DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 2 - 1954

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Keystone Asbestos Corporation,
a corporation duly organized and
existing under and by virtue of the
laws of the State of Delaware
1005 Investment Building
Washington 5, D. C.

pertaining to Exploration Project Contract No. Idm-D624, Docket No. DMEA-3095, including Amendment No. 1, for the months of June, July and August 1954, covering a project for the exploration of chrysotile asbestos, on property known as Trinity Asbestos Claims, located in Trinity County, California.

My review included an examination of the Monthly Reports (Forms EP-104) and supporting documents attached thereto, comparison of costs claimed with the contract and pertinent schedules, consultation with the Executive Officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

All of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of work actually performed.

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

Total cost as billed by contractor	$2,439.24
Exceptions (schedule attached)	
This audit, net additional costs allowed	404.01
Total Accepted Cost	$2,843.25

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in amount of Two Thousand Five Hundred Fifty-eight and 93/100 Dollars:

** $2,558.93 **

is considered valid and proper, provided 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 project.

September 29, 1954

George Mavor
George Mavor
Auditor

SCHEDULE OF EXCEPTIONS

Keystone Asbestos Corporation DMEA-3095 Idm-E624

Additional Costs Allowed

Operator failed to bring forward from July 1954 MF-104 to August 1954 MF-104, Cost of access roads, allowable under contract terms		$460.00

Deduct Costs not Allowed in Contract

Cost of Explosives	$50.99	
Rental of Blasting Machine	5.00	55.99
Net Additional Costs Allowed		$404.01

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

ACCOUNTS AUG 24 1954

Defense Minerals Administration RECEIVED

Month of August 4 195 Docket No. DMEA 3095 Contract No. IMB 6P4

Operator's Name Keystone Asbestos Corporation Minerals Chrysotile

Address 1005 Investment Bldg., Washington, D.C. Asbestos

Contract Amount, $ 3,010.00 Government Participation: 90 % Amount, $ 2,709.00

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 180 ft. Drilling	$747.50	$1385.75	$2133.25	$747.50	$1385.75	$2133.25
Bulldozing Access Road					460.00	460.00
Crosscutting						
Drifting Cribbing		$ 250.00	$ 250.00		250.00	250.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	$50.99		$ 50.99			
Pipe						
Track						
(4) Operating Equipment:						
Rental Blasting mch.	5.00		5.00			
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	$803.49	$1635.75	$2439.24	$747.50	$2095.75	$2843.25

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

Date 10 Aug. 1954 Keystone Asbestos Corporation

Per George J. Petrov Title Director Field Oper.

*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:

$ 672 75

Lloyd H. Sjolander
Authorized Certifying Officer

Signature (Authorized Certifying Officer)

Date NOV 4 1954 Vou. No. SF-DMEA-11

(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-E624 in accordance with the terms of the contract.

Signature A. C. Johnson Title Chief, Mining Div., Date Aug. 19, 1954.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: A. C. Johnson Region III Executive Officer

Signature H. C. Miller Title DMA Field Team Date August 23, 1954

H. C. Miller Region III

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

Defense Minerals Administration AUG 24 1954 RECEIVED

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1954 Docket No. DMEA 3095 Contract No. IDME 624

Operator's Name Keystone Asbestos Corporation Minerals Chrysotile Asbestos

Address 1005 Investment Bldg., Washington, D.C.

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								
Raising								
Shafts								
Winzes								
Drilling: Core	feet	$747.50	130	$2133.25	371	$ 5.75	400	$5.75
Churn								
Auger								
~~Stripping~~ Casing	feet			$ 250.00	100	$ 2.50	100	$ 2.50
Trenching								
Test Pits								
Roads and Trails								
Access Road				460.00				
TOTAL DISTRIBUTED COSTS		$ 747.50		$2843.25 ~~XXXXXXXX~~				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		$ 55.99		$ 55.99				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Less Disallowance		-55.99		-55.99				
TOTAL COSTS		~~XXXXXXXX~~ $747.50		~~XXXXXXXX~~ $2843.25				$3010.00

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 16 Aug. 1954 Operator Keystone Asbestos Corp.

