OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Moneta Porcupine Mines, Ltd.
Suite 1505-320 Bay Street
Toronto 1, Ontario
Canada

pertaining to Exploration Project Contract No. Idm-E1216, Docket No. DMEA-4963, including Amendment No. 1, for the months of June and July 1958, covering a project for the exploration of mercury, on property known as the Elkhead Mine, located in Douglas County, Oregon.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team Reports and Correspondence, 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 fixed unit 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 the Contractor		$5,198.50
Exceptions (schedule attached):		
Prior to this review	$ -0-	
Herewith	392.00	392.00
Total Accepted Cost		$4,806.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Two Thousand Four Hundred Three and 25/100 Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$2,403.25
Amount reimbursed	-0-
Balance due Operator	$2,403.25

George Mavor
George Mavor
ONE Auditor

November 3, 1958

Schedule of Exceptions

Idm-M1216 | Monete Porcupine Mines, Ltd. | MMRA-4953

	Quantity	Price	Amount
Cost of assays claimed by Operator in final MF-104 Voucher-July 1958	422	$4.00	$1,688.00
Should have claimed			
Assays-307 longhole and 17 trench, taken from work performed under contract terms	324	4.00	1,296.00
Disallowed	98	$4.00	$ 392.00

EXTRA COPY
O. M. E.
RECEIVED DEC 16 1958

DATE	INITIALS	CODE
		800

So. 157 Howard Street
Spokane 4, Washington

December 9, 1958

Miss E. E. Ritchie
Assistant Secretary-Treasurer
Monsta Porcupine Mines, Limited
Suite 1505 - 320 Bay Street
Toronto 1, Ontario

Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-81216

Dear Miss Ritchie:

This is in reply to your letter of November 25, 1958, in which you request further information as to why only 324 assays were allowed. To better explain it, it will be necessary to go into a bit of the history of the project.

Exhibit "A" of the original contract stipulated that bulldozing was to be done with a D-8 or equivalent caterpillar bulldozer, and that the long holes should not exceed 60 feet in depth. The dozing was done with an International TD-14 tractor and because of a change in the strike and/or dip of the contact, it was necessary to exceed the 60-foot maximum in 8 holes. Therefore, in order to approve payment for the trenching and long holing it was necessary to amend the contract.

Amendment No. 1 revised Exhibit "A" in its entirety and was written to authorize the work that had actually been completed. The amended Exhibit "A" limited the long-hole drilling to a total of 1,534 feet. Although it allowed assaying of 422 samples, those taken in the long holes were authorized at 5 and 10-foot intervals and those in the trenches at 5-foot intervals in the mineralized zones. Dividing 1,534 feet of long hole (the maximum authorized) by 5 (the minimum authorized distance between samples), 307 samples is the maximum that could be taken from the authorized long holes. Seventeen samples taken in the trenches were assayed. Thus, under the terms of the contract, only 324 assays could be approved for payment.

By Field Team Region I

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

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

cc: OME (2) w/incoming; USBM (2) w/incoming; USBM(AD) w/incoming

MONETA PORCUPINE MINES, LIMITED

SUITE 1505 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

EXTRA COPY
G. M. E.
RECEIVED DEC 16 1958
DATE | INITIALS | CODE
Please Keep File.

November 25, 1958.

Mac
gl
OME
USDM
40

United States Department of the Interior,
Office of Minerals Exploration,
Sc. 157 Howard Street,
Spokane 4, Washington.

Dear Sirs: Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Kilkhead Mine,
Douglas County, Oregon
Contract No. Idm-H1216

Thank you for your letter of November 20th re the above. The cheque mentioned in your letter was received the same day.

We are not sure how you arrive at the number of assays allowed. An application was prepared by our superintendent, Mr. R. N. Roby, who is no longer in our employ. We realise that the maximum number under the contract was 400 but we would appreciate further information as to why only 324 have been allowed. We do not like to bother you with this small point and hope it is not too much trouble to you.

Yours very truly,

Miss E. E. Ritchie/sms

Assistant Secretary-Treasurer.

cc - Mr. R.N.Roby
Dr. R.H.Seraphim

So. 157 Howard Street
Spokane 4, Washington

November 20, 1958

800

Noranda Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario, Canada

Re: Docket No. DMEA-4953 (Mercury)
Noranda Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-6121

Gentlemen:

Enclosed for your information and files is a copy of a Report of Review dated November 3, 1958, for the months of June and July 1958, covering a project for the exploration of mercury at the Elkhead Mine.

The audit discloses that there is a balance due your company of $2,403.25. This amount has been scheduled for payment and you should receive a check in a few days.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

Enclosure

cc: OME (3)
USBM (2)
USBM(AD)

1201 N. Division St.
Spokane 2, Washington

November 17, 1958

EXTRA COPY
O. M. E.
RECEIVED NOV 20 1958
CODE
800

Mrs. Dorothy Long, Certifying Officer
OME Field Team, Region I
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Contract No. Idm-R1216

Dear Mrs. Long:

The work authorized under the referenced contract was completed by August 6, 1958. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

The Government has no interest in supplies or equipment purchased for use on the project.

A Certification of Discovery will not be recommended by the Field Team.

A final Report of Review dated November 3, 1958 by OME Auditor George Mavor has been received.

As all contract requirements have been met, it is requested that final settlement of our account with the Operator be made.

Sincerely yours,

A. E. Weissenborn, Exec. Officer
OME Field Team, Region I

cc: OME (2)
USGS (2)
Contract Admin. & Audit Div. (2)
Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

420 Custom House, 555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 14 1958

DATE	INITIALS	CODE
11-14	C	220
		600

November 12, 1958

Certified Mail

Mrs Dorothy F. Long
Authorized Certifying Officer
1202 E. Division Street
Spokane 2, Washington

Re: Docket No. IDEA-4953
Homsta Porcupine Mines, Ltd.
Contract No. Ida-E1216

Dear Mrs. Long:

Reference is made to your letter dated October 28, 1958, in connection with audit of subject contract. Audit is now complete, and I am enclosing herewith one original and 3 copies of Report of Review for further distribution by your office. The report shows a balance due the Operator in amount of $2,403.25, and the report was approved by the Washington Office November 7, 1958.

I am also enclosing the following material previously submitted by you.

1 Contract and Correspondence File
(Includes Annex I, Exhibit "A", and Amendment No. I)

2. Voucher File
(MF-104's and 104A's, with attachments)

The file of pre-audit papers, prepared by Mr. C. A. Turner, I have retained for my audit file of subject contract.

Sincerely yours,

"(SIGNED) GEORGE MAYOR"
George Mayor
OME Auditor

Enclosures:

Copy to: Jay L. Chambers

Mr. George Mavor
OME Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Contract No. Idm-E1216

Dear Mr. Mavor:

Your Report of Review on the above-cited project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
November 7, 1958

cc: Docket
Director's Reading File
Mr. Chambers

1201 N. Division St.
Spokane 2, Washington

October 28, 1958

CERTIFIED MAIL

Mr. George Mavor, OME Auditor
Room 420, Custom House
555 Battery Street
San Francisco, California

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Contract No. Idm-E1216

Dear Mr. Mavor:

We are enclosing herewith memorandum from Field Team, Region I, requesting final audit of the above-named account. In addition, we are transmitting the following material which you will need to complete your audit:

1. Contract and Correspondence File (Includes Annex I, Exhibit "A", and Amendment No. 1)
2. Voucher File (Mf-104's and 104A's, with attachments)
3. File of pre-audit papers prepared by Mr. C. A. Turner.

There have been no payments made to the Operator to date.

Sincerely,

Dorothy F. Long
Authorized Certifying Officer O. M. E.

ORIGINAL FILE COPY
RECEIVED NOV 3 1958

Enclosures

cc: Mr. Chambers
OME (2)
USGS (2)
USBM (AD)

800

1201 N. Division St.
Spokane 2, Washington

RECEIVED

October 28, 1958

Mr. George Mayer, GMK Auditor
Room 420, Custom House
555 Battery Street
San Francisco 11, Calif.

