JUN 17 1963

McDonald, Nicholson & Co.
55 York Street
Toronto 1, Ontario
Canada

Re: [redacted]-2742 (Mercury)
DeCoursey Mountain Mining Co., Inc.
DeCoursey Mountain Mine
4th Judicial Division, Alaska
Contract Idm-8540

Gentlemen:

The information requested by your June 12 letter regarding advances and repayments under the referenced contract follows:

| | |
|---|---|
| Contributions by the U. S. Government | $31,500.00 |
| Repayments by royalty | -0- |
| Balance repayable by royalty | $31,500.00 |

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 6-17-63

cc:
Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region I (w/cy of inc. ltr.)

January 23, 1963

800

Mr. D. R. Maclaren
Acting Field Officer
OME, Region I
South 157 Howard Street
Spokane 4, Washington

Dear Mac:

Although Earl Pilgrim was reported to have obtained especially favorable truck, rail, longshore, and steamship rates in connection with a contract to ship 200 tons of antimony ore to Japan, he apparently did not ship a pound from his Stampede mine (BMEA-2559). No one I have talked to seems to know what happened except that his mine was isolated most of the summer due to numerous washouts of road and airfield. I suspect that his contract was not as firm as reported, and that the deal collapsed when he compared his costs with the price offered by the Japanese. Earl usually drops in here on his way outside but did not do so this year. However, if he had shipped any ore, I am sure there would have been plenty of publicity.

E540 V

The DeCourcey Mountain mine (BMEA-2742) has had no production since November 1, 1954, and as far as I know, there has been no activity at all there since the BMEA contract work was terminated on that date.

Did Little Squaw Mining Co. submit a report on the results of their OME work in the Chandalar district last summer? There should be some assay results on samples from the few trenches that reached bedrock on the Mikado structure and I understood that some work had been done underground at the Mikado.

Best regards.

Sincerely yours,

J. A. Nordlick
Chief, Alaska Office of
Mineral Resources, Region I

CC: Bishop, File 001.4 OME

800

No. 157 Howard Street
Spokane 4, Washington
January 22, 1963

Mr. J. A. Herdlick, Chief
Alaska Office of Mineral Resources, Region I
U. S. Bureau of Mines
P. O. Box 2688
Juneau, Alaska

Re: DMMA-4559 (Antimony)
Earl R. Pilgrim
Stampede Antimony Mine
Kantishna Mining District, Alaska
Contract IAm-2589
and
DMMA-2742 (Mercury)
DeCourcey Mountain Mining Co., Inc.
DeCourcey Mountain Mine
4th Judicial Division, Alaska
Contract IAm-2540

Dear Jerry:

Thanks for Lyman's December narrative. He has indeed been plagued with unfortunatable trouble, which probably explains why he has not yet submitted any voucher.

By the way, early last spring or summer Jensen's Weekly reported that Earl Pilgrim, Stampede Antimony Mine, was planning to ship 200 tons of high grade antimony to Japan during last summer. However, on December 18, 1962, Pilgrim returned a form request for information in which he specifically indicated that no production, stockpiling, or shipment had been made since June 1, 1958. I certainly have no reason to doubt the man, as I have never met him or been in on any DMMA dealings with him, but I thought that for the record I should ask you if you have any information regarding a possible shipment.

Also, the royalty period for DeCourcey Mountain Mining Company, DMMA-2742, will expire June 2, 1963. Do you know if there has been any ore produced or shipped from this property since November 1, 1954? This is the date the contract work was terminated.

It was a pleasure talking to you during the Northwest Mining Association meetings, and I hope you had a good vacation.

Sincerely yours,

D. R. Maclaren
Acting Field Officer, OME
Region I

DRMaclaren:ny
cc: OME(4); CFY
Reading copies to:
Bales, McKelvey

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-M540, Docket EMKA-2742 (mercury), dated June 2, 1953, with

DeCoursey Mountain Mining Co., Inc.
Red Devil, Alaska
now known as
Alaska Mines and Minerals Incorporated
P. O. Box 422
Anchorage, Alaska

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the DeCoursey Mountain Mine, Kuskokwim Precinct, 4th Judicial Division, Alaska, during the period September 9, 1959, through December 31, 1961.

In accordance with a May 24, 1957, Termination Agreement and Article 9 and Annex III of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated February 27, 1959, indicated accepted costs under the exploration contract amounting to $42,000.00 with the Government's contribution on a 75 percent basis being $31,500.00.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through September 8, 1959. Accordingly, as of December 31, 1961, the royalty account of this project was found to be:

| | |
|---|---|
| Total Royalty Payable | $ -0- |
| Total Royalty Paid | -0- |
| Balance of Royalty Due | $ -0- |

E. D. Talbert

E. D. Talbert, OME Auditor

December 19, 1962

Idm-8540 DeCoursey Mountain Mining Co., Inc. DMEA-2742

**STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR**

This contract, as amended by the Termination Agreement, provides that the Operator, as principal if the producer or surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of the Snow Bird Nos. 1 to 5 and Last Chance Nos. 1 to 3 lode mining claims located in the Otter Mining District about 17 miles NW of Crooked Creek. At the time the contract was executed the Operator was in possession by virtue of an Escrow Contract of purchase dated October 16, 1951. An Owner's Consent to Lien was executed by the seller, Robert F. Lyman, on March 16, 1953.

Exploration work under the contract was suspended on October 31, 1954. Work was not resumed and was formally terminated by an agreement dated May 24, 1957. There was no production during the exploration period. Subsequent examinations of the property and checks at State of Alaska offices by representatives of DMEA and OMK have disclosed no evidence of production through December 31, 1961.

In November 1954 control of the Operator was acquired by the firm of Brewis and White, 145 Yonge Street, Toronto 1, Ontario, Canada, through its holding company known as DeCoursey-Brewis Minerals Limited, a Canadian corporation. On December 15, 1958, the Operator's name was changed to Alaska Mines and Minerals Incorporated.

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

(1) The files contain no evidence of production from the date of the contract through the period covered by this review; and

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

South 157 Howard Street
Spokane 4, Washington

December 28, 1962

Memorandum

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

From : Acting Field Officer, Region I

Subject: DMSA-27h2 (Mercury)
DeCourcey Mountain Mining Co., Inc.
DeCourcey Mountain mine
Kuskokwim Precinct
Fourth Judicial Division, Alaska

There is enclosed a Report of Royalty Review dated December 19, 1962, covering the subject contract for the period September 9, 1959, through December 1961.

One copy of the report has been retained for the regional office files. The report is for record purposes only, and no copy is provided for the Operator.

D. R. MacLaren

Enclosure

cc: OMB
CAAA Div.
CPF

Reading copies to:
Nolan
McKelvey

DRMacLaren/rrc

EXTRA COPY
O. M. E
RECEIVED JAN 1 1963
DATE | INITIALS | CODE
800

December 20, 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-2742 (Mercury)
DeCourcey Mountain Mining Co., Inc.
DeCourcey Mountain Mine
Kuskokwim Precinct
Fourth Judicial Division, Alaska

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 12-19-62

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

JUN 8 1962

McDonald, Nicholson & Co.
55 York Street
Toronto 1, Ontario
Canada

Re: DMEA-2742 (Mercury)
DeCoursey Mountain Mining Co., Inc.
DeCoursey Mountain Mine
4th Judicial Division, Alaska
Contract Ida-5540

Gentlemen:

The information requested by your June 5 letter regarding advances and repayments under the referenced contract follows:

| | |
|---|---|
| Contributions by the U. S. Government | $31,500.00 |
| Repayments by royalty | -0- |
| Balance repayable by royalty | $31,500.00 |

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 6-8-62

cc:
Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)

JUN 1 9 1961

McDonald, Nicholson & Co.
55 York Street
Toronto 1, Ontario, Canada

Re: MEA-2742 (Mercury)
DeCoursey Mountain Mining Co., Inc.
DeCoursey Mountain Mine
4th Judicial Division, Alaska
Contract Idm-E540
and
MEA-2741 (Mercury)
Alaska Mines and Minerals, Inc.
Red Devil Mine
Sleetmute, Alaska
Amended Contract Idm-E539

Gentlemen:

By letter dated June 1, 1961, you request information as to contributions and repayments under the referenced exploration project contracts. The status of these accounts has not changed since our letter of June 15, 1960, in reply to your inquiry of May 27, 1960.

Under contract Idm-E539, MEA-2741, Red Devil Mine, the United States Government contributed an aggregate of $152,742.30 toward the exploration costs. The entire amount has been repaid and the Government's records have been closed.

Under contract Idm-E540, MEA-2742, DeCoursey Mine, the United States Government contributed an aggregate of $51,500.00 toward the exploration costs. None of this amount has been repaid. By the terms of the contract and the termination agreement, all minerals mined or produced from the property under the contract are subject to the Government's percentage royalty as set forth in the contract until June 2, 1963, or until the sum of $51,500.00 has been repaid, whichever occurs first.

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/cac
June 16, 1961

Copy to: Director's Reading File
CA & A Division
Acting Field Officer, Region I (2)

JUN 15 1960

McDonald, Nicholson & Co.
55 York Street
Toronto 1, Ontario, Canada

Re: DMRA-2741 (Mercury)
Alaska Mines and Minerals, Inc.
Red Devil Mine
Bleatmute, Alaska
Amended Contract Idm-E539
and
DMRA-2742 (Mercury)
Alaska Mines and Minerals, Inc.
DeCourcey Mountain Mine
4th Judicial Division, Alaska
Contract Idm-E540

Gentlemen:

Your May 27 letter to the Certifying Officer, OME Field Team, Region I, Spokane, Washington, has been referred to this office for reply.

Under contract Idm-E539, DMRA-2741, Red Devil Mine, the United States Government contributed an aggregate of $152,742.30 towards the exploration costs. The entire amount has been repaid and the Government's records have been closed.

Under contract Idm-E540, DMRA-2742, DeCourcey Mine, the United States Government contributed an aggregate of $31,500.00 towards the exploration costs. None of this amount has been repaid. By the terms of the contract and the termination agreement, all minerals mined or produced from the property under the contract are subject to the Government's percentage royalty as set forth in the contract until June 2, 1965, or until the sum of $31,500.00 has been repaid, whichever occurs first.

Sincerely yours,

George C. Selfridge

Acting Director

EDTalbert/ama
June 14, 1960

Copy to: Docket
Director's Reading File
CA & A Division - Idm-E539
Acting Field Officer, Region I (2)

| EXTRA COPY O. M. E. RECEIVED JUN 13 1960 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| | | 800 |
| | | |
| | | |
| | | |
| | | |

So. 157 Howard Street
Spokane 4, Washington
June 10, 1960

Memorandum

To: Chief, Division of Field Operations, OME

From: Acting Field Officer, Region I

Subject: DMEA-2741 (Mercury)
Alaska Mines and Minerals, Inc.
(formerly DeCoursey Mountain
Mining Co., Inc.)
Red Devil Mine, Sleitmute, Alaska
Amended Contract Idm-E539

and

DMEA-2742 (Mercury)
DeCoursey Mountain Mine
4th Judicial Division (formerly
Territory of Alaska)
Contract Idm-E540

Enclosed are three copies of a letter dated May 27 from McDonald, Nicholson & Co., chartered accountants, Toronto, Canada, who are performing an audit of the books of Alaska Mines and Minerals, Inc. (formerly DeCoursey Mountain Mining Co., Inc.) on the above-referenced contracts. Also enclosed are three copies of our reply.

D. R. MacLaren

Enclosures

cc: DRF

| EXTRA COPY | | |
|---|---|---|
| RECEIVED JUN 13 1960 | | |
| DATE | INITIALS | CODE |
| | | |
| | | |
| | | |
| | | |
| | | |

So. 157 Howard Street
Spokane 4, Washington
June 10, 1960

Air Mail

McDonald, Nicholson & Co.
55 York Street
Toronto 1, Ontario

Re: Docket No. DMEA-2741 (Mercury)
Alaska Mines and Minerals, Inc.
(formerly DeCoursey Mountain
Mining Co., Inc.)
Red Devil Mine, Sleitmute, Alaska
Amended Contract No. Idm E539

and

Docket No. DMEA-2742 (Mercury)
DeCoursey Mountain Mine
4th Judicial Division (formerly
Territory of Alaska)
Contract No. Idm E540

Gentlemen:

Mrs. Dorothy Long, former Certifying Officer, Region I, has referred your letter of May 27 to this office for reply.

Effective March 1, 1960, all fiscal matters are being taken care of by our Washington office and Mrs Long shipped all these files to that office. We are forwarding copies of your letter to them for reply.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: OME(3) w cys incoming
and our reply
DMP

C O P Y

McDONALD, NICHOLSON & CO.

CHARTERED ACCOUNTANTS

55 York Street

TORONTO 1
Ontario

27th May, 1960

EXTRA COPY
O. M. E
RECEIVED JUN 13 1960

| DATE | INITIALS | CODE |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

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

Re: Docket No. D.M.E.A. 2471 (Mercury)
DeCoursey Mountain Mining Co., Inc.
Red Devil Mine, Sleitmute, Alaska
Amended Contract No. Idm-E539

Dear Mrs. Long:

We are performing an audit of the books of Alaska Mines and Minerals Incorporated (formerly DeCoursey Mountain Mining Co. Inc.) as at 31st May, 1960, and would ask you to confirm to us the total advances made to the above company and the total payments made by the company, distinguishing between advances on the DeCoursey property and the Red Devil property.

Your early attention to this request would be greatly appreciated.

Yours very truly,

/s/ McDONALD NICHOLSON & CO.

TAR/ng

Request authorized:

ALASKA MINES AND MINERALS INCORPORATED

/s/ H. R. HEARD
Secretary - Treasurer

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-8540, Docket No. DMEA-2742(Mercury), dated June 2, 1953, with

DeCoursey Mountain Mining Company
P. O. Box 523
Anchorage, Alaska

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as DeCoursey Mountain Mine located near Crooked Creek, Alaska, during the period June 2, 1953, through September 8, 1959.

In accordance with Termination Agreement dated May 24, 1957, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review in lieu of final cost audit dated February 27, 1959, indicated accepted costs under the exploration contract amounting to $42,000.00 with the Government's contribution, on a 75 percent basis, being $31,500.00.

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

(1) According to final report dated October, 1958, and other documents in the files the property has been idle since November 1, 1954, and no mercury has been produced from the property since the date of the contract; and

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

The review indicated that there has not been any production or sales of minerals from the land described in Article 2 of the contract since June 2, 1953, and no royalty is due the Government.

C. E. Fisher

C. E. Fisher, OME Auditor

October 19, 1959

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name DeCourcey Mountain Mine

Address P. O. Box 523

Anchorage, Alaska

Exploration Contract No. Idm-35[illegible] Docket No. [illegible]

| | | Check One Yes | Check One No. |
|---|---|---|---|
| 1. | (a) Does the Operator stockpile ore subject to royalty repayment? | | X |
| | (b) If so, is segregation and identification procedure adequate? | | |
| 2. | (a) Does Operator commingle production subject to DMEA or OME royalties with exempt production? | | X |
| | (b) If so, do you consider the allocation of the commingled production equitable? | | |
| 3. | (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period? | | X |
| | (b) If so, are adequate records maintained on such material to protect the Government's interest? | | |
| 4. | Do you consider the assay controls in effect are adequate? | X | |
| 5. | Do you consider that the manner of disposing of production gives the Government its fair royalty returns? | X | |
| 6. | Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties? | X | |
| 7. | Does the Operator buy from or sell to other Operators? | | X |
| 8. | Comment on any item 2 (b) to 6 if answer is No. | | |

**Property inactive.**

September 8, 1959
Date

S. W. Zoldok
Mining Engineer

S. W. Zoldok

53362

REPORT
OF REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Delaware Mountain Mining Co., Inc.
Wad Devil, Alaska

pertaining to Exploration Project Contract No. [illegible], DMEA No. [illegible], including Amendment No. 1 and a Termination Agreement dated May [illegible], 1957, for the period of March 21, 1953, to October 31, 1954, inclusive, covering a recovery project at the Delaware Mountain Mine near Crooked Creek, Fourth Judicial District, Territory of Alaska.

