DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5-21	Holt	400
5-21	Martin	400
5/21	Selfridge	120
/0	Matthews	100
5/22	JWB	220
		225

MAY 22 1957

Mr. Eugene R. Rowland, President
Rowland Engineering Company
16 North Central Avenue
Clayton 5, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Rowland:

Reference is made to your letter of May 14, 1957, requesting information on the Inland Mining Company.

The most recent address we have on record for that company is:

Inland Mining Corporation
1406 Life of America Building
Dallas, Texas

I regret to inform you that no report on the subject contract has been or will be published, as data gathered by the Government on specific DMEA projects are of a confidential nature, and, therefore, are not for general public information.

Sincerely yours,

G. O. Mitendorf

Administrator

SPHOLT:foc
5-21-57
cc to: Docket
Code 400
Admr. R. File
FT. REG. IV

8623

PARKVIEW 7-5860
(OFFICE)

Rowland Engineering Co.
(INCORPORATED)
16 N. CENTRAL AVENUE
CLAYTON 5, MISSOURI

TAYLOR 1-3669
(HOME)

2299

SEWERAGE & DRAINAGE
WATER SYSTEMS
ENGINEERING SURVEYS
LAND DEVELOPMENT
REPORTS

EUGENE R. ROWLAND

May 14, 1957

United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Gentlemen:

Several years ago a report was made to the Government on Arkansas manganese by a concern called the Inland Mining Company.

I have written several persons purported to be officers of this Company, but all my letters have been returned to me marked "Unknown" by the Post Office Department. Do you have any current information on how this Company can be contacted?

Could you also inform us if this report has been released by the Federal Government or if they intend to release it in the near future?

Yours truly,

Rowland Engineering Company

Eugene R. Rowland

ERR:sf

Eugene R. Rowland, Pres.

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 17 1957

DATE	INITIALS	CODE
5/17	D	200
5-17	C	220
5/17	WSM	400

Copied from The Mining Record - Thursday
April 25, 1957

MANGANESE MINING BRINGING ARKANSAS INTO PROMINENCE

Mena, Ark.--Mining Company scouts and independent traders centered their attention on the Missouri mountain sector of the Mena mining district last week, where milling facilities in Section 13, T4S, R28W was being rapidly completed by the Coon Creek Mining and Milling Co. In the adjacent districts J. L. Aleshire, M & L Mining Company and McFord Mining Company were busy checking out survey lines and performing general assessment work on a large spread of mining claims staked on public domain.

Further accelerating the activity, Hargus Mining Company of Mena, Arkansas, confirm shipments of more than 1800 tons of high grade manganese ore, most of which was mined from the Hargus properties during the six months period ending March 1st, 1957. The Hargus interests also say that their High Point manganese mine, in the South Half of Section II, T3S, R30W, may be reactivated, where engineers report that 3,200 tons of manganese ore may be taken from the surface operations, and owners are hopeful that production may equal, or exceed the famed Sugar Stick manganese mine, where eleven carloads of manganese valued at more than forth thousand dollars was taken from a few hundred feet along the lode.

In the meantime, reports were circulated in Mena that the Smoke Rock mine in Section 28, T3S, R30W, may reopen and would be the third operation to get under way in the Brushy Creek area, with the John Neel discovery now producing ore and the Alyshire Mining Co. turning out high grade manganese ore shipments from workings at the head of Brushy Creek.

Three miles to the east, at Shady, Arkansas, the Companion Milling Co. was rapidly expanding the facilities at its Shady manganese mill, and plans were to have the new mill in operation at an early date.

Intensive research by mining companies during the past months have reportedly brought forth new methods to chemically extract impurities from the manganese ores of the Mena Mining district making the deposits extremely attractive to the steel mills of the nation which now import most of their manganese from other countries.