Re: Docket No. DMEA-4953 (mercury)
Homsta Porcupine Mines, Ltd.
Kilkenny Mine
Douglas County, Oregon
Contract No. Idm-K1216

Dear Mr. Mayer:

The work authorized under the referenced contract was completed by August 6, 1958.

The number of units of work satisfactorily completed by the Operator and accepted by the Field Team are:

	Unit cost	Authorized	Completed
Bulldozing trenches	$11.00/hr.	63 hrs.	63 hrs.
Long hole drilling	1.25/ft.	1,534 ft.	1,534 ft.
Assays	4.00	422	324
Engineer-geologist	75.00/day	12 days	12 days

The Operator's final engineering and geological report was received on August 8, 1958. This report meets the requirements of Article 5(c) of the contract.

A Certification of Discovery will not be recommended.

No payments have been made to the Operator.

A Report of Review in lieu of a final audit is in order and requested.

By Field Team, Region I

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

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

cc: Mr. Chambers
GMK (2)
USBM (AD)
USGS (2)

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

Budget Bureau No. 42-R1036.5

RECEIVED NOV 1958 O.M.E.

W

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

Month of July, 1958 Docket No. DMEA 4953 Contract No. Idm E 1216
Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury
Address Suite 1505 320 Bay St., Toronto, Ontario
Contract Amount, $ 15,624.00 Government Participation: 50 % Amount, $ 7,812.00

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~~ Short Form Contracts:						
Drilling Longhole	$ 362.50	$1,555.00	$1,917.50	362.50	1555.00	1917.50
Bulldozing	693.00	None	693.00	693.00	—	693.00
~~Assaying~~ Assays	1,400.00	288.00	1,688.00	1008.00	288.00	1296.00
Drifting						
Engr.-Geologist	900.00	None	900.00	900.00	—	900.00
(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	$ 3,355.50	$1,843.00	$5,198.50	2963.50	1843.00	4806.50

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

Date August 6, 1958 Payee Moneta Porcupine Mines, Ltd.

F. R. Burton

Per F. R. Burton Title President

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

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:

$ 1481.75

Signature Lorne F. Long
(Authorized Certifying Officer)

Date 11/17/58 Vou. No. 2250

(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. 61216 in accordance with the terms of the contract.

Signature /s/ Eric L. Erickson Title Mining Engr. Date 8/11/58

APPROVAL BY ~~DMEA~~ OME EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. E. Weissenborn Title Exec. Officer Date Nov. 17, 1958

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

RECEIVED NOV 24 1958 D.M.E.

Month of July 1958 Docket No. DMEA 4953 Contract No. Vom B 1216
Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury
Address Suite 1505 320 Bay St., Toronto, Ontario

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								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assays	Each	1,400.00	350	$1,688.00	422	$4.00		
Longhole	Foot	362.50	290	1,917.50	1,534	1.25		
(Bulldozing)	Hour	693.00	63	693.00	63	11.00		
Engr-Geologist	Day	900.00	12	900.00	12	75.00		
TOTAL DISTRIBUTED COSTS		$3,355.50		$5,198.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3,355.50		$5,198.50				

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 August 6, 1958 Operator Moneta Porcupine Mines, Ltd.

Per F. R. Burton Title President

F. R. Burton

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)

/s/ Eric G. Erickson

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

Elkhead Mine, Douglas County, Oregon

July Narrative

During July Longholes 37-40, Inc. were drilled. The lengths and dates drilled are as follows:

Hole No.	Date Drilled	Length, Ft.
37	July 1	100
38	2	50
39	2	100
40	3	40
	TOTAL FOR MONTH	290

Surface trenching on Block 2, the Thompson property was started on July 7. On July 16 four trenches had been completed. This work required 63 hours with an International Model T6A tractor with angle dozer blade.

The four trenches totaled 825 feet in length and ranged from 190 to 230 feet.

The brecciated Arkosic sandstone zone was exposed in all four trenches. It averaged 55 feet in width in the four trenches. Seventeen channel samples across the brecciated zone totalling 229 feet were cut and assayed. The average of these samples is 0.56 pounds of percury per ton.

The fifth proposed trench on the Elkhead property, Block 1 was not excavated.

In view of the indificated low mercury content of the trench samples as well as those from the longholes and car grabs as shown on the enclosed assay maps, officials of Moneta Porcupine Mines, Ltd. are not desireous of continuing exploration at the Elkhead-Thompson properties and are requesting permission to stop the project.

Form [illegible] (Ap[illegible] v.)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED NOV 24 1958 O.M.E.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June 1958 Docket No. DMEA 4953 Contract No. Dm 3 1216

Operator's Name Noreta Porcupine Mines, Ltd. Minerals Mercury

Address Suite 1905 320 Bay St., Toronto, Ontario

Contract Amount, $ 15,624.00 Government Participation: 50 % Amount, $ 7,812.00

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 Langdale	$1,555.00	None	$1,555.00	1555.00	—	1555.00
Bulldozing						
Crosscutting						
Drifting						
Geotys	288.00	None	288.00	288.00	—	288.00
(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	$1,843.00	None	$1,843.00	1843.00	—	1843.00

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

Date June 6/58 *Payee Noreta Porcupine Mines, Ltd.

Per F. R. Burton B. M. Burton Title President

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

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:

$ 921.50

Signature Dorothy F. Long (Authorized Certifying Officer)

Date 11/17/58 Vou. No. 2250

(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. E-1216 in accordance with the terms of the contract.

Signature /s/ Eric L. Erickson Title Mining Engr. Date 8/11/58

APPROVAL BY ~~DMEA~~ DME EXECUTIVE OFFICER OR ALTERNATE:

Signature /s/ A. L. Weissenborn Title Exec. Officer Date Nov. 17, 1958

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

Budget Bureau No. 42-R1151.2

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

RECEIVED NOV 24 1958

Month of June 1958 Docket No. DMEA 4953 Contract No. Idm-E-1216
Operator's Name Moneta Porcupine Mines, Ltd. Minerals Mercury
Address Suite 1505 320 Bay St., Toronto, Ontario

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								
XXXX Assays	Each	$ 288.00	72	$ 288.00	72	$ 4.00		
Shafts								
Winzes								
XXX Longhole	Foot	1,555.00	1,244	1,555.00	1,244	1,25		
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$1,843.00		$1,843.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,843.00		$1,843.00				

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 Sept 6/58 Operator Moneta Porcupine Mines, Ltd.
Per F. H. Burton Title President

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)

/s/ Eric G. Erickson

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

Elkhead Mine, Douglas County, Oregon

June Narrative

On the 20th of June, the date that D. M. E. A. Contract No. Idm E 1216 was signed, much of the work of the proposed project had been completed. The northeast drift was advanced beyond the objective indicated on plate 2 and the southwest drift was well advanced, although some cross cutting had been done that was not called for in the contract.

Fourteen longholes were completed before the contract was signed. On June 20 longhole drilling was resumed and on June 30 twenty one additional holes were completed. These were as follows:

Hole No.	Date Drilled	Length, Ft.
21	June 20	65
22	20	60
23	21	90
24	21	40
10	23	85
11	23	50
9	24	50
7	24	50
25	25	50
26	25	47.5
5	25	45
27	26	60
28	26	81.5
29	27	50
30	27	50
31	28	60
32	28	55
33	29	40
34	30	65
35	30	100
36	30	50
	Total Footage for month	1,244

Cuttings from each 5-ft. interval were collected from the hole through a "T" and a 1-1/2 inch hose attached to a 2-inch standpipe. The hose delivered the cuttings to a sample box 2.75 ft. long, 1-ft. wide, and 9 inches deep. The box was equipped with 3 baffels to assist in settling the cuttings. Water was decanted from the sample box and the cuttings and remaining water was pored into a 5-gallon can and allowed to settle until more clear water could be pored off. Finally the wet sample was placed in a flour sack and dried in the sun or in the air stream from the air compressor fan.