My review included an examination of the Monthly Reports (Forms MR-104) and supporting documents, comparison of the claimed costs 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 reason that:

All costs prior to November 1, 1954, the effective date of the Termination Agreement, were covered by a Second Interim Audit Report and Certificate issued by this auditor on April 23, 1955.

The findings of this review are stated in the following summary:

| | |
|---|---|
| Total cost billed by Operator | $[illegible] |
| Exceptions (see Audit Report for details) | [illegible] |
| Acceptable cost | $[illegible] |

The contract calls for a 75 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

| | |
|---|---|
| Payable on settled claim | $[illegible] |
| Paid to date | [illegible] |
| Balance due Operator | $ [illegible] |

Pd 3/16/59

E. D. Tolbert

E. D. Tolbert, Auditor

February 27, 1959

FEB 27 1959

**Via Air Mail**

Mr. A. E. Wahrenbrock
Executive Officer
Oak Ridge Term, Region I
South 137 Second Street
Spokane 4, Washington

Re: Docket No. [illegible] (Tuesday)
Monarch Mountain Mining Co., Inc.
Contract No. [illegible]

Dear Mr. Wahrenbrock:

Enclosed is the original and three copies of a report of review in lieu of a final audit of the referenced project.

If you concur with the data as stated in this report, please make the usual distribution. If for any reason you do not concur, please return the original and all copies with your comments to this division.

The recent receipt of the Quarterly's final report permits the release of this long-delayed report of review.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

Enclosures

EDTalbert/GMcC
February 27, 1959

cc: Docket
Director's Reading File
Mr. Chambers
Mr. George Maver (w/copy of RR)

Standard Form No. 1034—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

# PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. 2286

U. S. .....
(Department, bureau, or establishment)

Voucher prepared at Spokane, Washington 3/16/59
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-8540

To DeCourcey Mountain Mining Company, Inc.
(Payee)

Red Devil, Alaska
(Address) (City) (State)

PAID BY
EXTRA COPY
O. M. E.
RECEIVED MAR 19 1959
DATE | INITIALS | CODE
800
(For use of Paying Office)

| No. and Date of Order | Date of Delivery or Service | ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms | QUANTITY | UNIT PRICE Cost | UNIT PRICE Per | AMOUNT Dollars | AMOUNT Cts. |
|---|---|---|---|---|---|---|---|
| | | Funds withheld from payments due Operator. (See Interim Audit Report and Certificate dated 4/23/55). | | | | 5,345 | 62 |
| PAYMENT: Complete ☐ Partial ☐ Final ☐ | | FINAL PAYMENT | | | | | |
| | | Use continuation sheet(s) if necessary | | | | | |
| Shipped from | to | Weight | Government B/L No. | | Total | 5,345 | 62 |

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

(Sign original only)

Date ..... *Payee .....
(This certificate not required when a like certificate is made by payee on attached bill or bills)

Per ..... Title .....

(Payee must NOT use this space)

Differences .....

Account verified; correct for 5,345 62

(Signature or initials) .....

Contract No. Date Req. No. Date Invoice Rec'd.

Pursuant to authority vested in me, I certify that this account is correct and proper for payment.

† Approved for $ .....

By .....

Title .....

SIGN ORIGINAL ONLY

† .....
(Authorized Certifying Officer)

Title .....

Date .....

THE REVERSE OF THIS FORM MUST BE EXECUTED WHEN PURCHASES ARE MADE OR SERVICES SECURED WITHOUT WRITTEN AGREEMENT IN ANY FORM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

| Appropriation, limitation, or project symbol | Appropriation title | Limit'n. or Proj't. Amount | Appropriation Amount |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

| Allotment symbol | Amount | Obligations liquidated | COST ACCOUNT Symbol | COST ACCOUNT Amount | OBJECTIVE CLASSIFICATION Symbol | OBJECTIVE CLASSIFICATION Amount |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

Payee .....
(Sign original only)

Per .....

Title .....

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

† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign on the line below "Approved for $.....", and over his official title.

16—22900-3

# METHOD OF OR ABSENCE OF ADVERTISING

## METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

## ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

---

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

16—22900-2 ☆ U. S. GOVERNMENT PRINTING OFFICE : 1950—O-75806

1201 N. Division St.
Spokane 2, Washington

March 10, 1959

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

Re: Docket No. IMEA-4742 (mercury)
DeCourcey Mountain Mining Co.,Inc.
DeCourcey Mountain Mine
4th Judicial Division, Alaska
Contract No. Idm-2540

Dear Mrs. Long:

The work completed under the contract was done to the satisfaction of the Government. The contract was terminated by mutual agreement effective November 1, 1954. A final report evaluating the results of the exploration program has been presented by the Operator and accepted by the Executive Officer.

By letter dated May 27, 1957, from the Operating Committee, disposition of equipment is not required.

The Government's right to royalty is preserved by Item 5 of the Termination Agreement, and certification is thereby waived.

A Final Report of Review dated February 27, 1959 by OME Auditor E. D. Talbert 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
1201 N. Division St.
Spokane 2, Washington

OFFICIAL FILE COPY
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February 26, 1959

Mr. Jay L. Chambers, Director
Contract Administration and Audit Division
Office of Minerals Exploration
Department of the Interior
Washington 25, D.C.

Cy sent for chr files

Re: Docket No. DMEA-2742 (mercury)
DeCoursey Mountain Mining Co.
4th Judicial Division, Alaska
DeCoursey Mountain Mine
Contract No. Idm-E540

Dear Mr. Chambers:

It is our understanding Mr. Talbert will take care of the subject contract upon receipt of the Operator's final report. The final report was received and forwarded to Mr. Selfridge, February 20, 1959.

Inasmuch as this office took no action on this contract and, because it has been inactive since the Interim Audit dated April 23, 1955, we are not writing the memorandum requesting final audit.

We note there has been withheld $5,345.62 pending receipt of the Operator's final geologic and engineering report. Apparently a decision has not been made as to whether or not the Government's interest in the project equipment should be waived.

We would like to know if Mr. Talbert will require our files on this contract to close out the account.

By Field Team, Region I

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

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

No reply necessary — see ltr. + Rpt. of Review 2/26/59
Talbert

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So. 157 Howard Street
Spokane 4, Washington

February 9, 1959

Air Mail

Mr. Robert F. Lyman, Manager
DeCoursey Mountain Mining Co., Inc.
Red Devil, Alaska

Re: Docket No. DMEA-2742 (Mercury)
DeCoursey Mountain Mining Co., Inc.
4th Judicial Division, Alaska
Decoursey Mountain Mine
Contract No. Idm-E540

Dear Mr. Lyman:

This is in further reference to our letter of August 18, 1958 and November 7, 1958, regarding an operator's final report as called for under Article 7(b) of the contract.

We advised you in both letters that the one-page statement dated August 5, 1958, titled "Operator's Final Report", which was prepared by Gordon W. Herreid, geologist, could not be considered as an adequate final report. Our letter dated August 18 stated that the map showing the location of the drill holes is satisfactory but that we should have in addition a descriptive drill hole log of each hole giving rock types, mineralization, assays, and other pertinent information normally included in a drill log.

As a possible further aid to you in preparing an acceptable final report, we enclosed, with our letter of November 7, 1958, an outline of topics that should be included in your report.

Until we receive this report we cannot release any of the $5,345.62 which we are withholding in accordance with the statement on page 7 of the last interim audit dated April 23, 1955, which we sent you with our letter of July 25, 1958.

We would appreciate your prompt attention to this matter so that we can have a final audit made and close our books on this contract. We cannot keep this open indefinitely.

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); USBM (2); USBM(AD)

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Office of Minerals Exploration
No. 157 Howard Street
Spokane 4, Washington

November 7, 1958

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Air Mail

Mr. Robert F. Lyman, Manager
DeCoursey Mountain Mining Co., Inc.
Red Devil, Alaska

Re: Docket No. DMRA-2742 (Mercury)
4th Judicial Division, Alaska
DeCoursey Mountain Mine
Contract No. Idm-E540

Dear Mr. Lyman:

We wrote you a letter dated August 18, 1958, acknowledging receipt of a statement dated August 5, 1958, titled "Operator's Final Report," and the accompanying maps prepared by Gordon Herreid, Geologist, and advised you that this does not constitute an acceptable final report as called for under Article 7(b) of the contract. We described briefly what was required and mentioned certain pertinent information that is lacking.

As a possible further aid to you in preparing an acceptable final report, we are enclosing an outline of the topics that should be included.

We would appreciate your prompt attention to this matter so that we may close our books on this contract.

Sincerely yours,

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

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

RECEIVED
BUREAU OF MINES
MAR 31 1958
SPOKANE, WASH.

# De Coursey Mountain Mining Co., Inc.

RED DEVIL, ALASKA

MINE: Red Devil

March 26, 1958

Messrs. A. E. Weissenborn & W. G. Agnew
Defense Minerals Exploration Administration
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMFA-2742
DeCoursey Mt. Mine
Contract No. Idm-E540

Gentlemen:

The information requested in your letter of March 5th on the DeCoursey Mountain mine is not entirely available in this office. As you know the company has had several managers since the diamond drilling was done at the DeCoursey Mine.

I believe with what information we do have here it will be possible to write up the summary report on Stage I work as soon as I can log the cores of the last 12 holes. As you know these cores are at the DeCoursey Mountain property and if the logs on these holes are not also there, I shall log them myself.

No one has been on the property since last summer. I am planning to fly over there as soon as the field is available for wheel landings, which will not be until May. At that time I hope to be able to complete the final report.

No production has been made from the mine since the close of the project.

Sincerely,
DeCoursey Mountain Mining Co.

Robert F. Lyman

Robert F. Lyman, Manager

800

RECEIVED
APR 1 1958
U. S. G. S.
SPOKANE, WASH.

1201 N. Division St.
Spokane 2, Washington

800

March 5, 1956

Air Mail

DeCourcey Mountain Mining Co., Inc.
Red Devil, Alaska

Re: Docket No. DMEA-2742 (Mercury)
DeCourcey Mountain Mine
4th Judicial Division, Alaska
Contract No. Ida-2540

Gentlemen:

In order that we may close our books on the cited contract we would like to receive your final engineering and geological report summarizing the results of Stage I work. We are currently withholding $5,345.42 due you for work completed on the project.

Also, we do not have logs of the last 12 diamond drill holes that were completed and vouchered for payment.

Until we receive the above requested material we will be unable to release the money due you.

In addition, we would appreciate knowing if there was any production from the mine since the close of the project. If there was a production, please inform us of the quantity and disposition of ores.

Your cooperation in these matters will be greatly appreciated.

By Field Team, Region I

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

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

cc: DMEA (2)
USGS (2)
USBM (AD)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION I

2688

OFFICE OF Assistant
REGIONAL DIRECTOR for Alaska

P. O. BOX 299
JUNEAU, ALASKA

July 12, 1957

Memorandum

To: U. S. Department of the Interior
Defense Minerals Exploration Administration
Executive Officer, Region I, Northwest District
1201 North Division Street, Spokane, Washington

Attention: DMEA Fiscal Officer

From: DMEA Finance Officer, Juneau, Alaska

Subject: Contract Idm-E 540

There are enclosed contract and voucher folders covering payments made to DeCoursey Mountain Mining Company, Inc., in connection with the above referred to project.

A "Termination Agreement" is presently in process with the company, which will have the effect of subjecting this project to the same conditions as if a certification of discovery or development had been made.

In accord with the recommendation contained in the Interim Audit Certificate dated 4/23/55 (Part IV, second paragraph, page 7), there has been withheld $5345.62 from payments due the operator. The hold-back has remained in effect pending completion of details for closing out the project.

Transmitted herewith are folders which cover the following:

1. Contract Idm-E 540: $60750.00

2. Vouchers paid folders:

| | |
|---|---|
| Voucher No. DMEA 6 | $13129.08 |
| Voucher No. DMEA 13 | 3441.26 |
| Voucher No. DMEA 20 | 2973.22 |
| Voucher No. DMEA 26 | 4520.28 |
| Voucher No. DMEA 36 | 2090.54 |

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L. J. Wilcox

Copy to: DeCoursey Mt. Mining Co., Inc., c/o Ray Wolfe, Wolfe's Dept. Store, Anchorage, Alaska
DeCoursey-Brewis Minerals, Ltd., 145 Yonge Street, Toronto, Ontario
Chief, Division of Administration, Region I, Albany, Oregon
DMEA Contract Administration & Audits Division, Washington, D.C.

SECOND INTERIM
AUDIT REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of the:

DeCourcey Mountain Mining Co., Inc.
P. O. Box 119
Anchorage, Alaska

pertaining to Exploration Project Contract No. Idm-E540, Docket DMEA-2742, dated June 2, 1953, including Amendment No. 1, and an agreement authorizing prior costs, covering a project for the exploration of mercury on property known as the DeCourcey Mountain Mine, located near Crooked Creek in the Otter Mining and Recording Precinct of the Fourth Judicial District in the Territory of Alaska, for the period of March 31, 1953, to October 31, 1954, inclusive.

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

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

| | | |
|---|---|---|
| Total cost as billed by contractor | | $58,334.03 |
| Exceptions (see Audit Report for details): | | |
| During prior audit | $-2,199.81 | |
| During this audit | 18,533.84 | 16,334.03 |
| Total Accepted Cost | | $42,000.00 |

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirty-one thousand five hundred and no/100 Dollars,

**$31,500.00**

is valid and proper.

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

E. D. Tallant
E. D. Tallant, Auditor

April 23, 1955

# INTERIM AUDIT REPORT

## I INTRODUCTION

On April 21 and 22, 1955, an interim audit (covering operations for the period of March 31, 1953, to October 31, 1954) was made of the records and accounts pertaining to Exploration Project Contract No.IDM-540, Docket DMEA-2742, dated June 2, 1953, including Amendment No. 1 and an agreement authorizing prior costs, with the:

DeCourcey Mountain Mining Co., Inc.
P. O. Box 119
Anchorage, Alaska

covering a project for the exploration of mercury on property known as the DeCourcey Mountain Mine, located near Crooked Creek in the Otter Mining and Recording Precinct of the Fourth Judicial District in the Territory of Alaska.

Subsequent to the period covered by, but prior to the date of, this audit the Operator became a wholly-owned subsidiary of the DeCourcey-Brewis Minerals Limited, which in turn is a subsidiary of Brewis & White, Ltd., 145 Yonge Street, Toronto, Canada. The President of the DeCourcey Mountain Mining Co., Inc., is Robert F. Lyman, Crooked Creek, Alaska, and the President of the DeCourcey-Brewis Minerals Limited is A. W. White, Toronto, Canada. H. R. Beckwith, Sleetmute, Alaska, is General Manager of the DeCourcey operations.

