	75	0.36
107	48	0.56
112	59	1.18
117	92	0.02
122	60	0.01
	53.7	0.816

Comparison Cut Samples to Grab Samples.

Grab Samples 0.30
0.40
0.49
0.70
0.37
0.34
0.27
0.39
0.408

Hand Sort
35 Cans @ 16.38 Lbs. WO_3 = 573.30 Lbs.WO_3

$\frac{7x8x120}{11}$ = 610 Tons

$\frac{573.30}{610}$ = .940 lbs.WO_3/Ton hand sorted.

.047% WO_3 recovered/ton by hand sort.

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1956 Docket No. DMEA Contract No. IDM E 763
Operator's Name Hillside Mining & Milling Co. Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $ 127,285.00 Government Participation: 75 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Shaft Sinking		19,500.00	19,500.00			
Bulldozing		268.75	268.75			
Sampling & Assaying		260.00	260.00			
Drifting & Crosscutting	1,360.00	10,744.00	12,104.00			
timbering	280.00	1,921.50	2,201.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
Timber		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20/00	20.00			
Track		50.00	50.00			
Drill steel & bits		20.00	20.00			
Small tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Trucking		15.83	15.83			
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup mileage		174.39	174.39			
(8) Contingencies (specify):						
Station & skip pocket		2,000.00	2,000.00			
TOTALS	1,640.00	38,963.23	40,603.23	1,640.00	38,963.23	40,603.23
				689.07	689.07	
					39,914.16	
				38,274.16		
				$1230.00		

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Apr. 14, 1956 Payee Hillside Mining & Milling Co.
Per R. C. Bogart Title R. C. Bogart, Gen. Mgr.

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

NOTE.—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.

(Instructions on reverse)

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

Signature
(Authorized Certifying Officer)

Date 4/30/56 Vou. No. DMA.56-103
(See other side)

MAY 3 - 1956

1 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdM-E763 in accordance with the terms of the contract.

Signature [illegible] WRH Title Mining Engineer Date 4/18/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date APR 26 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of xx Mar. 195 6 Docket No. DMEA IDM E 763 Contract No.
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
& crosscutting	ft.	1,360.00	40'	12,104.00	356.0	34.00	1,705	34.00
Drifting xxxxxxxx Timbering	"	280.00	40'	2,201.50	314.5	7.00	1,600	7.00
Crosscutting	"						125	35.00
Raising	"			19,500.00	150.0	130.00	275	130.00
Shafts xxxx Spiling	"						120	20.00
Winzes xxxxxxxx Stations	each			2,000.00	1	2,000.00	2	2,000.00
Drilling: Core Sampling & Assaying	"			260.00	52	5.00	320	5.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1,640.00		36,065.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Bulldozing				268.75				480.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs				2,030.00				2,300.00
New Buildings, Improvements, etc.				1,858.90				2,460.00
TOTAL COSTS		1,640.00		38,963.15				127,285.00

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

Date Apr. 14, 1956 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title General Manager

R. C. Bogart

REMARKS:

→ NOTE.—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.

(Instructions on reverse)

(For Government use only)

RECEIVED
MAY 3 - 1956

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

April 26, 1956

FINAL DISTRIBUTION
MADE MAY 1 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl claims 1, 2 and 7) Yavapai County, Arizona - Operator's Monthly Progress Report for the period March, 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks

Date of Report----------April 14, 1956
Date Received in Field Office----------April 18, 1956
Date Received in Region Office---------- April 23, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Cooper
Chron.

RECEIVED
MAY 3 - 1956

DMEA
Date Rec'd.

APR 23 1956

BUREAU OF MINES
Denver, Colorado

April 19, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : March 1956 Progress Report, Docket DMEA-3448, Contract Idm-E763 (Tungsten), Hillside Mining & Milling Co. (Black Pearl Mine), Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;
(2) Operator's Narrative report with drift samples;
(3) Forms MF-104 and MR-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRStorms:frj

April 19, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romalo, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for March 1956, Docket DMEA-3448, Contract Idm-E763 (Tungsten) Hillside Mining and Milling Company (Black Pearl Mine), Yavapai County, Ariz.

On April 5, 1956, I visited the Black Pearl Tungsten Mine and checked progress for the above period with K. Pusala, Mine Foreman. I found that progress under the contract was confined to the initial 40 feet of drifting and timbering on the east 125 level. The reference point for this and future measurements is a nail in the center of the timber set at the intersection of the drift and crosscut to the shaft. A drift to the west of this point was being driven at no expense to the Government. It was 26 feet long.

The operator sampled 42 feet of the advance on the 125 level at 5 foot intervals. The average width and grade of the vein as obtained from 7 channel samples and 1 grab sample were 51.5 inches and 0.813 percent WO_3. Cost of this sampling and assaying will be included in the operators report for April.

Ore from the 125 level and from stopes above the adit level continues to be co-mingled and stockpiled at the mine.

R. C. Bogart, General Manager, was contacted at Bagdad after I had checked progress at the mine. He reported that hauling of stockpiled ore to the Tungstona mill was started late in March and that milling of the ore started April 4. The results of the 2 days of operation indicated that some changes in the milling procedures and equipment will be necessary. He also reported that Boyles Bros.

CC W. M. Traver (Orig. & 8)
DMEA-3448
BF

TMRomalo:fvj

Drilling Company was released by mutual agreement from their contract for driving exploratory workings. This action is expected to result in acceleration of development and mining operations without materially slowing down progress in the exploratory headings.

In order to determine how much of the stockpiled ore is subject to payment of Government royalties, I asked Mr. Bagard to submit a detailed report of tonnage and grade of ore mined. The report will be sent to Denver after it has been checked at Tucson.

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Drifting and Crosscutting

The $1,360.00 is for the 40 feet of authorized easterly advance on the 125 level at $34.00 per foot.

Timbering

The $280.00 is for 40 feet of authorized timbering in the above heading at $7.00 per foot.

Total Costs

The monthly total of $1,640.00 is correct. The other totals, $38,963.23 and $40,603.23, do not reflect previous disallowances totalling $689.07.

Form MF-104A

There are 2 errors in the otherwise properly completed form. Costs-to-Date for New Buildings, Improvements, etc. should be $2,030.08 and the Total Costs to date should be $40,603.23 before the previous disallowances.

Narrative Report

The report and attached sample data is acceptable.

T. M. Romero

T. M. ROMERO
Mining Engineer
Southwest Experiment Station

April 16, 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO.DMEA 3448 (TUNGSTON)
NO. IDME 763

Dear Mr. Traver:

The following is a summary of the mining activities at the Black Pearl Mine during the month of March, 1956, under the above DMEA contract.

The vein was cut at 94 feet from the center post of the shaft. The vein was 48 inches in width with some wolframite and heavy iron pyrite. The advance along the vein amounted to 40 feet east and 12 feet west with good values showing the entire length. As shown by the attached sheet the average width was 51.5 inches and 0.813% WO_3.

The Boyles Bros. Drilling Company is being released from their contract in order to speed up the development on this 125-ft. level and to permit us to mine the better grade ore before the termination of the government stock-piling contract. All efforts will be concentrated on this level in order to take this price advantage.

The mill conversion is now in progress and it is anticipated that the milling operation will start within the first week of April. Some milling problems will no doubt be encountered, but all efforts will be made to mill out the stockpile in the shortest time possible.

I will endeavor to furnish you with a detailed report of tonnages and grade of ore mined contained within the stockpile with my next report.

Sincerely yours,

HILLSIDE MINING & MILLING COMPANY

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp
Enclosure

April 16, 1956

DRIFT SAMPLES 100 LEVEL.

Dist.		Width Inches	% WO_3
7	Intersection	Grab Sample 48"	.70
12		50"	0.03
17		53"	0.68
22		55"	1.86
27		54"	1.40
32		52"	0.01
37		50"	1.01
42		50"	.70
		51.5"	0.813

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
APR 13 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Feb., 1956 Docket No. DMEA _____ Contract No. IMI E 763

Operator's Name Hillside Mining & Milling Company Minerals _____

Address Bagdad, Arizona

Contract Amount, $ 127,285.00 Government Participation: 75 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
~~Drilling~~ shaft Sinking		19,500.00	19,500.00			
Bulldozing		268.75	268.75			
~~Crosscutting~~ sampling & assaying		260.00	260.00			
Drifting & crosscutting	1,530.00	9,214.00	10,744.00			
timbering		1,921.50	1,921.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
~~Timber~~ fuel & lube		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drill Steel & Bits.		20.00	20.00			
Small Tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		100.00	100.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: trucking						
~~Repairs to Equipment~~		15.83	15.83			
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup Mileage		174.39	174.39			
(8) Contingencies (specify):						
Station & Skip Pocket	2,000.00		2,000.00			
TOTALS	3,530.00	35,433.23	38,963.23	3,530.00	35,433.23	38,963.23
				4	689.07	689.07
					34,744.16	38,274.16
					$2647.50	

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

Date Mar. 14, 1956 *Payee Hillside Mining & Milling Company
R. C. Bogart

Per R. C. Bogart Title Gen. Mgr.

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

NOTE.—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.

(Instructions on reverse)

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

Signature _____
(Authorized Certifying Officer)

Date 4/10/56 Vou. No. DMA 56-92

(See other side)

4 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdM-E763 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date May 29, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk

Signature W. M. Graver Title Executive Officer Date APR 10 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
APR 13 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Feb. 195 6 Docket No. DMEA Contract No. IDI E 763
Operator's Name Hillside Mining & Milling Company Minerals
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & crosscutting	ft.	1,530.00	45	10,744.00	316.0	34.00	1,705	34.00
~~Crosscutting~~ timbering	ft.			1,921.50	274.5	7.00	1,600	7.00
Raising	ft.						125	35.00
Shafts	ft.			19,500.00	150.0	130.00	275	130.00
~~Winzes~~ spiling	ft.						120	20.00
~~Drifting~~ Station	each	2,000.00	1	2,000.00	1	2,000.00	2	2,000.00
Sampling & Assaying	2			260.00	52	5.00	320	5.00
Churn Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		3,530.00		34,425.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Bulldozing				268.75				480.00
Operating Equipment Purchased				330.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.00				2,030.00
other preparatory work				1,858.90				2,460.00
TOTAL COSTS		3,530.00		38,963.13				127,285.00

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

Date Mar. 14, 1956 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title General Manager
R. C. Bogart

REMARKS:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

M Tomsho

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
APR 1 0 1956
FINAL DISTRIBUTION
MADE APR 1 1 1956

224 New Customhouse
Denver 2, Colorado

April 10, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Tungsten Mine) Yavapai County, Arizona - Operator's Monthly Progress Report, for the period January, 1956

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

The Government's portion of the claimed costs is to be paid directly to Hillside Mining and Milling Company as Contract Idm-E763 has been officially transferred to this corporation.

Remarks

Date of Report----------March 14, 1956
Date Received in Field Office---------- March 15, 1956
Date Received in Region Office---------- March 22, 1956

W. M. TRAVER

W. M. Traver

Enclosures

RDB:jy

cc: MF-104 File E763
Sec. Op. Comm. (2)
W. R. Storms
Chron.

DMEA
Date Rec'd.

MAR 22 1956

BUREAU OF MINES
Denver, Colorado

March 20, 1956

RECEIVED
APR 1 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team Region III

From : Superintendent, Southwest Experiment Station

Subject : February 1956 Progress Report, DMEA Contract Idm-E763, Docket DMEA-3448, Hillside Mining & Milling Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRSTorms:frj

March 20, 1956

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romslo, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for February 1956, Docket DMEA-3448, Contract Idm-5763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Ariz.

On March 15, 1956 I visited the Black Pearl Tungsten mine and inspected pertinent underground workings with R. C. Bogart, General Manager and K. Pumala, Mine Foreman. I found that the shaft station, ore bin and skip pocket at the 125 level had been completed, a crosscut had been driven from the station to the vein, and an east drift on the vein was at 30 feet from the crosscut. According to Mr. Bogart, the crosscut was at 45 feet from the station at the end of February.

The completed station and skip pocket is larger than the 9 by 9 by 20-foot size specified by the contract. Its construction closely follows the drawing attached to the Operator's Narrative Report. The crosscut, 94 feet long, was driven from the east side of the station and a 30-foot drift was driven from the west side. This arrangement allows a string of about 10 gable-bottom cars to be dumped into a 25-ton ore bin as the train enters or leaves the station.

The 30 feet of vein exposed on the 125 level averages about 4.5 feet in width. It contains good to excellent showings of wolframite as crystals weighing up to 2 or 3 pounds each. Assays of samples taken across the vein at 5-foot intervals had not been completed.

Ore continues to be mined from a modified top-slice stope above the adit level. It is being stockpiled at the mine. Concentration of the ore at the Tungstona mill probably will commence late in March. At present, new jigs are being installed in the mill and the haulage road is being surfaced with gravel.

CC W. M. Traver (Orig. & 8)
DMEA-3448
DF

WRStorms:frj

RECEIVED
APR 1 3 1956

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Drifting and Crosscutting

The $1,530.00 is for the authorized 45 feet of crosscut on the 125 level at $34.00 per foot. It is considered as the allowable part of cost of the 94-foot crosscut.

Station and Skip Pocket

The $2,000.00 is for the authorized shaft station and skip pocket on the 125 level. The size of the station exceeds the contract's minimum specifications of 9 by 9 by 20 feet.

Total Costs

The monthly total of $3,530.00 is correct. The other totals; $35,433.23 and $38,963.23, do not reflect previous disallowances totalling $689.07.

Form MF-104A

The properly completed form shows previously reported and to date costs before the previous disallowances.

Narrative Report

The Narrative Report is considered satisfactory. Attached to the report is a drawing of the completed station and ore pocket.

Corrections on Form MF-104 were made by the operator.

T. M. Romslo
Mining Engineer
Southwest Experiment Station

March 12, 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

Re: Docket No. DMEA 3448 (Tungsten Contract)
No. IDME 763

Dear Mr. Traver:

The following is a summary of the mining activities at the Black Pearl Mine during the month of February, 1956, under the above DMEA contract.

The shaft station and pocket were completed during the month on the 125 ft. level.

Drifting 45 ft. in the cross was completed. All of this drift was in firm ground requiring no support. No water of any consequence was encountered in developing this drift. It is estimated the vein will be cut at approximately the 80 ft. mark in the drift.

Other activities are as follows:

A generator plant with a capacity of 75 KVA is being purchased to facilitate the mining operation. A charging panel and battery locomotive will then be placed on the 125 ft. level.

A limited amount of stoping is being carried on in the adit level with good values showing at the stope on the DMEA portion of this level.

Stockpiling of the mined ore is still being continued, awaiting delivery of the jigs. The new delivery date is March 8, 1956. It is hoped that the milling operation will start the first of April, at which time the new road from the Black Pearl Mine to the Tungstona Mill will be completed.

Sincerely yours,

HILLSIDE MINING & MILLING COMPANY

Robert C. Bogart

Robert C. Bogart
General Manager

RCB:bp

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
MAR - 8 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1956 Docket No. DMEA 3448 Contract No. IDM-[illegible]-763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $ 127,235.00 Government Participation: 75.00 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: Short Form						
Shaft Sinking		19,500.00	19,500.00			
Drilling		268.75	268.75			
Bulldozing						
sampling & assaying		260.00	260.00			
Crosscutting & Crosscutting	306.00	8,908.00	9,214.00			
Drifting						
Timbering	70.00	1,851.50	1,921.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
fuel & lube		19.84	19.84			
Timber						
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
drill steel & bits		20.00	20.00			
small tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: trucking		15.83	15.83			
Repairs to Equipment						
Sampling and Analysis		86.21	86.21			
Payroll Taxes						
Liability Insurance						
Acct. & Supplies		175.00	175.00			
Pickup mileage		174.39	174.39			
(8) Contingencies (specify):						
TOTALS	376.00	35,057.23	35,433.23	376.00	35,057.23	35,433.23
				4	689.07	689.07
					34,368.16	34,744.16
					$ 282.00	

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb. 14, 1956 *Payee Hillside Mining & Milling Company
Per R. C. Bogert Title Gen. Mgr.
R. C. Bogert

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

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of
Signature
(Authorized Certifying Officer)
Date 3/3/57 Vou. No. 2-MA 56-77
(See other side)

4 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature D M Parsons WRH Title Mining Engineer Date Feb 21, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W M Lancy Title Executive Officer Date FEB 24 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
MAR - 8 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January, 6 195 Docket No. DMEA 3448 Contract No. 101 S 763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
& Crosscutting	ft.	306.00	9	9,214.00	271.0	34.00	1,705	34.00
Drifting xxxxxxxx timbering	ft.	70.00	10	1,921.50	274.5	7.00	1,600	7.00
Crosscutting	ft.						125	35.00
Raising	ft.			19,500.00	150.0	130.00	275	130.00
Shafts xxxx spiling	ft.						120	20.00
Winzes xxxxxxxxx stations	each						2	2000.00
Drilling: Core sampling & assaying				260.00	52	5.00	320	5.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		376.00		30,895.50				Total Costs Authorized by Contract
Bulldozing				268.75				450.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.00				2,300.00
Other preparatory work				1,858.90				2,460.00
Total Costs		376.00		35,433.15				127,385.00

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

Date Feb. 14, 1956 Operator Hillside Mining & Milling Co.

Per R. C. Bogart Title Gen. Mgr.

Remarks:

NOTE.—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.

(Instructions on reverse)

(For Government use only)

M. M. Pomeroy

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
MAR - 8 1956

FINAL DISTRIBUTION
MADE MAR 5 1956

224 New Customhouse
Denver 2, Colorado

February 24, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company, Black Pearl Mine, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period January 1956

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Amount Reported by Operator on Form MF-104 $376.00

Recommended Payment to Operator at 75 Percent $282.00

Remarks

Date of Report----------February 14, 1956
Date Received in Field Office----------February 21, 1956
Date Received in Region Office---------- February 23, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.

DMEA
Date Rec'd

FEB 23 1956

BUREAU OF MINES
Denver, Colorado

February 21, 1956

Memorandum

RECEIVED
MAR - 5 1956

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : January 1956 Progress Report, DMEA Contract Ldm-E763, Docket DMEA-3448, Hillside Mining & Milling Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

The Forms MF-104 and MF-104A were received in our Tucson office on February 16, but the operator's narrative report was not received until February 21.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
BF

WRStorms:frj

February 21, 1956

Memorandum

To : Walter R. Stamm, Superintendent, Southwest Experiment Station.

From : T. M. Rumsle, Mining Engineer, Tucson, Arizona

Subject : Progress Report for January 1956, Docket DMEA-3448, Contract IDa-8763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Arizona.

During a visit to the Black Pearl Tungsten Mine on February 2, 1956 I found that progress for January was confined to the advance and timbering of the adit and to continued construction of a station on the 100-foot level of the shaft.

Measurements taken with Robert C. Bogart, General Manager, showed the adit had been advanced 9.0 feet and that 18.0 feet of timber had been installed. The face of the adit and last timber set were each at 20 feet from timber set 60 and 271.5 and 274.5 feet from their respective starting points. The vein at the face of the adit is 8 inches wide and carries no visible tungsten values.

The shaft station was not inspected because Mr. Bogard reported that it had not been completed. Also, the shaft was not readily accessible because freezing temperatures had resulted in a temporary shut down of all operations on the morning of my visit.

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Drifting and Crosscutting - The $306.00 represents the cost of the 9 feet of authorized advance at $34.00 a foot.

Timbering - The cost of $70.00 is for the 18 feet of authorized advance at $70.00 a foot.

Total Costs - The monthly total of $376.00 is correct but other costs do not reflect previous disallowances that total $689.07.

CC W. M. Trevor (Orig. & 2)
DMEA-3448
MF

T.M.Rumsle:frj

Form M-1044

The properly completed form contains total costs before the above mentioned disallowances

Narrative Report

The narrative report is acceptable. A sketch map of the adit probably was not included because of the small amount of progress.

The operator reports that a raise is being driven at timber set 68 for information that will indicate whether or not the adit should be continued. If stopping of the adit is found advisable, the operator will be expected to give his reasons for such action in a formal request.

The operator also says that mined ore is still being stockpiled. Co-mingled in the stockpile are ores from the adit, ore from a stope in non-subordinated ground, and ore from a stope in both subordinated and non-subordinated ground. Records of tonnage and grade of ore produced from each place are being maintained for royalty purposes.

T. M. Kamola
Mining Engineer
Southwest Experiment Station

U. S. BUREAU OF MINES
NORTHWEST EXPERIMENT STATION
FEB 21 1956
TUCSON, ARIZONA

February 14, 1956

Mr. [illegible] Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

Re: Rocket No. [illegible] Tungsten Syndicate
No. [illegible]

Dear Mr. Traver:

The following is a summary of the mining activities of the Black Pearl Mine during the month of January, 1956, under the [illegible] contract.

No advance was made in the shaft this month as it was completed in [illegible]. The entire month was spent in cutting the shaft pocket and stations. [illegible] in the crosscut to the vein should start about the middle of February, and it should reach the vein before the end of the month.

The main adit was advanced [illegible] feet with 10 feet on timber. The drift has been stopped temporarily as the vein has narrowed to [illegible] inches with no [illegible] ing. A raise was started at Set 62 to explore the [illegible] area. If this raise proves fruitful then further work in the drift would be [illegible] not, I would recommend a halt to any further development in this area.

Other activities are as follows:

Stockpiling of the mined ore is still being continued as the new jaws for the mill have not been shipped to date. Therefore, it is necessary to suspend any milling of the Black Pearl ore until these alterations are completed.