The dried sample averaged about 1-1/4 gallon in size--a 1/4 split usually more than filled a 1-quart icecream container. A 5-pound split was sent in for assay.

EXTRA COPY
O. F.
RECEIVED FEB 2 1959
DATE | IN
820

So. 157 Howard Street
Spokane 4, Washington

February 24, 1959

Mr. F. R. Burton, President
Moneta Porcupine Mines, Ltd.
Suite 1505 - 320 Bay Street
Toronto 1, Ontario, Canada

5

Re: Docket No. DMEA-4943 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine, Douglas Co., Ore.
Contract No. Idm-81210

Dear Mr. Burton:

The question in your letter of February 17, 1959, concerning your company's liability in connection with the DMEA loan to conduct exploration at the Elkhead Mine has been answered by Mr. Johnson's letter to you of February 19, copies of which we received in the mail this morning. However, if you have any other questions, please do not hesitate to write us again.

Sincerely yours,

A. S. Weissenborn
Executive Officer, OME
Field Team Region I

cc: OME (2)
USBM (2)
USBM(AD)

MONETA PORCUPINE MINES LIMITED

SUITE 1505 · 320 BAY STREET
TORONTO 1, ONTARIO

Telephone: EMpire 6-5665

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 27 1959

DATE	INITIALS	CODE

Please Refer File:

February 17, 1959.

OME

Mr. A. E. Weissenborn,
Executive Office, U. S. Geological Survey,
United States Department of the Interior,
Office of Minerals Exploration,
So. 157 Howard Street,
SPOKANE 4, Washington.

5

Dear Mr. Weissenborn: Re: Docket No. DMEA-4943 (Mercury)
Elkhead Mine, Douglas County,
Oregon. Contract No. Idm-E1214

Our auditors have just completed the annual audit of the Company's books, and the question came up of our liability in connection with the DMEA loan on the Elkhead Mine. It is my understanding that, in the event of a person obtaining a DMEA loan and then failing to make a discovery with the work done under the loan, then there is no further liability to the United States Government. This is an interpretation that has been given to me by a friend of mine who is a United States citizen and I would appreciate it very much if you could confirm the statement so that I can advise our auditors accordingly.

Yours very truly,

F. R. Burton,
President.

FRB/sms

RECEIVED
1959
SPOKANE, WASH.

FEB 19 1959

[redacted]

Re: [redacted]

Gentlemen:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We appreciate your interest and participation in the [redacted] exploration program which has now been concluded by the office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FEJohnson
2-16-59

cc to: [redacted]
Director's Dual. File
Operating Comm.
Ft. Rec. I
J. W. Pennington, [redacted]
T. R. Hillegeard, [redacted]

Gordon L. Gould
Elaine M. Berry
(Marvin R. Thompson
(Betts-Violet Thompson

FEB 19 1959

Mr. Blaine H. Mavey
Alton, Illinois

Mr. & Mrs. M. B. Thompson
Yoncalla, Oregon

Mr. Gordon I. Gould
58 Sutter Street
San Francisco 4, California

Re: Docket No. DMA 1953 - Mavey
Mamie Porcupine Mines, Ltd.
Ethmont mine
Douglas County, Oregon
Contract No. [illegible]

Dear Mr. Gould:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

This refers to the Consent to Lien and Subordination Agreement signed by you on May 28, 1958, under the DMA program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure

SJNOLT:fbe
2-17-59
cc to: Code 400 & 800
Director's Read. File
FT. REG. I
J. W. Pennington, UMM
T. H. Hilsgaard, UMM

MME Form 14
Sept. 1958

Contract No. Idm-E) 1216
~~MMEX)~~

Docket No. DMEA) 4953
~~MMEX)~~

Date of Action 11/20/58

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Terminated contract

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Moneta Porcupine Mines, Ltd.
1505-320 Bay Street
Toronto, Ontario, Canada

Date of Contract	Region	State	Commodity
June 20, 1958	I	Oregon	Mercury

	Reserve	Obligation
Prior Amount	0	2,599.25
Increase	0	0
Decrease	0	196.00
Revised Amount	0	2,403.25

Remarks:

cc: 800
210

43244

MME Form 14
Sept. 1958

Contract No. Idm-E) 1216
~~XXXX~~)

Docket No. DMEA) 4953
~~MMEX~~

Date of Action 10/29/58

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Reducing amendment

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Moneta Porcupine Mines, Ltd.
1505-320 Bay Street
Toronto, Ontario, Canada

Date of Contract	Region	State	Commodity
June 20, 1958	I	Oregon	Mercury
	Reserve		Obligation
Prior Amount	0		7,812.00
Increase	0		0
Decrease	0		5,212.75
Revised Amount	0		2,599.25

Remarks:

cc: 800
210

43244

Audit's copy

RECEIVED
OCT 23 1958
O.M.E.

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

AMENDMENT NO. 1

It is agreed this 3rd day of October, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, and Moneta Porcupine Mines, Ltd., that Exploration Project Contract No. Idm-E1216 (Docket No. DMEA-4953), dated June 20, 1958, is amended effective as of the date of the Contract as follows:

Exhibit A is revised in its entirety to read as follows:

EXHIBIT A

Description of the Work

Attached are the following maps:

Fig. 1, Location Map, Elkhead Mine, Douglas County, Oregon

Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon

Plate 2, Map Showing Proposed Program, Elkhead Mine, Douglas County, Oregon

Plate 3, Assay Map, Elkhead Mine, Douglas County, Oregon

Bulldoze 4 trenches to bedrock, each trench shall be approximately 200 feet long. The work shall be performed with a TD-14 bulldozer. The location of trenches is to be agreed upon by the Government and the Operator.

Drill approximately 25 long holes at points and on the courses and inclinations indicated on Plate 2. The length of each hole shall not exceed 100 feet and the aggregate drilling shall not exceed 1,534 feet.

Sample the long holes in mineralized zones at 5 and 10 foot intervals; sample the trenches in mineralized zones at 5 foot intervals, and assay all samples which shall not exceed 422 in number for mercury.

Estimated Cost of the Project

Fixed Unit Costs

Bulldozing trenches, 73 hours at $11.00 per hour	$ 803.00
Long hole drilling, 1,534 feet at $1.25 per foot	1,917.50
Assay 422 samples for mercury at $4.00 each, includes sacks and transportation	1,688.00
A Geological-Engineer, 12 days at $75.00 per day	900.00
Estimated Cost of the Project	$5,198.50
Government participation 50%	2,599.25

In Article 1(b) of the Contract, the figure $15,624.00 is revised to read $5,198.50, and the figure $7,812.00 is revised to read $2,599.25.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. P. Mittendorf
ACTING Director, Office of Minerals Exploration

MONETA PORCUPINE MINES, LTD.

By F. R. Burton

Title President

No. 157 Howard Street
Spokane 4, Washington

October 20, 1958

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

Re: Docket No. DMEA-4953 (mercury)
Moneta Porcupine Mines, Ltd.
Kikhead Mine
Douglas County, Oregon
Contract No. Idm-K1216

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of Amendment No. 1 to the above contract. Since Exhibit "A" is entirely rewritten and the work and costs in Amendment No. 1 are exactly as was accomplished under the contract, it is assumed that a termination agreement will not be required as asked for in our letter of August 11 and mentioned in your letter of August 19.