The costs claimed under the contract for the period of March 31, 1953, to October 31, 1953, were covered by an interim audit report issued by this auditor under date of April 5, 1954. A complete review and analysis in preparation for this audit was made on April 18 and 19, 1954, of the documentation submitted by the Operator in support of subsequent Monthly Report and Voucher Forms MF-104 and retained in the files of the Authorized Certifying Officer, Bureau of Mines, Douglas, Alaska.

The accounts and original records pertaining to this project were in the custody of Miss Vivian Short, the Company's bookkeeper, and were located at her residence in the Dodd Apartments, 615 "H" Street, Anchorage, Alaska. This auditor was informed by Miss Short that it was planned to move the records to the Company's office at the Red Devil Mine, near Sleetmute, Alaska, in the near future.

The audit was performed with the most cooperative assistance of Miss Short.

## II GENERAL INFORMATION ON RECORDS

A general set of corporation accounting records was maintained by this Operator. The records did not include cost accounts which adequately distributed incurred costs according to the categories and items

of costs specified in this exploration contract or between this contract and another (Ydm-E539, DMEA-2741) with the same Operator. This, however, was no detriment to the audit, since adequate evidence of costs incurred generally was available in the form of canceled checks to supplement the invoices, statements, waybills, receipts, carbon copies of payroll time sheets and other documents, with which the Monthly Report and Voucher Forms MF-104 were supported.

The major portion of the costs were paid by checks signed by the Secretary-Treasurer and a Director and drawn on Company accounts with the National Bank of Alaska and the First National Bank of Anchorage. A "special account" also was maintained with the First National Bank of Anchorage, on which checks were drawn by Paul M. Sorensen, Engineer-Supervisor, for site costs including termination pay of employees.

The Operator's accounts are audited at the close of each fiscal year, October 31, by Jones & Andersen, Public Accountants, 201 Louisiana-Sogn Building, Anchorage, Alaska.

## III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy propriety and validity of the costs shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the period ending October 31, 1954. The findings, after consolidation with the prior audit and correction of improper distributions of charges to the "Items of Cost" shown on the Forms MF-104, follow:

(1) Independent Contracts:

This item of costs is not applicable to the work performed during the period under audit.

(2) Labor and Supervision:

A detailed audit and analysis of the individual combination time sheets and payrolls disclosed the following aggregate charges applicable to, and acceptable as project costs under, this item:

| Classification | Rate | Regular | Overtime | Costs |
|---|---|---|---|---|
| Various Labor | @ $1.65/hr. | 64 hrs. | 32 hrs. | $ 184.80 |
| " " | 1.75/hr. | 58½ " | 27½ " | 174.56 |
| " " | 2.00/hr. | 1,682 " | 722 " | 5,530.00 |
| " " | 2.50/hr. | 931½ " | 280½ " | 3,380.62 |
| " " | 3.00/hr. | 720 " | 463 " | 4,243.50 |
| Leadman | @ $600/mo. | for 5 mos. | | 3,000.00 |
| Cook | @ $300/mo. | " 6 " | 5 days | 1,844.55 |
| " | @ $400/mo. | " 2 " | 6 " | 880.00 |
| Total Labor | | | | $19,238.03 |

Supervision:

| | |
|---|---|
| Paul W. Sorenson @ 1/2 of $1,000/mo. for 5 mos. | 2,500.00 |
| Total Labor and Supervision | $21,738.03 |

The following adjustments were effected by this audit in making the above audit determinations:

(a) an additional allowance under Labor of $174.56 as detailed in the prior audit report;

(b) a Labor disallowance of $300.00 as specified in the prior audit report; and

(c) a disallowance under Supervision of $2,250.00 for salaries claimed in excess of the "allowable maximum" of $2,500.00 for Stage I as specified in Exhibit "A" of the contract.

(3) Operating Materials & Supplies:

A detailed audit and analysis of vendors' invoices, delivery tickets, and other documents resulted in a determination of the acceptable costs under this item. These acceptable costs are summarized as follows:

| | |
|---|---|
| Timber | $ 165.76 |
| Pipe and Fittings | 120.85 |
| Fuels and Lubricants | 4,647.45 |
| Drill Steel, Bits, etc. | 776.79 |
| Miscellaneous (Small Tools, Hdwe., etc.) | 966.65 |
| Total | $6,677.50 |

In the determination of the above costs the following audit adjustments were made:

(a) an additional allowance of $2,824.20 as specified in the prior audit report; and

(b) a disallowance of $261.00 for a returnable deposit on 87 drums @ $3.00 each procured from Robert F. Lyman, Crooked Creek, on May 18, 1953. This item was allowed by the prior audit, but is now disallowed to avoid the necessity of maintaining the Government's equity therein. This disallowance, as well as others in following categories, has not affected the total amount of costs acceptable by audit, since the Operator's total costs were far in excess of the "allowable maximum" for the work performed.

(4) Operating Equipment:

Acceptable costs under this category were determined by audit to consist of the following:

| | |
|---|---|
| Rentals ($9,250.00 claimed and disallowed) | $ -0- |
| Purchases: | |
| 1 Kohler Light Plant | 350.00 |
| 1 210 CFM Joy Compressor w/D315 engine | 5,500.00 |
| 1 MS15 Joy Drill w/accessories | 2,000.00 |
| 1 Red Fuller, air-powered | 272.37 |
| 1 Battery Charger | 60.00 |
| 1 14x16 4' Wall Tent, heavy CD | 56.23 |
| 1 Northern Radio-Telephone, including modification, parts and installation | 414.40 |
| Depreciation (various at no charge) | -0- |
| Total | $8,653.00 |

Under the title of "Be-be-rented", Exhibit "A" of the contract provided $4,000.00 under Stage I and another $4,000.00 under Stage II, as the aggregate monthly payments on a TD-14 Tractor w/dozer to be acquired under a rental-purchase agreement at a purchase price of $8,000.00, with a stipulation that "the Operator shall furnish the Government with copies of the rental-purchase agreement."

The records indicate that an HD-14 Tractor w/dozer was acquired from Robert F. Lyman, Crooked Creek. The prior audit stated "It was ascertained during the audit that the Operator had not furnished the Government with a copy of this agreement as specifically required by the terms of the exploration project contract. This deficiency was called to the attention of both the Operator and the DMEA Regional Executive Officer." As of the date of this audit no copy of the agreement had been furnished the Government and the agreement was not available to this auditor during either this or the prior audit. Furthermore, although only Stage I of the exploration work had been completed and the Operator's records indicated aggregate rental payments through October 31, 1954, of $5,600.00, the Operator claimed a total of $8,800.00 on the monthly Forms MF-104. In view of this confused and unexplained situation the entire amount of $8,800.00 has been disallowed.

On the August to October 1954, inclusive, MF-104 the Operator inexplicably claimed 6 months rental at $75.00 per month, a total of $450.00, for the Northern Radio-Telephone which had been purchased in May 1954, from Glen Carrington and Co., Seattle, Washington. This $450.00 has been disallowed.

The Joy Drill listed under Purchases in the above summary was transferred on September 22, 1954, to the Red Devil Mine near Sleetmute for winter storage and was destroyed in a fire at the Red Devil Mine on October 22, 1954.

The Operator claimed nothing under Depreciation since Exhibit "A" of the contract provided that certain equipment and supplies then on the property would be furnished "without charge against the project, except for costs of operation, maintenance and reasonable repairs."

(5) Initial Rehabilitation & Repairs:

No costs applicable to this category were claimed by the Operator.

(6) New Buildings, Improvements, etc.:

The audit and analysis of costs claimed disclosed that the only acceptable items under this category were material costs of lumber, celotex and roofing paper aggregating $472.40. During the prior audit the Company's President informed this auditor that the building involved was constructed with contract labor not charged to the project.

(7) Miscellaneous:

The audit disclosed costs in this category to be allowable as follows:

| | |
|---|---|
| Repairs to Equipment (Parts) | $2,296.22 |
| Payroll Taxes | 947.39 |
| Liability Insurance | 790.78 |
| Travel | 1,457.84 |
| Freight | 5,253.87 |
| Total | $10,746.10 |

Payroll Taxes were at the following rates on applicable salaries and wages:

| | | | |
|---|---|---|---|
| F.I.C.A. (Social Security) | in | 1953 | 1.5% |
| " " " | " | 1954 | 2.0% |
| Territorial Unemployment | | | 2.7% |
| Federal " | | | .3% |

Liability Insurance was claimed only during 1954 and was under policy UL-50588, dated September 1, 1953, issued by Lloyd's of London through the Coffey-Simpson Agency, Inc., 412 Fourth Ave., Anchorage. The applicable rates were:

| | | | |
|---|---|---|---|
| Underground Labor | $12.16 | per | $100.00 |
| Surface Labor | 6.59 | " | 100.00 |
| Kitchen Labor | 1.77 | " | 100.00 |
| Supervision (eff. 6/1/54) | .126 | " | 100.00 |

Travel and Freight were charged, during the period covered by the prior audit, on the basis of actual costs incurred in obtaining such services from commercial sources. During the period covered by this audit the amount of $1,590.00 was claimed for 53 "chartered" 40-minute round trips at $30.00 a trip between the Red Devil and DeCoursey Mines carrying equipment, supplies and personnel in a Cessna 180 No. 158-O-C. An audit report dated February 7, 1955, covering the fiscal year ending October 31, '54, prepared by Jones & Anderson, Public Accountants, states:

"During the year under review, the company purchased a Cessna 180 aircraft and an oil barge for the purpose of transporting its own freight and passengers to the mine property. Charges were made at commercial rates to the various capital and operating accounts and credited to the costs of aircraft and barge operation."

Examination of an account numbered 5314/5315, entitled "Aircraft Operating Account," disclosed credits for the fiscal year of $25,955.69 as against debits of $19,227.38, a net intra-company "profit" of $6,728.31 or 25.9% on credits. Accordingly the $1,590.00 claimed for "charter" flights has been reduced by 25.9%, or $411.81, by this audit and the balance of $1,178.19 considered as representing the acceptable actual costs of this service. Furthermore, since the flight logs indicated that personnel were carried in approximately 50 percent of the trips, $589.09 has been allowed as Travel and $589.10 as Freight.

Although the Exhibit "A" of the contract included a specific estimate for accounting services, no claim was made by the Operator for the costs of such services.

In determining the allowable costs for this category the following disallowances were effected:

(a) Under Payroll Taxes the amount of $38.28 as detailed in the prior audit and an aggregate of $55.00 for taxes applicable to the Supervision disallowed by this audit;

(b) Under Liability Insurance $19.00 for that portion of the premiums applicable to the disallowed Supervision;

(c) Under Travel disallowances aggregating $421.47 specified in the prior audit and $205.90, 50% of the $411.81 excess "charter" costs discussed in a paragraph above; and

(d) Under Freight the aggregate disallowances of $39.20 detailed in the prior audit and $205.91, 50% of the $411.81 excess "charter" costs.

Other Observations:

The audit disclosed that the Operator had disregarded many of the terms of the contract relative to allowable costs, as evidenced by his claims for excess supervision costs, unsubstantiated and excess rentals for the tractor, and the rentals for a radio-telephone previously charged as a purchase. Also, although the contract specifies "not to exceed an aggregate total of 2,500 feet of horizontal diamond drill hole," the MF-1044 indicates the completion of 2,620 feet.

On the other hand the Operator has not charged the project for many costs, which would otherwise be allowable under the terms of the contract (for example, the labor for building construction, accounting

services, transit rental, camp equipment and office supplies), for the reason that total costs claimed were far in excess of the aggregate allowable under Stage I. The indications are that the estimates included in Exhibit "A" were made without due consideration being given to the remote location of the project and the high costs inherent to that section of Alaska.

## IV CONCLUSIONS AND RECOMMENDATIONS

The audit disclosed that all costs, indicated as acceptable in the foregoing section of this report, were reasonable and proper under the terms of the contract. However, since the aggregate of these acceptable costs is in excess of the "allowable maximum" of $42,000.00 specified for Stage I in Exhibit "A" of the contract, an additional disallowance of $6,287.03 has been required. The audit findings are summarized in Exhibit "A", attached hereto, to indicate by categories and items the amounts claimed, the corrected distribution, the disallowances by the prior audit, the disallowances by this audit and the acceptable costs.

It should be noted that, on the basis of the Government's contractual 75 percent participation in the accepted costs, there is due the Operator the sum of $5,345.62 in addition to the sum of $26,134.38 heretofore paid by the Government. However, since the project has been in an unauthorized recess since September 22, 1954 (and the contract completion date was December 2, 1954, per Amendment No. 1), it is recommended that no further amounts be paid by the Government until the project work is resumed or, in event the contract is officially terminated, until the final geological and engineering report required by Article 7 (b) of the contract is furnished to the Government.

Consideration also should be given to waiving the Government's interest in project equipment. The Government's equity in the salvage value of the equipment (after deduction of the Joy Drill destroyed by fire) would appear to be much less than the disallowance of $6,287.03 for excess costs over the "allowable maximum" for Stage I. These excess costs, which are otherwise acceptable costs, would offset the value of such waiver.

The contract contained several items expressly designated as "allowable maximums". The status of these designations, after deduction of the disallowances, is summarized as follows:

| | Allowable Maximum | Acceptable Costs | Balance |
|---|---|---|---|
| Stage I: | | | |
| Supervision | $ 2,500.00 | $ 2,500.00 | $ -0- |
| Initial Rehab. & Repairs | 500.00 | -0- | 500.00 |
| New Bldgs. & Improvements | 3,000.00 | 472.40 | 2,527.60 |
| Air Travel | 2,000.00 | 1,457.84 | 542.16 |
| Total Stage I | 42,000.00 | 42,000.00 | -0- |

| | Allowable Maximum | Acceptable Costs | Balance |
|---|---|---|---|
| Stage II: | | | |
| Independent Contracts- | | | |
| Drift/Crosscut | 7,500.00 | -0- | 7,500.00 |
| Diamond Drill | 17,500.00 | -0- | 17,500.00 |
| Supervision | 3,000.00 | -0- | 3,000.00 |
| Air Travel | 1,200.00 | -0- | 1,200.00 |
| Total Stage II | 39,000.00 | -0- | 39,000.00 |

The contract also included a prior agreement, dated March 31, 1953, permitting the procurement and transportation of supplies and equipment prior to the date of the contract, June 2, 1953, in a sum not in excess of $25,000.00 in total for both this contract and contract Idm-8539. The acceptable costs of purchases and transportation applicable to this prior agreement have been allowed as follows:

| | |
|---|---|
| Operating Materials & Supplies | $ 2,756.73 |
| Operating Equipment (Purchased) | 7,966.23 |
| New Bldgs., Improvements, etc. (Materials) | 46.40 |
| Repairs to Equipment (Parts) | 433.77 |
| Freight | 3,235.02 |
| Total this contract | $14,438.15 |
| Total on Idm-8539 | 4,339.99 |
| Total both contracts | $18,778.14 |

During the course of this audit the findings were discussed with Miss Vivian Short, the Company's bookkeeper. At the conclusion of the audit the findings were discussed with Mr. S. H. Lorain, Executive Officer, DMEA Field Team, Alaska District, Region I.