Stoping has continued from the raise at Set 60 [illegible]. A composited car sample is being taken every 15-day period and a report is being kept of the number of cars and pounds of hand sort removed from this stope. This is to establish a record for royalty purposes at a later date.

Sincerely yours,

[illegible]

Robert C. Bogart

Robert C. Bogart
General Manager

[illegible]

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

RECEIVED FEB 23 1956

224 New Customhouse
Denver 2, Colorado

February 21, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company, Black Pearl Mine, Yavapai County, Arizona - Progress for the period January, 1956

Enclosed are two copies of a letter from the subject Operator dated February 14, 1956 covering mining activities for the month of January, 1956. No work was performed under Contract Idm-E763 during the period, and therefore no Monthly Report and Voucher was submitted.

W. M. Traver

Enclosures

DMEA
Date Rec'd.

FEB 17 1956

February 14, 1956

BUREAU OF [illegible]
Denver, Colo[illegible]

RECEIVED
FEB 22 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: Docket No. DMEA 344S (Tungsten Contract)
No. IDMS 753

Dear Mr. Traver:

The following is a summary of the mining activities of the Black Pearl Mine during the month of January, 1956, under the above DMEA Contract.

No advance was made in the shaft this month as it was completed in December. The entire month was spent in cutting the shaft [illegible] and station. [illegible] in the crosscut to the vein should start about the middle of February, and we should reach the vein before the end of the month.

The main adit was advanced [illegible] feet when [illegible] feet of timber. [illegible] stopped temporarily as the vein has narrowed to [illegible] inches which [illegible] ing. A raise was started at [illegible] raise proves fruitful [illegible] not, I would recommend a halt to any further development [illegible].

Other activities are as follows:

Stockpiling of the mined ore is still being continued at the [illegible] mill have not been shipped to date. [illegible] any milling of the Black Pearl ore until [illegible].

Stoping has continued from the [illegible] is being taken every 15-day period and a [illegible] cars and pounds of hand [illegible] record for royalty purposes on a basis [illegible].

Sincerely yours,

[illegible]

Robert C. Bogart

[illegible]

RCB:bp

Form M&P-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
FEB - 9 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Dec., 1955 Docket No. DMEA 3448 Contract No. idm E 763
Operator's Name Hillside Mining & Milling Company Minerals
Address Bagdad, Arizona
Contract Amount, $127,285.00 Government Participation: 75 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
~~Xxxx~~ Shaft Sinking	9,295.00	10,205.00	19,500.00			
Bulldozing		268.75	268.75			
~~Crosscutting~~ Sampling-Assaying	65.00	195.00	260/00			
Drifting & Crosscutting	1,632.00	7,276.00	8,908.00			
Timbering	378.00	1,473.50	1,851.50			
(2) Labor and Supervision:						
Labor		719.63	719.63			
Supervision						
Technical Services		300.00	300.00			
(3) Operating Mat'ls. and Supplies:						
~~xxxx~~ fuel & lube.		19.84	19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drillbits & steel		20.00	20.00			
small tools		58.19	58.19			
(4) Operating Equipment:						
Rental						
Purchase		380.00	380.00			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		2,030.08	2,030.08			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous: Trucking		15.83	15.83			
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes		86.21	86.21			
Liability Insurance						
Accounting & Supplies		175.00	175.00			
Pickup mileage		174.39	174.39			
(8) Contingencies (specify):						
TOTALS	11,370.00	23,687.23	35,057.23	11,370.00	23,687.23	35,057.23
				11	689.07	689.07
					22,998.16	34,368.16

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

Date Jan. 17, 1956 *Payee Hillside Mining & Milling Company

Per R. C. Bogart Title Gen. Mgr.
R. C. Bogart

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

→ NOTE.—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.

(Instructions on reverse)

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

$ 8527.50

Signature [illegible]
(Authorized Certifying Officer)

Date 1/31/56 Vou. No. DMA 56-65
(See other side)

✓ Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idn-E763 in accordance with the terms of the contract.

Signature T M Pamels WRY Title Mining Engineer Date Jan 19, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JAN 24 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
FEB - 9 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December, 1955 Docket No. DMEA 3448 Contract No. idm E 763
Operator's Name Hillside Mining & Milling Company Minerals tungsten
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & Crosscutting	ft.	1,632.00	48.0	8,908.00	262.0	34.00	1705	34.00
timbering	ft.	378.00	54.0	1,851.50	264.5	7.00	1600	7.00
Raising	ft.						125	35.00
Shafts	ft	9,295.00	71.5	19,500.00	150.0	130.00	275	130/00
spiling	ft.						120	20.00
Drilling: Core stations	each						2	2,000.00
Churn sampling & assaying		65.00	13.0	260.00	52	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		11,370.00		30,519.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Bulldozing				268.75				480.00
Operating Equipment Purchased				380.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.08				2,300.00
Other Preparatory Work				1,858.90				2,460.00
TOTAL COSTS		11,370.00		35,057.23				127,285.00

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

REMARKS:

Date Jan. 17, 1956 Operator Hillside Mining & Milling Co.
k
Per R. C. Bogart Title Gen. Mgr.
R. C. Bogart

NOTE.—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.

(Instructions on reverse)

(For Government use only)

M V Ronalo

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
FEB -9 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
MADE FEB 7 1956

January 24, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period December, 1955

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Amount claimed on Form MF-104- - - - - $11,370.00

Recommended payment at 75 percent- - - -$8,527.50

Remarks

Date of Report- - - - - - - - - - - - - - - January 17, 1956
Date Received in Field Office- - - - - - - January 19, 1956
Date Received in Region Office- - - - - - January 23, 1956

JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.
Enclosures

W. M. TRAVER

W. M. Traver

DMEA
Date Rec'd.

RECEIVED JAN 23 1956

FEB - 9 1956
BUREAU OF MINES
Denver, Colorado

Box 4097
Tucson 5, Arizona

January 19, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : December 1955 Progress Report, DMEA Contract Idm-E763, Docket DMEA-3448, Hillside Mining & Milling Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
DF

WRStorms:frj

RECEIVED
FEB - 9 1956

Box 4097
Tucson 5, Arizona

January 19, 1956

Memorandum

To : W. H. Storms, Superintendent, Southwest Experiment Station

From : T. M. Romalo, Mining Engineer, Tucson, Arizona

Subject : Progress Report for December 1955, Docket-3448, Contract Idm-E763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Ariz.

On January 5, 1956, I visited the Black Pearl Tungsten mine and found that progress under the contract for December was confined to drifting, timbering and sampling in the adit, and to sinking the shaft. Measurements of advances were made in the presence of R. C. Bogart and K. Rumala, general manager and mine foreman, respectively.

Advance in the adit for December was 48.0 feet of drifting and 54.0 feet of timbering. Reference measurements for future progress are: face of adit and its last timber set are respectively 262.0 and 264.5 feet from their starting points, or 111.0 and 110.0 feet from a nail in the center of set No. 49.

The shaft had been deepened from 78.5 feet to 155.0 feet for an advance of 76.5 feet. Timber had been installed to 111.5 feet from the collar of the shaft and a station was being excavated on the 125-foot level. Of the 76.5 feet of advance in the shaft, 71.5 feet is authorized as only a total depth of 150 feet is allowable under the first stage of the contract.

The vein at the face of the adit is about 10 inches wide. No wolframite was observed. Sampling by the operator at timber sets 62 to 71 indicates the vein averages 17.4 inches wide and contains an average of 0.229 percent WO_3.

Ore from the adit and stopes is being stockpiled. Milling of the ore at the Tungstona property is expected to start during February 1956.

CC W. M. Traver (Orig. & 8)
DMEA-3448
DF

TMRomalo:frj

RECEIVED
DEC - 9 1956

ANALYSIS OF OPERATOR'S REPORT

Form MF-104

Drifting - The cost of $1,632.00 represents the 48 feet of authorized advance at $34.00 per foot.

Timbering - The cost of $378.00 is for the 54 feet of authorized timbering at $7.00 per foot.

Shafts - The $9,295.00 is for the authorized 71.5 feet of sinking at $130.00 per foot.

Sampling and Assaying - The cost of $65.00 is for authorized sampling and assaying 13 samples at $5.00 each. A report covering 9 of the samples is attached to the current Operator's report and a report on the other 4 samples was attached to the Operator's report for November.

Total costs - The monthly total is correct, but other totals do not reflect total previous disallowances of $689.07.

Form MF-104A

The form has been properly completed, but total costs do not reflect the previous disallowances.

Narrative Report

The acceptable report includes 5 copies of a Progress Map of the Main Adit Level and a map showing the 125-foot level station and ore pocket as it is being constructed. As mentioned in the narrative report, the station lay-out is more elaborate than allowed by the contract and the company is willing to absorb the additional costs.

T. M. Rasmussen

T. M. Rasmussen
Mining Engineer
Southwest Experiment Station

RECEIVED
FEB - 6 1956

January 17, 1956

Mr. W. M. Traver, Executive Officer
DMEA Field Team Region III
224 New Custom House
Denver 2, Colorado

RE: DOCKET NO. DMEA 3448 (TUNGSTEN CONTRACT
NO. IDME 763

Dear Mr. Traver:

The following is a summary of the mining activities of the Black Pearl Mine during the month of December, 1955, under the above DMEA contract.

The shaft advance was from 78.5 ft to 155 ft., or 76.5 ft. Of this amount only 71.5 ft. has been applied for, as a total depth of 150 ft. is allowed on the DMEA contract. We wish to go to 165 ft. in order to facilitate using a pocket of 50 ton capacity. Enclosed is a drawing of the proposed pocket and station. This is somewhat more elaborate than called for under the contract but will be a great aid in speeding up the removal of the ore and contribute to an all around smoother operation. We are optimistic about the surety of an ore body and willing to absorb the additional costs.

The main adit was advanced 48 ft. with 54 ft. of timber. The average width was 17.4 in. with an average grade of 0.229% WO_3 as shown by the attached sheet.

Other activities of interest about the mine are as follows:

Stockpiling of the ore has been continued as the mill alterations are not yet completed. The expected date for starting the mill is now February, due to delayed shipment of equipment.

The raise started in November at sets 16 and 17 adjacent to the DMEA portion of the adit is now through to the surface. A modified top slice stoping system is now in progress on both sides of this raise.

Sincerely yours,

HILLSIDE MINING & MILLING COMPANY

R. C. Bogart

R. C. Bogart
General Manager

RCB:bp
Encl.

HILLSIDE MINING & MILLING COMPANY

BLACK PEARL MINE

BAGDAD, ARIZONA

January 7, 1956

DOCKET NO. DMEA 3448 TUNGSTON
CONTRACT NO. IDME 763

DRIFT SAMPLES MAIN ADIT

Set Number	Width Inches	%WO3
Set 62	15"	0.91
63	16"	0.05
64	20"	0.03
65	18"	0.02
66	18"	0.02
67	No Vein	No Assay
68	21"	0.08
69	24"	0.14
* 70	22"	0.85
71	20"	0.02
Weighted Average	17.4"	0.229

Bad assay, no Tungsten showing in face at time of sampling.

Form MT-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JAN 27 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Idm E 763

Month of November 5 1955 Docket No. DMEA 3448 Contract Tungsten
Operator's Name Hillside Mining & Milling Company Minerals
Address Bagdad, Arizona
Contract Amount, $ 127,285.00 Government Participation: 75 % Amount, $ 95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: Short Form						
Shaft sinking	1,300.00	8,905.00	10,205.00			
Drilling		268.75	268.75			
Bulldozing sampling & assay.		195.00	195.00			
Crosscutting & crosscutting	663.00	6,613.00	7,276.00			
Drifting timbering	101.50	1,372.00	1,473.50			
(2) Labor and Supervision:		719.63	719.63			
Labor						
Supervision		300.00	300.00			
Technical Services						
(3) Operating Mat'ls and Supplies:						
xxxx fuel & lub.		19.84	19.84			
Timber		19.81	19.81			
Explosives		20.00	20.00			
Pipe		50.00	50.00			
Track		20.00	20.00			
drill bits & steel		58.19	58.19			
small tools						
(4) Operating Equipment:						
Rental		380.00	380.00			
Purchase		200.00	200/00			
Depreciation		2,030.08	2,030.08			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous trucking		15.83	15.83			
xxxxxxxxxxxx Repairs to Equipment						
Sampling and Analysis		86.21	86.21			
Payroll Taxes						
Liability Insurance						
Accounting & Supplies		175.00	175.00			
Pickup mileage		174.39	174.39			
(8) Contingencies (specify):						
TOTALS	2,064.50	21,622.73	23,687.23	2,064.50	21,622.73	23,687.23
				1	689.07	689.07
					20,933.66	22,998.16

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

Date Dec. 13, 1955 *Payee Hillside Mining & Milling Co.

Per R. L. Bogart Title General Supt.

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

NOTE.—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.

(Instructions on reverse)

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

$ 1548.38

Signature
(Authorized Certifying Officer)

Date 1/23/56 Vou. No. 56-61

(See other side)

1 Previous Deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Adm-E763 in accordance with the terms of the contract.

Signature D. M. Pomeroy WMH Title Mining Engineer Date Dec. 19, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Tanney Title Executive Officer Date JAN 12 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JAN 27 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November, 1955 Docket No. DMEA 3448 Contract No. Idm E 763
Operator's Name Hillside Mining & Milling Company Minerals Tungsten
Address Bagdad, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & crosscutting	ft.	663.00	19.5	7,276.00	214.0	34.00	1,705	34.00
Crosscutting timbering	ft.	101.50	14.5	1,473.50	210.5	7.00	1,600	7.00
Raising	ft.						125	35.00
Shafts	ft.	1,300.00	10.0	10,205.00	78.5	130.00	275	130.00
Winzes spiling	ft.						120	20.00
Drilling: Core stations	each						2	2,000.00
sampling & assay	each			195.00	39	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								

				TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS	2,064.50	18,954.50		
bulldozing		268.75		480.00
Operating Equipment Purchased		380.00		4,750.00
Initial Rehabilitation and Repairs				
New Buildings, Improvements, etc.		2,030.08		2,300.00
other preparatory work		1,858.90		2,460/00
TOTAL COSTS	2,064.50	23,492.23		127,285.00

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

REMARKS:

Date Dec. 13, 1955 Operator Hillside Mining & Milling Co.

Per R. C. Bagwell Title Gen. Supt.

NOTE.—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.

(Instructions on reverse)

(For Government use only)

N M Reynolds

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

FINAL DISTRIBUTION
MADE JAN 25 1956

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

RECEIVED
JAN 27 1956

224 New Customhouse
Denver 2, Colorado

January 12, 1956

Desires advice re royalty determinations
m

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Arizona - Operator's Monthly Progress Report for the period November, 1955

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Assignment of the contract from Black Pearl Mining Company to Hillside Mining and Milling Company has been properly executed by the assigner and the assignee, and signed by the Acting Administrator, DMEA. Distribution is delayed pending Washington Office instructions regarding insertion of the effective date. Payment is to be made to:

Hillside Mining and Milling Company
Bagdad, Arizona

Remarks

Date of Report- - - - - - - - - - - - - - - - December 13, 1955
Date Received in Field Office- - - - - - - December 16, 1955
Date Received in Region Office- - - - - - December 21, 1955

JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms Chron.
Enclosures

W. M. TRAVER

W. M. Traver

DMEA
Date Rec'd.

DEC 21 1955

RECEIVED BUREAU OF MINES
JAN 27 1956 Denver, Colorado

Box 4097
Tucson 5, Arizona

December 19, 1955

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : November 1955 Progress Report, DMEA Contract Idm-2763, Docket DMEA-3468, Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with assays of 4 samples;

(3) Forms MF-184 and MF-184A.

Also enclosed are 4 extra copies of our engineer's report.

All work is in accordance with terms of the contract and its amendments. If the contract has been assigned to the Hillside Mining & Milling Co., I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3468
MF

WRStorms:fr]

DMEA
Date Rec'd,
RECEIVED
JAN 27 1956
DEC 21 1955
BUREAU OF MINES
Denver, Colorado

Box 4097
Tucson 5, Ariz.

December 19, 1955

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station

From : T. M. Romalo, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for November 1955, Docket BMEA-3448, Contract Idm-8763, Hillside Mining and Milling Company, Black Pearl Tungsten Mine, Yavapai County, Ariz.

On December 1, 1955, I visited the Black Pearl Tungsten mine and inspected exploratory operations of subject contract with K. Pumala, mine foreman. I found that these operations were confined to advances in the adit and shaft.

Advance in the adit for November was 19.5 feet of drifting and 14.5 feet of timbering. For future measurements: the face of the adit and timber are respectively at 214.0 and 210.5 feet from their starting points and 63.0 and 56.0 feet from a nail in the center of the sump of set No. 49.

The shaft had been deepened from 68.5 to 78.5 feet for an advance of 10 feet during November. As no timber had been installed during November, the bottom set was still at 46.5 feet from the collar. Preparations were being made to add 2 sets of timber.

The vein at the face of the adit was about 17 inches wide. A few small crystals of wolframite were observed in the pyrite of the quartz-mica-pyrite vein.

An increase in monthly advances is expectable because installation of a mucking machine should speed up drifting, and contracting of the shaft to Bayles Bros. should expedite sinking operations.

CC W. M. Traver (Orig. & 8)
BMEA-3448
DF

TMRomalo:frj

DMEA
Date Rec'd.
RECEIVED
JAN 27 1956
DEC 21 1955
BUREAU OF MINES
Denver, Colorado

ANALYSIS OF OPERATOR'S REPORT

FORM MF-104

Governmental participation in the costs for November are subject to approval of transfer of the contract from the Black Pearl Mining Company to the present operator, Hillside Mining and Milling Company.

Shaft Sinking - The cost of $1,300.00 represents the 10.0 feet of authorized advance at $130.00 per foot.

Drifting and crosscutting - The cost of $663.00 is for the 19.5 feet of authorized advance in the adit at $34.00 a foot.

Timbering - The cost of $101.50 represents the 14.5 feet of authorized advance at $7.00 a foot.

Total costs - The monthly total is correct, but other totals do not reflect disallowances.

Form MF-104A

The form has been properly completed. Total costs to date do not reflect disallowances.

Narrative Report

The report is satisfactory. It includes requested information regarding other than contract operations at the mine, and data concerning proposed milling of ore subject to Government royalties. During my next visit to the property, I will discuss the question of royalties with Mr. Bogart and suggest that he submit a proposed method for arriving at payments to the Government.

Attached to the report are the assays of 4 samples from the adit.

T. M. Remale
Mining Engineer
Southwest Experiment Station

December 12, 1955

RECEIVED
JAN 27 1956

Mr. W. M. Traver, Executive Officer,
DMEA Field Team, Region III,
224 New Custom House,
Denver 2, Colorado.

Re: Docket No. DMEA 3448 (Tungsten)
Contract No. Idm E 763

Dear Mr. Traver:

The following is a summary of the mining activities of the Black Pearl Mine during the month of November 1955, under the above DMEA contract.

The adit drift was advanced 19.5 ft. with 14.5 ft. of timber.

The average width of the vein was 17" with an average grade of 0.03 percent WO_3, as shown by the attached sheet. The last round produced some hand-sorted tungsten which is quite encouraging. The first part of the month was spent in repairing an Simco 12-B mucking machine to be employed at the face. The machine had to be partially dismantled to let it pass through the narrow and low drift leading to the face. A slusher ramp used by the Black Pearl Mining Company was removed, the drift cleaned up and rails placed to the face before drifting could be started. The advance in December should be considerably better than in November.

Boyles Bros. Drilling Company of Salt Lake City has been engaged to finish sinking the shaft and to perform the drifting on the 125 ft. level. The advance in the shaft amounted to 10 ft. bringing this to a total of 78.5 to the bottom. The time consuming element in this portion of the contract was the moving in of equipment, erecting a hoist house and setting of a gasoline powered hoist. A very good advance is expected in the shaft in December.

Other activities of interest about the mine are:

Stockpiling the ore at the mine until the alterations of the Tungstona Mill have been completed. This consists of installing larger jigs to obtain a better recovery; installation of flotation cells to remove the pyrite, and the expectations of obtaining the bismuthanite and silver as a by-product. Test work is now in progress. This conversion should be completed some time in January of 1956.

A raise to the surface has been started at sets 16 and 17, adjacent to the DMEA portion of the adit to develop this area for stoping.

An unfinished raise has been restored to operation. This being in another portion of the mine.

Also, one stope has been worked periodically.

Two shifts are now employed at the Black Pearl Mine.

I would appreciate your wishes as to a method of calculating royalties under the present conditions which are as follows:

(1) We are now stockpiling the ore on the ground under a trestle at the mine. An attempt has been made at the present time to keep the two ores separated but as we will be stockpiling for some time in the future, to keep the ores from co-mingling will be near impossible.

(2) After we start milling, we plan to use the 100 ton ore bin at the Black Pearl property. This bin will be used to load trucks hauling the ore to the Tungstona Mill, some 15 miles distant.

(3) Our mill at the Tungstona Mine is a 400 ton concentrator and, owing to the facilities, batch running of the ores would be uneconomical and inefficient.

(4) Also, at the present time we are using a mucking machine in the drift and taking the entire broken round (ore and dilution) as mill ore. I plan, in the future, to take car samples in addition to the channel cuts in the face.

Any further information you desire I will gladly furnish upon request.

Sincerely yours,

R. C. Bogart

R. C. Bogart, General Superintendent,
Hillside Mining and Milling Company.

RCB:hb

[illegible] MINING & MILLING COMPANY

BLACK PEARL MINE

Bagdad, Ariz.