Sincerely yours,

A. E. Weissenborn
Executive Officer, OME
Field Team Region I

cc: USBM (2)
USBM(AD)
Sample

EXTRA COPY
O. M. E.
RECEIVED OCT 28
100

DMEA Form 14

Contract No. Idm-E1216

Docket No. 4953

DEPARTMENT OF THE INTERIOR

Executed 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
June 20, 1958	I	Oregon	Mercury

Name and Address of Operator: Moneta Porcupine Mines, Ltd.
1505--320 Bay Street
Toronto, Ontario, Canada

	Reserve	Obligation
Prior Amount	7,812.00	0
Increase	0	7,812.00
Decrease	7,812.00	0
Revised Amount	0	7,812.00

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit's Copy

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm-E*	*County*	*State*
4753	mercury	1216	Douglas	Oregon

It is agreed 20 JUN 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Noranda Porcupine Mines, Ltd., a Canadian corporation

whose mailing address is 1505--320 Bay Street
Toronto, Ontario, Canada

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before June 20, 1958, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract. JPB

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $15,624.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $7,812.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 6. *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 the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), 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, 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.

(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, 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, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. *Changes and added provisions.*—

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.....

.....

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

MONTERA PORCUPINE MINES, LTD.
(Operator)

By J. R. Burton

Title President

By C. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

I, Harold Beverley Clearihue, certify that I am the F. R. Burton secretary of the corporation named as Operator herein; that F. R. Burton, 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.

H. B. Clearihue

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

ANNEX I

The land referred to in Article 2 of the Contract consists of two tracts designated as Block 1 and Block 2 on the attached Figure 2, entitled "Property Map, Elkhead Mine, . . . Douglas County, Oregon", said land being described as follows:

Block 1:

Beginning at a post in the westerly line of the New County Road running through section 21, leading from Yoncalla to Elkhead, 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said section 21, from which a fir marked "SBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 23° West 10.30 chains to a point from which a fir marked "SBT" 8" in diameter bears South 45° West 12 links distant and a fir 16" in diameter market "SBT" bears East 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 20" in diameter marked "SBT" bears South 62° West 23 links distant; thence North 23° West 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86° West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50° West 12.31 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said section 21 to the intersection with North line of the New County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; containing 31 acres; more or less. All situated in section 21, T. 23 S., R. 4 W., of the Willamette Meridian, Douglas County, Oregon.

Block 2:

The Southwest fourth of the Southwest quarter (SW¼-SW¼) of section 15; the South half of the Southeast quarter (S½-SE¼) of section 16: The North half of the Northeast quarter (N½-NE¼) and the Southeast fourth of the Northeast quarter (SE¼-NE¼) of section 21; and the Southwest fourth of the Northwest quarter (SW¼-NW¼) of section 22, all in T. 23 S., R. 4 W., of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, Oregon, excepting and reserving Block 1 described above and excepting and reserving however the following reserved tract or parcel of land, being a portion of said sections 21 and 22, to wit: That portion Southeast of New County Road, said portion containing 47.11 acres.

The Operator is in possession of Block 1 pursuant to the provisions of an "Agreement and Assignment" dated February 26, 1958, whereby Gordon I. Gould assigned all of his interest in an Agreement dated January 24, 1958, pursuant to which Blaine H. Hovey and Ore Mines Inc. agreed to sell Block 1 and improvements thereon to Gould. By Quitclaim Deed dated January 24, 1958, Ore Mines Inc., quitclaimed all of its interest in Block 1 to Gould.

The Operator is in possession of Block 2 pursuant to the provisions of an "Option Agreement" executed February 6, 1958, by Marvin Thompson and Getta-Violet F. Thompson, his wife, owners of both the surface and mineral rights to Block 2.

Consent to Lien and Subordination Agreements executed by Blaine H. Hovey, Gordon I. Gould, and Marvin and Getta-Violet F. Thompson are attached and made a part hereof.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1966

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date 20 JUN 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described as follows: 2/

in Section 21, Township 23. S.R. 4 West containing 31 acres, more or less

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

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

None

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

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

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

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

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of May, 1958.

	[Seal]	Blaine H. Hovey	[Address]
	[Seal]	2118 Washington St.	[Address]
	[Seal]	Alton, Illinois	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

_____ [Corporate Seal]

[illegible]

[illegible]

[illegible]

OPTION TO LEASE
and
[illegible]

[illegible] the United States of America:

Referring to that certain land in the County of [illegible]

[illegible], described as follows: [illegible]

[illegible]

[illegible]

which is the subject of a proposed exploration project [illegible] the United States of America, hereinafter [illegible] [illegible] as inherent in the Government [illegible]

[illegible]

[illegible] understand and agree that [illegible] [illegible] the subject of any [illegible] [illegible] the contract; and the Government's [illegible] [illegible] and [illegible] right to claim of [illegible]

[illegible]

[illegible] in the land and upon the production of [illegible] [illegible] or a percentage royalty on production [illegible]

[illegible] understands the [illegible] [illegible] any production therefrom is the sole [illegible]

[illegible]

[illegible] the provisions of this Amendment [illegible]

under this agreement to the contrary notwithstanding, [illegible]

undersigned's right, title, claim, or interest in or [illegible]

furnishing the Government with copies of such notice; and [illegible]

6. Consents to all amendments (including an agreement of [illegible]) [illegible] of the contract without notice thereof, and undertakes and agrees that this agreement [illegible] apply thereto.

7. [illegible]

Dated this 10th day of May, [illegible]

[illegible]

Marvin B. Thompson [seal] Yoncalla, Oregon

Mrs. Violet F. Thompson [seal] Yoncalla, Oregon

[illegible] [seal]

[illegible] [seal]

[illegible] [seal]

[illegible] [seal]

I, [illegible] (Secretary, etc.) of the corporation named [illegible] who signed this agreement was then [illegible] (President, etc.) of said corporation; that said agreement was [illegible] said corporation by authority of its governing body, and [illegible]

Parcel A: The Southwest Fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15); the South half of the Southeast quarter (S 1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N1/2 NE 1/4) and the Southeast fourth of the Northeast quarter (SE 1/4 NE 1/4) of Section Twenty-one (21) and the Southwest fourth of the Northwest quarter (SW 1/4 NW 1/4) of Section Twenty-two (22); all in Township Twenty-three (23) South, Range Four (4) West of the Willamette Meridian, containing 280 acres, more or less, of land, in Douglas County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Section Twenty-one, to-wit: Beginning at a post in the Westerly line of the new County Road running through said Section, leading from Yoncalla to Elkhead, 3.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "S.B.T." 16" in diameter, bears North 64 deg. West 61 links distant; and running thence North 23 deg. West 10.30 chains to a point from which a fir marked "S.B.T." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "S.B.T." bears East 37 links distant; thence North 67 deg. East 2.30 chains to a post from which a fir 20" in diameter marked "S.B.T." bears South 62 deg. West 23 links distant; thence North 23 deg. West 4.99 chains to a fir 22" in diameter, marked "S"; thence South 86 deg. West 7.93 chains to a fir 60" in diameter marked "S"; thence South 50 deg. West 12.51 chains to a point 6.48 chains West of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section Twenty-one; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to its intersection with the North line of said new County Road, and thence following along the North line of same in a Northeasterly direction to the place of beginning; said exception containing 31 acres, more or less, of land, in Douglas County, Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion of said Sections Twenty-one and Twenty-two, to-wit: That portion southeast of said new county road, said portion containing 47.11 acres.