/s/ Audited

/No/ Certified

ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12/10/1954
Incl. Voucher for _____

/Yes/ Actual Cost

/ / Agreed Unit Costs

Name Inland Mining Corporation

Docket No. DMEA-2299

State Arkansas

Commodity Manganese

Idm-E No. 280

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting					
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation		54,102.00		11,772.69	
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased		1,080.00		150.00	
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Engineering, Geology, Sampling, Assaying. Accounting, etc.		44,818.00		6,853.81	
Totals		100,000.00		18,776.50	

Contract terminated by Government.

Prepared by TLC

400

SEP 23 1955

Mrs. Lena Wood Hayes, President
Latimer County Education Association
Wilburton, Oklahoma

Re: Docket No. DMEA-2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mrs. Hayes:

Reference is made to your note, added to our letter of August 16, 1955, which you returned to this office with 18 claim notices and a sketch map showing your mining claims in the Harper mining area, Polk County, Arkansas.

Data from your claim notices and sketch map, plotted on maps available to us here, indicate, as accurately as can be done without a field survey, that work done on your claims under exploration contract No. Idm-E280 included only bulldozer trenches Nos. 1, 1-A, 2, 3, and 4, with drill hole sampling of trenches Nos. 1-A, 2, and 3, all on your No. 2 Sugar Tree claim.

A map showing these trenches and drill holes, with manganese assays of drill hole samples, is enclosed. No samples were taken in trenches Nos. 1 and 4.

While we have no objection to making this map and the assay results available to you, it should be clearly understood that the material is for your personal use, and not for publication.

Your claim map and location notices are, as you requested, returned to you herewith.

Sincerely yours,

Administrator

Enclosures

cc: Docket
FT, Reg. 4
T. Kiilsgaard, USGS

cc: Code 400
Adm. Read. File
G. DeHuff, USBM

SPHolt/ls 9/22/55

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE ELECTRIC POWER ADMINISTRATION
WASHINGTON 25, D. C.