December 2, 1955

Docket No. DMEA 3446
(Tungsten)
Contract No. IDM [illegible] 763

Drift Samples - Main Adit

Channel Samples

Set Number	Width Inches	WO3
58	17"	0.02
59	17"	0.08
60	17"	0.01
61	18"	0.01
	17.25"	0.03

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
DEC 3 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible]% Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	[illegible]	[illegible]	[illegible]			
Bulldozing	[illegible]	[illegible]	[illegible]			
Crosscutting	[illegible]	[illegible]	[illegible]			
Drifting	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
(2) Labor and Supervision:						
Labor		[illegible]	[illegible]			
Supervision		[illegible]	[illegible]			
Technical Services		[illegible]	[illegible]			
(3) Operating Mat'ls. and Supplies:						
Timber		[illegible]	[illegible]			
Explosives		[illegible]	[illegible]			
Pipe		[illegible]	[illegible]			
Track		[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]			
(4) Operating Equipment:						
Rental	[illegible]					
Purchase	[illegible]	[illegible]	[illegible]			
Depreciation		[illegible]	[illegible]			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]			
(7) Miscellaneous:						
Repairs to Equipment		[illegible]	[illegible]			
Sampling and Analysis		[illegible]	[illegible]			
Payroll Taxes		[illegible]	[illegible]			
Liability Insurance	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	3523.40	18099.33	21,622.73
				4	689.07	689.07

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

Date [illegible] *Payee [illegible]

Per [illegible] Title [illegible]

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

NOTE.—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.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 17410.26 20933.66

$2642.55

Signature [illegible]
(Authorized Certifying Officer)

Date 12/15/55 Vou. No. DMA-56-10

(See other side)

1 Previous disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature D M Pomeroy WJH Title Mining Engineer Date 11/22/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date DEC 8 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
DEC 22 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1955 Docket No. DMEA 3148 Contract No. Ion-2-763
Operator's Name Black Pearl Mining Company Minerals Tungsten
Address Bagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting	Ft.	731.00	21.5	6,613.00	194.5	34.00	1705	34.00
Crosscutting Timbering	Ft.	147.00	21	1,372.00	196	7.00	1600	7.00
Raising	Ft.						125	35.00
Shafts	Ft.	2,405.00	18.5	8,905.00	68.5	130.00	275	130.00
Winze Spilling	Ft.						120	20.00
Drilling: Core Stations	each						2	2,000.00
Sump Churn & Assay	each	20.00	4	195.00	39	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		3,303.00		17,084.00			Total Costs Authorized by Contract	
Bulldozing				268.75			400.00	
Operating Equipment Purchased		100.00		300.00			4,750.00	
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				2,030.03			2,300.00	
Other Promotory work		40.40		1,858.92			2,460.00	
Total Costs		3,523.40		21,622.73			127,285.00	

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

Date November 12, 1955 Operator Black Pearl Mining Company

Per J. H. Cozier Title Sec.-Treas.

NOTE.—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.

(Instructions on reverse)

Remarks:

(For Government use only)

T. M. Pounds

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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

RECEIVED
DEC 2 1955

224 New Customhouse
Denver 2, Colorado

December 8, 1955

Memorandum

To: T. A. Christensen

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448, (Tungsten) Contract Idm-E763, Black Pearl Mining Company, Black Pearl Tungsten Mine, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period October, 1955

Enclosed are the original and four copies each of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts.

Remarks

Date of Report- - - - - - - - - - - - - - November 12, 1955
Date Received in Field Office- - - - - November 15, 1955
Date Received in Region Office- - - - November 25, 1955

E. N. Harshman

E. N. Harshman

Enclosures
JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.

RECEIVED

DEC 2 3 1955

November 22, 1955

Memorandum

To : W. M. Trever, Executive Officer, RMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : October 1955 Progress Report, RMEA Contract Idm-2763, Docket RMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Bagdad (Eureka) Mining District, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines Engineer's report;
(2) Operator's narrative report with map;
(3) Forms MF-104 and MF-104A, original with invoice for blower.

Also enclosed are 4 extra copies of our engineer's report.

All work is in accordance with terms of the contract. However, there is an item of $15.40 for pickup truck mileage which I do not believe is justified. I recommend that the Government's share of the remaining costs be paid with the following exception: If the contract is assigned to the Hillside Mining & Milling Co., as has been requested, then I believe the project accounts should be audited before payment is made.

Walter R. Storms

Walter R. Storms

CC W. M. Trever (8)
RMEA-3448
MF

WRStorms:frj

Memorandum

November 22, 1955

To : W. R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romalo, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for October 1955, Docket DMEA-3448, Contract Ldm-2763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

On November 9, 1955 I visited the Black Pearl Tungsten mine and inspected the operations of subject contract with R. Bogard, general superintendent for the Hillside Mining and Milling Co. Representatives of the Black Pearl Mining Company, who requested assignment of the contract to Hillside Mining and Milling Company as of November 1, were not at the mine and I was unable to contact them at their homes in Bagdad.

The inspection showed that contract work was confined to advancing and timbering the adit and to sinking and timbering the shaft. Since September 30, the adit had been advanced and timbered 21.5 and 21.0 feet, respectively, and the shaft had been deepened 16.5 feet. All of this reportedly had been done by the Black Pearl Mining Company during the month of October. Through October 31, total advance under the contract of the adit and timber was 194.5 and 186.0 feet. This places the face of the adit and its last timber set of 43.5 and 43.0 feet, respectively, from a new reference point, a nail in the center of the cap of set No. 49. Measurements from the collar of the shaft, also through October 31, total 68.5 feet of sinking and 46.5 feet of timbering.

The seam in the adit has widened to 16 inches and sampling shows the tungsten content has become significant. Possibilities of this favorable change were pointed out in last month's report.

Mr. Bogard told me that his company started operations on November 1. Since then, stoping operations have been continued and preparations have been made for renewal of contract

CC W. M. Traver (Orig. & 8)
DMEA-3448
BF

TMRomalo:frj

work. Boyles Bros. of Salt Lake City have been given a contract for deepening the shaft and are expected to start operations before the end of November. Advance in the adit will be resumed as soon as preparations have been completed for replacement of loading facilities, mechanical shovel instead of scraper.

According to Mr. Bogard, ore from stopes and adit will be stockpiled on the property until a short section of road is completed to the company's Tungstona mill near Bagdad. Treatment of the ores, to be co-mingled, will start as soon as the road is completed and additional flotation cells have been installed. The additional flotation capacity is necessary because Black Pearl ore contains a much higher pyrite content than ore from the Tungstona mine, which probably will cease operations in about 3 months. Present operations of the Tungstona are confined to surface-mining and milling of ore from a small zone containing about 0.2 percent WO_3. Past operations of the Tungstona property were unprofitable, according to Bogard, because of heavy ground and run-of-mine ore that contained substantially less tungsten than the anticipated 0.2 to 0.3 percent WO_3.

Analysis of Operator's Report

Form MF-104

Shaft Sinking - The cost of $2,405.00 represents 18.5 feet of authorized advance at $130.00 a foot.

Sampling and assaying - The cost of $20.00 for sampling and assaying 4 samples from the adit is covered by the contract. Assay results are attached to the Operator's Report.

Drifting and crosscutting - The cost of $734.00 is for the 21.5 feet of authorized advance at $34.00 a foot.

Timbering - The $147.00 represents the 21 feet of authorized timbering in the adit at $7.00 a foot.

Equipment - The cost of $180.00 is for the authorized purchase of fan with gasoline motor at a maximum cost of $500.00.

Miscellaneous - Costs are $25.00 for accounting and supplies, and $15.40 for Pickup mileage.

The contract provides $500.00 for General costs that could be interpreted as a provision for the above mentioned costs. However, I am using the Administrative Audit Difference Statement for the September report as a criterion for recommending approval of the $25.00 for accounting and supplies, and denial of the $15.40 for pickup mileage.

Previous and To-Date Totals- The totals do not reflect disallowances of $530.00 and $150.90 for August and September costs, respectively.

Form MF-104A

The manner in which the form has been completed is considered acceptable, even though the Previous and To-Date totals do not reflect the above mentioned disallowances.

Operator's Narrative Report

The report with attached map is considered adequate.

Recommendation

All costs for October except the $15.40 for pickup mileage is recommended for approval. However, if the contract assignment is approved I feel that the project accounts should be audited before the operator receives full reimbursement for approved costs incurred during October.

T. M. Ramalo

T. M. Ramalo
Mining Engineer
Southwest Experiment Station

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

RECEIVED
DEC 22 1955

224 New Customhouse
Denver 2, Colorado

Date November 22, 1955

Inventory of Equipment and other Property purchased on DMEA Docket 3448, Contract Idm-E763, Black Peark Mining Co.

Yavapai County, Ariz.

Article	Description	New or Used	Cost
1 Blower with engine			
	Sears Model 500-203015,		
	Serial No. 173217 air cooled		
	gaoline engine David Bradley		
	6½ - 8½ H.P., pulley, automatic		
	clutch and belt	New	$180.00

Inventoried By: T. M. ROMSLO

RECEIVED
DEC 2 8 1995

[illegible] 1, 1995

Mr. [illegible]
[illegible]
[illegible]
[illegible]

Re: [illegible]

Dear Mr. [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Very truly yours,

[illegible]

[illegible]

[illegible], Arizona
[illegible] 1, 1955

RECEIVED
DEC 3 0 1955

[illegible]

[illegible]

Channel [illegible]

Set Number	Width Inches	[illegible]
54	15	[illegible]
55	11	0.4
56	12	[illegible]
57	14	[illegible]
[illegible]	11	0.2

Form MF-304 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
NOV 18 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 1955 Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible] % Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	[illegible]	[illegible]	[illegible]			
Bulldozing	[illegible]	[illegible]	[illegible]			
Crosscutting	[illegible]	[illegible]	[illegible]			
Drifting	[illegible]	[illegible]	[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]			
(2) Labor and Supervision:						
Labor	[illegible]	[illegible]	[illegible]			
Supervision		[illegible]	[illegible]			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		[illegible]	[illegible]			
Explosives		[illegible]	[illegible]			
Pipe		[illegible]	[illegible]			
Track		[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]			
(4) Operating Equipment:						
Rental						
Purchase		[illegible]	[illegible]			
Depreciation		200.00	200.00			
(5) Initial Rehabilitation and Repairs		[illegible]	[illegible]			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	[illegible]		[illegible]			
Sampling and Analysis						
Payroll Taxes	[illegible]	[illegible]	[illegible]			
Liability Insurance						
[illegible]	[illegible]		[illegible]			
[illegible]	[illegible]		[illegible]			
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	3697.71	14712.55	17410.26

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

Date October 7, 1955 *Payee Black Pearl Mining Company

Per [illegible] Title Sec.-Treas.

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

→ NOTE.—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.

(Instructions on reverse)

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

$2,023.28

Signature [illegible]
(Authorized Certifying Officer)

Date 11-10-55 Vou. No. DMA-56-42

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-IF 763 in accordance with the terms of the contract.

Signature J M Romero Title Mining Engineer Date Oct 24 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature for WM Trover Title Executive Officer Date OCT 28 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
NOV 18 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ..... 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

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

Date ..... Operator .....

Per J. K. Clayes ..... Title .....

→ NOTE.—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.

REMARKS: .....

(Instructions on reverse)

(For Government use only) D. Minnole

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

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NOV 18 1955

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

Date: Nov. 10, 1955
Payee's Reference: Sept. 1955

Black Pearl Mining Company
Box 248
Bagdad, Arizona

Gentlemen:

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed	$2,856.70
Difference	$ 158.99
Amount Approved	$ 2,797.71

The reason for the difference was due to:

Transportation Crew and Travel under Item (7) disallowed inasmuch as this amount includes items not provided by the terms of the contract.

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

October 28, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448, (Tungsten), Contract Idm-E763, Black Pearl Mining Company, Black Pearl Tungsten Mine, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period September, 1955.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. Documentation has been waived, therefore we recommend that payment be made for 75 percent of the amount as reported by the Operator on Form MF-104 subject to verification of arithmetical accuracy within Form MF-104, and contingent on findings of subsequent on-site audit of the Operator's accounts, except for the following deductions:

Disallow the amount of $158.99 which is claimed under item (7) "Transportation Crew and Travel", which amount includes operation of company-owned bus, personal automobiles and company-owned pick-up truck, as well as telephone expense and meals for the Operator's representatives.

REMARKS

Date of Report - - - - - - - - - - -October 7, 1955
Date Received in Field Office- - -October 11, 1955
Date Received in Region Office - -October 27, 1955.

W. M. Traver

By J. W. Townsend

Enclosures
JWC:pri
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.

DMEA
Date Rec'd.
OCT 27 1955
BU
D

October 25, 1955

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : T. M. Romslo, Mining Engineer, Tucson, Ariz.

Subject : September 1955 Progress Report, DMEA Contract Idm-763, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

1. Bureau of Mines engineer's report;

2. Operator's narrative report;

3. Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As cost of advances in the shaft and adit are in accordance with the contract and other costs are subject to an interim audit, I recommend that the Government's share of the total costs be paid.

Our engineer's signature of the MF-104 forms has not been initialed by other DMEA personnel as Storms is on annual leave and Stewart is in the field.

T. M. Romslo

T. M. ROMSLO, Mining Engineer
for WALTER R. STORMS
Superintendent
Southwest Experiment Station

CC W. M. Traver (8)
DMEA-3448
BF

TMRomslo:frj

October 25, 1955

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romslo, Mining Engineer, Tucson, Arizona

Subject : Progress Report for September 1955, Docket RMSA-3448, Contract Nbr-2763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

On October 18, 1955, I visited the Black Pearl mine and inspected pertinent surface and underground workings in the presence of E. A. Scholz, president and project supervisor for subject company. I found that contract work for September comprised completion of a headframe, sinking of the shaft, and drifting, timbering and sampling in the adit.

The headframe was completed, a hoist and ventilator was installed, and the shaft had been deepened to 58.0 feet from the surface. Of the 58.0 feet of shaft, 36.0 feet was sunk to August 31, 1955, 14.0 feet reportedly was advance for September, and the remaining 8.0 feet supplements October progress. The shaft was well timbered to a depth of 41 feet. Excellent ventilation is obtained at the bottom of the shaft. A blower, driven by an isolated gas engine, forces air down the lagged manway compartment and to the surface through the hoisting compartment.

Underground measurements showed that the adit had been advanced and timbered 16.0 feet since August 31. Of the 16.0 feet, 10.0 feet reportedly was accomplished during September. To October 1, the total advance of the adit and timber was 173 and 175 feet, respectively. The vein at the face of the adit ranges in width from 10 to 18 inches. It is mainly composed of quartz. Pyrite has reappeared after being absent for the last 20 or 30 feet. Its presence indicates the vein may be entering a zone of tungsten mineralization.

Repairs to the pre-contract portion of the adit have been completed and a battery-powered locomotive has been placed in operation.

CC W. M. Traver (Orig. & 8)
RMSA-3448
RF

TMRomslo:frj

Before visiting the mine, I talked with J. H. Cassier, president and secretary-treasurer of the company, at Kingman. He informed me that his company is about to complete an option-sale of the Black Pearl mine to the Hillside Mining and Milling Company, a company owned by officers of the Kingman Copper Corporation. He also said that assignment of subject contract to the purchaser will be requested, probably within a few days.

FORMS MF-104 AND 104A AND OPERATOR'S NARRATIVE REPORT

Form MF-104

Shaft sinking - The cost of $1,820.00 represents 14.0 feet of authorized advance at a specified rate of $130.00 per foot.

Sampling and Assaying - The cost of $15.00 is for sampling and assaying 3 samples from the adit. Assay results are attached to the Operator's Narrative Report.

Drifting and Crosscutting - The cost of $340.00 represents the 10.0 feet of authorized advance of the adit at the specified rate of $34.00 per foot.

Timbering - The $70.00 is for 10 feet of approved timbering in the adit at the contracted price of $7.00 per foot.

Labor - Documentary support of the $256.19 for labor has been waived. Consequently approval of this cost is subject to an interim audit.

Miscellaneous - The costs are $15.43 for Repairs to Trucking Equipment, $30.46 for Payroll Taxes, $150.00 for Accounting and Supplies and $158.99 for Transportation of Crew and Travel. Although documentary proof of these items has been waived pending an audit, the operator submitted a record of costs included in the last 3 items, Accounting and Supplies and Transportation of Crew and Travel. Copies of the record made at this office are being submitted with the Operator's report.

Total Costs - The Monthly, Previously Reported, and To Date total costs are $2,856.70, $15,942.63 and $18,09 9.33 respectively. The monthly total is correct but the other totals do not reflect the $330.00 disallowance in costs for August 1954.

Form HE-104A

The form has been completed in an acceptable manner.

Operator's Narrative Report

The Operator's Narrative Report is considered adequate. A map of the adit will be submitted with next month's report.

T. M. Romalo, Mining Engineer
Southwest Experiment Station
Region III

RECEIVED
NOV 18 1985

October 7, 1985

Mr. [illegible] Superintendent
[illegible] Field Station, Region III
[illegible] New Eastern Road
[illegible] 2, [illegible]

Re: Project No. [illegible]-3113([illegible])
[illegible] Co., [illegible]-(5)

Dear Mr. [illegible]:

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]
[illegible], Arizona
[illegible] 7, 1955

Docket No. [illegible](unknown)
Contract No. [illegible]

[illegible] Adit

[illegible]

Set Number	Width Inches	[illegible]
51	1[illegible]	0.01
52	17	0.01
53	18	0.01
Weighted Average	16	0.01

BLACK PEARK MINING COMPANY
Bagdad, Arizona

Charges to DMEA-3448 Contract No. Idm-E-763

Stage I Preparatory Work, Actual Cost Basis

Category 6 Miscellaneous

Accounting, stamps, supplies etc. 6 months @ $25.00		$150.00
Use of bus and travel of crew		
Total project labor $1994.61		
Total labor-6 months $15,335.55 or $2389.26 ave./month		
1994.61/2389/26 equals 83.48% of one month's use		
bus travels 997.5 miles per month		
83.48 x 997.5 mi @ 9¢		74.94
Telephone June 6		2.80
Auto Mileage - personal cars		
Trip to Phoenix-E.A. Scholz 7/14	250 miles	
Trip to Prescott " 8/18	140 "	
Trip to Mayer J.H.Cazier 9/19	205 "	
	595 " @7¢	41.65
Meals E. A. Scholz 7/14 and 8/18		4.70
J. H. Cazier 9/19		4.10
Pickups 11 round trips to Bagdad	440 miles @7¢	30.80
	Total	$308.99

COPY

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

RECEIVED
APR 12 1956

224 New Customhouse
Denver 2, Colorado

April 10, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten) Contract Idm-E763, Hillside Mining and Milling Company (Black Pearl Tungsten Mine) Yavapai County, Arizona

Enclosed is the original of drift samples supplied by Black Pearl Mining Company to support assay claim on Monthly Report and Voucher for September, 1955. These assay reports should be attached to this report.

W. M. TRAVER

W. M. Traver

Enclosure
RDB:jy
cc: Corresp. E763
MF-104 File E763)
Sec. Op. Comm. (2)) w/copy
W. R. Storms)
Chron.

[illegible]
[illegible]
[illegible]

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APR 12 1956

Docket No. [illegible] (Supplement)
Contract No. [illegible]

[illegible]

Gamma Angles

[illegible]	[illegible]	[illegible]
19	12	0.31
20	21	0.53
21	22	0.50
22	20	0.22
23	16	2.15
24	35	0.65
25	32	1.06
26	32	1.28
27	26	0.26
28	27	0.52
29	27	0.33
30	32	1.10
[illegible]	21	0.35

[illegible] BOND [illegible]
[illegible], [illegible]
[illegible] 1, [illegible]

[illegible] No. [illegible] (Calibration)
[illegible] No. [illegible]

[illegible] [illegible]

[illegible] [illegible]

[illegible] No.	[illegible] Inches	[illegible] (%)
31	31	[illegible]
32	30	[illegible]
33	29	[illegible]
34	30	[illegible]
[illegible] Average	30	[illegible]

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APR 12 1956

[illegible]
[illegible], Arizona
[illegible]

[illegible]

[illegible]

[illegible]

General Samples

Log Number	Density Rating	β Log
[illegible]	27	0.10
[illegible]	16	1.12
[illegible]	16	0.08
[illegible]	18	0.13
[illegible]	10	0.36
[illegible]	12	2.40
Total Average	17	0.65

BLACK FOREST PHYSICS COMPANY
Deerfield, Massachusetts
August 22, 1955

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APR 12 1956

Contract No. [illegible]

[illegible]

Control Samples

Log Number	Number Analyses	σ Log
L1	16	0.02
L2	16	0.02
L3	22	0.02
L4	22	0.02
L5	22	0.02
Weighted Average	24	0.02

[illegible] MINING COMPANY
Bagdad, Arizona
September 7, 1955

Docket No. [illegible] (Tungsten)
Contract No. [illegible]-763

PILOT MILL [illegible]-Ton Adit

Channel Samples

Feet Entry	Width Inches	% WO_3
46	12	0.05
47	39	0.74
48	5	0.35
49	5	0.02
50	5	0.02
Weighted Average	7'	0.38

[illegible]
Douglas, Arizona
October 7, 1955

Docket No. [illegible] (Simplex)
Contract No. [illegible]

[illegible]

Gravel Simplex

Sieve Size	Weight Grams	% Wt.
51	14	0.01
52	17	0.02
53	19	0.02
Weighted Average	16	0.02

BLACK PEARL MINING COMPANY
Bagdad, Arizona
November 12, 1955

Docket No. DMA-3MLC(tungsten)
Contract No. Dm-E-763

DRIFT SAMPLES-Main Adit

Channel Samples

Set Number	Width Inches	% WO3
54	15	0.04
55	14	0.01
56	12	0.03
57	16	0.36
Weighted Average	14	0.10

The above assays representing sets 19 to 57 inclusive are certified to be true copies of assays received from Bagdad Copper Corporation signed by D. Holmes. These assays and the method of sampling were described in our first report and the assays listed above cover all main adit progress through October 1955.