E. R. Talbert, Auditor

April 23, 1955

Exhibit "A"

## AUDIT SUMMARY

Idm-E540

| | Totals Oct. MF-104 | Corrected Distribution | Disallowed Prior Audit | Disallowed This Audit | Accepted Costs |
|---|---|---|---|---|---|
| (1) Independent Contracts | $ -0- | $ -0- | $ -0- | $ -0- | $ -0- |
| (2) Labor & Supervision: | | | | | |
| Labor | 19,363.47 | 19,363.47 | 125.44 | -0- | 19,238.03 |
| Supervision | 4,750.00 | 4,750.00 | -0- | 2,250.00 | 2,500.00 |
| Technical Services | -0- | -0- | -0- | -0- | -0- |
| (3) Operating Matls. & Supplies: | | | | | |
| Timber | -0- | 165.76 | -0- | -0- | 165.76 |
| Pipe & Fittings | -0- | 120.85 | -0- | -0- | 120.85 |
| Fuel & Lubricants | -0- | 2,084.25 | -2,824.20 | 261.00 | 4,647.45 |
| Drill Steel, Bits, etc. | -0- | 776.79 | -0- | -0- | 776.79 |
| Miscellaneous | 6,766.25 | 966.65 | -0- | -0- | 966.65 |
| (4) Operating Equipment: | | | | | |
| Rental | 9,250.00 | 9,250.00 | -0- | 9,250.00 | -0- |
| Purchase | 8,019.15 | 8,653.00 | -0- | -0- | 8,653.00 |
| Depreciation | -0- | -0- | -0- | -0- | -0- |
| (5) Initial Rehabilitation & Repairs | 37.32 | -0- | -0- | -0- | -0- |
| (6) New Bldgs., Improvements, etc. | 472.40 | 472.40 | -0- | -0- | 472.40 |
| (7) Miscellaneous: | | | | | |
| Repairs to Equipment | 226.40 | 2,296.22 | -0- | -0- | 2,296.22 |
| Sampling & Analysis | -0- | -0- | -0- | -0- | -0- |
| Payroll Taxes | 1,040.67 | 1,040.67 | 38.28 | 55.00 | 947.39 |
| Liability Insurance | 809.78 | 809.78 | -0- | 19.00 | 790.78 |
| Travel | 7,584.19 | 2,085.21 | 421.47 | 205.90 | 1,457.84 |
| Freight | | 5,498.98 | 39.20 | 205.91 | 5,253.87 |
| Other | 14.40 | -0- | -0- | -0- | -0- |
| Totals | $58,334.03 | $58,334.03 | $-2,199.81 | $12,246.81 | $48,287.03 |
| Additional Disallowances: | | | | | |
| Excess over "allowable maximum", Stage I | | | | 6,287.03 | 6,287.03 |
| Adjusted Totals | $58,334.03 | $58,334.03 | $-2,199.81 | $18,533.84 | $42,000.00 |

XXXXXXXXXXXXXXXXX
P. O. Box 560
Juneau, Alaska
September 10, 1954

DeCoursey Mountain Mining
Company
547 "C" Street
Anchorage, Alaska

Re: Docket No. DMEA-2742
DeCoursey Mountain
Mining Company

Gentlemen:

This will acknowledge receipt of your MF-104, MF-104A, and invoices for the month of July, 1954. I note that your expenditures to July 31 total $50,124.27.

I think that I should call your attention to the fact that the approved total expenditure for "Stage I" of the referenced contract is $42,000.00 and that no authorization has been given for expenditures under Stage II; therefore, we cannot pay the Government contribution for any amount in excess of the Government share of $42,000.00 expenditure.

I have been told by Mr. Dodd and by Mr. Sorenson that your company does not plan to request approval for Stage II; therefore, we are withholding 10 percent ($3,150.00) of the approved Government contribution pending completion of the contract, final audit, and disposal of the Government interest in purchased equipment. As soon as these requirements are completed we can make final payment and close out the project.

Our Washington auditors have informed us that, inview of the fact that a site audit recently was completed, another site audit will not be necessary. Nevertheless, we will have to take final inventory, dispose of the Government interest in equipment, and present evidence that the work required by the contract has been completed. As soon as we are informed that the work has been completed, we will send an engineer to check the work and the final inventory and disposal.

Yours sincerely,

S. H. Lorain, Executive Officer
Alaska Field Team, Region I

cc: Jay L. Chambers
L.J. Wilcox
R.S. Velikanje

SHL

Mr. Chronicle

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

SEP 3 1954

Mr. S. H. Lorain
Executive Officer
DMEA Field Team, Region I
P. O. Box 560
Juneau, Alaska

Re: Docket No. DMEA-2742 (Mercury)
DeCourcey Mountain Mine
DeCourcey Mountain Mining Co.
Contract No. Ida-8540

Dear Mr. Lorain:

Reference is made to your memorandum of August 25, 1954 addressed to the Operating Committee in transmittal of Mr. R. S. Velikanje's interim report on the subject exploration project. Your statement that "A final audit could be made at any time", inasmuch as Stage I is nearly completed and Stage II will not be authorized, has been noted.

An interim audit, covering the operational period ended October 31, 1953, was performed during March, 1954 by Mr. Talbert of this Division's staff. The resultant Interim Audit Certificate dated April 5, 1954 stated the total accepted costs to be $37,672.31, which is only $4,327.69 less than the contractual "allowable maximum" of $42,000.00 for the costs of Stage I. Furthermore the precudit analysis work performed prior to the site audit disclosed that the original forms MF-104 applicable to this contract were documented with adequate evidence of the costs incurred. Accordingly, it appears that the time and expense required for a final site audit would not be justified.

Upon the final termination or completion of the work under this contract, it is requested that the following be forwarded to the Contract Administration and Audit Division in order that a Report of Review in lieu of final audit may be prepared and issued:

(a) The original of all forms MF-104 subsequent to October, 1953, together with all pertinent supporting documentation;

(b) Both the Operator's and the Field Team's final inventories of equipment, buildings and unexpended supplies in which the Government has an equity; and

(c) Evidence of the final disposal of the Government's interests in the project property in accordance with DMEA Circular 30, including Supplements 1 and 2.

The forms MF-104, together with attachments, will be returned to you with the regional copies of the Report of Review.

Pending issuance of the Report of Review it is suggested that no payments, beyond the $28,254.23 covered by the Interim Audit Certificate, be approved. Such action is deemed advisable in order to protest the Government's interest in project property as well as for possible disallowances.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 3, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers
Mr. Ellis

FIRST INTERIM
AUDIT REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of the:

DeCoursey Mountain Mining Co., Inc.
P. O. Box 1714
Anchorage, Alaska

pertaining to Exploration Project Contract No. Idm-8540, Docket DMEA-2742, dated June 2, 1953, including an agreement authorizing prior costs, covering a project for the exploration of mercury on property known as the DeCoursey Mountain Mine, located near Crooked Creek in the Otter Mining and Recording Precinct of the 4th Judicial District in the Territory of Alaska, for the period of March 31, 1953 to October 31, 1953, inclusive.

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

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

| | | | |
|---|---|---|---|
| Total cost as billed by contractor | | | $35,472.50 |
| Exceptions (see Audit Report for details): | | | |
| Prior to this audit | $600.00 | | |
| Less: Reinstatement | 600.00 | $ -0- | |
| During this audit | | -2,199.81 | -2,199.81 |
| Total Accepted Cost | | | $37,672.31 |

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-eight thousand two hundred fifty-four and 23/100 Dollars,

**$28,254.23**

is valid and proper.

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

E. D. Talbert, Auditor

April 5, 1954

# INTERIM AUDIT REPORT

## I INTRODUCTION

On March 22 and 23, 1954 an interim audit (covering operations for the period of March 31, 1953 to October 31, 1953) was made of the records and accounts pertaining to Exploration Project Contract No. Idm-E540, Docket No. DMEA-2742, dated June 2, 1953, including an agreement authorizing prior costs, with the:

DeCourcey Mountain Mining Co., Inc.
P. O. Box 1714
Anchorage, Alaska

covering a project for the exploration of mercury on property known as the DeCourcey Mountain Mine, located near Crooked Creek in the Other Mining and Recording Precinct of the 4th Judicial District in the Territory of Alaska.

Prior to the actual site audit of the records, this auditor made a complete review and analysis on March 14 and 15, 1954 of the documentation submitted by the Operator in support of the Monthly Report and Voucher Forms MF-104 and retained in the files of the Bureau of Mines Regional Finance Officer, Region I, Douglas, Alaska.

The accounts and original records pertaining to this project were in the custody of Mr. Edward N. Dodd, President of the DeCourcey Mountain Mining Co., Inc., and were located in the Company's office at 6th Avenue and C Street, Anchorage, Alaska. The accounts were maintained under the direction of Mr. A. F. Reetz, an accountant with the public accounting firm of Jones & Andersen, Anchorage, Alaska. Both Mr. Dodd and Mr. Reetz were consulted continuously during the course of the audit and were most cooperative at all times.

## II GENERAL INFORMATION ON RECORDS

A general set of corporation accounting records were maintained by this Operator. The records, however, did not include costs accounts which adequately distributed the incurred costs either (1) between this exploration project contract and contract Idm-E539, DMEA-2741, (2) among the several categories of costs within the contracts, or (3) to production costs after January 14, 1954, when production was initiated as the result of exploration under contract Idm-E539. Therefore, the cost distributions for the purpose of this audit generally were based on the data supplied by the original documentation, consisting of payroll time sheets, invoices, statements, waybills, receipts, etc., as supplemented by oral information from Mr. Dodd and Mr. Reetz.

The major portion of the costs were paid by checks signed by both Ray Wolfe, Secretary-Treasurer, and Orvel R. May, Director, drawn on Company accounts with the National Bank of Alaska and the First National

Bank of Anchorage, both of Anchorage, Alaska. A "special account" also was maintained with the First National Bank of Anchorage, on which checks were drawn by Paul M. Sorenson, Engineer-Supervisor, for site costs including termination pay of employees.

## III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the period ending October 31, 1953. The findings, after correction of the improper distribution of charges to the "Items of Cost" shown on the Forms MF-104, follow:

(1) Independent Contracts:

This item of costs is not applicable to the contract work performed through the period under audit.

(2) Labor and Supervision:

A detailed audit and analysis of the individual combination time sheets and payrolls disclosed the following charges applicable to, and acceptable as project costs, under this item:

| Classification | | Rate | Regular | Overtime | Costs |
|---|---|---|---|---|---|
| Various Labor | @ | $1.65/hr. | 64 hrs. | 32 hrs. | $ 184.80 |
| " " | @ | 1.75/hr. | 58½ " | 27½ " | 174.56 |
| " " | @ | 2.00/hr. | 629 " | 155½ " | 1,724.50 |
| " " | @ | 2.50/hr. | 816 " | 216 " | 2,850.00 |
| Total @ Average | | $2.228/hr. | 1567½ hrs. | 431 hrs. | $ 4,933.86 |
| Cook | @ | $300/mo. | for 2 mos. | | 600.00 |
| " | @ | $400/mo. | " 2 " 6 days | | 880.00 |
| Leadman | @ | 600/mo. | " 5 mos. | | 3,000.00 |
| Total Labor | | | | | $ 9,413.86 |
| Engineer-Supervisor (Paul M. Sorenson): @ ½ of $1,000/mo. for 4½ mos. | | | | | 2,250.00 |
| Total Labor and Supervision | | | | | $11,663.86 |

The following audit adjustments have been made in the determinations shown in the above summary:

(a) An additional allowance of a portion ($174.56) of the wages paid to Lewis A. Vanderpool during August and erroneously charged to contract Ida-E539, from which it was disallowed by audit.

(b) A reinstatement of a suspension of $600.00 covering the leadman's wages made by the Certifying Officer in the payment of the October MF-104 for failure of the Operator to indicate hours of work and rate of pay. The audit disclosed that this employee was on a monthly salary rather than an hourly rate.

(c) A disallowance of $300.00 for the salary of a second cook during the month of August. A second cook for this relatively small working force was considered to be not a reasonable necessary cost.

(3) Operating Materials and Supplies:

A detailed audit and analysis of vendors' invoices, delivery tickets, and other documents resulted in a determination of the acceptable costs under this item. These acceptable costs are summarized as follows:

| | |
|---|---|
| Timber | $ 165.76 |
| Pipe and Fittings | 120.85 |
| Fuels and Lubricants | 4,908.45 |
| Miscellaneous (Small Tools, Misc., etc.) | 914.93 |
| Total | $6,109.99 |

In the determination of the above costs an additional allowance by audit in the amount of $2,824.20, covering 13,075 gals. of stove oil purchased from the Standard Oil Company, Bethel, Alaska, on August 19, 1953, was effected. This item was erroneously charged to contract IDa-E539 and disalloued thereunder during audit.

Fuels and Lubricants includes a deposit of $261.00 for 87 drums @ $3.00 each procured from Robert Lyman, Crooked Creek, on May 18, 1953.

(4) Operating Equipment:

Acceptable costs under this category were determined by audit to consist of the following rentals and purchases:

Rentals:

| | |
|---|---|
| Robert F. Lyman, Crooked Creek, Alaska<br>1 HD-14 Tractor w/dozer @ $800/mo. | $4,000.00 |

Purchases:

| | | |
|---|---|---|
| May 18, 1953 | Robert F. Lyman, Crooked Creek, Alaska | |
| | 1 Kohler Light Plant | 350.00 |
| April 14, 1953 | Northern Commercial Company, Anchorage | |
| | 1 210 CFM Joy Compressor w/D315 engine | 5,500.00 |
| April 2, 1953 | Alaska Copper Corporation, Seattle | |
| | 1 HS 15 Joy Drill (No. 6309) w/accessories | 2,000.00 |
| | 1 Battery Charger | 60.00 |
| | 1 14x16 4' Wall Tent, Heavy OD | 56.23 |
| Total Purchases | | $7,966.23 |

The rental payments on the RD-14 Tractor apply toward its purchase under a rental-purchase agreement. It was ascertained during the audit that the Operator had not furnished the Government with a copy of this agreement as specifically required by the terms of the exploration project contract. This deficiency was called to the attention of both the Operator and the DMEA Regional Executive Officer.

(5) Initial Rehabilitation & Repairs:

No costs applicable to this category were claimed by the Operator.

(6) New Buildings, Improvements, etc.:

The audit and analysis of costs claimed disclosed that the only acceptable items under this category were material costs of lumber, celotex and roofing paper aggregating $472.40. The Company's President informed this auditor that the building involved was constructed with contract labor and was not charged to the project.

(7) Miscellaneous:

The audit disclosed costs in this category to be allowable as follows:

| | |
|---|---|
| Repairs to Equipment (Parts) | $1,469.43 |
| Payroll Taxes | 456.88 |
| Travel | 868.75 |
| Freight | 4,664.77 |
| Total | $7,459.83 |

In determining the acceptable costs indicated above the following audit adjustments were effected:

(a) A disallowance of $38.28 for Payroll Taxes. The Operator claimed taxes in the amount of $495.16 based on the entire billed payroll at the rates of 1.5% F. I. C. A. (Social Security) and 2.7% Territorial Unemployment Insurance; however, as a result of audit adjustments under Labor and Supervision and also consideration of the Engineer-Supervisor's salary being in excess of maximum taxable bases ($3,600.00 for F. I. C. A. and $3,000.00 for T. U. I.), a recomputation was required.