Per Geo. J. Petrow Title Director Field Operations.

George J. Petrow

REMARKS: Continued drilling hole #3, from 41' to 97', good core recovery, showing evidence of fiber to 90'. Drilled hole #4., to depth of 66', at 40' angle. Core recovery poor, very little fiber shown. Drilled #5, 8' depth at base of trench. fiber thined out under trench. filled holes with dynamite, blasted trench. No commercial asbestos found.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willful 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)

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

MAIN OFFICE
1005 INVESTMENT BLDG.
WASHINGTON D. C.

KEYSTONE ASBESTOS CORPORATION

FIELD OFFICE
BOX 141
MT. SHASTA, CALIFORNIA

16 August, 1954

SUMMARY OF THE WORK COMPLETED ON THE KEYSTONE ASBESTOS CORPORATIONS ASBESTOS C LAIMS, TAMARACK LAKE, SHASTA & TRINITY COUNTIES, CALIFORNIA. DMEA 3005, DURING THE MONTH OF AUGUST, 1954.

FINAL REPORT:

Continued drilling hole # 3., at a 60' angle, from 41' to 97 '. The core recovery was good, showing evidence of thin layers of slip fiber to a depth of 90 feet. From here down, there was a complete rock change, with no evidence of fractures or fiber.

Drilled hole # 4., at a 40' angle, starting at the base of the original pit, drilling NW accross the exposed fiberous seams in the trench. The core recovery was poor, showing nothing of value. Stoped drilling this hole at 60 feet. At this point we were out of the strike zone of the trench and picking up nothing in core.

Drilled hole # 5., at base of trench, directly over exposed fiberous seams of Chrysotile slip fiber. Seams thinned out to nothing at 8 feet of depth, when drilling was stoped, 6 August, 1954.

Filled the drill holes with dynamite and awaited the inspection of the work by the DMEA Field Team. On Tuesday, 10 August, 1954, Mr. Frank Wicbelt, Mining Engineer, DMEA Region 111., inspected the prospect and examined the cores. Set of the blast, in Mr. Wicbelts presence. The blast shattered the rock in the trench, exposing rocks with thin layers of Chrysotile Slip Fiber, however, not in our opinion, of commercial quantities.

Final decission and report on this prospect should await the DMEA Geological Surveys, Geological Report and study of the cores recovered.

These cores, as well as the cores recovered from the Keystone Asbestos Prospect, Scott River Project, DMEA 3006, are packed in wooded core boxes, each clearly marked, will be available for study by the

Geological Survey, at the Keystone Asbestos Field Office, Box 547, Lakehead, Shasta County, California, until 31 August, 1954. At which time they will be transferred, for storage, to the Dr. T. C. Anderson, Dairy Ranch, on the Churn Creek Road, 6 miles south west of Redding California. The mailing address of Dr. Andersons Farm is Route 2 1., Box 4170, Redding, California. The telephone number is 123 V 13, on the Redding, California exchange.

It is requested that a copy of the Geological Surveys Report, be mailed to the Director of Field Operations, Keystone Asbestos Corporation, Field Office, Box 141, Mt. Shasta, California.

These cores are available for the Bureau Of Mines Core Library, if wanted.

Respectfully submitted,

Geo. J. Petrov

George J. Petrov
Director of Field Operations

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1954 Docket No. DMEA-3095 Contract No. DME 624

Operator's Name Keystone Asbestos Corporation Minerals Chrysotile Asbestos

Address 1005 Investment Bldg., Washington D.C.