J.H. Cagle

Form ME-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1955 Docket No. DMEA 3140 Contract No. Ian-1-763
Operator's Name Black Pearl Mining Company Minerals Tungsten
Address Bagdad, Arizona
Contract Amount, $127,285.00 Government Participation: 75 % Amount, $95,463.75

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
~~Drifting~~ Shaft Sinking		4,680.00	4,680.00			
Bulldozing—Independent		268.75	268.75			
Sampling & Assaying Crosscutting	50.00	110.00	160.00			
Drifting	1,020.00	4,522.00	5,542.00			
Timbering	210.00	945.00	1,155.00			
(2) Labor and Supervision:						
Labor		463.44	463.44			
Supervision & Technical	300.00		300.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
~~Timber~~ Fuel & Lub.	19.84		19.84			
Explosives		19.81	19.81			
Pipe		20.00	20.00			
Track		50.00	50.00			
Drill Bits & Steel		20.00	20.00			
Small Tools	8.14	50.05	58.19			
(4) Operating Equipment:						
Rental						
Purchase Framing Eqpt.		200.00	200.00			
Depreciation	200.00		200.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	1,372.29	657.79	2,030.08			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes		55.52	55.52			
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3,180.27	12,062.36	15,242.63			

Application has been made to increase the amount allowed for the headframe from $1500.00 to $2100.00. This amount is for the headframe only and exceeds the $1500.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Sept. 7, 1955 *Payee Black Pearl Mining Company

Per [signature] Title Sec-Treas.

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

NOTE.—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.

(Instructions on reverse)

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

$ 1,987.64

Signature [signature]
(Authorized Certifying Officer)

Date 10/12/55 Vou. No. DMA-56-33
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E 763 in accordance with the terms of the contract.

Signature D M Tomsolo W.M. Title Mining Engineer Date 9/14/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Harvey Title Executive Officer Date SEP 27 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 17 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1955 Docket No. DMEA 3448 Contract No. Ion-E-763
Operator's Name Black Pearl Mining Company Minerals Tungsten
Address Dagdad, Arizona

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting & Crosscutting	Ft.	1,020.00	30	5,542.00	163	34.00	1705	34.00
Crosscutting Timbering	Ft.	210.00	30	1,155.00	165	7.00	1600	7.00
Raising	Ft						125	35.00
Shafts	Ft		0	4,680.00	36	130.00	275	130.00
Winzes Spiling	Ft						120	20.00
Drilling: Core Stations	Each						2	2,000.00
Sampling & Assay Churn	Each	50.00	10	160.00	32	5.00	320	5.00
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1,280.00		11,537.00				Total Costs Authorized by Contract
Bulldozing				268.75				500.00
Operating Equipment Purchased				280.00				4,750.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		1,372.29		2,030.08				2,300.00
Other Preparation		527.98		1,206.80				2,460.00
Total Costs		3,180.27		15,242.63				127,285.00

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

Date September 7, 1959 Operator Black Pearl Mining Company

Per [signature] Title Sec.-Treas.

NOTE.—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.

(Instructions on reverse)

Remarks: For buildings etc. includes the headframe only. Application has been made to increase the approved amount from $1500.00 to $2100.00

(For Government use only)

[signature]

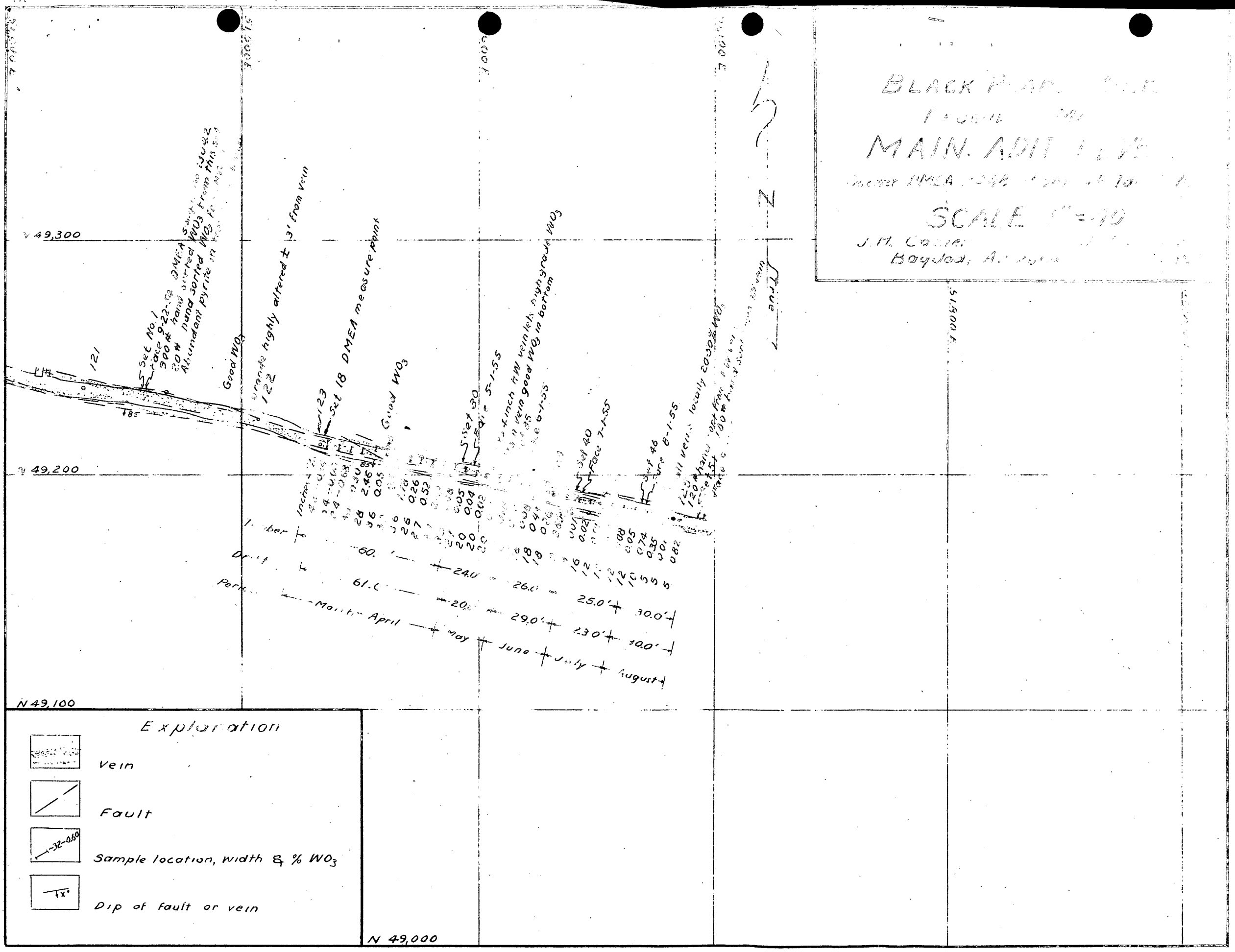
INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894


BLACK
MAIN. ADIT
SCALE
J. H.
Baydad, Ariz
N
49,300
49,200
N49,100
N 49,000
121
122
185
Set No. 1
Face 9-22-53
900# hand sorted WO3 from this
20# hand sorted WO3
Abundant pyrite
Good WO3
Granite highly altered ± 3' from vein
Set 23
Set 18 DMEA measure point
Good WO3
Set 30
Face 5-1-55
12 inch HW veinlets high grade WO3
vein good WO3 in bottom
Set 40
Face 7-1-55
Set 46
Face 8-1-55
Timber
Drift
Perk
Month
April
May
June
July
August
25.0'
30.0'
23.0'
10.0'
Exploration
Vein
Fault
Sample location, width & % WO3
Dip of fault or vein

RECEIVED
OCT 1 3 1955

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

[illegible]

Date: [illegible]
Payee's
Reference: [illegible]

[illegible]

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

224 New Customhouse
Denver 2, Colorado

September 27, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448, (Tungsten) Contract, Idm-E763, Black Pearl Mining Company, Black Pearl Mine, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period August, 1955.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Disallow 530.08 of the amount claimed under item 6 of the Form MF-104. This is in excess of the amount allowable for the erection of a headframe. The remainder which includes a reclaim for previous deduction of $25.00 (sampling and assaying) is approved subject to on-site audit by the Contract Administration and Audit Division, DMEA.

Remarks

Date of Report- - - - - - - - - - - - - - - - - - September 7, 1955
Date Received in Field Office- - - - - - - - - - September 15, 1955
Date Received in Region Office- - - - - - - - - September 19, 1955

W. M. Traver

JDC:jy
cc: MF-104 File E763
Sec. Op. Comm. (2)
Storms
Chron.

Enclosures

DMEA
Date Rec'd.

SEP 19 1955

BUREAU OF MINES
Denver, Colorado

Memorandum September 16, 1955

To : W. M. Trexler, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : August 1955 Progress Report, DMEA Contract Idm-2763, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report with map;
(3) Forms MF-104 and MF-104A, original with invoices.

Also enclosed are 4 extra copies of our engineer's report.

All work is in accordance with the terms of the contract. However, Contract Idm-2763 calls for the expenditure of $1,500 for a handtrenc, while the operator to date has actually spent $2,030.08. The difference, or $530.08, should be deducted from the total cost. Results also recommends that the sum of $19.17 be denied until it has been more fully explained. I recommend that the Government's share of the remainder be paid.

Walter R. Storms

Walter R. Storms

CC W. M. Trexler (8)
DMEA-3448
RF

WRStorms:frj

Box 4097
Tucson 5, Arizona

September 16, 1955

Memorandum

To : Walter R. Stearns, Superintendent, Southwest Experiment Station, Region III

From : T. H. Rosslle, Mining Engineer, Tucson, Arizona

Subject : Progress Report for August 1955, Docket DMEA-3448, Contract Bm-2753, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Navajo County, Ariz.

On September 1, 1955 I visited the Black Pearl mine and inspected pertinent surface and underground workings in the presence of E. A. Sabala, president of the company and project supervisor. I found that work under the contract was confined to driving, timbering and sampling the adit, and the construction of a headframe.

Measurements in the adit showed 30.0 feet of earth advance and timbering for August. Driving of the adit started at 4.0 feet from the last timber set, No. 18. To September 1, the total advance and timbering was 163 feet and 165 feet, respectively.

Tungsten mineralization at the face of the adit consists of a 4-inch wide vein at the north wall and a 1-foot wide vein at the south wall. According to the operator, sampling of 2.5 of the 30 feet of adit driven during August showed that the vein averaged 7 inches in width and contained an average of 0.38 percent WO_3.

The pre-contract portion of the adit is being widened and regraded to accommodate a battery-powered tramper. Use of the tramper should speed up advance in the adit.

The headframe, set on concrete piers and constructed of 8-inch by 8-inch and 6-inch by 8-inch timbers, is nearing completion. Shaft sinking should be resumed shortly. A small gasoline powered hoist will be used until a permanent hoist can be purchased and installed.

All operations under the contract are being conducted in a safe and efficient manner.

CC W. M. Tranor (Orig. & 8)
DMEA-3448
RF

THRosslle:fr;

ANALYSIS OF OPERATOR'S REPORT

Form NF-104

Sampling and assaying - The cost of $80.00 is for sampling and assaying 10 composite samples at $5.00 each. It includes a reclaim of $25.00 disallowed on the July voucher and $25.00 for August. The total cost is documented by a list of 5 samples obtained and assayed during August and a certified statement covering cost for the 2 months. It is approved.

Drifting. The cost of $1,020.00 is approved as it represents the 30 feet of authorized advance at $34.00 per foot.

Timbering. The cost of $210.00 is for 30 feet of the authorized timbering at $7.00 per foot. It is approved.

Supervision and Technical. The authorized cost of $300.00 for personnel services is supported by a certified statement. It is approved.

Fuel and Lubrication. The cost of $19.84 is for 83 gallons of gasoline for allowable equipment. It is approved because the amount of fuel used is reasonable and because the cost after a potential refund of 5 cents is documented.

Soil Tests. The cost of $8.14 is approved because it is authorized by the contract and certified by the operator.

Depreciation of Equipment. The cost of $200.00 for depreciation of equipment at the specified rate is covered by a signed list that shows estimated values of identified equipment. The costs to the project of all items except $18.17 for Transit, saw, drill, water truck and miscellaneous equipment are approved because the estimated values of equipment are acceptable, the equipment was used on the project, and period of use has been certified by the operator. The cost of $18.17 should be denied pending receipt of a certified list that describes the pertinent equipment at acceptable estimated values.

New Buildings, Improvements, etc. The cost of $1,372.20 for construction of the headframe is supported by certified payrolls and invoices. It is approved provided the operator's request for increasing overall costs from $1,[illegible] to $2,100.00 is granted. To date costs total $2,030.00. If the request is denied, the approved costs for August are $1,372.20 less $[illegible], or $642.22.

Totals. The Monthly, Previously Reported, and To Date totals of $1,188.57, $12,062.36 and $13,250.93, respectively, are correct before the above mentioned possible deductions. Four previously reported totals were inadvertently omitted by the operator. They have been penciled in by me.

Form MT-104A

The form has been checked and found acceptable.

Narrative Report

The Operator's narrative report with attached map is considered adequate. The report was first received at Tucson September 9. It was sent to the operator for supplementary cost data and returned to Tucson September 15.

T. M. Rangle
Mining Engineer
Southwest Experiment Station

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

224 New Customhouse
Denver 2, Colorado

Date September 16, 1955

Inventory of Equipment and other Property purchased on DMEA Docket 3440, Contract Mm-2763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Article	Description	New or Used	Cost
Pillow blocks	2 - 5/16" Dodge 45 degree angle 4-38	Used	83.04
	Inventoried By: T. H. Remple		

September 7, 1955

Mr. W. L. Trevor, Executive Officer
DMEA Office of Domestic Operations Region III
224 New Customhouse
Denver 2, Colorado

Re: Contract No. [illegible]-[illegible]3(t [illegible])
Subcontract No. [illegible]-[illegible]-763

Dear Mr. Trevor:

The following is a brief narrative report of the progress on the Contract for work under the above subcontract.

The main drift was advanced 33 feet to write a total of 163 feet of advance under the contract. During this advance two and at times three secondary granite stringers ranging from a knife blade width to 24 inches were followed. No uranium ore was found in each of these. Sampling at regular intervals gave a weighted average width of 7 inches and grade of 0.3%U3O8 which appears to be low in comparison to the amount of mineralization observed. The position and width of the mineralization and location, width and grade of each sample are shown on the attached map. The main drift is now being widened to permit use of an electric trammer which will speed up drift advance. 12 tons of ore were produced from drifting while 120 tons of waste were also hauled.

Work in the shaft was stopped while the new frame was being built. A 44 foot wooden headframe using 8"x8" and 6"x8" posts and main vertical timber with 8" channel for guide plates on timber plates, 3/16" plates bolted on joints and 5/8" and 3/4" and bars on [illegible] and [illegible]. The headframe is set on concrete piers and will have a five foot head sheave. A bucket dump and slide for use with a [illegible] bucket are now being prepared.

Very truly yours,

[signature]
[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

DEC - 7 1955

TELETYPE

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
224 New Custom House
Denver, Colorado

Reurmemo November 30, 1955, Docket DMEA 3446, Black Pearl Mining Company. Assignment of Contract Idm-E763 to Hillside Mining Company redrafted by our Legal Division and Mailed December 6. Please process October 1955 voucher for payment to Black Pearl Mining Company.

George C. Selfridge

Chairman, Operating Committee

cc: Docket
Code 400
Oper. Committee
Adm. Read. File
Thor Kiilsgaard, USGS
Robt. Holliday
Code 800
FT, Reg. 3

TLChapman/ls
12/6/55

OCT 3 - 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region XIII
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-3448 (Tungsten)
Black Pearl Mining Company
Black Pearl Mine
Yavapai County, Arizona
Contract No. Idm-E763

Dear Mr. Traver:

By letter dated September 21, 1955 you advised the referenced Operator that the requirement for documentary support of the monthly Forms MP-104 was waived.

This action was taken under the authority granted to you by DMEA Circular No. 19, dated April 17, 1952. However, this Circular requires, in cases of such waivers, that "The Executive Officer shall immediately notify the Contract Administration and Audit Division, Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C. * * * *". This was not done in this instance.

In the future it is requested that a copy of such letters be forwarded directly to the Contract Administration and Audit Division. Also a copy should be given the regional auditor representatives of that Division.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

EDTalbert/sma - September 28, 1955
Copies to: Docket
Adm. Read. File
Mr. Martin
Mr. Brading
Mr. Chambers
Mr. Kiilsgaard
Mr. Holliday
Operating Committee
FT, Reg. III - 2

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

SEP - 7 1955

Mr. Richard H. Greenburg
Regional Comptroller
General Services Administration
49 Fourth Street
San Francisco 3, California

Reference: 9C

Dear Dick:

Receipt is acknowledged of your letter of September 1, 1955, relative to your claim against the Black Pearl Mining Company.

Under date of February 2, 1955, this Administration entered into Exploration Project Contract No. Idm-E763, Docket No. DMEA-3448 with the Black Pearl Mining Company in the total sum of $127,285.00 with provision for contribution by the Government of 75 percent of the allowable costs as they are incurred in a total sum not in excess of $95,463.75. The Operator has been paid a total of $9,046.77 for the Government's contribution to costs incurred and work performed through the month of July 1955.

In the antepenultimate paragraph of your letter you request information on three specific matters. My replies follow in the same numerical order.

(1) The matter of this Administration considering an offset of the amounts due GSA was given full consideration at a meeting on May 27, 1955, with Mr. Oliver Eastland, representing the Office of the General Counsel, GSA. In attendance at this meeting were the Administrator, the Deputy Administrator, and the Chief of the Contract Administration and Audit Division, all of the DMEA, together with a representative from the Department's Office of the Solicitor. It was the concurred opinion, in view of the purpose of the exploration program and the type of contract, that DMEA was not the proper facility for liquidating a claim of this type.

(2) The DMEA does not take a mortgage on the mining equipment purchased for the exploration project. The contract, however, does provide that "any property acquired to the cost of which the Government contributes shall belong to the Operator and Government jointly in proportion to their respective contributions, although

title thereto shall be taken in the name of the Operator", and further provides, upon completion or termination of the contract, for prompt disposal of such property for the joint account of the Government and the Operator. In the instant case the Government has contributed to equipment and other property costing only approximately $1,000.

(3) This Administration has entered into no contracts with the Hillside Mining and Milling Company, Tungstona, Arizona.

It is regretted that I can offer you no assistance in your problem of collecting this claim.

Your regards and best wishes have been conveyed to Mr. Chambers. He was very appreciative. For your information he is making a most remarkable recovery.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 7, 1955

Copy to: Docket
Admr. Reading File
Mr. Martin
Mr. Chambers

GENERAL SERVICES ADMINISTRATION

Region 9
San Francisco 3, California

September 1, 1955

IN REPLY REFER TO: 9C

Mr. E. D. Talbert
Deputy Director
Contract Administration & Audit Division
Defense Mineral Exploration Administration
Department of the Interior
Interior Building
Washington 25, D. C.

Dear Del:

For the past several months this office has been involved in trying to collect the claim against the Black Pearl Mining Company, Bagdad, Arizona. The total amount of this claim is $8,928.28, which is comprised of an over-payment of $7,699.28 for tungsten concentrates and $1,229 re-assaying costs.

Briefly, this claim is based on inaccurate sampling resulting in over-payment to the Black Pearl Mining Company.

To give you a clear understanding of the matter I am attaching copies of a letter written by our Regional Counsel, dated May 20, 1955, to the attorneys for the firm, copies of a letter dated July 29, 1955, from the attorney of the firm to this Administration, together with a copy of a letter dated July 16, 1955, from the Black Pearl Mining Company to their attorney.

You will see from reading this correspondence that we are having difficulty in collecting the amount of the over-payment.

The proposal made by Black Pearl to repay us at the rate of $2.00 per unit does not appear to be the answer to the problem inasmuch as, at the rate we are now buying tungsten concentrates, our total authorization for the purchase of tungsten concentrates will be exhausted in approximately one year. This means that the proposal made by Black Pearl could not be fulfilled before our purchase program ends.

We feel that, after completing the purchase program for tungsten concentrates, we would have little, if any, chance of collecting the balance of the amount owing after that date.

This office has been advised that the Defense Mineral Exploration Administration has made a grant, or a loan, to the Black Pearl Mining Company for exploration and development and that a part, if not all, of the funds under this grant has been paid to Black Pearl.

I would appreciate your advice as to the following:

(1) If total payments under the grant have not been made, would your Administration consider an offset of the amounts due GSA?

(2) In making grants for exploration and development, does your Administration take a mortgage on the mining equipment purchased for the program?

(3) Has your Administration made any grants or loans to the Hillside Mining and Milling Company at Tungstona, Arizona? If you have made grants or loans to the Hillside Mining and Milling Company, could an offset be made against the account of that firm inasmuch as the Black Pearl Mining Company is now selling all of their out-put to the Hillside Mining and Milling Company.

This Administration would very much appreciate any help you can give us in this matter.

Incidentally, I have learned that Jay Chambers suffered a stroke recently, and I would appreciate your conveying to him my very best regards and wishes for his speedy recovery.

Cordially,

Richard H. Greenburg

RICHARD H. GREENBURG,
Regional Comptroller.