PARCEL B: All of that portion of the following described property which lies Southeast of the new County Road leading from Yoncalla to Elkhead:

The Southwest fourth of the Southwest quarter (SW 1/4 SW 1/4) of Section Fifteen (15); the South half of the Southeast quarter (S1/2 SE 1/4) of Section Sixteen (16); the North half of the Northeast quarter (N 1/2 NE 1/4) and the Southeast fourth of the Northeast quarter

(SE 1/4 NE 1/4) of Section Twenty-one (21) and the [illegible] west fourth of the Northwest quarter (NW 1/4 NW [illegible]) of Section Twenty-two (22); all in Township [illegible] South, Range Four (4) West of the Willamette Meridian, [illegible] containing 280 acres, more or less, of land, in [illegible] County, State of Oregon;

Excepting and reserving however the following described tract or parcel of land, being a portion [illegible] said Section Twenty-one, to-wit: Beginning at a point [illegible] in the Westerly line of the new County Road running through said Section, leading from Yoncalla to [illegible] 5.51 chains West of a point 6.57 chains South of the Northeast corner of the Southeast fourth of the Northeast quarter of said Section Twenty-one, from which a fir marked "B.B.T." 16" in diameter, bears [illegible] West 61 links distant, and running thence North 37 deg. West 19.30 chains to a point from which a fir marked "B.B." 8" in diameter bears South 45 deg. West 12 links distant and a fir 16" in diameter marked "B.B.T." bears East 37 links distant; thence North 67 deg. West [illegible] chains to a post from which a fir 20" in diameter marked "B.B.T." bears South 62 deg. West 45 links distant; thence North 23 deg. West 4.99 chains to a fir 24" in diameter marked "B"; thence South 86 deg. West 7.95 chains to a fir 60" in diameter marked "B"; thence South 89 deg. West 12.31 chains to a point 6.48 chains West of the [illegible] corner of the Southeast fourth of the Northwest quarter of said Section Twenty-one; thence [illegible] chains; thence South on East line of the [illegible] of the Northeast quarter of said Section 21 [illegible] section with the north line of said new County Road; thence following along the North line of said [illegible] Northeasterly direction to the place of beginning, [illegible] exception containing 31 acres, more or less, [illegible] Douglas County, Oregon.

[illegible]inces and supersedes MF-20[illegible] and MF-206)
June 1956

Project Assignment's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. MMA- _____
Contract No. Ida-[illegible] _____
Contract Date 20 JUN 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Douglas, State of Oregon, described [illegible] on attachments hereto

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

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

An Agreement and Assignment dated February 26, 1958 (and an amendment thereto by letter of April 28, 1958) conveying undersigned's right, title and interest in the above described properties to Hanna [illegible]

1/ Mining or production from the land is not required, and in the absence of production there [illegible] obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the [illegible] and insert "in a lease [or contract, deed, or other document] dated _____ and recorded in Book _____, Page _____, official records of [illegible] If used, the book and page of recordation cannot be designated with [illegible] If the space is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to acquit any [illegible] nor [illegible] any [illegible] with the provisions of this Agreement; and (b) to give written notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any portion thereof, furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and [illegible] the contract without notice thereof, and undertakes and agrees that this Agreement shall [illegible] apply thereto.

7. Added provisions: None (State "None" or "See Annex No. [illegible]")

Dated this 20th day of May, 1948.

Gordon I. Gould [Seal] [illegible]

San Francisco 4, California

[Seal] [illegible]

[Seal] [illegible]

[Seal] [illegible]

[Seal] [illegible]

[Seal] [illegible]

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

[illegible]

[Corporate Seal]

HOVEY PROPERTY

Beginning at a post in the westerly line of the new County Road through Section 21, leading from Yoncalla to Elkhead, 3.51 chains of a point 6.57 chains South of the Northeast corner of the Southwest fourth of the Northeast quarter of said Section 21, from which a fir marked "BBT" 16" in diameter bears North 64° West 61 links distant, and running thence North 83° West 10.30 chains to a point from which a fir marked "BBT" 8" in diameter bears South 45° West 14 links distant and a fir 16" in diameter marked "BBT" bears East 37 links distant; thence North 67° East 2.50 chains to a post from which a fir 60" in diameter marked "BBT" bears South 62° West 83 links distant; thence North 83° W. 4.99 chains to a fir 22" in diameter, marked "B", thence North 86° West 7.93 chains to a fir 60" in diameter marked "B", thence South 50° West 12.31 chains to a point 6.48 chains West of the Southeast corner of the Southwest fourth of the Northeast quarter of said Section 21; thence East 6.48 chains; thence South on East line of the Southwest fourth of the Northeast quarter of said Section 21 to the intersection with North line of said New County Road, and thence following along the north line of same in a northeasterly direction to the place of beginning; containing 31 acres, more or less. All situated in Section 21, Township 23 South Range 4 West of the Willamette Meridian, Douglas County, Oregon. Those premises also are known as the Elkhead Quicksilver Mine.

[redacted]

[redacted]

[redacted]

The Southwest fourth of the Southwest [illegible]
(SW 1/4 SW 1/4) of Section Fifteen (15); the [illegible]
of the Southeast quarter (S 1/2 SE 1/4) of [illegible]
(16); the North half of the Northwest quarter [illegible]
1/4) and the Southeast fourth of the Northwest [illegible]
(SE 1/4 NE 1/4) of Section Twenty-one (21) and [illegible]
west fourth of the Northwest quarter (SW 1/4 NE 1/4) [illegible]
Section Twenty-two (22); all in Township [illegible]
South, Range Four (4) West of the Willamette [illegible]
containing 280 acres, more or less, of land, in [illegible]
County, State of Oregon

Excepting and reserving however the following [illegible]
described tract or parcel of land, being a [illegible]
said Section Twenty-one, to-wit: Beginning [illegible]
in the Westerly line of the new County Road [illegible]
through said Section, leading from Kenneth [illegible]
5.51 chains West of a point 6.57 chains [illegible]
Northeast corner of the Southeast fourth [illegible]
east quarter of said Section Twenty-one, [illegible]
fir marked "B.B.F." 16" in diameter, [illegible]
West 61 links distant, and running [illegible]
West 10.36 chains to a point from which a fir marked [illegible]
8" in diameter bears South 45 deg. West 2 links [illegible]
and a fir 16" in diameter marked "[illegible]
37 links distant; thence North 87 deg. [illegible]
chains to a post from which a fir [illegible]
"B.B.F." bears South 62 deg. West 25 links [illegible]
North 25 deg. West 4.99 chains to a fir [illegible]
marked "B"; thence South 86 deg. [illegible]
fir 60" in diameter marked "B"; thence [illegible]
West 18.81 chains to a point [illegible]
east corner of the Southeast fourth [illegible]
quarter of said Section Twenty-[illegible]
chains; thence South on East line [illegible]
of the Northeast quarter of said [illegible]
Section with the East line of [illegible]
thence following along the [illegible]
Northeasterly [illegible]
[illegible]
[illegible]
[illegible]

EXPLORATION PROJECT CONTRACT
MONETA PORCUPINE MINES, LTD.
DOCKET NO. DMEA-4953

EXHIBIT A

Description of the Work

Attached are the following maps:

Fig. 1, Location Map, Elkhead mine, Douglas County, Oregon

Fig. 2, Property Map, Elkhead Mine, Douglas County, Oregon

Plate 2, Map Showing Proposed Program, Elkhead Mine, Douglas County, Oregon

Plate 3, Assay Map, Elkhead Mine, Douglas County, Oregon

The work shall consist of trenching, drifting, slabbing for drill stations and long hole drilling. All work shall be carried on concurrently.

Bulldoze 5 trenches to bedrock, each trench shall be approximately 200 feet long. The work shall be performed with a D-8 Caterpillar bulldozer or equivalent unit of another make. One trench shall be at the southwest end of Block 1 and 4 trenches shall be northeast of Block 1, as indicated on Plate 2.

In "B-drift" drift southwesterly 200 feet from the point indicated on Plate 2, and in "A-drift" drift northeasterly 100 feet from the point indicated on Plate 2. Drifts shall be a minimum of 5 feet by 7 feet in the clear and timbered as necessary.

Slab the drifts for long hole drilling stations, at the 14 points indicated in Plate 2, each to be equivalent to about 2 feet of drifting or a total of 28 feet.

Drill 40 long holes at points and on the courses, inclinations and lengths indicated on Plate 2. The lengths of each hole shall not exceed 60 feet and the aggregate drilling shall not exceed 2,400 feet.