(b) A disallowance of $11.50 for air travel prior to the date of the exploration contract.

(c) Disallowances aggregating $409.97 for air travel not applicable to this contract. These charges were actually applicable to contract Idm-E539, but since charges for air travel under that contract were in excess of an expressed "allowable maximum", no purpose would be served by transferring these additional costs thereto.

(d) Disallowances aggregating $112.90 for freight on groceries and provisions not applicable to this contract.

(e) Additional allowances aggregating $162.72 for air freight applicable to this contract, but erroneously charged to, and disallowed by audit, under contract Ida-E539.

(f) A disallowance of $89.02 for air freight applicable to contract Ida-E539, and allowed by audit thereunder.

## IV CONCLUSIONS

The audit disclosed that all costs, indicated as acceptable in the foregoing section of this report, were reasonable and proper under the terms of the contract. The audit findings are summarized as follows:

| Items of Cost | Claimed Totals Oct. MF-104 | Corrected Distribution | Disallowed By Audit | Accepted Costs |
|---|---|---|---|---|
| (2) Labor & Supervision: | | | | |
| Labor | $ 9,539.30 | $ 9,539.30 | $ 125.44 | $ 9,413.86 |
| Supervision | 2,250.00 | 2,250.00 | - | 2,250.00 |
| (3) Operating Materials and Supplies: | | | | |
| Timber | - | 165.76 | - | 165.76 |
| Pipe & Fittings | - | 120.85 | - | 120.85 |
| Fuel & Lubricants | - | 2,084.25 | -2,824.20 | 4,908.45 |
| Miscellaneous | 5,116.70 | 914.93 | - | 914.93 |
| (4) Operating Equip.: | | | | |
| Rental | 4,000.00 | 4,000.00 | - | 4,000.00 |
| Purchase | 7,604.75 | 7,966.23 | - | 7,966.23 |
| (6) New Buildings, Improvements, etc. | 472.40 | 472.40 | - | 472.40 |
| (7) Miscellaneous: | | | | |
| Repairs to Equipment | - | 1,469.43 | - | 1,469.43 |
| Payroll Taxes | 495.16 | 495.16 | 38.28 | 456.88 |
| Travel | 1,538.23 | 1,290.22 | 421.47 | 868.75 |
| Freight | 4,455.96 | 4,703.97 | 39.20 | 4,664.77 |
| Totals | $35,472.30 | $35,472.50 | $-2,199.81 | $37,672.31 |

The costs, as summarized above, may appear to be excessive for the amount of contract work accomplished, but it appears, also, that costs in excess of those indicated by the contract estimates were occasioned by the remoteness of the project, transportation difficulties, non-availability of competent drill operators, an unanticipated breakdown of the diamond drill and a resultant delay in securing the necessary repair parts.

It should be noted that on the basis of the Government's contractual 75percent participation in the accepted costs, shown in the above summary, there is due the Operator the sum of $2,099.85 in addition to the total amount of $26,154.38 heretofore paid by the Government. However, since the project work has been recessed for the period of November 1, 1953 to May 1, 1954, it is recommended that no further payments be made by the Government pending resumption of the exploration work.

This contract contained several items expressly designated as "allowable maximums". The status of these allowable maximums, after consideration of the audit adjustments, is summarized as follows:

| Item | Allowable Maximum | Acceptable Cost | Balance |
|---|---|---|---|
| Stage I: | | | |
| Supervision | $ 2,500.00 | $ 2,250.00 | $ 250.00 |
| Initial Rehab. & Repairs | 500.00 | - | 500.00 |
| New Bldgs., Improvements, etc. | 3,000.00 | 472.40 | 2,527.60 |
| Air Travel | 2,000.00 | 868.75 | 1,131.25 |
| Total Stage I | 12,000.00 | 7,672.31 | 4,327.69 |
| Stage II: | | | |
| Independent Contracts: | | | |
| Drift or Crosscut (300' @ $25/ft.) | 7,500.00 | $ -0- | $ 7,500.00 |
| Diamond Drill (2500' @ $7/ft.) | 17,500.00 | -0- | 17,500.00 |
| Supervision | 3,000.00 | -0- | 3,000.00 |
| Air Travel | 1,200.00 | -0- | 1,200.00 |
| Total Stage II | 39,000.00 | -0- | 39,000.00 |

This contract also included a prior agreement, dated March 31, 1953, permitting the procurement and transportation of supplies and equipment prior to the date of the contract, June 2, 1953, in a sum not in excess of $25,000.00 in total for both this contract and Idm-E539. The acceptable costs of purchases and transportation applicable to this prior agreement have been allowed as follows:

| | |
|---|---|
| Operating Materials & Supplies | $ 3,017.73 |
| Operating Equipment (Purchased) | 7,966.23 |
| New Bldgs., Improvements, etc. (Materials) | 46.40 |
| Repairs to Equipment (Parts) | 433.77 |
| Freight | 3,235.02 |
| Total this contract | $14,699.15 |
| Total on Idm-E539 | 4,339.99 |
| Total both contracts | $19,039.14 |

At the conclusion of this audit the findings were discussed on March 23, 1954 in detail with both Mr. Edward N. Dodd (President of the Company) and Mr. A. F. Roets (Public Accountant) and very briefly with Mr. Orval R. May (a Director of the Company). The findings also were discussed with Mr. S. H. Lorain (Executive Officer, DMEA Field Team, Region I) on March 25, 1954.

E. D. Talbert

April 12, 1954

E. D. Talbert, Auditor

XXXXXXXXXXXXXXXXXXX
Juneau, Alaska

April 21, 1954

DeCoursey Mountain Mining Co., Inc.
P. O. Box 1714
Anchorage, Alaska

Re: Docket No. DMEA-2742
Contract No. Idm-E540

Gentlemen:

I am enclosing herewith a copy of an Interim Audit Certificate and an Audit Report by Mr. E. D. Talbert, auditor for Defense Minerals Exploration Administration.

I believe that Mr. Talbert discussed these various items with you and that you all were in agreement with regard to the various disallowances. If you have any questions about this, please do not hesitate to let me know.

Yours sincerely,

S. H. Lorain
Executive Officer

Attachment

cc: J. L. Chambers, DMEA
Operating Committee, DMEA
C. L. Sainsbury
L. J. Wilcox

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
JAN 18 1954

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1953 Docket No. DMEA 2742 Contract No. IDM-E 540
Operator's Name DECOURSEY MOUNTAIN MINING CO., INC. Minerals MERCURY
Address BOX 1714, ANCHORAGE, ALASKA
Contract Amount, $81,000.00 Government Participation: 75 % Amount, $2,540.53

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,410.50 | 8,128.80 | 9,539.30 | 810.50 | 8,128.80 | 8,939.30 |
| Supervision | 500.00 | 1,750.00 | 2,250.00 | 500.00 | 1,750.00 | 2,250.00 |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| Miscellaneous | 532.30 | 4,584.40 | 5,116.70 | 532.30 | 4,584.40 | 5,116.70 |
| (4) Operating Equipment: | | | | | | |
| Rental | 800.00 | 3,200.00 | 4,000.00 | 800.00 | 3,200.00 | 4,000.00 |
| Purchase | -0- | 7,604.75 | 7,604.75 | -0- | 7,604.75 | 7,604.75 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | -0- | 472.40 | 472.40 | -0- | 472.40 | 472.40 |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 80.24 | 414.92 | 495.16 | 80.24 | 414.92 | 495.16 |
| Liability Insurance | | | | | | |
| Travel | -0- | 1,538.23 | 1,538.23 | -0- | 1,538.23 | 1,538.23 |
| Freight | 64.34 | 4,391.62 | 4,455.96 | 64.34 | 4,391.62 | 4,455.96 |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 3,387.38 | 32,085.12 | 35,472.50 | 2,787.38 | 32,085.12 | 34,872.50 |

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

Date Dec. 10, 1953 *Payee DECOURSEY MOUNTAIN MINING CO., INC.

Per Orvel R. May Title Director

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

→ NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

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

$2,090.54

Signature
(Authorized Certifying Officer)
Lawrence J. Wilcox

Date 12/29/53 Vou. No. DMEA #36

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Executive Officer Alaska Field Team Region I

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

# MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEC 14 1953 BUREAU OF MINES ANCHORAGE, ALASKA

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 3 Docket No. DMEA 2742 Contract No. IDM-E 540
Operator's Name DECOURSEY MOUNTAIN MINING CO., INC. Minerals Mercury
Address Box 1714, Anchorage, Alaska

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | 3,387.38 | | 27,395.35 | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 3,387.38 | | 27,395.35 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | -0- | | 7,604.75 | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc | | -0- | | 472.40 | | | | |
| TOTAL COSTS | | 3,387.38 | | 35,472.50 | | | | |

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 Dec. 10, 1953 Operator DECOURSEY MOUNTAIN MINING CO., INC.

Per Orvel A. May Title Director

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)

## 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.

RECEIVED
11 0 1 4 1953
BUREAU OF MINES
JUNEAU, ALASKA

GPO 83-38475

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

DECOURSEY MOUNTAIN MINING COMPANY, INC.
Anchorage, Alaska

MONTHLY REPORT OF OPERATOR

October 31, 1953

Docket No. DMEA 2742
Contract No. IDM-E 540

Defense Minerals Adm.
JAN 18 1954

# DECOURSEY MOUNTAIN MINING COMPANY, INC.

## DECOURSEY MINE

Statement of Expenditures Under Contract DMEA 2742
For the Month Ended October 31, 1953

LABOR:

| Name | Item | Detail | Amount |
|---|---|---|---|
| October Payroll | Various | $ 510.50 | |
| Robert F. Lyman | | 600.00 | |
| Elizabeth T. Lyman | Cook | 300.00 | $ 1,410.50 |
| Paul M. Sorensen | Supervisor | | 500.00 |
| Total Labor | | | $ 1,910.50 |

OPERATING SUPPLIES:

| Vendor | Item | Detail | Amount |
|---|---|---|---|
| Yukon Equipment, Inc. | Tractor Parts | | $ 532.30 |

OPERATING EQUIPMENT:

| Vendor | Item | Detail | Amount |
|---|---|---|---|
| Robert F. Lyman | Tractor Rental - Oct.,1953 | | $ 800.00 |

MISCELLANEOUS:

| Vendor | Item | | | Detail | Amount |
|---|---|---|---|---|---|
| | Gross Payroll | F.I.C.A. at 1.5% | T.U.I. at 2.7% | | |
| October Payroll, as submitted | $ 1,910.50 | $ 28.66 | $ 51.58 | | $ 80.24 |
| Northern Consolidated Airlines, Inc. | Freight | | | | 64.34 |
| Total Miscellaneous | | | | | $ 144.58 |

TOTAL EXPENDITURES $ 3,387.38

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

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

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

Month of SEPTEMBER, 1953 Docket No. DMEA 2742 Contract No. IDM-S 540

Operator's Name DECOURSEY MOUNTAIN MINING CO., INC. Minerals MERCURY

Address BOX 1714, ANCHORAGE, ALASKA

Contract Amount, $81,000.00 Government Participation: 75 % Amount, $ 4520.28

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 3,384.00 | 4,744.80 | 8,128.80 | 3,384.00 | 4,744.80 | 8,128.80 |
| Supervision | 500.00 | 1,250.00 | 1,750.00 | 500.00 | 1,250.00 | 1,750.00 |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| MISCELLANEOUS | -0- | 4,584.40 | 4,584.40 | -0- | 4,584.40 | 4,584.40 |
| (4) Operating Equipment: | | | | | | |
| Rental | 1,600.00 | 1,600.00 | 3,200.00 | 1,600.00 | 1,600.00 | 3,200.00 |
| Purchase | -0- | 7,604.75 | 7,604.75 | -0- | 7,604.75 | 7,604.75 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | 372.00 | 100.40 | 472.40 | 372.00 | 100.40 | 472.40 |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 163.13 | 251.79 | 414.92 | 163.13 | 251.79 | 414.92 |
| Liability Insurance | | | | | | |
| TRAVEL | -0- | 1,538.23 | 1,538.23 | -0- | 1,538.23 | 1,538.23 |
| FREIGHT | 7.91 | 4,383.71 | 4,391.62 | 7.91 | 4,383.71 | 4,391.62 |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 6,027.04 | 26,058.08 | 32,085.12 | 6,027.04 | 26,058.08 | 32,085.12 |

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

Date OCT. 20, 1953 *Payee DECOURSEY MOUNTAIN MINING CO., INC.

Per Orvel R. May Title DIRECTOR

*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:

$4,520.28

Signature Lawrence J. Wilcox (Authorized Certifying Officer)

Date 11/3/53 Vou. No. DMEA-26

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Executive Officer Alaska Field Team Region I

Signature ..... Title ..... Date 11/3/53

# 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.

OCT 28 1953 BUREAU OF MINES JUNEAU, ALASKA

GPO 83-38476

Form MF-104A
(April 1952)

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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of SEPTEMBER 1953 Docket No. DMEA 2742 Contract No. IDM-E 540
Operator's Name DECOURSEY MOUNTAIN MINING COMPANY, INC. Minerals MERCURY
Address BOX 1714, ANCHORAGE, ALASKA

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | 5,655.04 | | 24,007.97 | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 5,655.04 | | 24,007.97 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | -0- | | 7,604.75 | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | 372.00 | | 472.40 | | | | |
| TOTAL COSTS | | 6,027.04 | | 32,085.12 | | | | |

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

REMARKS:

Date OCT. 20, 1953 Operator DECOURSEY MOUNTAIN MINING CO., INC.

Per Orvel R. May Title DIRECTOR

**NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.**

**(Instructions on reverse)**

**(For Government use only)**

## INSTRUCTIONS

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

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

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

RECEIVED
OCT 8 9 1953
BUREAU OF MINES
JUNEAU, ALASKA

GPO 83-38475

DECOURSEY MOUNTAIN MINING COMPANY, INC.
Anchorage, Alaska

MONTHLY REPORT OF OPERATOR

September 30, 1953

Docket No. DMEA 2742
Contract No. IDM-E 540

DECOURSEY MOUNTAIN MINING COMPANY, INC.