Attachments.

SNELL & WILMER
[illegible]
PHOENIX, ARIZONA

FRANK [illegible]
MARK WILMER
JOSEPH T. [illegible]
EDWARD A. [illegible]
[illegible]
[illegible] M. LING
[illegible]
[illegible]
[illegible]
[illegible]
RICHARD O. [illegible]

July 29, 1955

RECEIVED
SEP - 6 1955

General Services Administration
49 Fourth Street, Room [illegible]
Office of the Regional Counsel
San Francisco 3, California

Re: [illegible]
Black Point Mining Company

Attention: Mr. Clarence [illegible]

Dear Mr. [illegible]:

Receipt is acknowledged of your letter of July 29, 1955.

I am enclosing herewith a financial statement of Black Point Mining Company as of December 31, 1954. I am also enclosing a signed original letter from Mr. Edgar A. Schotz to [illegible] which he states that there has been no appreciable change in their financial condition since the date this audit was prepared.

We also enclose a statement of the estimated cash requirements and net returns expected during and subsequent to the completion of the Dell Exploration project.

I have talked the matter over at length with both Mr. Schotz and Mr. [illegible] and they are simply at the end of their rope. [illegible] any cash is concerned, and likewise in a position where if their credit is to be legal and [illegible] they probably will be unable to continue the operation. I have known of the Black Point Property for a good many years, and it has always been considered and been regarded as a property of excellent [illegible]. I also know personally that Mr. Schotz and [illegible] have worked long hours in the [illegible] to bring

They are simply not in a position where they can make any type of a solid commitment other than agreeing to pay you as fast as they can develop their property.

They feel that they probably can now go to agreeing on $1.00 per unit in repayment of this account which they do not feel and I do not feel they owe.

I will appreciate it if you will give consideration to this proposal, inasmuch as I am satisfied that they are stretching their ability to pay to the utmost in an effort to satisfy you folks.

Yours very truly,

NEIL C. WILMER

By
Mark Wilmer

Mw:ms
Encs.

BLACK PEARL MINING CO.

BAGDAD, ARIZONA

E. A. SCHOLZ, PRESIDENT
L. K. LINDAHL, VICE PRESIDENT
J. H. CAZIER, SECRETARY-TREASURER

July 16, 1945

Mr. Earl Wilmer
Shell and Wilmer
Phoenix, Arizona

Dear Earl,

We are forwarding herewith a copy of an audit of our financial position as of Jan. 1, 1945. Since that time there has been no appreciable change in our financial condition one way or the other.

This audit was prepared as information to be made available to selected individuals who might be interested in providing up to $45,000.00 in additional capital, which we believe indicate would appreciably expedite completion of the RFC application program.

As part of the information available to potential investors we have worked up a detailed study of our cash requirements and position for the next several years. The particular date [illegible] but condition is [illegible] and the figures [illegible] indicate our position is very [illegible] to [illegible] $45,000.00 in additional capital. We note because of [illegible] of the situation during [illegible] and the [illegible] of the RFC application we have failed to obtain any financial assistance. However, we have a great deal of faith in the long range development possibilities of the property and [illegible] its service of [illegible] in the book [illegible] activities.

We already have [illegible] we did not see fit to [illegible] [illegible] considerable [illegible] of the property [illegible] the [illegible] of [illegible] the exploration program.

Sincerely yours,

E. A. Scholz

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BLACK PEARL MINING CO.
Bagdad, Arizona

RECEIVED
SEP - 6

July 16, 1955

Mr. Mark Wilmer
Snell and Wilmer
Phoenix, Arizona

Dear Mark:

We are forwarding herewith a copy of an audit of our financial position as of January 1, 1955. Since that time there has been no appreciable change in our financial condition one way or the other.

This audit was prepared as information to be made available to selected individuals who might be interested in providing up to $45,000.00 in additional capital, which our figures indicate would appreciably expedite completion of the D DMEA exploration program.

As part of the information available to potential investors we have worked up a detailed study of our cash requirements and position for the next several years. The pertinent data from that tabulation is shown herewith. As the figures clearly indicate our position is very tight unless we can obtain $45,000.00 in additional capital. To date because of termination of the tungsten buying program next year and the adverse effect of the GSA claim we have failed to obtain any financial assistance. However, we have a great deal of faith in the long range development possibilities of the Black Pearl and shall push its development and exploration to the best of our ability.

We sincerely hope that GSA will see fit to accept a repayment schedule based upon units of WO_3 produced. Our only opportunity of repaying their claim depends upon our being able to carry our our exploration program.

Sincerely yours,

/s/ Ed
Edgar A. Scholz

BLACK [illegible] MINING COMPANY
Bagdad, Arizona

RECEIVED
SEP - 6 1955

Estimated cash requirements and net return expected during and subsequent to the completion of the DIFA Exploration project.

	Cost	Income	Net (cost) or gain	Cumulative available cash
DIFA Stage 1 Actual cost basis	$12,[illegible]			
DIFA allowance 7[illegible] x [illegible],900.00		[illegible],[illegible]2.00	([illegible],426.00)	([illegible],426.00)
Equipment Purchases			(24,500.00)	([illegible])
Income from milling present jig stockpile 163 units-net		3,250.00	3,250.00	(21,676.00)
DIFA Stage 1 Fixed Cost basis	29,130.00			
Allowance		16,205.00	(12,[illegible])	(34,601.00)
Stage 1 Drilling	28,846.00			
Allowance		22,[illegible].00		
WO3 production 705 units		16,[illegible].00	10,[illegible].00	(23,923.00)
1955 mine production 4250 tons 1700 units	74,[illegible]36.00	88,367.00	13,[illegible].00	([illegible],[illegible]92.00)
DIFA Stage II	59,1[illegible].00			
Allowance		42,399.00		
WO3 Production 929 units		33,279.00	7,[illegible]0.00	(2,458.00)
First ½ 1956 mine production 4500 tons 1800 units	64,665.00	99,[illegible]90.00	35,325.00	32,873.00
Second ½ 1956 mine production 10,500 tons ($63.00/unit) 4,462 units	147,585.00	233,301.00	8[illegible],716.00	118,509.00
Capital expenditures	15,000.00		(15,000.00)	103,509.00
1957 (WO3 estimated at $63.00) Mine production	418,100.00			
30,000 tons 12,720 units		601,748.00		
Capital expenditures	40,000.00			
Income tax	43,000.00		190,648.00	294,237.00

Royalty and royalment of the DIFA project have been deducted from sales price and the resultant has been shown as income.

RECEIVED
SEP - 6 1955

49 Fourth Street, Room 154
Office of Regional Counsel
May 27, 1955
DL

AIRMAIL

Snell and Wilmer
Attorneys at Law
Security Building
Phoenix, Arizona

Re: Black Pearl Mining Co.
Hayden, Arizona

Attention: Mr. Mark Wilson

Dear Sir:

This will acknowledge receipt of your letter of March 21, 1955 requesting a claim in the sum of $[illegible] in favor of the Contractor and against the above-captioned company.

We believe that you are familiar with the background of this matter; however, the following is a brief summary of the basis for [illegible] claim:

[illegible] lots of tungsten concentrates were shipped to the Government by subject company. After the Government had paid for same, word came from Washington that low grade material had been placed in the bags [illegible] the same were being an accurate result from using [illegible] method of sampling. [illegible] a month [illegible] lots were selected [illegible] and were mixed and quartered and resampled by a disinterested [illegible]. Though the resulting assays did not show uniformly lower tungsten contents, each lot was lower in tungsten content than as shown by the previous assay of samples taken by the "[illegible]" method.

[illegible] average of the six lots showed that the actual tungsten content was 5-1/2 per cent lower than the previous assays showed resulting in the Government paying $1,726.[illegible] more for the six lots than should have been paid.

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SEP - 6 1955

The cost of [illegible] If litigation is commenced and it [illegible] the remaining 10 lots there will be [illegible] approximately $3,687.00. Legal [illegible] of such litigation is a proper [illegible] expenditure need for [illegible]

It is believed impractical to [illegible] and we would consider the above-mentioned [illegible] figure to use in arriving at the overall [illegible] question. The claim of $3,[illegible] per cent [illegible] 2 through 24 and [illegible] resolution.

It is requested that you arrange the [illegible] the [illegible] on or before June 5, 1955. Failure to [illegible] same on or before said date will leave us [illegible] also. It appears open to the Government to [illegible] permit [illegible] against possible recurrence of such claims.

Very truly yours,

Clarence [illegible] Hull
Regional Counsel

[illegible]

CWHull

HMMiscnerils

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RECEIVED

49 Fourth Street, Room 455
Office of Regional Counsel
May 20, 1955
9L

AIR MAIL

Snell and Wilmer
Attorneys at Law
Security Building
Phoenix, Arizona

Re: Black Pearl Mining Co.
Bagdad, Arizona

Attention: Mr. Mark Wilmer

Dear Sir:

This will acknowledge receipt of your letter of March 28, 1955 regarding a claim in the sum of $8,928.28 in favor of this Administration and against the above-captioned company.

It is believed that you are familiar with the background of this matter; however, the following is a brief summary of the basis for the claim:

Some 25 lots of tungsten concentrates were shipped to the Government by subject company. After the Government had paid for same, examination disclosed that low grade material had been placed in the bottom of the sacks preventing an accurate sample from being taken by the "thief" method of sampling. As a result 6 lots were selected at random and were coned and quartered and assayed by a disinterested assayer. Though the resulting assay did not show uniformly lower tungsten content, each lot was lower in tungsten contant than as shown by the previous assay of samples taken by the "thieving" method.

An average of the six lots showed that the actual tungsten contant was 5-1/2 per cent lower than its previous assays showed resulting in the Government paying $1,726.53 more for the six lots than should have been paid.

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COPY

May 20, 1955

The cost of re-assaying the six lots was $1,229.00. If litigation is commenced and it becomes necessary to re-assay the remaining 18 lots there will be an additional expense of approximately $3,687.00. Legal authority indicates that the cost of such inspection is a proper element of damage where an earlier inspection discloses need for detailed inspection.

It is believed impractical to resample the remaining lots and we would consider the above-mentioned 5-1/2 per cent an equitable figure to use in arriving at the overall shortage of the 24 lots in question. The claim of $8,928.28 is arrived at by applying the 5-1/2 per cent to lots 2 through 25 and adding thereto the said amount for resampling.

It is requested that you arrange for forwarding check in the above-stated sum on or before June 5, 1955. Failure to receive same on or before said date will leave no alternative but to proceed along all avenues open to the Government to effect collection and to protect itself against possible recurrence of such events.

Very truly yours,

Clarence W. Hull
Regional Counsel

Form [illegible]-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG 29 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 195[illegible] Docket No. DMEA[illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible] % Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	[illegible]	[illegible]	[illegible]			
Bulldozing	[illegible]	[illegible]	[illegible]			
Crosscutting	[illegible]	[illegible]	[illegible]			
Drifting	[illegible]	[illegible]	[illegible]	00.00		110.00
	[illegible]	[illegible]	[illegible]			
(2) Labor and Supervision:						
Labor	[illegible]	[illegible]	[illegible]	99.44		463.44
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	[illegible]		[illegible]			
Pipe		[illegible]	[illegible]			
Track		[illegible]	[illegible]			
		[illegible]	[illegible]			
	[illegible]		[illegible]			
(4) Operating Equipment:						
Rental						
Purchase	[illegible]	[illegible]	[illegible]			
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	[illegible]		[illegible]	657.79		657.79
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	[illegible]	[illegible]	[illegible]	11.91		55.52
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	[illegible]	[illegible]	[illegible]	4396.00	7,666.36	12,062.36

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

Date [illegible] *Payee [illegible]

Per [illegible] Title [illegible]

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

→ NOTE.—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.

(Instructions on reverse)

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

$ 3,297.00

Signature [illegible]
(Authorized Certifying Officer)

Date 8/24/55 Vou. No. DMA-56-18
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature D. M. Romero WRH Title Mining Engineer Date 8-18-1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lancy Title Executive Officer Date AUG 23 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form ITF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
AUG 29 1955

Month of ..... 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date ..... Operator .....

Per ..... Title .....

NOTE.—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.

REMARKS: .....

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

RECEIVED
AUG 29 1955

Administrative Audit Difference Statement

[illegible]
[illegible]
[illegible], [illegible]

Date: [illegible]
Payee's
Reference: [illegible]

[illegible]

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

RECEIVED
AUG 29 1955

224 New Customhouse
Denver 2, Colorado

August 23, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448, (Tungsten) Contract, Idm-E763, Black Pearl Mining Company, Black Pearl Mine, Eureka (Bagdad) Mining District, Yavapai County, Arizona - Operator's Monthly Progress Report, for the period July, 1955.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computation, except for the following deductions.

Category 1, Sampling and Assaying	25.00
(No Certified Invoice)	
Category 2, Labor	7.24
(No overtime allowable, only 3 days worked @ 14.48/day)	
Category 6, Labor and payroll taxes	35.51
(10 regular and 3 overtime days claimed; 11 regular and 1 overtime days allowed @ $14.96 per day plus 11.98 percent for payroll insurance and taxes)	
Category 7, Payroll taxes	0.87
(11.98 percent of the amount disallowed under category 2)	
Total deductions	68.62

Remarks:

Date of Report - - - - - - - - - - - - - - August 11, 1955
Date Received in Field Office - - - - - - August 15, 1955
Date Received in Region Office - - - - - August 22, 1955

Enclosures
JDC:jy
cc: MF-104 File E763
Storms
Sec. Opr. Comm. (2)
Chron.

W. M. TRAVER,

W. M. Traver

DMEA
Date Rec'd.

AUG 22 1955

BUREAU OF MINES
Denver, Colorado

Box 4097
Tucson 5, Arizona

August 19, 1955

Memorandum

RECEIVED
AUG 29 1955

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : July 1955 Progress Report, DMEA Contract Mm-5763, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Eureka (Bagdad) Mining District, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report;
(3) Forms MF-104 and MF-104A, original with certified invoices.

Also enclosed are 4 extra copies of our engineer's report.

All work is in accordance with the terms of the contract. However, some cost items seem questionable. First, no certified invoice is enclosed for the sampling and assaying item of $25.00. A certified assay invoice should be obtained. Then as Ramsle points out, several errors seem to have been made in payroll computations.

I recommend that the $25.00 for assaying be withheld until the operator furnishes a certified assay certificate. I also recommend that payroll deductions be made as Ramsle recommends. The Government's share of the remainder then may be paid to the operator.

Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
DMEA-3448
BF

WRStorms:frj

RECEIVED
AUG 29 1955

Box 4097
Tucson 5, Arizona

August 19, 1955

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III

From : T. M. Romslo, Mining Engineer, Tucson, Arizona

Subject : Progress Report for July 1955, Docket DMEA-3448, Contract IdA-8763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

I visited the Black Pearl mine July 28, 1955 after a trip scheduled for the first part of that week was postponed because heavy rainfalls had made highways impassable. E. A. Schals and J. H. Cassier, respectively president and secretary-treasurer of the Black Pearl Mining Co., were at the mine and one or both of them accompanied me during an inspection of pertinent project operations. Upon completion of the inspections we discussed the 2 items of the contract, proposed method of accounting for royalty payments and a possible amendment, that were covered by my Progress Report for June.

The inspection of mine workings showed advances for July 1 to July 28 of 23 feet of drifting in the adit, 25 feet of timbering in the adit, and 20 feet of shaft sinking.

Adit: The face of the adit was 133.0 feet from the official starting point, 4.0 feet beyond timber set No. 18. Timbering of the adit from set 18 had been completed to a point 2.0 feet from the face, a total distance of 135.0 feet. To July 1, the adit and timber each had been advanced 110.0 feet.

The quartz vein is about 12 inches wide at the face. No tungsten minerals were observed. According to the operators, the last 20 feet of vein averaged 14 inches wide and contained an average of 0.02 percent WO_3.

Shaft: The bottom of the shaft was 36.0 feet from the collar. To July 1, the shaft had been advanced 16.0 feet. Thus advance for July 1 to July 28 was 20.0 feet. The shaft has a minimum rock section of 6 by 11 feet and is timbered in two 4- by 4-foot compartments with 8- by 8-inch plates and a 6- by 8-inch divider. Timbering had been completed to a depth of 21.5 feet.

CC W. M. Trauer (Orig. & 8)
DMEA-3448
BF

TMRomslo:frj

Muck from a round, blasted shortly after the shaft was measured, probably will not be removed until the temporary headframe and hoist has been replaced by the permanent installations. Construction of the permanent headframe was in progress. Assembly of the front "A" frame was nearly completed.

Forms MF-104 and MF-104A and Operators' Narrative Report

Subject reports contain unit costs for July 1 to 28 and incurred costs for the entire month of July. Cutting off unit costs on July 28 was agreeable to the operators and was desirable from the DMEA standpoint because the expense of inspecting the project early in August was eliminated.

Form MF-104

Unit Costs

Shaft Sinking: The cost of $2,600.00 is approved. It represents the 20 feet of advance at the allowable rate of $130.00 a foot.

Crosscutting and Drifting: The $702.00 is for the 23.0 feet of advance in the adit at the specified rate of $34.00 a foot. This cost also is approved.

Sampling and Assaying: The cost of $25.00 is for assaying 5 composite samples at the specified rate of $5.00 each. An unsigned list of the 5 assays are attached to the Operators' report.

Timbering: The timbering cost of $175.00 is allowable. It represents the 25.0 feet of advance at the specified rate of $7.00 per foot. A review of my report for June, shows that I reported 26 feet of timbering, but made no reference to the approved total cost of $182.00.

Incurred costs for other than Item 6.

Labor and Supervision: The preparatory work cost of $106.66, according to the Operators payroll, represents payments of $28.68 to Arthur N. Parra for 2 regular and 1 overtime days at $14.48, and $56.00 to Willis W. Milham for 4 regular days at $14.00 per day. Payment of overtime to Parra, ½ shift or $7.24, is not allowed as his working period on contract work is less than 40 hours. Consequently the approved labor costs are $106.66 less $7.24 or $99.44.

No charge has been made for supervision.

Operating Materials and Supplies: The cost of $19.81 for explosives, caps and fuses is supported by a certified copy of invoice. It is approved as the items are allowable in the preparation of the shaft site.

The cost of $89.06 for small tools is approved. It is supported by the operators' certified transcript of 4 invoices. I have inventoried the small tools and the previously purchased pipe, steel, track and equipment.

Payroll Taxes: The cost of $12.78 shown on the Operators' payroll, includes both taxes and insurance on the reported labor cost of $106.68. The approved cost is $11.81, based on the allowable labor cost of $99.44 at the combined rate of 11.88 percent. The overcharge is $0.97.

Incurred Costs of Item 6

The cost of $683.50 represents all expenditures on the headframe. It is supported by the payroll and certified copies of invoices. All cost items are tentatively approved except the $216.92 payment to H. J. Rush for 18 regular and 3 overtime days at $14.95, and the $27.99 for taxes and insurance on this labor cost. The correct costs, based on a 40-hour week before overtime and a combined 11.88 percent for taxes and insurance, should be $187.00 for 11 regular and 1 overtime day and $22.40 for taxes and insurance. Disallowance of the indicated $29.92 for labor and $5.59 for taxes and insurance puts the tentatively approved costs of Item 6 at $637.99.

Final approval of costs of erecting the headframe is subject to a decision as to whether or not the work is in accordance with the contract. As pointed out in my report for June, a 40-foot headframe is being erected instead of the specified 35-foot installation. The anticipated amendment to provide for the increased height has not been received at Tucson.

Totals: The total costs, before recommended disallowances, appear to be correct.

Form MF-104A

The form contains an acceptable distribution of costs shown on Form MF-104.

Operators' Narrative Report

The Operators' Narrative Report is considered adequate. A map of workings will be included with next month's report.

T. M. Romslo
Mining Engineer
Southwest Experiment Station

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

RECEIVED
AUG 29 1955

224 New Customhouse
Denver 2, Colorado

Date August 18, 1955

Inventory of Equipment and other Property purchased on DMEA Docket 3448, Contract Idm-E473, Black Pearl Mining Co., Yavapai County, Ariz. (Tungsten)

Through July 1955

Article	Description	New or Used	Cost
	SMALL TOOLS		
Rasp	2 - 16"	New	$5.61
Shovels	3 - LHSP	"	11.08
"	2 - LHRP	"	6.93
Picks	3 - with handles	"	9.70
Saw blades	6 - 24" hacksaw	"	2.51
Square	1 - carpenter	"	3.22
Plane	1 - Rabbit	"	4.68
Knife	1 - Draw	"	2.75
Chisel	1 - Wood 2-3/8"	"	2.05
Hammer	1 - Claw	"	1.52
	Total small tools		$50.05
	EQUIPMENT		
Saw	1 - 12" pneumatic	New	$200.00
	TRACK		
Rail	1,000' - 16# with fishplates	Used	$50.00
	PIPE		
Pipe	70' - 2 in. black	Used	$20.00
	STEEL		
Steel	1 pc. Capco	New	20.00
	Inventoried By: T. M. Rosselo		
	T. M. ROSELO		

August 11, 1955

RECEIVED
AUG 29 1955

Mr. A. H. Traver, Executive Officer
AEC Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. RMA-348 (Sunshine)
Contract No. [illegible]

Dear Mr. Traver:

The following is a brief narrative report of the progress made during the month of July under the above contract.

The main adit was advanced 23 feet south (D) east to make a total of 133 feet of advance under the contract. The quartz vein averaged 14 inches, but narrowed to 1 inches at the face, with an average grade of .02% UO_3 as determined by face samples taken at regular intervals. The ore grade was somewhat higher than was indicated by the face samples since some waste was carried out in mining this advance. The vein has been penetrated and the wall rock has been reached herein. Very little work had been done by early operators over this area and it is believed this is a rather barren portion of the vein. Thirty tons of hand ore were produced from drifting and 121 tons of barren waste also hauled.