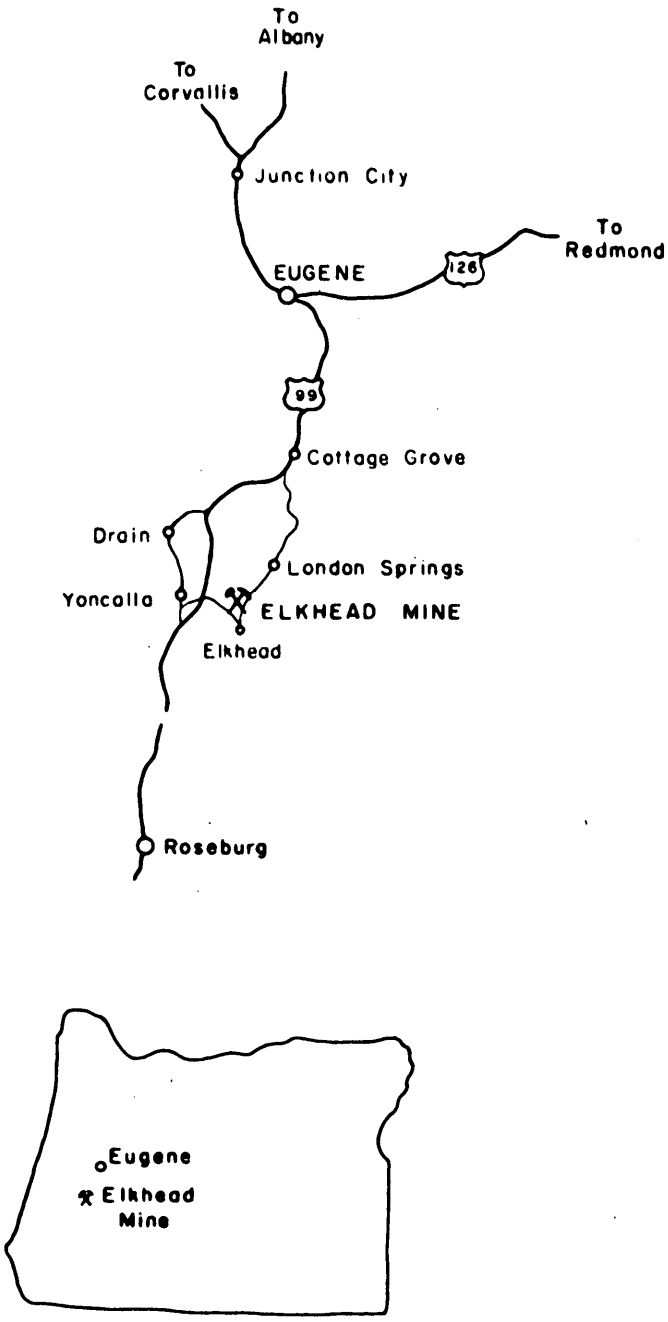
Channel sample the drifts at 5 foot intervals; sample long holes in mineralized zones at 5 or 10 foot intervals; sample trenches in mineralized zones at 5 foot intervals; and assay all samples for mercury. A total of 60 channel samples, 280 long hole samples and 60 trench samples is authorized for this work.

An Engineer-Geologist shall inspect the property and sampling, study geology and map the property.

ESTIMATED COSTS OF THE PROJECT

Fixed Unit Costs

Bulldozing trenches, 80 hours @ $15.00/hr.	$1,200.00	
Drifting 300 feet @ $26.75/ft.	8,025.00	
Timbering 30 feet @ $5.00/ft.	150.00	
Slabbing for long hole drilling, 28 feet @ $26.75/ft.	749.00	
Long hole drilling, 2400 feet @ $1.25/ft.	3,000.00	
Assay 400 samples for mercury @ $4.00 each. Includes sacks and transportation	1,600.00	
A Geologist-Engineer, 12 days @ $75.00/day	900.00	
Estimated Total cost of Project		$15,624.00
Government Participation, 50%		$ 7,812.00



Location map, ELKHEAD MINE

MONETA PORCUPINE MINES LTD.

Douglas County, Oregon

Fig 1

So. 157 Howard Street
Spokane 4, Washington
June 27, 1958

RECEIVED JUN 30 1958
DATE | INITIALS | CODE
800

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

Re: Docket No. DMEA-4953 (Mercury)
Moneta Porcupine Mines, Ltd.
Elkhead Mine
Douglas County, Oregon
Contract No. Idm-E1216

Dear Mr. Selfridge:

Enclosed are the Government and Audit copies of a short form contract to the above-referenced project. Also enclosed are two copies of a letter, dated June 26, 1958, from F. R. Burton, president of the company, returning this contract to us. You will note that Mr. Burton states that work was in progress on June 20, 1958 and this date has been inserted in Article 1, line 5.

By copy of this letter, other copies of this contract are being distributed.

Sincerely yours,

Donald R. MacLaren

Wing G. Agnew
Acting Executive Officer
DMEA Field Team, Region

Enclosures
cc: USBM(2) w/cys incoming
USBM(AD) w/cy contract and cy incoming
Albee w/cy incoming

MONETA PORCUPINE MINES, LIMITED
(NO PERSONAL LIABILITY)

SUITE 1505 - 320 BAY STREET
TORONTO 1, ONT.

Telephone: EMpire 6-5665

Please Refer File:

June 26th, 1958

REGISTERED AIRMAIL

United States Department of the Interior,
Defense Minerals Exploration Administration,
So. 157 Howard St.,
SPOKANE 4, Washington, U.S.A.

Dear Mr. Weissenborn: Re: Docket No. DMEA-4953 (Mercury)
Elkhead Mine
Douglas County, Oregon

I acknowledge receipt of your letter of the 23rd instant, together with the original and 5 copies of the contract. We have executed all 6 copies and return 5 to you herewith. Your letter stated that there were only 5 copies to be signed and 4 returned to you; if this 5th copy which we are returning is a spare one, we would appreciate receiving it back because we have had to send our copy to our B.C. engineer, Dr. R. H. Seraphim.

The work was in progress on June 20th, so in paragraph 1(a) I have filled in "June 20, 1958". I have spoken to our engineer on the telephone, and he assures me that the drift faces as of June 20th have been marked, and it is my understanding that this advise has already been forwarded to you.

I would like to confirm that all of our option agreements whereby we hold these 2 properties have been submitted to you and that you are fully aware of the terms under which we hold the properties.

Would you please forward to us the necessary forms for reporting to you per article 5(b).

I would like to take this opportunity of thanking you for your co-operation in our exploration program for this property.

Yours very truly,

Dorothy mention Royalty, etc.

RECEIVED
2:15 P.M.
JUN 27 1958
U.S.G.S.
SPOKANE WASH

/A
Encls.
C/c Dr. R. H. Seraphim

P. R. Burton,
President

DMEA Form 14

Contract No. Idm-E 1216

Docket No. 4953

Approved Contract

DEPARTMENT OF THE INTERIOR

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
June 20, 1958	I	Oregon	Mercury

Name and Address of Operator: Moneta Porcupine Mines, Ltd
1505--320 Bay Street
Toronto, Ontario, Canada

	Reserve	Obligation
Prior Amount	0	0
Increase	7,812.00	0
Decrease	0	0
Revised Amount	7,812.00	0