Contract Amount $5,010.00 Government Participation 90 % Amount $2,709.00

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 241 ft.	$1385.75	none	$1385.75			
Bulldozing access rd.	$460.00		$ 460.00			
Crosscutting						
Drifting XXXX 127 ft. *						
casing & reaming	$250.00	none	$ 250.00			
(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	$1685.75	$460.00	$2095.75			

* 127 ft. casing used. 60 ft. hole # 1., 40 ft. hole #2., 27 ft. hole # 3, Only 100 ft. authorized in contract. $250.00 is for 100 ft.

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

Date 5 aug. 1954 *Payee Keystone Asbestos Corporation

George J. Petrow Director Field Oper.

*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:

$1472.18

Lloyd H. Spencer
Authorized Certifying Officer

Signature _____
(Authorized Certifying Officer)

Date _____ Vou. No. S F-DMEA-11

(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-E624 in accordance with the terms of the contract.

Signature A. C. Johnson Title Chief, Mining Div., Region III Date August 17, 1954.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature H. C. Miller Title Executive Officer DMEA Field Team Region III Date August 19, 1954

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 DMEA-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ACCOUNTS AUG 17 1954
Defense Minerals Administration
RECEIVED
NOV 2 3 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 195 4 Docket No. DMEA 3095 Contract No. IDME-624
Operator's Name Keystone Asbestos Corporation Minerals Chrysotile
Address 1005 Investment Bldg., Washington D. C. Asbestos

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								
Raising								
Shafts								
Winzes								
Drilling: Core	feet	$1385.75	241	$1385.75	241	$5.75	400	$5.75
Churn								
Auger								
casing	feet	$250.00	100	$ 250.00	100	$2.50	100	$2.50
Trenching								
Test Pits								
Roads and Trails	2 miles	none	none	$460.00	2 ml.	$460.00	2 ml.	$460.00
TOTAL DISTRIBUTED COSTS		$1635.75		$2095.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1635.75		$2095.75				$3010.00

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 5 Aug. 1954 Operator Keystone Asbestos Corp.

Per George J. Petrow Title Director of Field Operations.

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: Drilled 2 holes each 100 ft. & 41 ft. of hole # 3. Evidence of slip fiber in all holes to depth. Cased 127 ft. Contract authorizes only 100 ft. @c$2.50. Serpentine is hard base rock, drilling good with better than 80 % core recovery. Using Bentonite aqua jell in drilling.

(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

Form MF-194 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1954 Docket No. DMEA3095 Contract No. E 624
Operator's Name Keystone Asbestos Corporation Minerals Chrysotile Asbestos
Address 1005 Investment Bldg. Washington D.C.
Contract Amount, $3,010.00 Government Participation: 90 % Amount, $2,709.00

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~~ Contracts:						
Short Form 400 ft.						
Drilling	none	none	none			
Bulldozing access road	$460.00	none	$460.00			
Crosscutting						
~~Drifting~~ 100 ft of						
casing & cement	none	none	none			
(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	$460.00	none	$460.00			

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

Date 6 July 1954 *Payee Keystone Asbestos Corp.

Per George J. Petrow Title Director Field Oper.

*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:

$ 414.00

Lloyd H. Slelander
Authorized Certifying Officer

Signature
(Authorized Certifying Officer)

Date JUL 20 1954 Vou. No. SF-DMEA-2

(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-E624 in accordance with the terms of the contract.

Signature George H. Holmes, Jr. Title Mining Methods Research Engineer Date July 9, 1954.

APPROVAL BY DMEA EXECUTIVE OFFICER, OR ALTERNATE:

Signature H. C. Miller Title Executive Officer DMEA Field Team Region III Date July 12, 1954

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

ACCOUNTS JUL 12 1954

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [illegible] 195[illegible] Docket No. DMEA [illegible] Contract No. E 624
Operator's Name [illegible]
Minerals [illegible]
Address [illegible]

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	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Churn								
Auger								
Stripping	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trenching								
Test Pits								
Roads and Trails	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL DISTRIBUTED COSTS		[illegible]		[illegible]				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		[illegible]		[illegible]				[illegible]

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 [illegible] Operator [illegible]

Per [illegible] Title [illegible]

REMARKS: [illegible]

→ 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)

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

MAIN OFFICE
1005 INVESTMENT BLDG.
WASHINGTON D. C.