The vertical shaft was advanced 10 feet during the month to make a total of 36 feet. The shaft has been in fairly hard ground and it should be possible to stay 15 to 20 feet ahead of timber.

Construction of the permanent timber headframe has been started and assembly of the frame A frame was nearly completed. The temporary headframe has been removed and shaft timbering started until the permanent headframe can be completed.

Very truly yours,

J. H. Hughes
Chief, Field Mining Survey

BLACK PEARL MINING COMPANY
Bagdad, Arizona
August 11, 1955

RECEIVED
AUG 29 1955

Docket No. DMEA-3148 (Tung
Contract No. Idm-E-763

DRIFT SAMPLE C-Main Adit

Channel Samples

Set Number	Width inches	% WO_3
41	10	0.01
42	16	0.02
43	12	0.01
44	12	0.01
45	12	0.06
Weighted Average	14	0.02

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ....., 195.. Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....
Contract Amount, $..... Government Participation: ....% Amount, $.....

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS				3740.45	3925.91	7666.36

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

Date ..... *Payee .....

Per ..... Title .....

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

NOTE.—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.

(Instructions on reverse)

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

$ 2,805.34

Signature .....
(Authorized Certifying Officer)

Date 8/9/55 Vou. No. DMA-56-13
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E763 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date Aug 6, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Beck

Signature [illegible] Title Executive Officer Date AUG - 5 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MP-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ..... 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS								
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date ..... Operator .....

Per J. H. Cuzzis ..... Title .....

NOTE.—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.

REMARKS: .....

(Instructions on reverse)

(For Government use only)

M Romolo

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

August 5, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten), Contract Idm-E763, Black Pearl Mining Company, Black Pearl Tungsten Mine, Yavapai County, Arizona - Operator's Monthly Progress Report for the month of June, 1955

Enclosed are the original and four copies of form MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

The reclaim of items disallowed on the May, 1955 report is now approved.

Remarks:

Date of Report.....July 14, 1955
Date Received in Field Office.....July 18, 1955
Date Received in Region Office.....August 4, 1955

W. M. Traver

Enclosures

RDB:sr

cc Subject
Sec. Op. Comm. (2)
Storms
Townsend w/copy Engineer's Report
Chron

DMEA
Date Rec'd.
AUG 4 1955
BUREAU OF M
Denver, Colo

Box 4097
Tucson 3, Ariz.

August 2, 1955

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Lincoln A. Stewart for Superintendent, Southwest Experiment Station

Subject : June 1955 Progress Report, DMEA Contract Nm-8763, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:

1. Bureau of Mines engineer's report;
2. Operator's narrative report with map;
3. Forms MF-104 and MF-104A (original with certified payroll, etc.).

Also enclosed are 4 extra copies of our engineer's report.

The operator's report was received in Tucson on July 18.

To the best of my knowledge and belief, all work and costs are in accordance with terms of the contract, therefore, I recommend that the Government's share of the costs be paid.

LINCOLN A. STEWART

Lincoln A. Stewart, Mining Engineer
for Walter R. Stearns, Superintendent
Southwest Experiment Station

CC W. M. Traver (8)
DMEA-3448
BF

LAStewart:fr;

Box 4097
Tucson 5, Ariz.

August 2, 1955

Memorandum

To : Walter R. Steenas, Supt., SW Exp. Station, Region III

From : T. M. Romale, Mining Engineer, Tucson, Arizona

Subject : Progress Report for June 1955, Docket RMSA-3448
Contract Rm-8763, Black Pearl Mining Co.'s
Black Pearl Tungsten Mine, Yavapai County, Ariz.

The Black Pearl Mine was visited July 28, 1955 after a trip scheduled for the first of that week was postponed due to impassable highways. E. A. Scholz and J. H. Cosier, respectively president and secretary-treasurer of the Black Pearl Mining Co., were at the mine and one or both of them accompanied me during an inspection of pertinent project operations. Upon completion of the inspections we discussed 2 items of the contract that were mentioned by William R. Hardwick in his Progress Report for May 1955.

Item 1. A method to account for royalty payment to the Government. - The operators informed me that they had sent letters to Mr. W. M. Traver, Executive Officer, Field Team, Region III that contained a proposed method of settlement and a check covering royalty due on production during March through June 1955. I found that the method of sampling had not been described by the operators but had been described by Mr. Hardwick in his Progress Report for March and April. According to Hardwick and the operators, samples are cut across the face of the vein at three points, 2 feet, 4 feet and 6 feet above the floor of the drift. A composite of the 3 samples is assayed to obtain the average grade for a 5-foot interval. Where the vein is very narrow, 2 receding rounds are necessary to obtain 5 feet of advance. In this case the faces are sampled in the above manner at about 2.5-foot intervals and the resulting 6 samples are combined for assay. The operators said that they believe their proposal is probably the most practical method of computing royalty payments. They also said that the initial payment was made to show good faith, and that they expect to receive detailed information from RMSA as to necessary supporting data for both the initial and future payments.

Item 2. A possible amendment to increase the maximum amount provided in the contract for hoist and headframe. - The proposed amendment will be submitted shortly. In the meantime the

CC W. M. Traver (Orig. & 8)
RMSA-3448
RF

TMRomale:fr:j

operators are trying to locate a suitable hoist and have started the assembly of a 40-foot headframe instead of the 35-foot structure specified in the contract.

The inspection of mine workings showed the following advances since May in the adit and shaft.

Adit.

On July 28, the adit had been advanced 133.0 feet from the official starting point, 4.0 feet beyond timber set No. 18. Timbering of the adit started at set No. 18 and had been completed for a distance of 135.0 feet, or to a point 2 feet from the face of the adit. To June 1, the adit and timber had been advanced 81.0 and 84.0 feet, respectively. Thus, advances for June to July 28, were 52 feet of drifting and 51 feet of timbering. According to the operators, 29 feet of the drifting and 26 feet of the timbering was done during June. They also reported that 6 composit samples from the adit were assayed during June.

Shaft.

Sinking of the shaft was started during June. On July 28, the bottom of the shaft was at 36.0 feet from the collar. The shaft has a minimum rock section of 6 by 11 feet. It is timbered to 2 compartments with 8- by 8-inch plates and 6- by 8-inch divider. Timbering had been completed to a depth of 21.5 feet. Of the 36.0 feet of advance, 16.0 feet was reportedly accomplished during June.

After the shaft was measured a round was blasted. Muck from the round probably will not be removed until the temporary headframe and air tugger has been replaced by a permanent headframe and hoist.

Analysis of Contract, Forms MF-104 and 104A and Operators' Narrative Report.

Contract

In my opinion, the meanings of 2 items of the contract are ambiguous. The items possibly should be amended. The first of these is Annex II, Special Agreement Concerning Royalty. The Agreement excludes royalty payment on ore from a specified zone provided it is not extracted or transported through any working described in Exhibit "A". Figure 3 (Longitudinal Section of Vein Looking North) is a part of Exhibit "A" and could be considered as a description of workings from which ore from the restricted zone must necessarily be extracted and transported. Thisinterpretation would nullify the intent of the contract. Another point about the Agreement is the definition of the

restricted zone. The vertical extent of the zone is correctly defined but the length of the zone should be extended northward to the official starting point, set 18 of the operators' map attached to the May Progress Report. The northern limit of the zone, as described by the contract, is the face of the adit on the date of the field examination. After the examination and prior to the official starting date of the contract the adit was advanced over 100 feet. The exact advance during the period is not available at this writing.

The other item subject to possible amendment occurs under Fixed Unit Costs of both stages 1 and 2. Provision is made for 800 feet of timbering at $7.00 a foot, in each stage. The contract does not state where such timbering is allowed although it probably is intended for only the drifting and crosscutting of Stage 1 and for drifting, crosscutting and possibly raising under Stage II. An amendment, if prepared, should specify where the timbering is allowed.

Form MF-104

Shaft sinking - The charge of $2,080.00 represents the 16 feet of advance at the allowable rate of $130.00 per foot.

Crosscutting and Drifting - The advance of 29.0 feet in the adit has been charged for at the specified rate of $34.00 a foot.

Sampling and assaying - The charge of $30.00 represents the allowable cost of $5.00 for each of the 6 samples reportedly assayed during June. An unsigned list of the 6 assays are attached to the Operators' Report.

Labor and Supervision - Three men were employed part time on preparatory work for a total of eleven 8-hour days at $14.00 a day. The total charge, before $18.45 for insurance and taxes, is $154.00. The number of men employed at the same time, 2, rate of pay and total charge to date meet contract specifications. A certified transcript of the payroll has been furnished. No charge has been made for supervision.

Operating Materials and Supplies - The charges of $20.00 for pipe, $30.00 for track, and $20.00 for steel and bits are a reclaim for the same items that were deducted from May report because of improper documentation. The charges are supported by the original Reclaim Form No. 4 and a certified copy of invoice.

Operating Equipment - The charge of $200.00 for Framing Equipment, a 18" pneumatic saw, is a reclaim for an allowable cost of the May report that was denied pending receipt of a proper invoice and Reclaim Form No. 4. The necessary documents have been submitted by the operator.

Miscellaneous - Payroll taxes of $18.45 are shown on the operators certified copy of the payroll for June 1955. Payroll taxes to date of $43.61 do not exceed the allowable maximum.

Totals - The total costs reflect the above mentioned disallowances and reclaim.

Form MF-104A

The form contains a proper distribution of costs shown on Form MF-104.

Operators' Narrative Report

The Operators' Narrative Report, with attached map, is considered adequate.

Recommendation

All costs of the June report, totalling $3,740.45, are allowable. However, the charge of $30.00 for sampling may be deductible because the supporting invoice has not been certified.

T. M. Romulo
Mining Engineer
Southwest Experiment Station

July 14, 1953

Mr. W. H. Trevor, Executive Officer
DMEA Field Team, Region III
[illegible] New Custom House
Denver 2, Colorado

Re: Docket No. [illegible]-3140(Hampton)
Contract No. [illegible]-[illegible]

Dear Mr. Trevor:

The following is a brief narrative report of the work done during the month of June under the above contract.

The main drift was advanced [illegible] feet south [illegible]° east to make a total of 110 feet of advance under the contract. The quartz vein averaged 17 inches with an average grade of 0.[illegible] as determined by weighted average of the channel samples taken during this advance. The enclosed map shows the vein position and width together with the location and width of samples taken. 40 tons were purchased on diluted ore from drift [illegible] while 130 tons of waste were also hauled.

The vertical shaft was started and advanced 16 feet during the month. The [illegible] centerline of the south wall plate is at a [illegible] 40,633.51 north and 50,[illegible].16 east and the wall plate runs south 70° east. The shaft consists of two 4' by 4'6" compartments timbered with 8" by 8" wallplates and cap plates and 6" by 8" dividers. 8" lagging is being used and sets are being placed on 5 ft. centers. Bearing sets were put in at the shaft collar. A trigger hoist and temporary headframe are now being used.

Very truly yours,

[signature]
[illegible] Engineering Company

BLACK PEAK MINING COMPANY
Bagdad, Arizona
July 12, 1955

Docket No. DMEA-3448(Tungsten)
Contract No. Ian-E-763

DRIFT SAMPLES-Main Adit

Channel Samples

Set Number	Width inches	% WO_3
35	17	0.18
36	16	0.12
37	16	0.08
38	18	0.43
39	18	0.26
40	19	2.60
Weighted Average	17	0.65

Form DF 104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUL 22 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of _____, 195____ Docket No. DMEA _____ Contract No. _____
Operator's Name _____ Minerals _____
Address _____
Contract Amount, $_____ Government Participation: _____% Amount, $_____

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
				1371.91		3929.00
TOTALS				1661.91	2554.00	4215.91

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

Date 6-15-55 *Payee _____

Per _____ Title _____

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

NOTE.—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.

(Instructions on reverse)

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

$ 1028.93

Signature _____ (Authorized Certifying Officer)

Date 7/8/55 Vou. No. DMA-56-1

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Nam-F623 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date 6/21/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk.

Signature W. M. Parker Title Executive Officer Date JUL - 5 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form ME-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUL 22 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of _____ 195____ Docket No. DMEA _____ Contract No. _____
Operator's Name _____ Minerals _____
Address _____

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core				80.00	16	5.00		
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

6-15-55
Date 6-15-55 Operator _____

Per J. H. Ozier Title Sec-Treas.

NOTE.—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.

REMARKS: _____

(Instructions on reverse)

(For Government use only) William R. Hardewick

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

RECEIVED
JUL 22 1955

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

Black Pearl Mining Company
Box 248
Kingman, Arizona

Date: July 8, 1955
Payee's
Reference: May 1955

Gentlemen:

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $ 1,661.91

Difference $ 290.00

Amount Approved $ 1,371.91

The reason for the difference was due to:

1 12" Pneumatic Saw	200.00
70 ft. 6" Pipe	20.00
1 pr. Copco Pacific Carbide Insert Steel	20.00
1000' Cord 16# roll w/Rich Alarco	50.00
Total Disallowance	290.00

Items are allowable, but must be supported by invoice to show that is property of your company

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

RECEIVED
JUL 22 1955

224 New Customhouse
Denver 2, Colorado

July 5, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448, Contract Idm-E763, (Tungsten), Black Pearl Mining Company, Black Pearl Tungsten mine, Yavapai County, Arizona - Operator's Monthly Progress Report for the month of May, 1955

Enclosed are the original and four copies of form MF-104 and form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions:

1	12" Pneumatic Saw	$200.00
70 ft.	2" Pipe	20.00
1 pc.	Capco Pacific Carbide Insert Steel	20.00
1000#	Used 16# rail w/fish plates	50.00
	Total Disallowance	$290.00

Items are allowable but invoice not properly made to show them as property of Black Pearl Mining Company. Operator was advised to submit a reclaim.

Remarks:

Date of Report.....June 15, 1955
Date Received in Field Office.....June 16, 1955
Date Received in Region Office.....June 29, 1955

RDB:sr

cc Sec. Op. Comm. (2)
Subject
Storms
Chron
Enclosures

Wm Traver
W. M. Traver

DMEA
Date Rec'd.
JUN 27 1955
BUREAU OF MINES
Denver, Colorado

June 27, 1955

RECEIVED
JUN 2 2 1955

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Office Region III.

From : Superintendent, Southwest Experiment Station.

Subject : May 1955 Progress Report, DMEA Contract Idm-4763, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

Enclosed in quintuplicate are the following:
(1) Bureau of Mines engineer's report;
(2) Operator's narrative report with map;
(3) Forms MF-104 and MF-104A (original with certified payroll, etc.)

Also enclosed are 4 extra copies of our engineer's report.

The operator's report was received in Tucson on June 16, but the fifth copy was not signed so was returned for signature. The signed report was received on June 27 at Tucson.

To the best of my knowledge and belief, all work and costs are in accordance with terms of the contract, therefore I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC - W. M. Traver (8)
DMEA-3448
DF

RECEIVED
JUL 22 1955

June 27, 1955

Memorandum

To : Walter R. Storms, Superintendent, Southwest Experiment Station, Region III.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for May 1955, Budget DMEA-3448, Contract Idm-5763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Ariz.

The Black Pearl Mine was visited on June 9, 1955. Both E. A. Scholz and J. H. Gasier were at the mine. Forms MF-104 and MF-104A, together with a short narrative report were received in Tucson on June 16, 1955. However, some of the forms were not signed, so were returned to the operator for signature.

The three following subjects were discussed with the operator on June 9:

1. A method to account for royalty due the Government;
2. A possible amendment to increase the maximum amount provided in the contract for hoist and headframe;
3. Supporting papers for Stage I of the contract.

At the Black Pearl mine, ore that is subject to royalty is mined from the extension of the adit to the east. Ore that is not subject to royalty is also mined from stopes above the adit level and from other places on the property. All mine production is commingled and concentrated to produce a marketable product. Scholz and Gasier were asked to prepare an outline showing how the royalty due the Government will be determined. They were requested to submit this procedure to the DMEA field team for approval.

Scholz and Gasier have requested bids from independent contractors for the shaft-sinking part of Stage I. They are seriously considering sub-contracting this part of the exploration program. In order to get a favorable bid from a reliable contractor, Scholz and Gasier state that they must agree to supply a higher headframe and a larger hoist than that provided in the contract. They believe that a small increase in the price allowed by the contract for headframe and hoist would be more than balanced by a decrease in the cost of sinking the shaft.

As there are some points in favor of the applicants'

proposal, they were advised to submit a request for an amendment to increase the size of the hoist and headframe. They were told that this request should be supported by copies of the quotations and specifications in the bids by prospective contractors and by quotations for furnishing and installing the proposed larger equipment. They were asked to include an analysis showing the proposed savings that would result to the exploration program as outlined in the contract.

Under the provisions of contract Ldn-2763, the exploration work at the Black Pearl mine is divided into two parts for the purpose of cost accounting. One part provides for actual costs, while the other part provides for agreed estimated costs as a basis for Government participation. During the month of May, costs were incurred in both categories.

The main adit was advanced 20 feet to the east along a continuous steeply dipping quartz vein. Four samples were taken and assayed for Tungsten. The average width of the vein, as reported by the operator, was 20 inches. The vein occupies the center of a fault zone, 6 to 8 feet wide. The walls of the fault are slick and lined with mica. The back of the drift tends to spall along the fault wall on each side of the drift. The sloughing occurs in blocks of from 10 to 200 pounds and the drift must be timbered to prevent accidents.

The contract provides for payment to the operator at the agreed estimated rate of $34.00 per foot for drifting, $7.00 per foot for timbering, and $5.00 for each assay. The work completed in May is shown in the following table:

	May	Total
Drifting @ $34.00 per foot	$680.00	$2,784.00
Timbering @ $7.00 per foot	140.00	308.00
Assays @ $5.00 each	20.00	20.00
Total	$840.00	$3,412.00

That part of the work for which settlement on an actual cost basis is provided by the contract is discussed item by item as follows:

Independent contracts

During May the operator reports that 21½ hours work with a Bonnemaible was expended in leveling the site for the headframe and hoist. The rate for this work ($12.50 per hour) is less than the maximum rate provided by the contract ($15.00 per hr.); the total amount ($268.75) does not exceed the amount that is allowed by the contract; and the claim is supported by a certified copy of the invoice for the work. The work was checked in the field

and the claim seems reasonable and just.

Personal Services

Two men were employed on preparatory work for a total of 12 regular days and 2 overtime days at $14.00 per day. The total charge was $210.00. The number of men, rate of pay and total amount is within the respective amounts provided by the contract. The operator has submitted a certified transcript of the payroll. No supervision is charged for May.

Operating Material and Supplies

Under this category, 70 ft. of 2 inch pipe ($20.00), 1 piece Copco Pacific Carbide Resert Steel ($20.00), and 1,000 pounds of 16 pound rail with fish plates ($80.00) were transferred to the accounts of the Black Pearl Mining Co. from the accounts of the Copper King Lease, another operation that is wholly owned by Scholtz and Cassier. The transaction is supported by a copy of the purchase order of the Black Pearl Mining company signed by Cassier. The material has been moved to the Black Pearl Mine for use on the DMEA project. The prices are reasonable and it is recommended that this charge be allowed.

Operating Equipment

Also transferred to the accounts of the Black Pearl Mining Co. from the Copper King Lease is a 12 inch pneumatic saw ($200.00). This item is purchased as framing equipment. The price is reasonable and it is recommended that the transfer be approved.

Miscellaneous

Under this item payroll tax on the expended labor at the following rates is included:

Federal Insurance Contributions	8.00 percent
Industrial Insurance	8.63 percent
Unemployment	1.35 percent

These rates are reasonable and are within the provisions of the contract. The total amount charged ($25.16) does not exceed the maximum provided in the contract.

The total amount expended under the part of the contract that provides for Government participation on actual cost basis is summarized as follows:

Independent Contracts	$268.75

Personal Services	$210.00
Operating Materials & Supplies	90.00
Operating Equipment	200.00
Miscellaneous	25.16
Total	$793.91

The total amounts expended for the Month of May under the terms of the contract are summarized as follows:

	May	Total
Agreed unit price items	$ 868.00	$3,422.00
Actual cost items	793.91	793.91
Total	$1,661.91	$4,215.91
Government's part	$1,246.43	$3,161.93

The unit price items and the progress on the actual cost part of the contract were checked. The operator has retained original invoices and has presented certified copies with his claim. In the case of Operating Materials and Supplies those materials not yet used are in stock. It is recommended that the operators claim be paid.

The completion date for this contract is June 30, 1956.

William R. Hardwick
William R. Hardwick
Mining Engineer

CC - W. M. Traver (orig. & 8)
DMEA-3448
DF

RECEIVED
JUL [illegible] 1985

[illegible]
[illegible], California
[illegible]

[illegible]
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[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

RECEIVED
JUN 15 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of _____, 195__ Docket No. DMEA _____ Contract No. _____
Operator's Name _____ Minerals _____
Address _____
Contract Amount, $_____ Government Participation: ____% Amount, $_____

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS				2,554.00	00	2,554.00

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

Date _____ *Payee _____

Per J. H. Hughes Title _____

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

→ **NOTE.—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.**

(Instructions on reverse)

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

$ 1915.50

Signature Randell R. Cooper
(Authorized Certifying Officer)

Date 6/1/55 Vou. No. DMA-55-95

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dmx-F763 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date 5/25/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Traver Title Executive Officer Date JUN - 1 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN 15 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of _____ 195____ Docket No. DMEA _____ Contract No. _____
Operator's Name _____ Minerals _____
Address _____

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

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

Date _____ Operator _____

Per _____ Title _____

NOTE.—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.