DECOURSEY MINE

Statement of Expenditures Under Contract DMEA 2742
For The Month Ended September 30, 1953

LABOR:

| Name | Item | Detail | Amount |
|---|---|---|---|
| September Payroll | Various | | $ 384.00 |
| Paul M. Sorensen | Supervisor | | 500.00 |
| Robt. F. Lyman | June Thru Sept. | | 2,400.00 |
| Elizabeth T. Lyman | Aug. and Sept. | | 600.00 |
| Total Labor | | | $ 3,884.00 |

OPERATING EQUIPMENT:

| Vendor | Item | Detail | Amount |
|---|---|---|---|
| Robert F. Lyman | Tractor Rental - Aug. Sept. at $800.00 | | $ 1,600.00 |

NEW BUILDINGS:

| Vendor | Item | Detail | Amount |
|---|---|---|---|
| Sam Parent | Celotex | | $ 372.00 |

MISCELLANEOUS:

| Vendor | Item | | Detail | Amount |
|---|---|---|---|---|
| | Gross Payroll | F.I.C.A. at 1.5% | T.U.I. at 2.7% | |
| September, As Submitted | $ 3,884.00 | $ 58.26 | $ 104.87 | $ 163.13 |
| Northern Consolidated Airlines | Freight | | | 7.91 |
| Total Miscellaneous | | | | $ 171.04 |

TOTAL EXPENDITURES $ 6,027.04

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

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

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

Month of August, 1953 Docket No. DMEA 220 Contract No. [illegible]
Operator's Name Decoursey Mountain Mining Co., Inc. Minerals [illegible]
Address Box 1724, Anchorage, Alaska
Contract Amount, $21,600.00 Government Participation: 75 % Amount, $2,973.22

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 2,185.00 | 2,559.80 | 4,744.80 | 2,185.00 | 2,559.80 | 4,744.80 |
| Supervision | 500.00 | 750.00 | 1,250.00 | 500.00 | 750.00 | 1,250.00 |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| Miscellaneous | -0- | 4,584.40 | 4,584.40 | -0- | 4,584.40 | 4,584.40 |
| (4) Operating Equipment: | | | | | | |
| Rental | -0- | 1,600.00 | 1,600.00 | -0- | 1,600.00 | 1,600.00 |
| Purchase | -0- | 7,604.75 | 7,604.75 | -0- | 7,604.75 | 7,604.75 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | -0- | 100.40 | 100.40 | -0- | 100.40 | 100.40 |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 112.78 | 139.01 | 251.79 | 112.78 | 139.01 | 251.79 |
| Liability Insurance | | | | | | |
| Travel | 33.51 | 1,504.72 | 1,538.23 | 33.51 | 1,504.72 | 1,538.23 |
| Depreh. | 1,133.00 | 3,250.71 | 4,383.71 | 1,133.00 | 3,250.71 | 4,383.71 |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 3,964.29 | 22,093.79 | 26,058.08 | 3,964.29 | 22,093.79 | 26,058.08 |

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

Date 9/25/53 *Payee Decoursey Mountain Mining Co., Inc.

Per Orvel R. May Title Director

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

**NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.**

**(Instructions on reverse)**

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

$ 2,973.22

Signature [illegible]
(Authorized Certifying Officer)

Date 10/21/53 Vou. No. DMEA #20

**(See other side)**

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Executive Officer Alaska Field Team Region I

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

# MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

DECOURSEY MOUNTAIN MINING COMPANY, INC.
Anchorage, Alaska

MONTHLY REPORT OF OPERATOR
August 31, 1953

Docket No. DMEA 2742
Contract No. IDM-E 540

DECOURSEY MOUNTAIN MINING CO., INC.

DECOURSEY MINE

Statement of Expenditures Under Contract DMEA 2742
For The Month Ended August 31, 1953

LABOR

| Name | Item | Detail | Amount |
|---|---|---|---|
| August Payroll | Various | | $ 2,185.00 |
| Paul M. Sorensen | Supervisor | | 500.00 |
| Total Labor | | | $ 2,685.00 |

MISCELLANEOUS:

| Vendor | Item | | Detail | Amount |
|---|---|---|---|---|
| Alaska Airlines, Inc. | Travel | | | $ 33.51 |
| Mc Grath Navigation Co., Inc. | Freight | | | 1,133.00 |
| | Gross Payroll | F.I.C.A. at 1.5% | F.U.C.I. at 2.7% | |
| August, as Submitted | $ 2,685.00 | $ 40.28 | $ 72.50 | 112.78 |
| Total Miscellaneous | | | | $ 1,279.29 |

| | |
|---|---|
| TOTAL EXPENDITURES | $ 3,964.29 |

Form MF-104A
(April 1952)

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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

## OPERATOR'S UNIT COST AND PROGRESS REPORT

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Adm
RECEIVED
NOV 2 1953

Month of AUGUST 195 3 Docket No. DMEA 2742 Contract No. IDM-E 540

Operator's Name DECOURSEY MOUNTAIN MINING COMPANY, INC. Minerals MERCURY

Address BOX 1714 ANCHORAGE, ALASKA

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | 3,964.29 | | 18,352.93 | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 3,964.29 | | 18,352.93 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | -0- | | 7,604.75 | | | | 8,375.00 |
| Initial Rehabilitation and Repairs | | | | | | | | 500.00 |
| New Buildings, Improvements, etc. | | -0- | | 100.40 | | | | 3,000.00 |
| TOTAL COSTS | | 3,964.29 | | 26,058.08 | | | | |

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 OCTOBER 5, 1953 Operator DECOURSEY MOUNTAIN MINING CO., INC.

Per Orvel R. May Title DIRECTOR

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)

## 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.

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SEP 2 - 1983
BUREAU OF MINES
FAIRBANKS, ALASKA

GPO 83-38475

OFFICE OF THE DIRECTOR
Defense Minerals Administration
RECEIVED
OCT 1953

XXXXXXXXXXXXXXXX
Juneau, Alaska
September 18, 1953

Audit Memorandum

To : Executive Officer, DMEA Field Team, Region I

From : C. A. Turner, Auditor, DMEA

Subject: DMEA 2472, Idm E-540, DeCourcey Mountain Mining Co. Inc.
P. O. Box 523, Anchorage, Alaska

On September 18, 1953, I reviewed the Monthly Reports and vouchers, pertaining to the subject Exploration Project Contract, for the months of June and July 1953.

This review consisted of an examination of the supporting documents and a comparison of the costs claimed with the contract and pertinent schedules. It was made in lieu of an audit of the Operator's accounts and records since the amount of expenditures to date does not justify the expense of an audit at this time.

My findings, which are advisory only and subject to final audit, were as follows:

A. Indicated disallowances

None

B. Inadequate documentation

None

C. Inadequate distribution

(1) MF-104 Item 2, Labor and Supervision. The Operator has claimed on his July 1953 MF-104 under this caption labor $4,306.30. The monthly charge should be broken down as to the amount of labor and amount of supervision as he has shown in "Totals to Date" column

| | |
|---|---|
| Labor | $2559.80 |
| Superivision | 750.00 |

Supervision is an "allowable maximum" under this contract, and should be claimed separately in the space provided on the Form MF-104.

(2) MF-104 Item 3, Operating Materials and Supplies.
The Operator has claimed on his July 1953 MF-104 only one item under this category, Miscellaneous $5,150.00, whereas it should be broken down to all major items of cost authorized by the contract as follows:

Timber
Explosives
Pipe
Track
Drill Steel and Bits

Supporting documentation in all catagories of Form MF-104 should be identified as to the item of cost to be charged, particularly in the case of "Allowable Maximums".

September 18, 1953

C. A. Turner

C. A. TURNER
Auditor

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1953 Docket No. DMEA 2742 Contract No. IDM-E 540
Operator's Name DECOURSEY MOUNTAIN MINING COMPANY, INC. Minerals Mercury
Address Box 1714 Anchorage, Alaska
Contract Amount, $ 81,000.00 Government Participation: 75 % Amount, $ 7,448.49

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent / Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 2,742.50 | 1,563.80 | 4,306.30 | 1,895.00 | 664.80 | 2,559.80 |
| Supervision | | | | 750.00 | | 750.00 |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| Miscellaneous | 1,426.72 | 3,723.28 | 5,150.00 | 861.12 | 3,723.28 | 4,584.40 |
| (4) Operating Equipment: | | | | | | |
| Rental | 2,400.00 | -0- | 2,400.00 | 1,600.00 | | 1,600.00 |
| Purchase | 305.75 | 7,500.00 | 7,805.75 | 104.75 | 7,500.00 | 7,604.75 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | 1,740.18 | -0- | 1,740.18 | 100.40 | | 100.40 |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | 150.00 | -0- | 150.00 | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | 139.01 | -0- | 139.01 | 139.01 | | 139.01 |
| ~~Liability Insurance~~ Other | 214.10 | -0- | 214.10 | | | |
| Travel | 797.37 | 808.45 | 1,605.82 | 696.27 | 808.45 | 1,504.72 |
| Freight | 15.69 | 3,909.91 | 3,925.60 | 15.69 | 3,235.02 | 3,250.71 |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 9,931.32 | 17,505.44 | 27,436.76 | 6,162.24 | 15,931.55 | 22,093.79 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8/15/53 *Payee DECOURSEY MOUNTAIN MINING CO., INC.
Per [signature] Title Secretary-Treasurer

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

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

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

$ 3,441.26

Signature
(Authorized Certifying Officer)

Date 8/27/53 Vou. No. 13
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Executive Officer Alaska Field Committee Region I

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

# MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

## OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1953 Docket No. DMEA 2742 Contract No. IDM-E 540

Operator's Name DECOURSEY MOUNTAIN MINING COMPANY, INC. Minerals Mercury

Address Box 1714 Anchorage, Alaska

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | 7,885.39 | | 17,890.83 | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 7,885.39 | | 17,890.83 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | 305.75 | | 7,805.75 | | | | 8,375.00 |
| Initial Rehabilitation and Repairs | | | | | | | | 500.00 |
| New Buildings, Improvements, etc. | | 1,740.18 | | 1,740.18 | | | | 3,000.00 |
| TOTAL COSTS | | 9,931.32 | | 27,436.76 | | | | |

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 15, 1953 Operator DECOURSEY MOUNTAIN MINING COMPANY, INC.

Per [signature] Title Secretary-Treasurer

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)

## INSTRUCTIONS

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

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

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

GPO 83-38475

OFFICE OF THE ADMINISTRATOR

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 2 6 1953

P. O. Box 560
Juneau, Alaska
September 22, 1953

MEMORANDUM

To: Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

From: S. H. Lorain

Subject: Operator's Monthly Report, Docket No. DMEA 2742
DeCoursey Mountain Mining Company, Inc.

Enclosed herewith are two copies each of Form MF-104, Form MF-104A and of a letter from our finance officer to the company regarding certain deletions and corrections. The company has ignored the request for a progress report or map in connection with this voucher for the DeCoursey Mountain Mine just as they have ignored it for the Red Devil Mine.

The DeCoursey Mountain Mine was visited recently by an engineer of the Bureau of Mines who reports that progress has been satisfactory. At the time of his visit the tunnel had been cleared of ice, the drilling stations had been cut, and the necessary equipment and supplies were on the ground. Operations were, temporarily, at a halt because an essential part for the drill had not been received. The part was expected daily; consequently it may be assumed that drilling has been in progress for some time.

S. H. Lorain, Executive Officer
Alaska Field Team, Region I

Enclosures

DECOURSEY MOUNTAIN MINING COMPANY, INC.
Anchorage, Alaska

MONTHLY REPORT OF OPERATOR
July 31, 1953

Docket No. DMEA 2742
Contract No. IDM-E 540

DECOURSEY MOUNTAIN MINING CO., INC.

DECOURSEY MINE
Statement of Expenditures Under Contract DMEA 2742
For the Month Ended July 31, 1953

LABOR:

| Name | Item | Detail | Amount |
|---|---|---|---|
| Harvey Winchell | Cook and Roustabout | | $ 97.50 |
| July Payroll | Various | | 2,645.00 |
| TOTAL LABOR | | | $ 2,742.50 |

OPERATING SUPPLIES:

| | | | |
|---|---|---|---|
| Glenn Carrington and Co. | Prestone | | $ 77.06 |
| Yukon Equipment, Inc. | Tractor Parts, Etc. | | 507.61 |
| Sam Parent | Various | $ 202.95 | |
| | Fuel and Lube | 639.10 | 842.05 |
| TOTAL OPERATING SUPPLIES | | | $ 1,426.72 |

OPERATING EQUIPMENT:

| | | | |
|---|---|---|---|
| Robert F. Lyman | Tractor Rental - 3 Months at $800.00 | | $ 2,400.00 |
| Sam Parent | Camp Equipment | | 305.75 |
| TOTAL OPERATING EQUIPMENT | | | $ 2,705.75 |

NEW BUILDINGS:

| | | | |
|---|---|---|---|
| Sam Parent | Materials | | $ 1,740.18 |

MISCELLANEOUS:

| | Gross Payroll | F.I.C.A. at 1.5% | T.U.I. at 2.7% | |
|---|---|---|---|---|
| June, as submitted | $ 664.80 | | | |
| July, as submitted | 2,645.00 | | | |
| | $ 3,309.80 | $ 49.65 | $ 89.36 | $ 139.01 |
| Robert Vanderpool Flying Service | Travel | | | 665.12 |
| Northern Consolidated Airlines | Travel | | $ 132.25 | |
| | Freight | | 15.69 | 147.94 |
| Jones & Anderson | Accounting | | | 214.10 |
| Sam Parent | Spare Parts | | | 150.00 |
| TOTAL MISCELLANEOUS | | | | $ 1,316.17 |

| | |
|---|---|
| TOTAL EXPENDITURES | $ 9,931.32 |

August 24, 1953

Mr. Ray Wolfe
Decoursey Mountain Mining Co.
P. O. Box 1714
Anchorage, Alaska

Dear Mr. Wolfe:

A check of your MF-104 for the month of July 1953 and a post audit of your June voucher, Contract Idm-E540, have revealed some discrepancies in your account. The following adjustments have been made as a result of this audit:

a. Item 2, Labor and Supervision: In your June account, we have excepted payrolls covering labor performed during the months of April and May (statements for which are returned herewith). While your contract carries a special provision to cover expenses incurred after March 31, 1953 and before the contract date, it does specifically limit you to the costs for procurement of supplies and equipment and the transportation of these items to the project site. Labor costs cannot be construed as being directly applicable to this special provision. On your July voucher, the total amount of your payroll was charged as "Labor". We have adjusted this to distribute the $750.00 salary of Paul Sorenson under "Supervision".

b. Item 3, Operating Materials and Supplies: - Miscellaneous: Exception has been taken to three invoices from Sam Parent ($565.60 of which was charged to this item). These invoices are all dated prior to March 31; therefore are not proper charges to your DMEA contract.

c. Item 4, Equipment - Rental: The invoice from Robert Lyman covering rental of the tractor has been approved for the months of June and July only $1,600.00. It is possible that rental for the month of May is justified and covered under the terms of the contract supplement. However, there is nothing furnished to indicate that the tractor had to be transported to the project prior to June 1, therefore the May rental has been disallowed. If we are in error in excluding the May rental, you may submit it, with free justification, on a subsequent voucher.

d. Item 4, Equipment - Purchase: Sam Parent invoices returned because of dates prior to March 31, 1953 carry $201.00 distributed to this item.

e. Item 6, New Buildings Improvements, etc: $1,639.78 charged under this item is disallowed since the purchases were made prior to March 31. All of these are included on the Sam Parent billings. Accordingly, this item has been reduced to $100.40.

f. Item 7, Repairs to Equipment: This item is not a proper charge against your DMEA project since the invoice is dated March 10, 1953.

g. Item 7 Other: The billing from Jones and Anderson for accounting service has been withdrawn from your voucher since the charge is excessive to the amount estimated under the contract (see explanation of adjustment made to July voucher, Contract Idm-K539). If the billing can be adjusted to a more equitable amount, it may be submitted on a subsequent voucher.

h. Item 7, Travel: Subtraction of $101.10 on the Vanderpool Flying Service invoice has been made since it covers travel performed during the month of May 1953. As explained in (a) above, only expenses for the procurement and transportation of supplies and equipment after March 31 and prior to June 2 may be approved.

i. Item 7, Freight: On your June voucher, Northern Consolidated Airlines bill in the amount of $674.89 has been deleted. This charter was made on April 27 and covers both passenger and freight fares. The freight only can be approved; therefore, a billing to include only the freight portion may be obtained from the airlines and submitted on a subsequent voucher.