KEYSTONE ASBESTOS CORPORATION

FIELD OFFICE
BOX 141
MT. SHASTA, CALIFORNIA

Summary of work completed in June, 1954
on the Keystone Asbestos Coporations claims
Tamarack Lake, Shasta County, California
DMEA 3095

Constructed access road from the end of the present loging road, at Bakers Cabin, Haystack Meadows, to the drill sight at Tamarack Lake. The Forrest Service issued the work permit and planed the road, which is approximetely 2 miles in lenght, with a maximum 15 % grade.

It took a D-6 Bulldozer and 2 men working 9 hours per day, total of 9 days to complete the road. The cost of which was over $1,200.00

The DMEA Field Team, Region 111., inspected the drill area and planed the holes. There will be four holes, each 100 feet in depth. Drilling on this prospect will start some time the later part of July, 1954.

Respectfully submitted,

Geo. J. Petrow

George J. Petrow
Director of Field Operations

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

600

JAN 28 1955

Mr. George C. Vournas
President, Keystone Asbestos Corporation
1005 Investment Building
Washington, D. C.

Re: Docket No. DMEA-3095 - Asbestos
Keystone Asbestos Corporation
Trinity Asbestos Claims
Trinity County, California
Contract No. DMa-1224

Dear Mr. Vournas:

We are pleased to advise you that your performance of exploration work under the subject contract has been acceptable to the Government, and the account relating thereto has been closed. The final audit of the Contract Administration and Audit Division shows:

Total claimed for units of work performed	$2,843.25
Total Government contribution at 90 percent	$2,558.93

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or royalty on any production made after the date of this letter.

The Government thanks you for your interest and participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

C. O. Mittendorf

Administrator

Copy to: Mr. J. F. McKee and Mrs. Edith McKee (Attached to Field Team copies
Mr. E.S.Baker and Mrs. Rose Baker for forwarding)
Mr. Jack A.Dalton and Mrs. Elizabeth Dalton " " " "

Copy to: Admr. R. File Field Team, Region II
Docket
Mr. Chambers
Mr. Kilsgaard, 5222
Dr. Bowles, 3516
Mr. Houk

Government's copy

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMEA-3095

AMENDMENT NO. 1

It is agreed this 29th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Keystone Asbestos Corporation, that Exploration Project Contract Idm-E624, Docket No. DMEA-3095, dated October 12, 1953, is amended as follows:

1. In Article 3 of the contract delete the words "within 30 days from the date of this contract" and substitute the words "on or before July 1, 1954"; and delete the words "Nine (9) months" and substitute the words "Thirteen (13) months."

2. It is of the essence of the contract that work be commenced as specified in paragraph 1 of this Amendment, and if work is not commenced as specified, the contract, without any further notice, is automatically rescinded, terminated, and cancelled as of October 12, 1953, without any obligation whatever between the parties, the same as if said contract had never been entered into.

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, nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. V. Mitchenor
Administrator, Defense Minerals
Exploration Administration

KEYSTONE ASBESTOS CORPORATION

By Vincent C. Carney, Pres.

Docket No. ~~Emm - 3095~~

Commodity ~~Asbestos~~

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 624

Date of Contract ~~or Amendment~~: Oct. 12, 1953

Name and Address of Operator:
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Amount of Government participation $2,709.00

Percent of Government participation 90 %

Region: 111 State: California

Note: Please release $ 150.07

J. L. Chambers (Name)
Chief, Contract Administration and Audit Division (Title)

Date Delivered to Bureau of Mines, Washington. 11/17/54

54458

Docl[redacted] No. DMEA 3095

Commodity Asbestos

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-R 624

Date of Contract ~~or Amendment~~: October 12, 1953

Name and Address of Operator:

Keystone Asbestos Corporation
1005 Investment Building,
Washington 5, D. C.