REMARKS: _____

(Instructions on reverse)

(For Government use only)

William A Hardwick

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

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

RECEIVED
JUN 1 5 1955

224 New Customhouse
Denver 2 Colorado

June 1, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3448 (Tungsten), Contract Idm-E763, Black Pearl Mining Company Yavapai County, Arizona - Operator's Monthly Progress report for the period of March and April, 1955

Enclosed are the original and four copies of form MF-104 and MF-104A, Narrative Report and Engineer's Report for the above period

Work has been completed as authorized by the contract No documentation is required for work performed at the fixed unit costs as reported therefore we recommend that payment be made for 75 percent of the amount reported by the Operator on form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Operator's report.....May 9, 1955
Date Report Received in Region Office...May 31, 1955

W. M. Traver

W. M. Traver

Enclosures

RDB:sr

cc Subject
Chron
Sec. Op. Comm. (2)
Storms

RECEIVED
JUN 15 1955
DMEA
5

May 26, 1955

Memorandum

To: W. M. Traver, Executive Officer, DMEA Field Team, Region III

From: Superintendent, Southwest Experiment Station, Tucson, Ariz.

Subject: March-April 1955 Progress Report, DMEA Contract I6m-K783, Docket DMEA-3448, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Arizona

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report;
(3) Forms MF-104 and MF-104A.

Also enclosed are 4 extra copies of our engineer's report.

As all work is in accordance with terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

cc - W. M. Traver (8)
DMEA-3448
DF
WRStorms/ts

RECEIVED
JUN 1 5 1955

May 26, 1955

Memorandum

To: Walter R. Stevens, Supt., Southwest Experiment Station, Region III

From: William R. Hardwick, Mining Engineer, Tucson, Arizona

Subject: Progress Report for March and April 1955, Docket DMEA-3448, Contract Idm-E763, Black Pearl Mining Co.'s Black Pearl Tungsten Mine, Yavapai County, Arizona

The Black Pearl mine was visited on April 14, 1955, and again on May 19, 1955. Both E. A. Scholz and J. H. Cozier were absent from the mine and vicinity at the time of the visits. On May 19, 1955, K. K. Pummala, superintendent, was at the mine and assisted in measuring the progress.

This contract was approved on February 2, 1955, and work was started on March 8, 1955, at which time a starting point was established for item 5 of Stage I by L. L. Burnham. Item 5 of Stage I provides for extending the main adit a distance of 400 feet in an easterly direction from the present face.

On May 19, 1955, the adit had been advanced a distance of 78.0 feet from the starting point; all advance was timbered. The operator claims that 61 feet of this advance was completed in April. As no voucher was submitted for the last part of March, and April was the first full month of operation, it is assumed by the writer that the April voucher includes the work completed in March. This point could not be verified when the property was visited as Scholz and Cozier were absent.

The applicant reports that 12 samples were taken at 5 foot intervals. Pummala stated that these samples were taken by cutting a channel sample across the face of the vein at three points, 2 feet, 4 feet, and 6 feet above the bottom of the drift. The cuttings from all three channels are combined into one sample which represents the 5-foot drift interval. Pummala stated that in addition to sampling all tungsten produced by the drift is recorded. According to the operator's report the average width of the vein is 21 inches, and the grade, 0.85 percent WO_3.

The cost of the work completed in March and April was as follows:

cc - W. H. Traver (orig. & 8)
DMEA-3448
DF
WRHardwick/ts

	Units	Cost
Drifting and crosscutting @ $34.00/ft.	61 ft.	$2,074.00
Timbering @ $7.00/ft.	60 ft.	420.00
Sampling & assaying @ $5.00/ea.	12	60.00
Total		$2,554.00
Government's agreed part (75%)		$1,915.50

The work that is listed above as having been completed in March and April 1955, is in accordance with the terms of the contract and is approved. It is recommended that the Government's agreed part of the cost be paid to the operator in accordance with the terms of the contract. The completion date for this contract is June 30, 1956.

William R Hardwick
William R. Hardwick
Mining Engineer

[illegible]

[illegible], 1978

Mr. [illegible] Denver
[illegible]
[illegible]
[illegible]
Denver, [illegible]

Re: [illegible] (Denver)
Contract [illegible]

Dear Mr. Denver

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

A bulldozer became available [illegible] and the levelling of a shaft site is now being proceeded. Installations on a hoist, skip, buckets etc. have been ordered and various other steps preliminary to shaft sinking have been taken.

Very truly yours,

J. H. [illegible]

[illegible]

[illegible]
[illegible], [illegible]
[illegible] 9, 1955

[illegible]
[illegible]

[illegible]

[illegible]

Rot No.	[illegible]	[illegible]
	Inches	
19	15	[illegible]
20	34	0.13
21	21	0.60
22	30	0.30
23	23	0.46
24	36	[illegible]
25	37	1.06
26	26	1.13
27	26	0.26
28	27	[illegible]
29	27	0.31
30	30	1.41
[illegible]	33	[illegible]

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

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Hillside Mining and Milling Company, Assignee
Bagdad, Arizona

Pursuant to the provisions of Exploration Project Contract No. Idm-E763, executed February 2, 1955, (Docket No. DMEA 3448), as amended, hereinafter called the "Contract", between Hillside Mining and Milling Company (Assignee of Black Pearl Mining Company) and the United States of America, hereinafter called the "Government"; to establish and fix the Government's royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that a discovery or development from which production may be made has resulted from the exploration.

The nature of said discovery or development is described broadly or indicated as follows:

Shaft sinking, drifting on the adit level, and crosscutting, drifting and raising on the 125-foot level of the Black Pearl mine have exposed tungsten ore, dominantly in the form of crystals and large masses of wolframite, with minor amounts of scheelite, occurring in a quartz fissure vein in granite.

THE UNITED STATES OF AMERICA

Dated OCT 25, 1957.

By O O Mittendorf
Administrator, Defense Minerals
Exploration Administration

SPHolt:foc 9-27-57
cc to: Code 400
110
800
FT. REG. III
F. D. Lamb, USBM
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS
Finance Div.
C. A. Fredell, GSA
Admr. R. File
Oper. Comm.

cc to: John W. Lawler
Mary Lawler
James E. Harrington & Kathryn I. Harrington
~~F. H. &~~ Mrs. Mary Lyons
Jos. W. & Florence E. Walton
E. A. Scholz & Mrs. Irma R. Scholz
J. H. & Mrs. Dorothy L. Cazier
Black Pearl Mining Company

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

OCT 25 1957

AIR MAIL

Hillside Mining and Milling Company
Bagdad, Arizona

Re: Docket No. DMEA 3448 - Tungsten
Black Pearl mine
Yavapai County, Arizona
Contract No. Idm-E763

Gentlemen:

Enclosed is a certification of discovery or development which covers all the land described in Article 2 of the contract.

By the terms of the Exploration Project Contract, as amended, and of the certification all minerals mined or produced from February 2, 1955, to February 2, 1968, are subject to the Government's percentage royalty as set forth in the contract until the sum of $44,380.62, subject to final audit, is paid.

Royalty should continue to be paid, as it has been in the past, to Mr. E. N. Harshman, Acting Executive Officer, DMEA Field Team, Region III, 224 New Customhouse, Denver 2, Colorado. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward check direct to the Acting Executive Officer. Royalty payments to the Government should be accompanied by suitable evidence, such as settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the charge certified to be correct by the purchaser.

You are requested to notify Mr. Harshman of any change in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Harshman at 6-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

SPHOLT:foc:dlm;10-21-57 cc to: Oper. Comm.
cc to: Code 400
FT. RPG. III
800
F. D. Lamb, USBM
110
R. W. Holliday, USBM
Admr. R. File
T. H. Kilsgaard, USGS

cc to: J. H. & Dorothy L. Cazier
Black Pearl Min. Co.
E. A. & Irma H. Scholz
John W. & Mary Lawler
James E. & Kathryn I. Harrington
~~P. H. & Mary Lyons~~
Jos. W. & Florence E. Walton

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

OCT 25 1957

Black Pearl Mining Company
c/o Mr. Edgar A. Scholz
5707 North 12th Street
Phoenix, Arizona

Re: Docket No. DMA 3443 - Tungsten
Hillside Mining and Milling Company,
Assignee
Black Pearl mine
Contract No. DMA-763

Gentlemen:

Enclosed is a copy of a certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Sub-lease and Assignment of Option signed by you as lessor and the Hillside Mining and Milling Company as lessee, on November 1, 1955. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or production therefrom.

Sincerely yours,

C. C. Mittendorf

Administrator

SPHOLT:foc
10-27-57
cc to: Code 100
800
Admr. R. File
Enclosure
Opr. Cons.

PT. REG. III
Messrs. L. L. Johnson
F. D. Lamb, [illegible]
H. W. Holliday, [illegible]
T. H. Killegaard, [illegible]

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

Mr. Clarence [illegible] Fredell, Acting Director
Technical Services Division
Defense Materials Service
General Services Administration
7th and D Streets, [illegible]
Washington 25, [illegible]

Re: Docket No. [illegible] - Tungsten
Hillside Mining and Milling
Company, Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract No. Idm-763

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development issued under the subject contract.

Contract No. Idm-763 for the exploration of the Black Pearl tungsten deposits was executed February 2, 1955. Expenditures up to $127,285.00 were authorized by the contract as amended, of which the Government's share at 75 percent was $95,463.75. Cost of the work completed was $59,174.16, of which the Government's share was $44,380.62, subject to final audit.

The object of the exploration program was to test the possible tungsten occurrences along a quartz fissure vein in granite. The program employed shaft sinking, drifting, crosscutting and raising to explore the mineralized zone.

The contract, as amended, provided for 275 feet of shaft sinking, excavating two shaft stations, 1,600 feet of drifting, 185 feet of crosscutting, and 125 feet of raising. Work completed comprised 150 feet of shaft sinking, excavating one shaft station, 716 feet of drifting and crosscutting, and 118 feet of raising.

Reserves of tungsten ore discovered by project work are estimated as 100,000 tons of indicated and inferred ore, averaging 0.27 percent tungsten trioxide (WO_3).

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Messrs. F.D. Lamb, USBM
C. L. DeRuff, Jr. USBM
T. H. Pillsgeard, USGS

cc to: Admr. R. File
Oper. Comm.
MT. REG. III

SPHCLT/dlm 10-18-57
cc to: Code 400
800
110

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

OCT 25 1957

Copy of letter sent to the following:
Mary and John W. Lawler, Prescott, Arizona
James E. and Kathryn I. Harrington, Phoenix, Arizona
F. H. and Mary Lyons, % John W. Lawler, Prescott, Arizon
Joseph W. and Florence E. Walton, % John W. Lawler, Prescott, Arizona
Edgar A. Scholz and Irma Scholz, 5702 N. 12th St., Phoenix, Arizona
J. H. and Dorothy L. Cazier, 1555 S. Ash St. Denver, Colorado

Re: Docket No. DMA 3048 - Tungsten
Hillside Mining and Milling Co., Assignee
Black Pearl Mine
Yavapai County, Arizona
Contract No. Idm-763

Enclosed is a copy of a certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Owner's Consent to Lien signed by you on February 16, 1955. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

SPHolt/dlm 9-27-57
cc to: Code 400
Admr. R. File
Oper. Comm.
Audit Div.
FT. REG. II
F. E. Johnson
F. D. Lamb, USBM
R. W. Holliday, USBM
T. H. Kiilsgaard, USGS

Audit Copy

TERMINATION AGREEMENT

It is agreed this 11th day of June, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Hillside Mining and Milling Company (Assignee of Black Pearl Mining Company), hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Ldm-2763 (Docket No. DMEA-2448), dated February 2, 1955, hereinafter referred to as the "Contract," that:

1. Effective August 1, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the agreed actual and unit costs of work performed prior to August 1, 1956.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and the final account.

4. All rights of the Government provided for in the Contract with respect to certification of discovery or development, percentage royalty and liens for its payment, records, audits, and recovery of any overpayment, are preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

HILLSIDE MINING AND
MILLING COMPANY

By Robert C. Bryant

Title Secretary

Government

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 14 1957

DATE	INITIALS	CODE
		800

EXPLORATION PROJECT CONTRACT
HILLSIDE MINING AND MILLING COMPANY, ASSIGNEE
DOCKET NO. DMEA 3448

AMENDMENT NO. 4

It is agreed this 28th day of December, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hillside Mining and Milling Company, assignee of Black Pearl Mining Company, that Exploration Project Contract No. Idm-E763 (Docket No. DMEA 3448), dated February 2, 1955, as amended, is further amended as follows:

1. (a) Work under this Contract shall be further suspended from October 31, 1956, to May 2, 1957.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

(c) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve the project work and any property in which the Government has an interest.

2. The period for completion of the work is extended to May 2, 1958.

3. The maximum period for payment of royalty and liens for the payment thereof, provided for in the Contract, is further increased from twelve (12) years to thirteen (13) years from the date of the Contract.

This amendment shall not be construed to increase the estimated total cost of the project, the total amount which the Government may be required to contribute, the fixed unit costs of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Executed in sextuplicate the day and year first above written.

HILLSIDE MINING AND MILLING COMPANY

By Robert C. Boyer
Secretary

THE UNITED STATES OF AMERICA

By O. Mitteudorf
Administrator, Defense Minerals Exploration Administration

Government's Copy

RECEIVED
NOV 26 1956
D.M.E.A.

EXPLORATION PROJECT CONTRACT
HILLSIDE MINING AND MILLING COMPANY, ASSIGNEE
DOCKET NO. DMEA-3448

Amendment No. 3

It is agreed this 26th day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hillside Mining and Milling Company, assignee of Black Pearl Mining Company, that Exploration Project Contract No. Idm-E763, (Docket No. DMEA-3448), dated February 2, 1955, as amended, is further amended as follows:

1. (a) Work under this Contract shall be suspended during the period beginning July 31, 1956, and ending not later than October 31, 1956.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

(c) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of work.

(d) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve the project work and any property in which the Government has an interest.

2. The period for completion of the work is extended to October 31, 1957.

3. The maximum period for payment of royalty and liens for the payment thereof, provided for in the Contract, is increased to twelve (12) years from the date of the Contract.

This amendment shall not be construed to increase the estimated total cost of the project, the total amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mittenzwey
Administrator, Defense Minerals
Exploration Administration

HILLSIDE MINING AND MILLING
COMPANY

By Robert C. Bogart
Secretary

Government's copy

EXPLORATION PROJECT CONTRACT
HILLSIDE MINING AND MILLING COMPANY, ASSIGNEE
DOCKET NO. DMEA-3448

Amendment No. 2

It is agreed this 28th day of June, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hillside Mining and Milling Company, assignee of Black Pearl Mining Company, that Exploration Project Contract No. Idm-E763, Docket No. DMEA-3448, dated February 2, 1955, first entered into between the Government and Black Pearl Mining Company, as amended, is further amended as follows:

1. In Article 3 of the Contract, the period for completion of the work is extended from June 30, 1956, to May 31, 1957.

2. The maximum period for payment of royalty and lien for the payment thereof, provided for in the Contract, is increased to eleven years from the date of the Contract.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O O Mitkeudorf
Administrator, Defense Minerals
Exploration Administration

HILLSIDE MINING AND MILLING CO.

By Robert C. Bogart

Title Secretary

RECEIVED
JUL 13 1956

Government's copy

EXPLORATION PROJECT CONTRACT
HILLSIDE MINING AND MILLING COMPANY, Assignee
DOCKET NO. DMEA-3448

Justification for Amendment No. 2

On May 18, 1956, the Operator requested that the Field Team approve performance of the work outlined in items 11 through 16 of the captioned contract, and requested that the time for completion of contract be extended by 11 months.

The Field Team, by letter of June 7, 1956, granted the Operator's request for approval to perform the work noted, but informed the Operator that it was not within the delegated authority of the Field Team to grant the extension of time to complete the contract.

Amendment No. 2 extends the time for completion of the contract, in accordance with the Operator's request, and also extends the repayment period by one year, to include the added time allowed for completion.

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

AIR MAIL

[illegible] New Customhouse
Denver 2, Colorado

June 5, 1956

Mr. Robert C. Bogart
General Manager
Hillside Mining and Milling Company
Bagdad, Arizona

Re: Docket No. DMEA-[illegible] (Tungsten)
Contract DMe-[illegible], Hillside Mining
and Milling Company, Yavapai County,
Arizona

Dear Mr. Bogart:

In reference to your request of May 18, 1956 and consistent with the provisions of Contract DMe-[illegible] relative to the performance of work under Stage II, this constitutes the Government's approval for you to perform the work outlined under Stage II items 11 to 16 inclusive. The work shall be accomplished in conformance with the provisions in the Contract pertaining to that particular item of work.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the fixed unit cost of any item of work nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

W. M. Travers

W. M. Travers

JWT/pw

E. N. Harshman

E. N. Harshman

cc: Chairman, Op. Comm. (4)
Finance Office, Region III
Amendment File, Region III
Harshman
Storms
Faick
Townsend
Corres. File
Chron

Government's copy

ASSIGNMENT OF CONTRACT

WHEREAS, Black Pearl Mining Company (hereinafter called the "Assignor"), entered into Exploration Project Contract Idm-E763 (Docket No. DMEA-3448), dated February 2, 1955, (hereinafter called the "Contract"); and

WHEREAS, Hillside Mining and Milling Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, whose address is BAGDAD, ARIZONA (hereinafter called the "Assignee"), has acquired the Assignor's interest in the land which is the subject of the Contract and the Assignee desires to complete the work under the Contract;

NOW THEREFORE, the Assignor, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee does hereby assign, transfer, and convey to the Assignee all of the Assignor's right, title, and interest in the Contract (including any and all property purchased for and the right to use any and all property devoted to the work under the Contract): Provided, That the Government shall make payment to the Assignor for all work performed prior to Nov 1, 1955, and upon payment thereof the Government shall be and is hereby released by the Assignor from all claims under the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waives notice thereof.

This Assignment is subject to the execution by the Assignee of the acceptance form set forth below and to the written consent of the Government.

Dated this 12th day of Dec, 1955.

BLACK PEARL MINING COMPANY

By Edgar A. Scholz

PRESIDENT

I, J. H. Cazier, certify that I am the _____ secretary of the Black Pearl Mining Company named herein; that Edgar A. Scholz who signed this instrument on behalf of the corporation, was then President of said corporation; that said instrument 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.

J. H. Cazier (Corporate Seal)

RECEIVED
JAN 1 6 1956

ASSIGNEE'S ACCEPTANCE

The Assignee, Hillside Mining and Milling Company, hereby accepts the above Assignment and agrees to be bound by the terms, provisions, and conditions of the Contract.

Dated this 12th day of Dec., 1955.

HILLSIDE MINING AND MILLING COMPANY

By J. C. Lincoln

President

I, Geo. W. Colville certify that I am the _____ secretary of the Hillside Mining and Milling Company named herein; that J. C. Lincoln who signed this instrument on behalf of the corporation, was then Pres. of said corporation; that said instrument 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.

George W. Colville [Corporate Seal]

Secretary

GOVERNMENT'S CONSENT

The Government, this 12th day of Dec., 1955, hereby consents to the above Assignment without releasing the Assignor, Black Pearl Mining Company, from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals
Exploration Administration

Excerpt from the Administrator's diary dated Friday, May 27, 1955

We had our meeting with Eastland at 9 o'clock. Frank, Jay, and Hofflund were present.

Eastland gave us the background by reading a report from GSA's San Francisco representative. It appears that GSA made settlement for 100% of the value on their own samples which were taken by inserting a hollow tube into each sack of tungsten concentrate. After settling for well over $100,000 of tungsten concentrate, the GSA representatives discovered that some of the shipments made by the Black Peral Mining Co. contained low-grade material in the bottom of the sacks which was not fairly represented by their tube sampling. They, therefore, opened several sacks and after coning them thoroughly found upon resampling that the results were considerably lower than those upon which they had based settlement.

GSA carried its investigations to a depot in Indiana which had more of the Black Pearl concentrates in its storehouse. Upon slitting the sacks they found definite layers of high-grade and low-grade material. Upon resampling again, they came out with the same results; that is, they paid too much in the first instance.

They turned the case over to FBI, who assigned it to the Attorney General's representative in Arizona. He declined to prosecute the case because he did not feel there was sufficient evidence to justify a conviction of fraud.

GSA has billed Cazier and Scholz, Black Pearl Mining Co., for the return of an $8000 overpayment. They have ignored the correspondence.

Black Pearl continues to market concentrates with GSA, but does so through the Hillside Mining Co., also of Arizona. There is no way, therefore, for GSA to hold back from payment on subsequent shipments.

Eastland was hopeful that we could hold back under our DMEA contract with Cazier and Scholz. After considerable discussion and explanation of our program, Eastland seemed convinced that DMEA is not a proper Government activity for use in liquidating claims of this type.

Government's Copy

RECEIVED
OCT 1 7 1955

EXPLORATION PROJECT CONTRACT
BLACK PEARL MINING COMPANY
DOCKET NO. DMEA-3448
CONTRACT NO. Idm-E763

AMENDMENT NO. 1

It is agreed this 16th day of September, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the Black Pearl Mining Company, that Exploration Project Contract No. Idm-E763 (Docket No. DMEA-3448), is amended as follows:

1. In Annex II, paragraph 1, insert the following words after the comma on the third line:

"a point 80 feet east of the cut-off plane on the adit level indicated on Figure 3,"

2. In Exhibit "A", under Fixed Unit Costs:

(a) Under Stage I, after "Timbering 800 feet" add "of drift and crosscut".