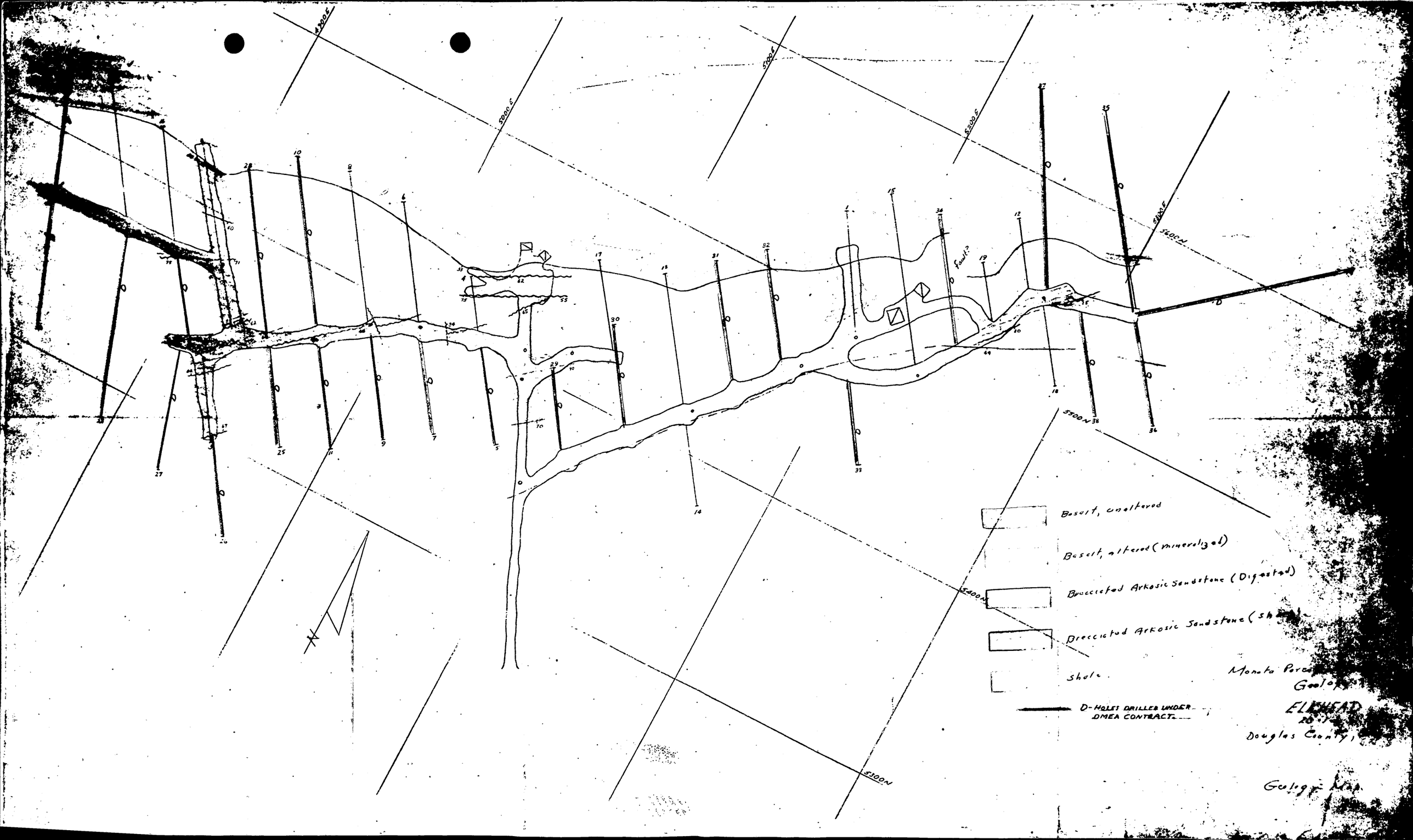
Remarks:

(Name)
Allen S. Dakan, Chief Operations Control and Statistics Division

(Title)

Date delivered to Bureau of Mines, Washington 6/20/58

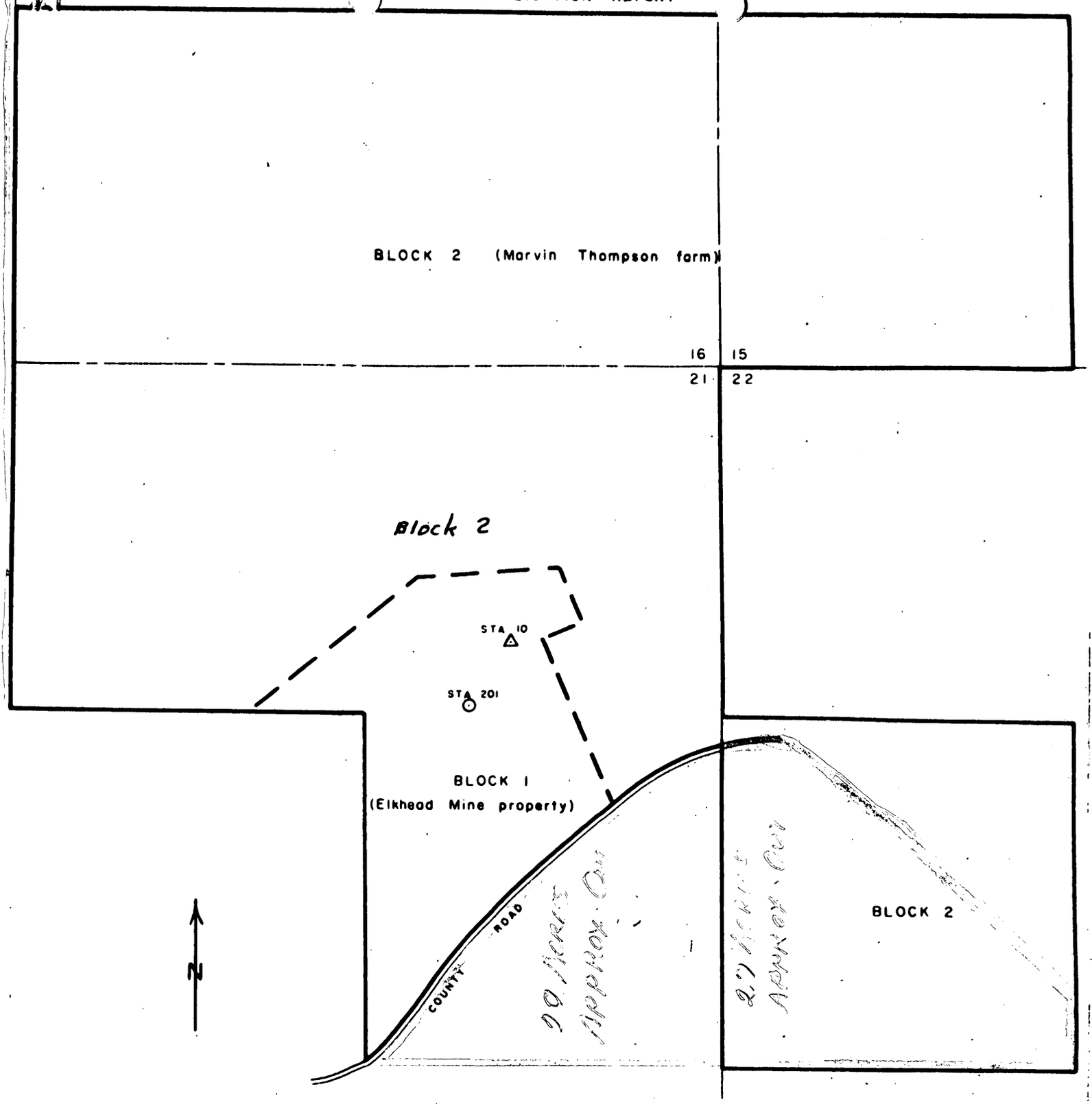
22845


5000 E
5200 E
5300 E
5400 E
5500 N
5400 N
5300 N
Fault?
Basalt, unaltered
Basalt, altered (mineralized)
Brecciated Arkosic Sandstone (Digested)
Brecciated Arkosic Sandstone (sh
Shale
D-HOLES DRILLED UNDER DMEA CONTRACT
Monte Pere
Geolo
ELKHEAD
Douglas County,
Geologic Map