Amount of Government participation $ 2,709.00

Percent of Government participation 90 %

Region: III State: California

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington 10/12/53

13908

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 16 1953

DOCKET NO. DMEA-3095

COMMODITY Chrysotile Asbestos

Government's Copy

IDM-E 624

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 12th day of October, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Keystone Asbestos Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware
1005 Investment Building
Washington 5, D. C.

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to the mineral rights in that certain land situated in the State of California, County of Trinity, described as ~~follows~~ set forth in Annex I

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession and that the property is subject only to the following claims, liens or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Chrysotile Asbestos

in or upon the described land; and shall bring the project to completion within a period of Nine (9) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $2,709.00, which is 90 percent of $3,010.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex II, substituted for that part of 6(a) preceding the colon:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* .....

Executed in sextuplicate the day and year first above written.

KEYSTONE ASBESTOS CORPORATION
(Operator)

By George C. Murray, Pres.

THE UNITED STATES OF AMERICA

By O. Meitendorf
Administrator, Defense Minerals Exploration Administration

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

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMEA-3095

ANNEX I

The property referred to in Article 2 of the contract form is known as the Tamarack Lake Property and was leased to the Keystone Asbestos Corporation by J. F. McKee, Edith M. McKee, Jack A. Dalton, Elizabeth Dalton, E. S. Baker, and Rose Baker in an instrument dated August 24, 1952, and is described therein as follows:

Trinity Asbestos #1

Located in the SE¼ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SE section corner of Sec. 32 and follows the section line north 1500 feet. Thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner and the section corners of 32, 33, 4, and 5.

Trinity Asbestos #2

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the NE corner of Trinity Asbestos #1, which is located 1500 feet north of the SE section corner of Sec. 32, thence running 1500 feet north to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner which is located on the section line between Sections 32 and 33.

Trinity Asbestos #3

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SW corner of Trinity Asbestos Claim #2 and the NW corner of Trinity Asbestos Claim #1 which is located 600 feet west of the section line between Sections 32 and 33. Thence running 1500 feet north to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner.

Trinity Asbestos #4

Located in the E½ of Sec. 32, Twp. 38 N., R. 5 W., M.D.B. & M. The SE corner of this claim joins the SW corner of Trinity Asbestos Claim No. 1 which is located on the section line between Sections 32 and 5, 600 feet due west of the section corner between Sections 32, 33, 4, and 5, thence running south 1500 feet to the NE corner, thence 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner which is approximately 300 feet east of Tamarack Lake shore on the section line and 600 feet west of the section corner. Date 15th Sept., 1950.

Trinity Asbestos #5

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located on the section line between Sections 32 and 5 and 600 feet west of the section corners between Sections 32, 33, 4, and 5. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner which is located in Tamarack Lake approximately 150 feet off the lake shore, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner.

Trinity Asbestos #6

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located 1500 feet south and 600 feet west of the section corner between Sections 32, 33, 4, and 5, and joins the SE corner of Trinity Asbestos #5. Thence running 30 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner. Dated Sept. 1950.

Trinity Asbestos #7

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located on the section line between Sections 4 and 5 and is 1500 feet south of the section corner between Sections 4, 5, 32, and 33. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet to the SE corner, thence 1500 feet to the NE corner.

Trinity Asbestos #8

Located in the E½ of Sec. 5, Twp. 37 N., R. 5 W., M.D.B. & M. The NE corner of this claim is located and joins the section corner between Sections 4, 5, 32, and 33. Thence running 300 feet west to the north center end stake, thence 300 feet west to the NW corner which is located on the section line 600 feet west of the NW section corner of Sec. 5, thence 1500 feet south to the SW corner, thence 300 feet east to the south center end stake, thence 300 feet east to the SE corner, thence 1500 feet north to the NE corner, and the section corner.