Attached is a breakdown of invoices, by MF-104 items for the months of June and July, as approved for payment. On the basis of this breakdown your MF-104 for the month of July has been approved as follows:

| | | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
|---|---|---|---|---|
| 2. | Labor | 1,895.00 | 664.80 | 2,559.80 |
| | Supervision | 750.00 | | 750.00 |
| 3. | Miscellaneous | 861.12 | 3,723.28 | 4,584.40 |
| 4. | Rental | 1,600.00 | | 1,600.00 |
| | Purchase | 104.75 | 7,500.00 | 7,604.75 |
| 6. | New Bldg. | 100.40 | | 100.40 |
| 7. | Payroll Taxes | 139.01 | | 139.01 |
| | Travel | 696.27 | 808.45 | 1,504.72 |
| | Freight | 15.69 | 3,235.02 | 3,250.71 |
| | Totals | 6,162.24 | 15,931.55 | 22,093.79 |

| | |
|---|---|
| Approved for payment - 75% Gov't. participation | $ 4,621.68 |
| Less adjustment - June | 1,180.42 |
| | $ 3,441.26 |

The amounts shown above in the "Approved Totals to Date" column should be reflected in the "Totals Previously Reported" column of your MF-104 for August.

Please let us know if you have any questions regarding the adjustments made on your accounts.

Very truly yours,

L. J. WILCOX
Chief
Administrative Division

**Decoursey Mountain Mining Co.** **Contract Idm-E540**

| June 1953: | (2) Labor | (2) Supervision | (3) Miscellaneous | (4) Rental | (4) Purchase | (6) New Bldgs. | (7) Repairs | (7) Payroll Taxes | (7) Other | (7) Travel | (7) Freight | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payroll - 6/1-30/53 | 664.80 | | | | | | | | | | | 664.80 |
| Yukon Equipment Inc. | | | 433.77 | | | | | | | | | 433.77 |
| Alaska Copper Corp. | | | 750.00 | | 2,000.00 | | | | | | | 2,750.00 |
| Northern Commercial Co. | | | | | 5,500.00 | | | | | | | 5,500.00 |
| Northern Consolidated Airlines | | | | | | | | | | 808.45 | | 808.45 |
| " " " | | | | | | | | | | | 424.89 | 424.89 |
| " " " | | | | | | | | | | | 685.13 | 685.13 |
| Bob Lyman | | | 2,539.51 | | | | | | | | | 2,539.51 |
| Bob Lyman | | | | | | | | | | | 2,125.00 | 2,125.00 |
| Totals | 664.80 | | 3,723.28 | | 7,500.00 | | | | | 808.45 | 3,235.02 | 15,931.55 |
| Total (as paid) | 1,563.80 | | 3,723.28 | | 7,500.00 | | | | | 808.45 | 3,909.91 | 17,505.44 |
| Adjustment (+ or -) | - 899.00 | | -0- | | -0- | | | | | -0- | - 674.89 | -1,573.89 |
| **July 1953:** | | | | | | | | | | | | |
| Payroll taxes | | | | | | | | 139.01 | | | | 139.01 |
| Glenn Carrington Co. | | | 77.06 | | | | | | | | | 77.06 |
| Payroll - 7/1-31/53 | 1,895.00 | 750.00 | | | | | | | | | | 2,645.00 |
| Northern Consolidated Airlines | | | | | | | | | | | 15.69 | 15.69 |
| Yukon Equipment Company | | | 507.61 | | | | | | | | | 507.61 |
| Northern Consolidated Airlines | | | | | | | | | | 132.25 | | 132.25 |
| Vanderpool Flying Service | | | | | | | | | | 564.02 | | 564.02 |
| Robert O. Lyman | | | | 1,600.00 | | | | | | | | 1,600.00 |
| Sam Parent | | | 276.45 | | 104.75 | 100.40 | | | | | | 481.60 |
| Totals | 1,895.00 | 750.00 | 861.12 | 1,600.00 | 104.75 | 100.40 | | 139.01 | | 696.27 | 15.69 | 6,162.24 |
| Total (as submitted) | 2,742.50 | -0- | 1,426.72 | 2,400.00 | 305.75 | 1,740.18 | 150.00 | 139.01 | 214.10 | 797.37 | 15.69 | 9,931.32 |
| Adjustment (+ or -) | - 847.50 | + 750.00 | - 565.60 | - 800.00 | - 201.00 | - 1,639.78 | -150.00 | -0- | -214.10 | -101.10 | -0- | -3,769.08 |
| Totals to date | (2,559.80) | (750.00) | (4,584.40) | (1,600.00) | (7,604.75) | (100.40) | (-0-) | (139.01) | (-0-) | (1,504.72) | (3,250.71) | (22,093.79) |

Summary of Adjustments:

| | Total | 75% Govt. Participation |
|---|---|---|
| June voucher (as paid) | 17,505.44 | 13,129.08 |
| June voucher (as corrected) | 15,931.55 | 11,948.66 |
| Adjustment | 1,573.89 | 1,180.42 |

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

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

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

Month of June, 1953 Docket No. DMEA 2742 Contract No. [illegible] 540
Operator's Name Decoursey Mountain Mining Company, Inc. Minerals Mercury
Address Box 1714 Anchorage, Alaska
Contract Amount, $ 81,000.00 Government Participation: 75 % Amount, $ 13,129.08

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | 1,563.80 | -0- | 1,563.80 | 1,563.80 | -0- | 1,563.80 |
| Supervision | | | | | | |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| Miscellaneous | 3,723.28 | -0- | 3,723.28 | 3,723.28 | -0- | 3,723.28 |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | 7,500.00 | -0- | 7,500.00 | 7,500.00 | -0- | 7,500.00 |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Travel | 808.45 | -0- | 808.45 | 808.45 | -0- | 808.45 |
| Freight | 2,909.91 | -0- | 3,909.91 | 3,909.91 | -0- | 3,909.91 |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 17,505.44 | | 17,505.44 | 17,505.44 | -0- | 17,505.44 |

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

Date 7/26/53 *Payee Decoursey Mountain Mining Co., Inc.

Per [illegible] Title Sec-Treas

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

→ NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

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

$ 13,129.08

Signature Lawrence J. Shiner
(Authorized Certifying Officer)

Date 7/28/53 Vou. No. DMEA-6
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E-540 in accordance with the terms of the contract.

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Executive Officer, Alaska Field Team

Signature ..... Title ..... Date 7/23/53

# MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1953 Docket No. DMEA 2742 Contract No. DMEA-2 540
Operator's Name Decourcey Mountain Mining Company, Inc. Minerals Mercury
Address Box 1714 - Anchorage, Alaska

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | 10,005.44 | | 10,005.44 | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | | | | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | 7,500.00 | | 7,500.00 | | | | 8,375.00 |
| Initial Rehabilitation and Repairs | | | | | | | | 500.00 |
| New Buildings, Improvements, etc. | | | | | | | | 3,000.00 |
| TOTAL COSTS | | 17,505.44 | | 17,505.44 | | | | |

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 7/16/53 Operator Decourcey Mountain Mining Co., Inc.

Per Ray Warpe Title Sec-Treas

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

REMARKS:

(Instructions on reverse)

(For Government use only)

## INSTRUCTIONS

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

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

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

GPO 83-38475

OFFICE OF THE ADMINISTRATOR

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
P. O. Box 560
Juneau, Alaska
August 21, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

MEMORANDUM:

To: Operating Committee
Defense Minerals Exploration Administration
Washington 25, D. C.

From: Alaska Field Team

Subject: Monthly report
Docket No. DMEA - 2742
Decoursey Mt. Mining Co., Inc.

Enclosed herewith are two copies each of form MF-104, MF-104A, and a detailed statement of expenditures for the month of June 1953.

Neither a progress map nor a narrative report was submitted but it is assumed that, as soon as the operation is on a functioning basis, suitable progress reports will be submitted.

S. H. Lorain, Executive Officer
Bureau of Mines, Member

cc: C. L. Sainsbury

DECOURSEY MOUNTAIN MINING COMPANY, INC.
Anchorage, Alaska

MONTHLY REPORT OF OPERATOR
June 30, 1953

Docket No. DMEA 2742
Contract No. IDM-E 540

DECOURSEY MOUNTAIN MINING CO., INC.

DECOURSEY MINE
Statement of Expenditures Under Contract DMEA 2742
For Period Ended June 30, 1953

LABOR:

| Name | Item | Detail | Amount |
|---|---|---|---|
| Lawrence Walker & Harvey Winchell | Deicing Tunnel | | $ 202.50 |
| Robert F. and Betty Lyman | Various and Cooking | | 570.00 |
| Peter Bobby | Deicing Tunnel | | 126.50 |
| June Payroll | Various | | 664.80 |
| TOTAL LABOR | | | $ 1,563.80 |

OPERATING SUPPLIES:

| Vendor | | | |
|---|---|---|---|
| Alaska Copper Corporation | Small Tools, Etc. | | $ 750.00 |
| Robert F. Lyman | Fuel Oil and Lube | $ 1,993.75 | |
| | Lumber and Misc. | 545.76 | 2,539.51 |
| Yukon Equipment Inc. | Tractor Parts | | 433.77 |
| TOTAL OPERATING SUPPLIES | | | $ 3,723.28 |

EQUIPMENT PURCHASE:

| Vendor | | |
|---|---|---|
| Alaska Copper Corporation | Joy Diamond Drill | $ 2,000.00 |
| Northern Commercial Co. | Used Joy 210CFM Compressor | 5,500.00 |
| TOTAL EQUIPMENT PURCHASED | | $ 7,500.00 |

REHABILITATION AND REPAIRS:

None

NEW BUILDINGS:

None

MISCELLANEOUS:

| Vendor | | | |
|---|---|---|---|
| Northern Consolidated Airlines | Travel | $ 808.45 | |
| | Freight | 1,784.91 | $ 2,593.36 |
| Robert F. Lyman | Freight | | 2,125.00 |
| TOTAL MISCELLANEOUS | | | $ 4,718.36 |

TOTAL EXPENDITURES $ 17,505.44

JUL 1 1 1963

Alaska Mines and Minerals, Inc.
P. O. Box 422
Anchorage, Alaska

Re: [illegible]-2746 (Mercury)
Hollowtrey Mountain Mining Co., Inc.
Hollowtrey Mountain Mine
4th Judicial Division, Alaska
Contract Ldm-2746

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and of the Termination Agreement (Item X), all minerals mined or produced from June 2, 1961, to June 2, 1963, were subject to the Government's percentage royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records 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 contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Director

Fitzgerald/mm
7/10/63
cc: Director's Reading File
CAAA Division
Region I (2) w/copy of Form 63 dated June 20
Docket
Code 500
[illegible] Robert Lyman, Red Devil, Alaska

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

MAY 20 1960

Alaska Mines and Minerals, Incorporated
P. O. Box 422
Anchorage, Alaska

Re: MMEA-27A2 (Mercury)
Alaska Mines and Minerals, Inc.
Re Courtney Mountain Mine
4th Judicial Division, Alaska
Contract No. Idm-K540

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and of the Termination Agreement (Item 5), all minerals mined or produced from June 2, 1953, to June 2, 1963, are subject to the Government's percentage royalty as set forth in the contract until the sum of $31,500.00 is repaid to the Government.

Royalty payments should be made to the Field Officer, GMS, Region I, South 157 Howard Street, Spokane 4, Washington, by the purchaser, with checks drawn payable to the Office of Minerals Exploration. The purchaser should be advised to deduct royalties from the amount due on each shipment and send the check directly to the Field Officer. Each check should be accompanied by suitable sales evidence - such as copies of settlement sheets - showing the name of the purchaser, the quantity and grade of the products sold, and the price and charges, certified to be correct by the purchaser.

You are requested to notify the Field Officer of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Your attention is called particularly to Article 10 of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also when production starts, please notify the Field Officer. Thereafter, if production ceases for any extended period, please notify him accordingly at six-month intervals.

Sincerely yours,

George G. Selfridge
Acting Director

EFWolt/gla 5-16-60
cc to: Robert F. Lyman
c/o Alaska Mines and Minerals, Inc.
Box 422, Anchorage, Alaska

Director's Reading File
F. K. Johnson
CAAA Division
Region I (2)
Code 300
Chron
Harold Kirkemo, USGS

Audit Copy

# TERMINATION AGREEMENT

It is agreed this 24th day of May, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government" and DeCoursey Mountain Mining Company, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E540 (Docket No. DMEA-2742), dated June 2, 1953, as amended, hereinafter called the "Contract," that:

1. Effective November 1, 1954, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date.

3. The Operator shall render a final report and shall preserve records as provided in the contract.

4. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said contract, except as otherwise provided in this termination agreement.

5. The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the contract in the same manner and amount, for the same period, and subject to the same conditions as if certification of discovery or development had been made, such certification being hereby waived.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By O O Mattendorf
Administrator, Defense Minerals
Exploration Administration

DeCOURSEY MOUNTAIN MINING COMPANY, INC.

By [illegible]

Title [illegible]

RECEIVED SEP 25 DMA

Defense Minerals Administration
RECEIVED
DEC 1 1953

Government copy

EXPLORATION PROJECT CONTRACT
DECOURSEY MOUNTAIN MINING COMPANY, INC.
DOCKET NO. DMEA-2742

AMENDMENT NO. 1

It is agreed this 16th day of November, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Decoursey Mountain Mining Company, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E540, Docket No. DMEA-2742, dated June 2, 1953, between the parties hereto, be modified and amended as follows:

1. This amendment shall be effective as of November 1, 1953.

2. In Article 3 of the contract form, in lieu of the words "12 months," the words "18 months" are substituted therefor.

3. During the period from November 1, 1953, to May 1, 1954: (a) the project work shall be recessed; (b) the Government shall not contribute to any costs incurred by the Operator; and (c) the Operator shall save the Government harmless from any and all claims, and preserve and protect the project work and any property in which the Government has an interest.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O O Mettendorf
Administrator, Defense Minerals Exploration Administration

DECOURSEY MOUNTAIN MINING COMPANY, INC.

By Edward Dodd

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) 540

Docket No. DMEA) MME) 2742

Date of Action 3/18/59
Terminated

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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: Decoursey Mountain Mining Company
P. O. Box 523
Anchorage, Alaska

| Date of Contract | Region | State | Commodity |
|---|---|---|---|
| June 2, 1953 | I | Alaska | Mercury |

| | Reserve | Obligation |
|---|---|---|
| Prior Amount | 0 | 60,750.00 |
| Increase | 0 | 0 |
| Decrease | 0 | 29,250.00 |
| Revised Amount | 0 | 31,500.00 |

Remarks:

cc: 800
210

43244

Docket No. [illegible] 2242

Commodity Mercury

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 540

Date of Contract or Amendment: June 2, 1953

Name and Address of Operator:
DeCoursey Mountain Mining Company, Incorporated
P. O. Box 523
Anchorage, Alaska

Amount of Government participation $60,750.00

Percent of Government participation 75 %

Region: I State: Territory of Alaska

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

(Title)

Date Delivered to Bureau of Mines, Washington. June 3, 1953 13908

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. DM[redacted] 2742

COMMODITY Mercury

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

Government Copy
IDM-E 540

# EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 2nd day of June, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] DeCoursey Mountain Mining Company, Incorporated, an Alaska Corporation
P. O. Box 523
Anchorage, Alaska
hereinafter called the "Operator," as follows: and as stated in an agreement dated March 31, 1953, and in Annex I, both attached hereto.
~~hereinafter called the "Operator," as follows:~~

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the ~~State~~ Territory of Alaska, ~~County of~~ 4th Judicial Division, described as follows:[3] The DeCoursey Mountain Mine, located in the Otter Mining and Recording District, consisting of the lode mining claims Snow Bird Nos. 1 to 5, inclusive, and Last Chance Nos. 1 to 3, inclusive. The land is described further in Figure 2, a "Map Showing Lode Mining Claims DeCoursey Mountain Area," and in Annex II at-
the Operator represents and undertakes:[4] tached hereto and made a part hereof.