UNITED STATES
DEPARTMENT OF THE INTERIOR

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
APPLICATION REPORT

DOCKET NO
DMEA 4953



Property Map, ELKHEAD MINE

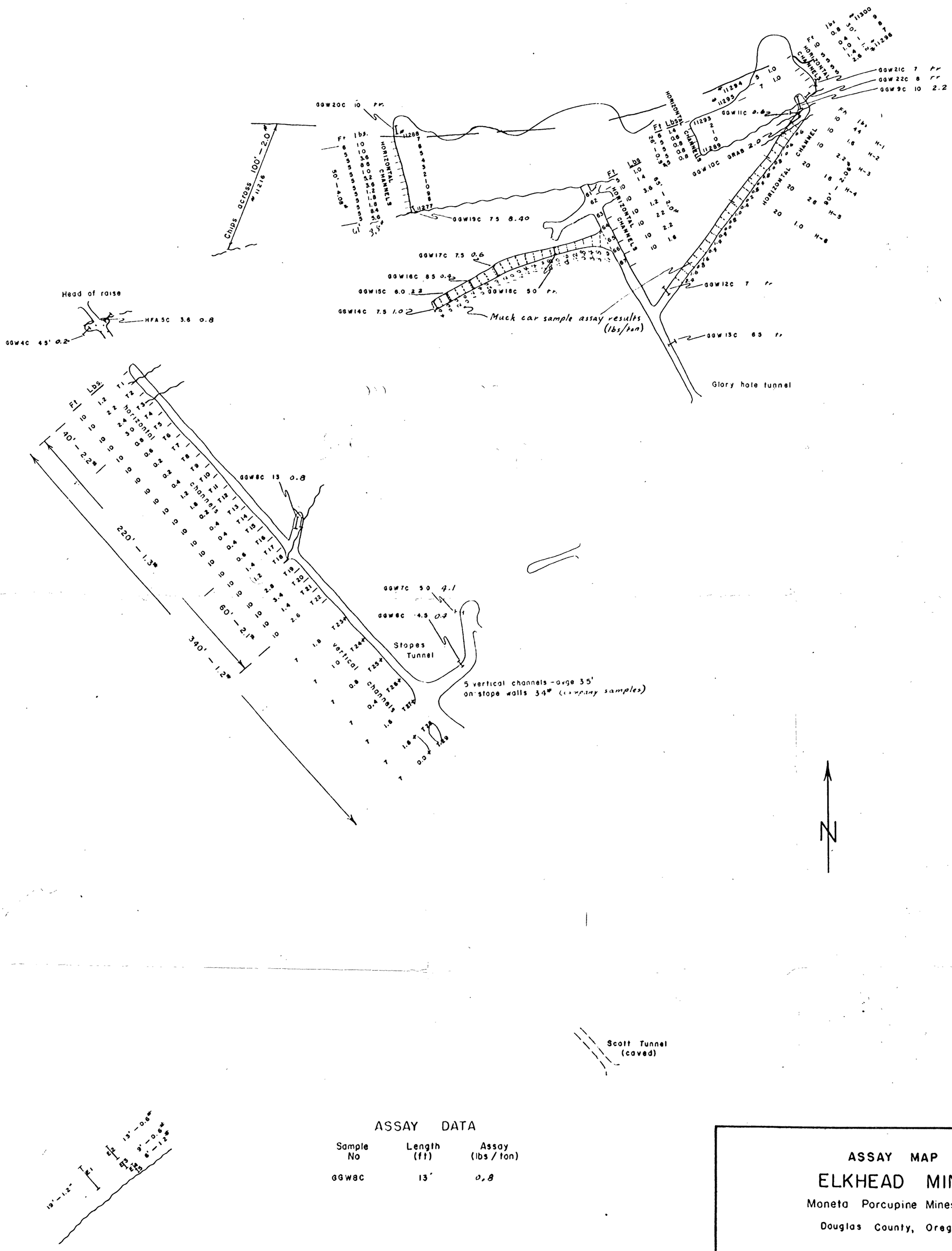
Moneta Porcupine Mines, Ltd.

T. 23 S., R. 4 W., Willamette Meridian

Douglas County, Oregon

500 250 0 500 FEET

Fig. 2



ASSAY DATA

Sample No	Length (ft)	Assay (lbs / ton)
GGW8C	13'	0.8

ASSAY MAP

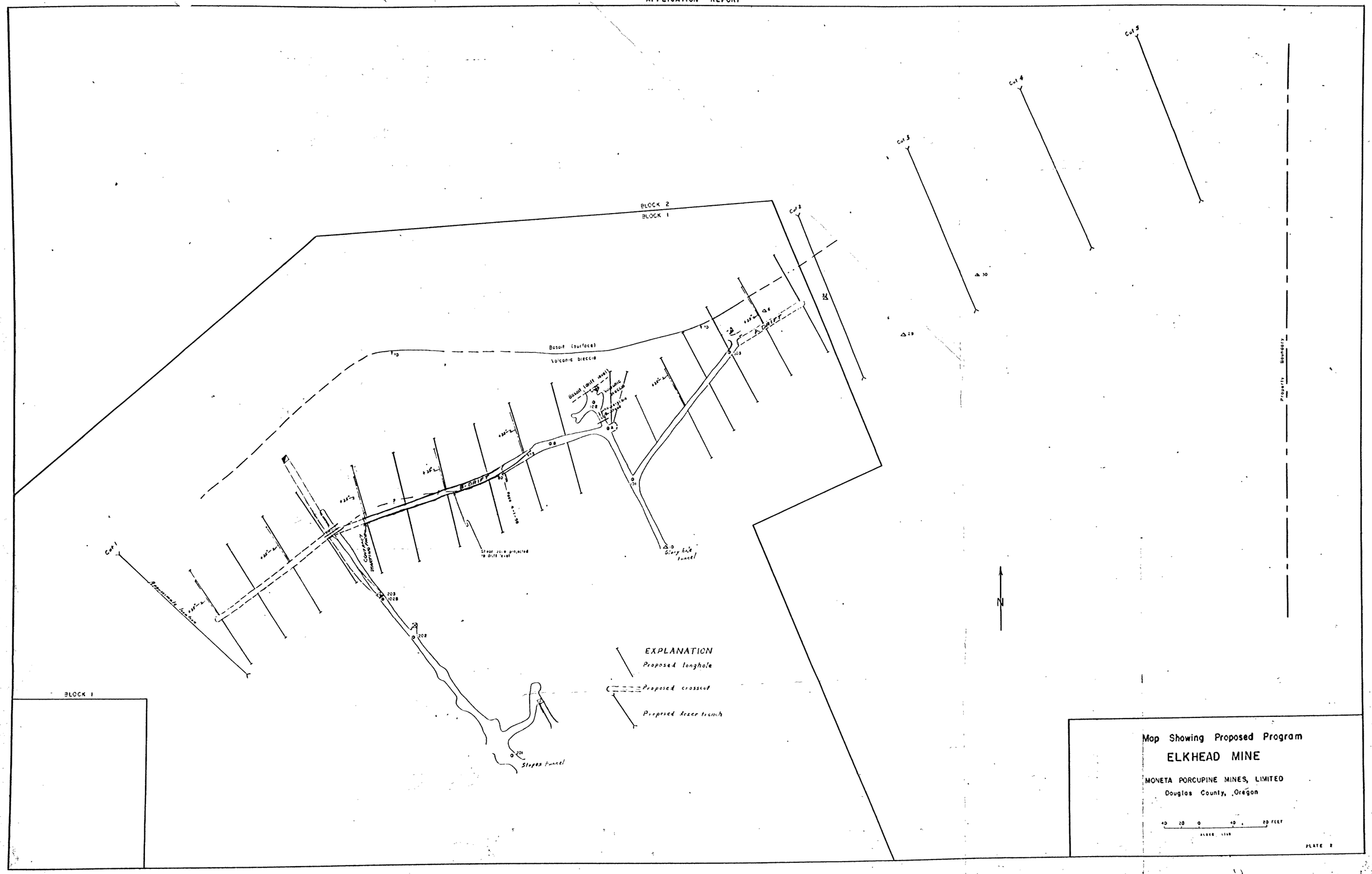
ELKHEAD MINE

Moneta Porcupine Mines, Ltd

Douglas County, Oregon

50 25 0 50 Feet

PLATE 3



Map Showing Proposed Program

ELKHEAD MINE

MONETA PORCUPINE MINES, LIMITED

Douglas County, Oregon

40 20 0 40 80 FEET

PLATE 2