Dated at Trinity Center 15 Sept. 1950.

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO. DMEA-3095

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 16 1950

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract 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. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, 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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for 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. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
KEYSTONE ASBESTOS CORPORATION
DOCKET NO DMEA-3095

EXHIBIT "A"

Description of the Work

Exploration for chrysotile asbestos shall be accomplished in the area shown on the attached map entitled "Proposed Exploration, Trinity No. 2, Baker, McKee, Dalton Lease, Keystone Asbestos Corp.," as described below:

1. Construct approximately one (1) mile of access road suitable for movement of men, materials, and supplies.

2. Explore by drilling not in excess of 400 feet of (AX) diamond-drill holes.

3. Where necessary, ream, set and pull casing, and/or cement not in excess of 100 feet of drill holes.

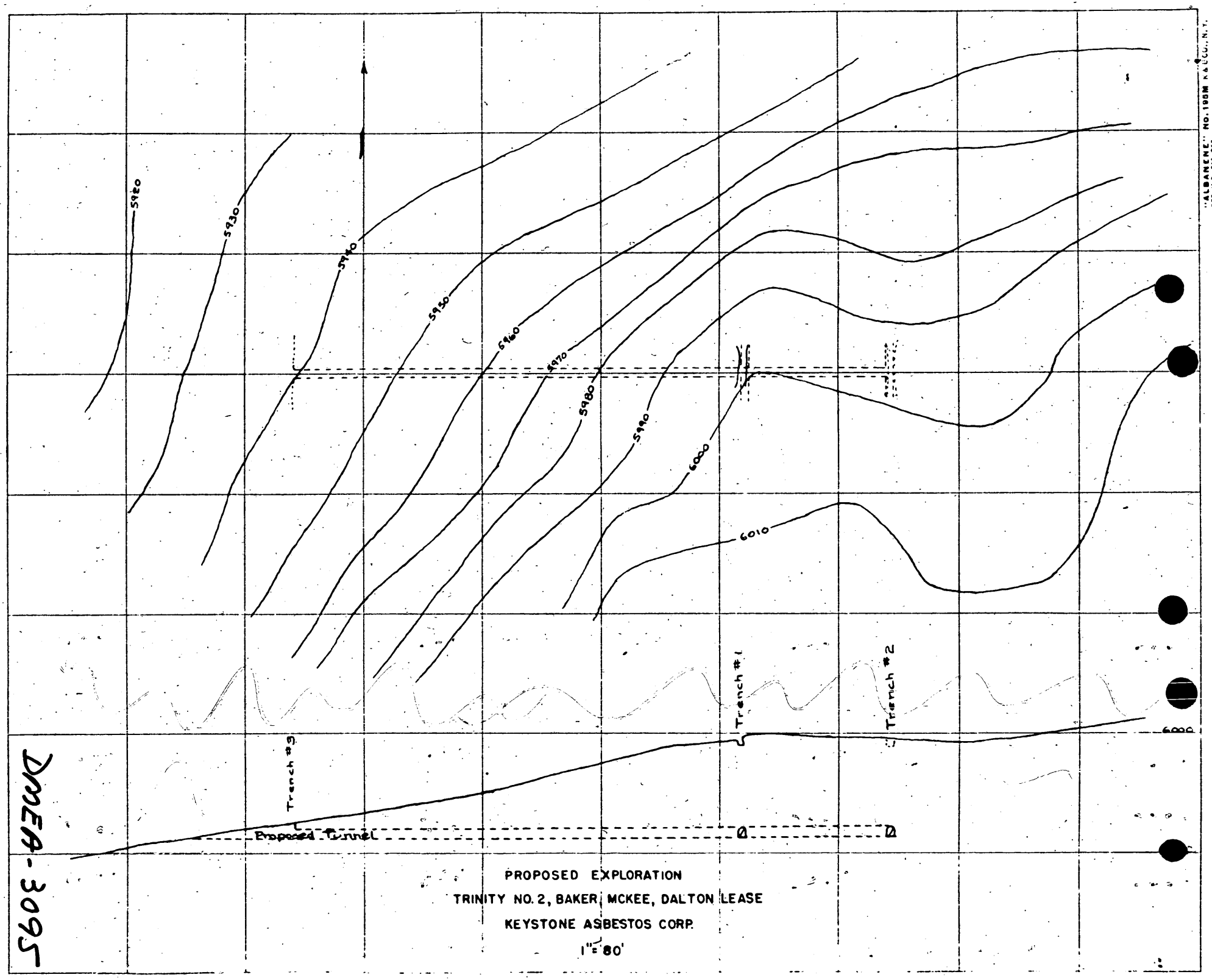
The attitude, direction, and location of the drill holes shall be subject to prior approval of the Government.