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

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

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

ARTICLE 3. *Exploration project.*—The Operator, within 14 days from the date of this contract shall commence work on a project of exploration for[5] Mercury

in or upon the described land; and shall bring the project to completion within a period of 12 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

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

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $60,750.00, which is 75 percent of $81,000.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided*, that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex III, substituted for that part of 9(a) preceding the colon.

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

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

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

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

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

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

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

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

DeCoursey Mountain Mining Company, Incorporated
(Operator)

By Edward N. Dodd

By [illegible]
Administrator, Defense Minerals Exploration Administration

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

Ray Wolfe

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

EXPLORATION PROJECT CONTRACT
DeCOURSEY MOUNTAIN MINING COMPANY, INCORPORATED
DOCKET NO. DMEA-2742

ANNEX I

Materials and Supplies. For the purpose of determining the Government's interest in materials or supplies remaining upon any termination of the work, they shall be considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), and if the original cost of the remaining unexpended portion of any such group or category exceeded $50, the Government shall have an interest therein as provided in Article 11 of the contract form.

Equities in Equipment. Unless expressly permitted by provisions in Exhibit "A", the operator shall not procure equipment or any other item under a rental-purchase agreement, an installment-purchase agreement, any agreement which creates or builds up an equity or interest in the thing procured which can be converted to legal title only by further payment or some other consideration, or any agreement other than for straight rental or cash purchase and delivery.

Preservation of Property. Until the final disposal of any equipment or other property in which the Government has an interest or equity, the operator shall preserve and protect same for the mutual best interests of the parties, any reasonable and necessary cost thereof to be treated as an allowable cost of the exploration work to which the Government will contribute.

EXPLORATION PROJECT CONTRACT
DeCOURSEY MOUNTAIN MINING COMPANY, INCORPORATED
DOCKET NO. DMEA-2742

ANNEX II

Land consists of eight lode mining claims recorded in the Commissioner's office at McGrath, Alaska:

| Lode Mining Claims | Recorded Date | Book Number | Page Number | Amended Location Date * |
|---|---|---|---|---|
| Snow Bird No. 1 | 5-27-29 | Vol. 2/9 | 266 | |
| " " No. 2 | 5-27-29 | Vol. 2/9 | 287 | 10-21-43 |
| " " No. 3 | 5-27-29 | Vol. 2/9 | 287 | 10-21-43 |
| " " No. 4 | 5-22-36 | Vol. 4-12 | 311 | |
| " " No. 5 | 5-22-36 | Vol. 4-12 | 211 | |
| Last Chance No.1 | | | | 10-21-43 |
| " " No.2 | | | | 10-21-43 |
| " " No.3 | | | | 10-21-43 |

*Amended Locations are recorded in Vol. 4, pages 412 to 414, inclusive.

ANNEX III

The following provisions are in lieu of all of paragraph (a) of Article 9 which precedes the colon:

If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account required by the exploration project contract, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land which is the subject of the exploration project contract, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

DeCOURSEY MOUNTAIN MINING COMPANY, INCORPORATED
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2742

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore for mercury ore by means of diamond drilling, drifting and crosscutting from the Lyman Tunnel to locate the extensions of the Tunnel, Retort, and Top Veins Systems from the Lyman Tunnel level.

The work shall be done in two stages. Stage II shall be undertaken only if, in the opinion of the Government, the results of Stage I warrant it, and the Government approves it, in writing, in advance.

An Engineer-Superintendent, approved by the Government, shall direct the exploration project and shall prepare all reports required under the contract. It is contemplated that his time will be allocated equally between this project and the Red Devil Project (Docket No. DMEA-2741).

The depth and diameter of drill holes, the method of all sampling, the method of recovering drill core and sludge, and the method of analyzing samples, are all subject to the approval of the Government.

At the request of the Government, the Operator shall furnish it with such samples as it specifies.

The Operator shall work two 8-hour shifts per day, seven days a week.

Stage I

1. Purchase or rent and transport to job site, the equipment and supplies scheduled for rental or purchase under "Estimated Costs of the Project" in this Exhibit "A".

2. Repair the cookhouse and the compressor building.

3. Construct, or purchase and erect, a 14 foot x 18 foot frame building, combination living quarters and changehouse.

4. Install equipment-compressor, pump, water pipe and air pipe.

5. Clean out and repair the Lyman Tunnel to the extent required to complete the work.

6. Prepare diamond drill stations, and drill not to exceed an aggregate total of 2500 feet of horizontal diamond drill hole at locations shown on the attached map, Exhibit "B", entitled "From Geologic Map of Decoursey Mt. Mine Submitted with Field Team Report, Claim Line Added from U. S. G. S. Map, Oct. 1943."

Stage II

The location, direction, and extent of the work in Stage II shall be agreed upon, in advance, by the Government and the Operator.

1. Drive not to exceed an aggregate total of 300 feet of crosscut and drift, size 5 feet by 7 feet in cross section in the clear of timbers, and prepare diamond drill stations from which to explore for the extensions of the mineralization found in Stage I.

2. Drill not to exceed an aggregate total of 2500 feet of diamond drill hole.

The work in Stage II shall be performed by independent contractor.

Estimated Costs of the Project
(*Indicates allowable maximum)

(1) Independent Contracts

Stage I

None

Stage II

| | | |
|---|---|---|
| 300 feet* of drift or crosscut @ $25/foot* | $7,500.00* | |
| 2500 feet* of diamond drill hole @ $7.00/foot* | 17,500.00* | $25,000.00* |

The independent contractor shall prepare drill sites and shall furnish all labor, including cook, and all supplies, including diamond drill bits, fuel and lubricants for the equipment, and food for workmen. In addition, the independent contractor shall perform all minor repairs to equipment, facilities and installations.

The Operator will furnish all equipment, including rails with connections, pipe, and spare parts for equipment, and the Operator also shall perform all major repairs to the equipment, facilities and installations.

(2) Labor, Supervision, Consultants

Stage I

| | | |
|---|---|---|
| 2 Diamond drillers @ $3.00/hr. 1/ | $4,125.00 | |
| Compressor men-helpers @ $2.50/hr.2/ | 3,450.00 | |
| 1 cook roustabout @ $600/mo. 5 mos. | 3,000.00 | |
| 1 Engineer-Superintendent (½ salary, rate of $1,000/mo.) 5 mos.* @ $500* | 2,500.00* | $13,075.00 |

Note: The above workmen will do all the preliminary work required to inaugurate the diamond drill program.

Note: Workmen paid at hourly rates shall receive overtime pay at the rate of time and a half for all time worked in excess of 40 hours per week.

---

1/ Each Diamond driller will work as a working foreman, supervising the work in progress during his working period.

2/ The compressor men-helpers will operate compressor and do all other work required.

Stage II

| | | |
|---|---|---|
| 1 Engineer-Superintendent ($\frac{1}{2}$ salary, rate of $1,000/mo.) 6 mos.* @ $500* | | $3,000.00* |

(3) Operating Materials and Supplies

Stage I

| | | |
|---|---|---|
| Fuel, oil, lubricants, and grease for compressor, diamond drill, tractor and camp | $1,250.00 | |
| Explosives | 200.00 | |
| Diamond drill bits, replacement parts for diamond drill, compressor and tractor | 1,000.00 | |
| Small tools, mine lamps and carbide | 600.00 | |
| Engineering and office supplies | 50.00 | |
| Groceries supplied in excess of charges made for workmens' food | 850.00 | |
| 1500 feet 1" B I pipe | 400.00 | |
| Miscellaneous supplies | 100.00 | 4,450.00 |

Stage II

| | | |
|---|---|---|
| Miscellaneous supplies; replacement parts for compressor, tractor, diamond drill, and jackhammers; rail, air pipe, water pipe, and fittings | 1,300.00 | |
| 300 feet of mine rail with connections and spikes | 500.00 | 1,800.00 |

(4) Operating Equipment

To be rented

Stage I

| | | |
|---|---|---|
| 1 International, Model TD-14, tractor w/dozer and power take off winch, 5 mos. @ $800/mo.4/ | $4,000.00 | |
| The costs of maintenance, repair, and replacement parts for the tractor are allowable costs of the contract. | | |
| Radio Transmitter and receiver, 5 months | 75.00 | |
| Transit, 5 months @ $30/mo.4/ | 150.00 | $4,225.00 |

Stage II

| | | |
|---|---|---|
| 1 International, Model TD-14, tractor w/dozer and power take off winch, 5 mos. @ $800/mo.4/ | 4,000.00 | |
| Only the costs of major repair and spare parts for the tractor are allowable costs of the project. | | |
| Radio Transmitter and receiver, 6 months rental | 100.00 | |
| Transit, 6 months @ $30/mo.4/ | 180.00 | 4,280.00 |

To be purchased

Stage I

| | | |
|---|---|---|
| 1 Joy diamond drill with 250 feet of drill rods (used) | 2,000.00 | |

---

4/ The monthly rental payment shall apply toward purchase of this item under a rental-purchase agreement. In the case of the tractor the purchase price is $8,000. In the case of the transit, the purchase price is $330. The Operator shall furnish the Government with copies of the rental-purchase agreements.

| | | |
|---|---|---|
| 1 Diesel compressor, 210 cfm capacity (used) | $5,500.00 | |
| 1 High lift pump, powered with gasoline engine | 425.00 | |
| Camp equipment, stove, heaters and cooking utensils | 450.00 | $8,375.00 |

Stage II

None

To be Furnished by Operator

Stage I and Stage II

Note: Operator will furnish the following supplies and equipment that are now on the property, without charge against the project, except for costs of operation, maintenance and reasonable repairs:

| | Value |
|---|---|
| Approx. 1,000 feet air pipe | $500.00 |
| " 2,000 " mine track | 2,000.00 |
| 1 mine car | 100.00 |
| 1 JB4. IR Jackhammer | 150.00 |
| Jackleg for above Jackhammer | 100.00 |
| 1 35# Jackhammer | 100.00 |
| Shell and column for Jackhammer | 150.00 |
| 1 85 cfm gasoline powered compressor, air and water hose for drills, drill steel, and water tank. | 600.00 |

(5) Rehabilitation and Repairs

Stage I

| | | |
|---|---|---|
| Repairs to cookhouse and to compressor building, including labor, supplies, and materials | $ 500.00* | 500.00* |

Stage II

None

(6) New buildings, improvements, installations

Stage I

| | | |
|---|---|---|
| 14 foot x 18 foot building for combination living quarters and change house | $3,000.00* | $3,000.00* |

Stage II

None

(7) Miscellaneous

Stage I

| | | |
|---|---|---|
| Payroll taxes and liability insurance | 1,870.00 | |
| Air travel of Employees and Engineer-Superintendent to and from project and on project business | 2,000.00*5/ | |
| Freight (air, water, and overland) | 1,285.00 | |
| Accounting services @ $150/mo. | 750.00 | |
| Spare parts and miscellaneous expense | 625.00 | 6,530.00 |

Stage II

| | | |
|---|---|---|
| Payroll taxes and liability insurance | 400.00 | |
| Air travel of Engineer-Superintendent on project business | 1,200.00* | |
| Freight (air, water, and overland) | 100.00 | |
| Accounting Services @ $150/mo. | 900.00 | |
| Spare parts and miscellaneous expense | 700.00 | 3,300.00 |

5/ In the event that Stage II is undertaken, costs of return air travel of employees and Engineer-Superintendent, within the allowable maximum, are allowable under Stage II as though these estimated costs had been scheduled under Stage II.

(8) Contingencies

| | | |
|---|---|---|
| Stage I | $1,845.00 | |
| Stage II | 1,620.00 | $3,465.00 |

* * * * * * * * * * * * * * *

| | | |
|---|---|---|
| Total Estimated Cost Stage I | $42,000.00 * | |
| Total Estimated Cost Stage II | 39,000.00 * | |
| Total Estimated Cost of Project | | $81,000.00 * |
| Government Participation @ 75% | | $60,750.00 * |

# C O N T R A C T

This agreement, made and entered into this 31st day of March 1953, by and between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and DeCoursey Mountain Mining Company, hereinafter referred to as the "Operator", WITNESSETH THAT:

WHEREAS, the Operator has filed with the Government applications for two Exploration Project Contracts under Docket Nos. DMEA-2741 and DMEA-2742, for aid in conducting two exploration projects for mercury in Alaska; and

WHEREAS, in order to conduct said exploration projects during the forthcoming summer it is necessary for the Operator to incur immediate costs for the procurement of certain supplies and equipment, and to ship said supplies and equipment and deliver them at the properties before the spring thaw sets in; and

WHEREAS, the negotiations for said Exploration Project Contracts have not been completed, and they cannot be drafted and executed in time to fill the Operator's requirements above stated;

NOW THEREFORE, it is mutually agreed as follows:

To the extent that costs incurred in advance by the Operator for equipment and supplies refer to items of equipment and supplies that are listed in either Exploration Project Contract that may be entered into under said Docket Nos. DMEA-2741 and DMEA-2742, said costs shall be allowable costs of the particular project to which they relate, to which the Government will contribute its prorata share, the same as if the formal Exploration Project Contract had been made and entered into as of the date of this agreement, in a sum not in excess of $25,000.

Any such advance costs incurred by the Operator shall be at its own risk, and the Government shall be liable for participation therein only if and to the extent that

the parties enter into an Exploration Project Contract under the provisions of DMEA Order-1 and while the authority of the Department of the Interior and Defense Minerals Exploration Administration to enter into such contracts continues.

If and when such Exploration Project Contracts are consummated, this preliminary agreement shall be referred to therein and made a part thereof.

IN WITNESS WHEREOF, the parties above named have made and entered into this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense
Minerals Exploration Administration

DECOURSEY MOUNTAIN MINING COMPANY

By Edward N Dodd pres

By _____

MF-203

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the ~~State of~~ Territory of Alaska, Fourth Division ~~County of~~ Recording Precinct Kuskokwim, described as ~~follows:~~ 1/

Quicksilver lode claims Snowbird, 1, 2, 3, 4 and 5, and Last Chance 1, 2, 3, known as Decoursey Mountain Mine, purchased on Contract dated October 16, 1951, Seller Robert F. Lyman, Buyer DeCoursey Mounting Mining Company, Inc., contract recorded in Office of U.S. Commissioner, Recorder, McGrath, Alaska, in Book of Agreements 2/ Page 253-254 on Mar. 17, 1953

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ De Coursey Mountain Mining Company, Inc.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 16 day of March, 195 3.

Robert F. Lyman [Seal]

_____ [Seal]

_____ [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.