(b) Under Stage II, after "Timbering 800 feet" add "of drift and crosscut".

This amendment shall not be construed to increase the estimated cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as maximum, or the Fixed Unit Cost of any item of work.

UNITED STATES OF AMERICA

By O. Meadors
Administrator, Defense Minerals
Exploration Administration

BLACK PEARL MINING COMPANY

By Edgar A. Scholz

DMEA Form 14

Contract No. Idm-E 763

Docket No. 3448

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
February 2, 1955	III	Arizona	Tungsten

Name and Address of Operator: Black Pearl Mining Co.
Box 248
Bagdad, Arizona

	Reserve	Obligation
Prior Amount	0	95,463.75
Increase	0	0
Decrease	0	51,162.15
Revised Amount	0	44,301.60

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 2/21/58

22845

Docket No. ~~DMEA - 3448~~

Commodity ~~Tungsten~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E ~~763~~

Date of Contract ~~or Amendment:~~ Feb. 2. 1955

Name and Address of Operator:

Black Pearl Mining Company (an Arizona Corp.)
Box 248
Bagdad, Arizona

Amount of Government participation ____ $ 95,463.75

Percent of Government participation ~~75~~ %

Region: 111 State: Arizona

(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

2/2/55

54458

DMEA
FEB 4 1955

Government's Copy

MF-200
(Revised June 1954)

Docket No. DMEA -3448

Commodity Tungsten

Contract No. Idm-E - 763

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 2nd day of February, 195 5, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Black Pearl Mining Company, an Arizona Corporation, whose mailing address is Box 248, Bagdad, Arizona, 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-200), the attached Exhibit "A," Annex I, and Annex II

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 Arizona, County of Yavapai, 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] ....., [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: See Annex I

(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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b) (1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Tungsten. The work to be performed is described in Exhibit "A." The Operator on or before March 30, 1955 shall commence the work, and on or before June 30, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and 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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $127,285.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $95,463.75: *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 or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) 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 therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

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

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that otherwise would be allowable costs of the project under Article 6 of the contract form.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Meitzendorf
Administrator, Defense Minerals
Exploration Administration

BLACK PEARL MINING COMPANY
(Operator)

By Edgar A. Scholz

I, J. H. Larsen, certify that I am the Sec. secretary of the corporation named as Operator herein; that Edgar A. Scholz who signed this contract on behalf of the Operator, was then President 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.

J. H. Larsen

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
BLACK PEARL MINING COMPANY
DOCKET NO. DMEA-3448

ANNEX I

The Operator's interest in the land referred to in Article 2 is held under a lease and option agreement dated April 30, 1951, between all the owners and E. A. Scholz and Irma R. Scholz, which agreement was assigned to the Operator, and under an amendment to said agreement dated August 1954, between all the owners and the Operator, the Operator's rights under these agreements expire October 1, 1964.

The land consists of three patented mining claims recorded at the Court House in Prescott, Yavapai County, Arizona, as follows:

Black Pearl Patented Lode Mining Claims Numbers 1, 2, and 7. (Mineral Survey 4186) (U. S. Patent No. 1102913)	Recorded in Book of Deeds 181, between pages 551-554.

EXPLORATION PROJECT CONTRACT
BLACK PEARL MINING COMPANY
DOCKET NO. DMEA-3448

ANNEX II

Special Agreement Concerning Royalty

It is known to both parties that production has been and may be made from an area of the land described in Annex I. It is not the intention of the parties that royalty be paid on such production, unless said production is extracted or transported through any workings described in Exhibit "A" of this contract in which case it is intended that royalty be paid to the Government.

It is agreed, therefore, that:

1. Production made from that portion of the Black Pearl vein which is above the present adit level and west of a vertical cut-off plane through the present face, shall not be subject to the royalty provisions of the contract, except as provided in paragraph 2 of this Annex.

2. Notwithstanding the provisions of paragraph 1 of this Annex, and regardless of whether a certification of discovery or development is made, royalty shall be payable in the manner set forth in Article 8 of the contract for the period set forth in Article 8 (b) (2) of the contract on all production from the land described in Annex I which is transported or extracted through any workings described in Exhibit "A", provided that in no event shall more than one royalty be due on any production.

EXPLORATION PROJECT CONTRACT
BLACK PEARL MINING COMPANY
DOCKET NO. DMEA-3448

EXHIBIT "A"

Description of the Work

The following figures and maps are attached to and made a part of this contract:

"Figure 1. Location Map - Black Pearl Mine - Yavapai County, Arizona."

"Figure 2. Topographic and claim map - Black Pearl Mine - Yavapai County, Arizona," showing claims included in contract outlined in blue.

"Fig. 3. Longitudinal Section on Vein Looking North - Black Pearl Mine - Yavapai County, Arizona," showing proposed exploration and also including plan and cross-section of the proposed shaft.

This work is divided into two stages, as follows:

Stage I

Preparatory work

1. Prepare site for shaft, shaft house, headframe and hoist.

2. Erect 35 foot, wood headframe with sheave.

3. Erect hoist house, approximately 12 feet by 15 feet and install hoist.

4. Purchase and install buckets, skip, and accessory equipment for the operation.

Exploration work

5. Extend the main adit from the present face 400 feet easterly along the Black Pearl vein.

6. On the footwall side, approximately 50 feet from the Black Pearl vein at or near the point indicated in Figure 3, sink a 2-compartment vertical shaft 150 feet.

7. At a depth of 125 feet in the shaft, cut a station and skip pocket.

8. Crosscut 45 feet from end of station specified in item 7, to cut Black Pearl vein.

9. Drift 400 feet easterly along the Black Pearl vein, from the point where cut under item 8.

10. Sample vein at 5-foot intervals.

Stage II

No work shall be undertaken under this stage without the prior approval of the Government.

11. For purposes of ventilation and safety, raise 125 feet from the 125-foot level along the vein to the adit level, to a point approximately as shown in Figure 3.

12. Extend the vertical shaft an additional 125 feet, to a total depth of 275 feet.

13. At a depth of 250 feet in the shaft, cut a station and skip pocket.

14. Crosscut 60 feet from the end of the station specified in item 13 to the Black Pearl vein.

15. Drift 600 feet easterly and 200 feet westerly along the Black Pearl vein.

16. Sample vein at 5-foot intervals.

Minimum cross-sectional dimensions of the work under the contract shall be as follows:

Drifts, (including adit) and crosscuts, 4½ feet by 6½ feet in the clear of timber.

Raise, 4 feet by 6 feet in the clear of timber.

Vertical shaft, 6 feet by 11 feet in rock section.

Station and skip pocket, 9 feet by 9 feet by 20 feet in rock section.

All work under the contract shall be timbered as necessary.

The location, direction and extent of all work are subject to the approval of the Government.

Estimated Cost of the Project

Stage I

ACTUAL COSTS

Category (1) Independent Contracts		
Bulldozing, 32 hours @ $15.00/hr.	$ 480.00	
		$ 480.00
Category (2) Personal Services		
(a) and (b) Supervision and Technical		
1 Supervisor-Engineer @ $600/mo., 1 month, ½ time	300.00	
(c) Labor		
2 men, 24 days each or 48 days at $16.25 including overtime, 6-day week	780.00	
		$ 1,080.00
Category (3) Operating Material and Supplies		
Small tools, etc.	100.00	
Drill bits and steel	20.00	
Explosives	20.00	
Fuel, and lubricants	20.00	
Track, spikes, fish-plates, ties	50.00	
Pipe	20.00	
		$ 230.00
Category (4) Operating Equipment		
(a) Rental		
None		
(b) Purchases		
1 Gasoline hoist, about 35 H. P.	2,500.00	
Fan with gasoline motor	500.00	
Framing equipment	300.00	
2 sinking buckets, skip, etc.	1,250.00	
Cable	200.00	
		$ 4,750.00

(c) Depreciation

Estimated value equipment $12,000.00		
Used 1 month, 1/60	200.00	
		$ 200.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures and Installations

Erect Hoist house	500.00	
Erect headframe with sheave	1,500.00	
Installing hoist	300.00	
		$ 2,300.00

Category (7) Miscellaneous

Payroll taxes, Social Security and Compensation insurance	150.00	
Railway freight and trucking	300.00	
General	500.00	
		$ 950.00
Total cost for preparation work		$ 9,990.00

The Government will contribute to the costs of the work requirements listed below on the basis of the Fixed Unit Costs specified therefor, as they accrue, in lieu of actual costs. The Fixed Unit Costs include all costs of the work whatsoever, except the costs of the preparatory work under the first 4 items of Stage I to which the Government will contribute on the basis of actual costs.

FIXED UNIT COSTS

Stage I

Sinking 2-compartment vertical shaft 150 feet @ $130.00/ft.	$19,500.00
Cut station and skip pocket at 125-foot level of shaft 1/	2,000.00
Drifting and crosscutting 845 feet @ $34.00/ft.	28,730.00
Timbering 800 feet @ $7.00/ft.	5,600.00

1/ The completed work constitutes the unit.

Spiling 40 feet @ $20.00/ft. 2/	800.00	
Sampling and assaying, 160 samples @ $5.00 each	800.00	
		$ 57,430.00
Estimated Total Cost of Stage I		$ 67,420.00

Stage II

Raise 125 feet from the 125-foot level on the vein @ $35.00/ft.	4,375.00	
Extend shaft an additional 125 feet @ $130.00/ft.	16,250.00	
Cut station and pocket at the 250-foot level of shaft 1/	2,000.00	
Drifting and crosscutting 860 feet @ $34.00/ft.	29,240.00	
Timbering 800 feet @ $7.00/ft.	5,600.00	
Spiling 80 feet @ $20.00/ft.2/	1,600.00	
Sampling and assaying 160 samples @ $5.00 each	800.00	
Estimated Total Cost of Stage II		$ 59,865.00
Estimated Total Cost of Project		$127,285.00
Government Participation @ 75%		$ 95,463.75

1/ The completed work constitutes the unit.
2/ The unit cost includes the cost of timbering.

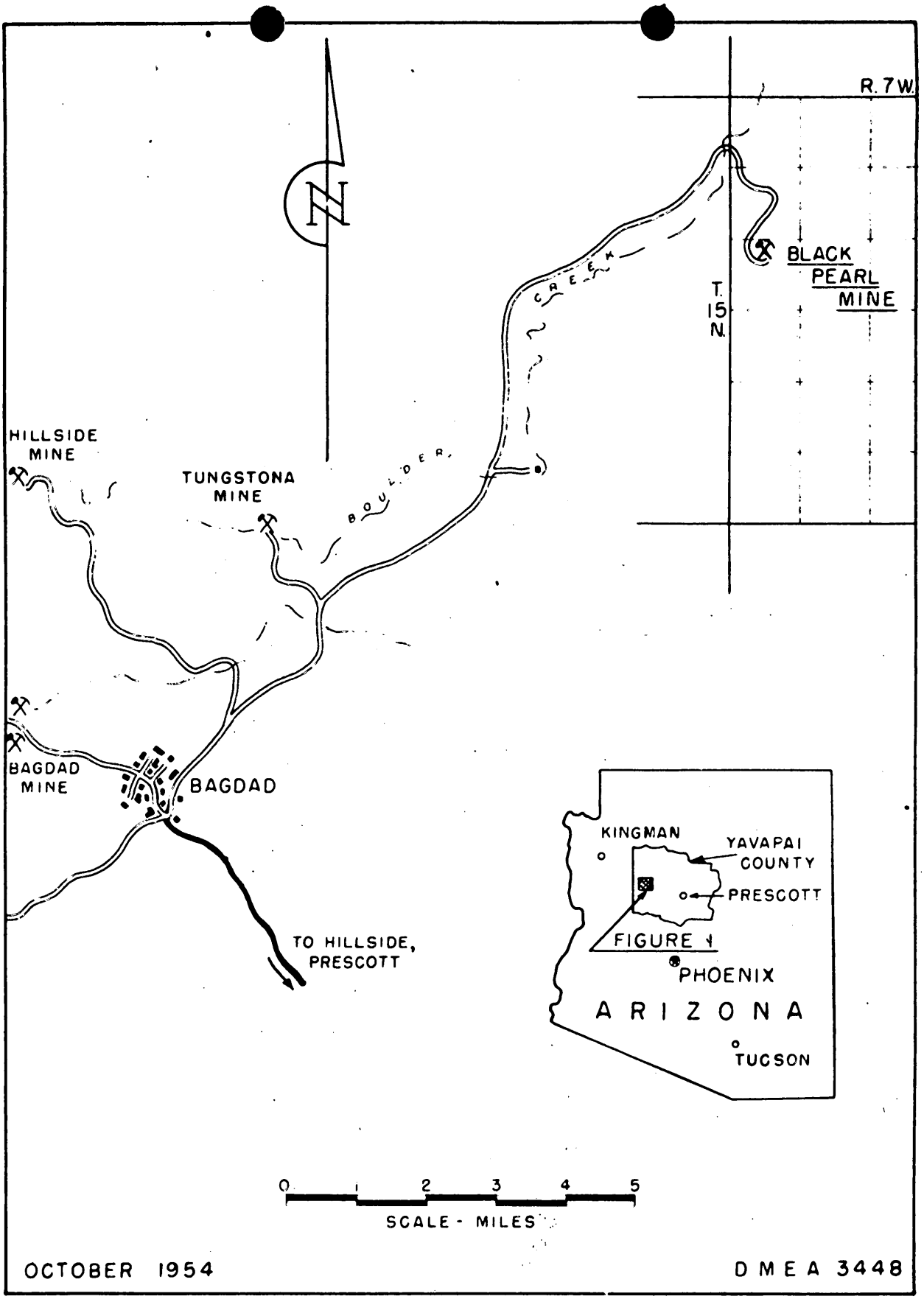
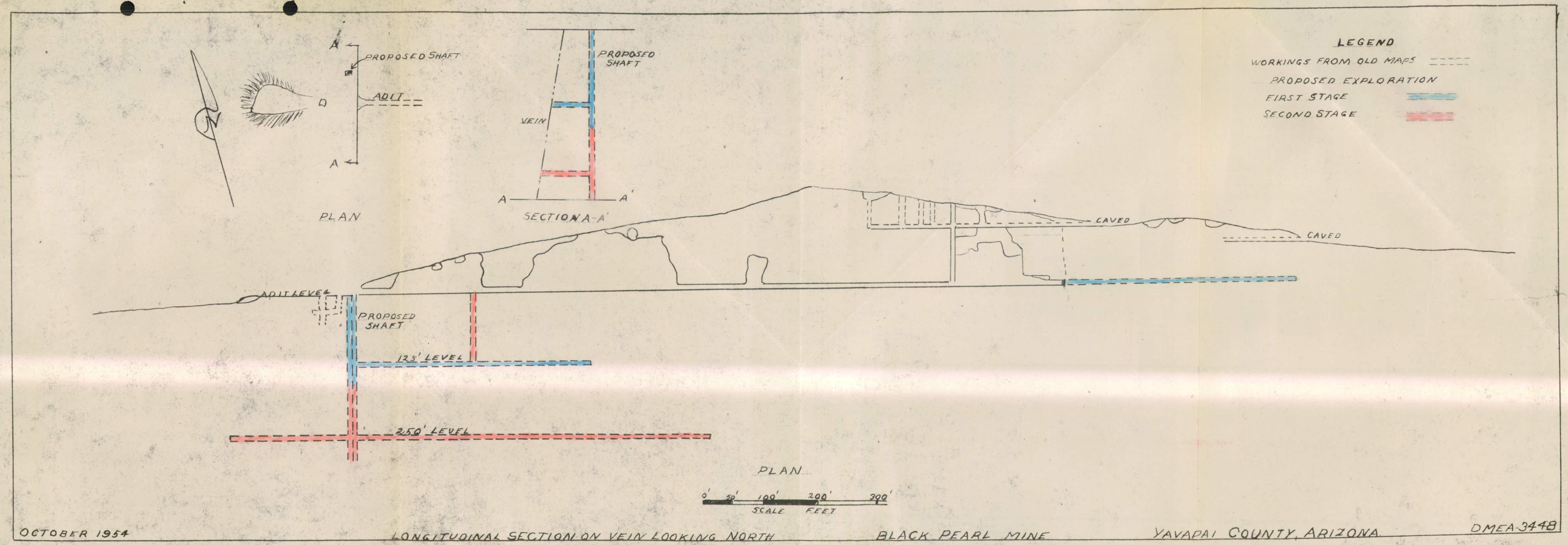


FIGURE 1. - LOCATION MAP - BLACK PEARL MINE
YAVAPAI COUNTY, ARIZONA



OCTOBER 1954 LONGITUDINAL SECTION ON VEIN LOOKING NORTH BLACK PEARL MINE YAVAPAI COUNTY, ARIZONA DMEA-3448

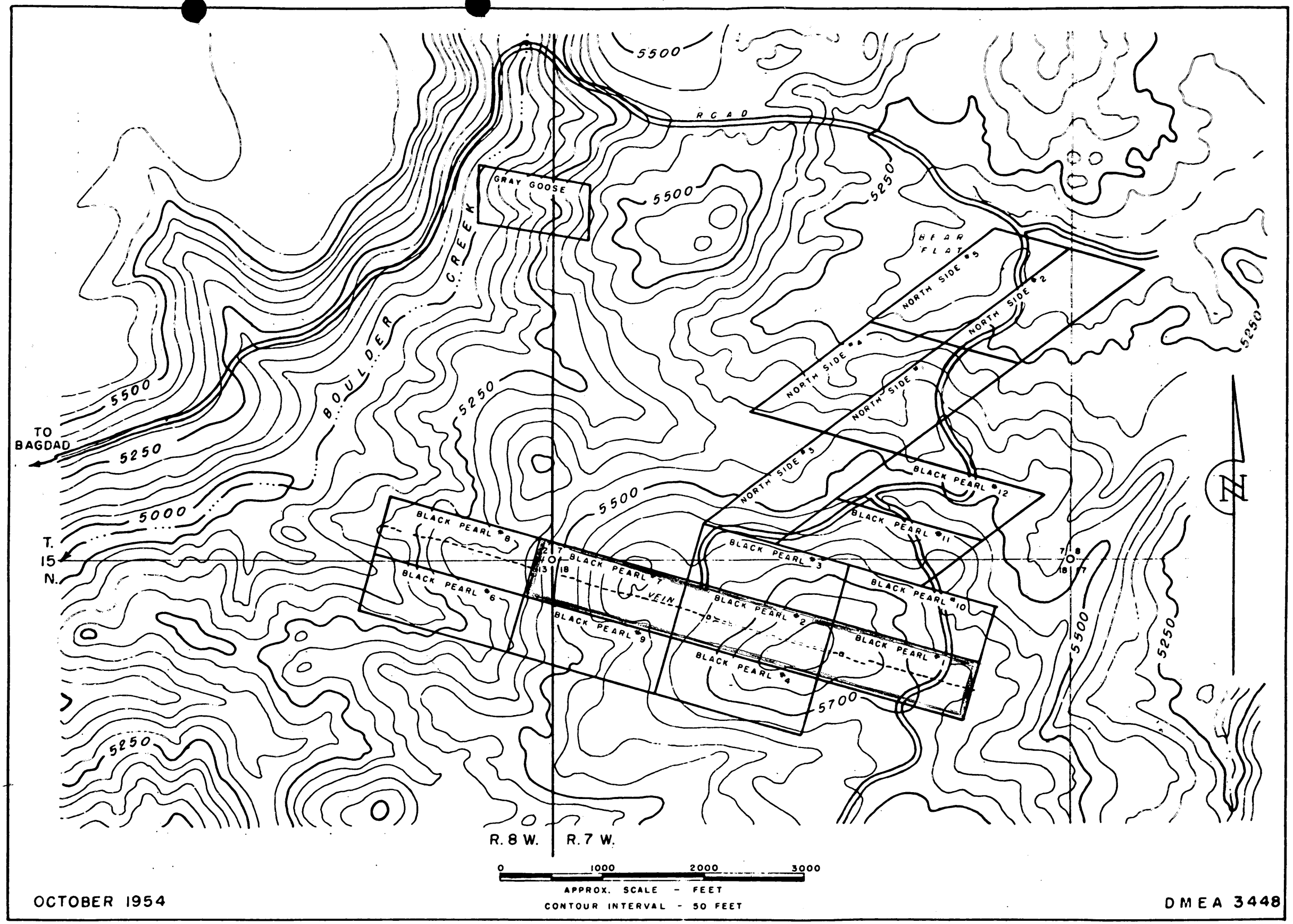


FIGURE 2. - TOPOGRAPHIC AND CLAIM MAP - BLACK PEARL MINE - YAVAPAI COUNTY, ARIZONA

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Arizona, County of Yavapai, described as follows:1/ Three patented mining claims recorded at the Court House in Prescott, Yavapai County, Arizona, as follows:

Black Pearl Patented Lode Mining Claims	Recorded in Book of Deeds
Numbers 1, 2, and 7 (Mineral Survey 4186)	181, Pages 551-554
(U. S. Patent No. 1102913)	

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

2/ Black Pearl Mining Company

Box 248, Bagdad, Arizona

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions In paragraph 2, the words, "the period fixed in the contract or any amendment thereof has" are substituted for "ten years have."

Dated this 16. day of February, 1955.

James E. Harrington [Seal]

Kathryn J. Harrington [Seal]

Mary L. Lyons [Seal]

John W. Lawler

Mary F. Lawler

Joseph W. Walton

Florence E. Walton

Joseph W. Walton (Florence E. Walton)

Dorothy L. Cazier

Edgar A. Scholz

Irma R. Scholz