Agreed Unit Costs

1. Construct access road 1/	$460.00	
2. Drill 400 feet of D.D. holes @ $5.75/ft. 2/	2,300.00	
3. Ream, set and pull casing, and/or cement 100 feet at $2.50/ft.	250.00	
Total Agreed Unit Costs		$3,010.00
Government Participation at 90%		$2,709.00

1/ The completed road constitutes the unit.

2/ Covers all costs, including supervision, sampling, and surveying.



PROPOSED EXPLORATION

TRINITY NO. 2, BAKER, MCKEE, DALTON LEASE

KEYSTONE ASBESTOS CORP.

1" = 80'

DMEA-3095

"ALBANENE" NO. 198M K&E CO., N.Y.
REG. U.S. PAT. OFF.

MF-203
(Revised July 1, 1953)

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 CALIFORNIA, County of SISKIYOU & SHASTA, described as

follows:1/ TRINITY ASBESTOS CLAIM NUMBERS 1,2,3,4,5,6,7 & 8 in sections 32 & 5, T38N, & T37N, R5W in TRINITY COUNTY BOOK 52, pages 448, 449, 450, 451, 452, 453, 454, 455. Dated 18, Dec. 1950
SHASTA ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7,8,9 & 10. in SHASTA COUNTY, Book 253, pages 275,276,277,278,279,280,281,282,283,284 Dated 20, Sept. 1950.
HIGHLAND ASBESTOS CLAIMS NUMBERS 1, & 2. in SHASTA COUNTY Book 253, pages 285 & 286, dated 9, September, 1950.

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/ KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON, D. C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) 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.

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

Dated this 3rd day of October, 1953.

J. F. McKee [Seal]
Edith M. McKee [Seal]
[Seal]

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.

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

MF-203
(Revised July 1, 1953)

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 CALIFORNIA, County of SISKIYOU & SHASTA, described as follows:1/

TRINITY ASBESTOS CLAIMS NUMBERS 1,2,3,4,5,6,7 & 8, in section 32, T38N, R5W, and section 6, T37N, R5W, in Trinity County Date 18, Dec. 1950 in Book 52 pages 448,449,450,451,452,453,454,455.

SHASTA ASBESTOS CLAIMS AND NUMBERS 1,2,3,4,5,6,7,8,9 & 10, in section 4, T37N, R5W, in Shasta County, Dated 20 Sept. 1950 Book 253 pages 275,276,277,278,279,280,281,282,283,284

HIGHLAND ASBESTOS CLAIMS NUMBER 1 & 2 Section 20, T37N, R5W

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/ KEYSTONE ASBESTOS CORPORATION
INVESTMENT BUILDING
WASHINGTON, D. C.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) 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.

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

Dated this 3rd day of October, 1953.

Jack A. Dalton [Seal]
Elizabeth Dalton [Seal]
R. L. Baker [Seal]
E. S. Baker [Seal]

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.

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(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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