Twp 3 South Range 30 West
Polk County, Ark

Brushy Road

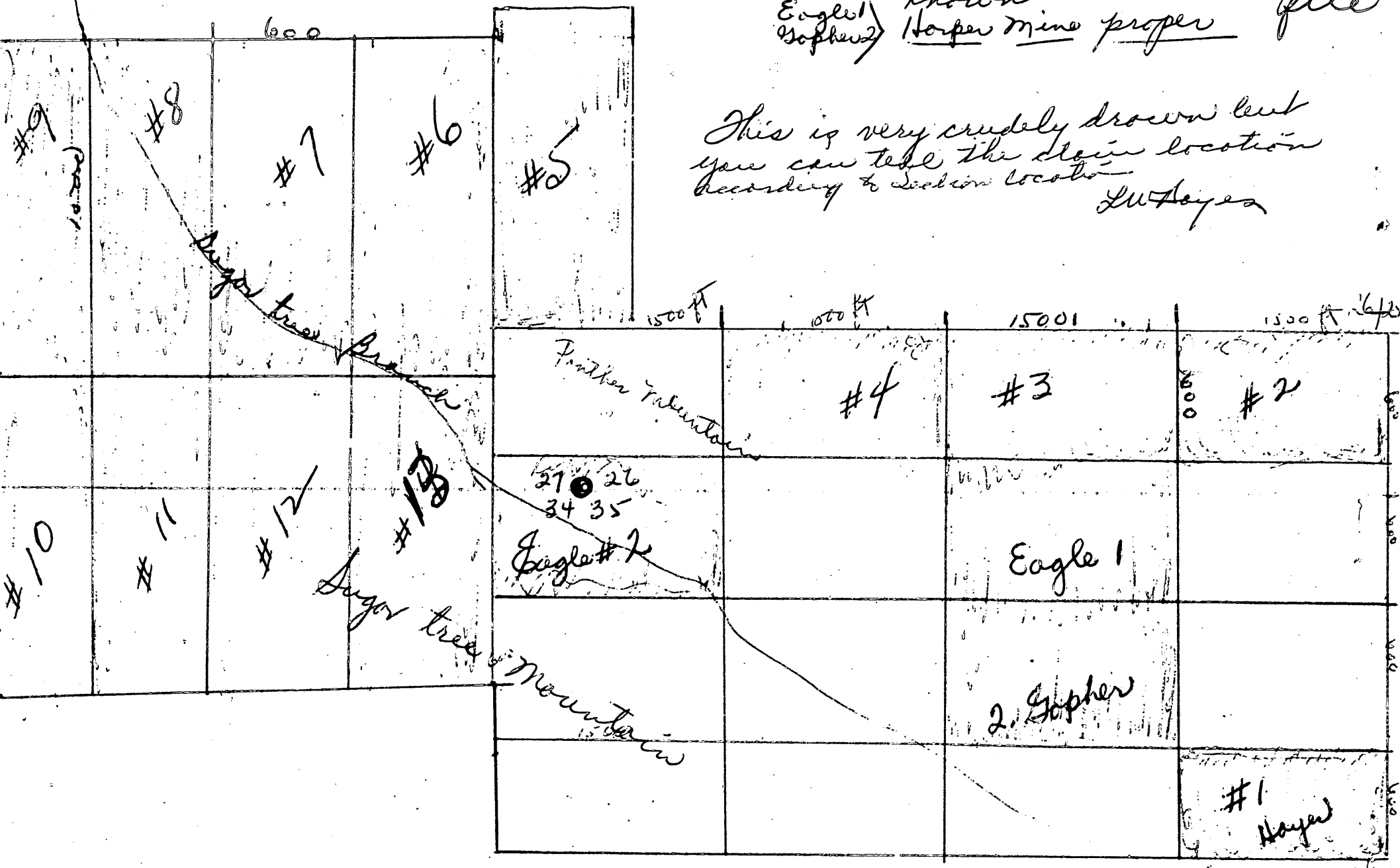
27 26

Eagle 1
Gopher 2 } Known Harper Mine proper

file

This is very crudely drawn but you can tell the claim location according to section location

L.W. Hayes



Administrative question arises here.

1) Our deal with Inland. In past we have advised property owner to get info from Lessee — or at least get his permission for us to release. (Remember Idaho monazite case?)

2) This looks like suitable case to bring to attn of Legal or perhaps members Open Comm. Save

3) Up to this point we haven't committed ourselves to give info. We have identified ground & know that very limited work was done of a surface nature, which should be readily extinguishable by anyone. We can then stand on our policy not to release details.

What do you think?

Kofflund
says
Sol Fridge O.K.
Bureau and Survey
have no objections
think O.K.

Save

DOCKET
SURNAME
400 Holt
Chapman
Selfridge

AUG 25 1955

Mr. J. Arlie Wood
810 North K Street
Muskogee, Oklahoma

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Polk County, Arkansas
Contract No. Idm-8280

Dear Mr. Wood:

With reference to your letter of August 14, 1955, in which you enclosed a sketch map showing the location of your claims in Polk County, Arkansas.

Records in this office of work performed by the Inland Mining Company under contract Idm-8280 do not indicate that any drilling was done on any of the four claims shown on your map.

Two bulk samples of manganese ore were taken from location on your claims and analyzed with results as follows:

		Sample Number	
		In-M-1	In-M-2
Manganese	(Mn)	4.4 per cent	5.6 per cent
Iron	(Fe)	2.8 " "	0.74 per cent
Silica	(SiO_2)	85.3 " "	85.9 " "
Alumina	(Al_2O_3)	- -	0.39 " "
Phosphorus	(P)	0.11 per cent	0.10 " "

Sample No. In-M-1 was a composite sample, made up from several dozen trench samples taken on the upper and lower bulldozer cuts made by the Inland Mining Company on the north side of the American group of claims. Maps accompanying progress reports do not give the exact location of this sample, but indicate that it was probably near the southwest corner of Eagle Lode Claim No. 1.

R.C.G.

Sample No. In-M-2 is a bulk sample taken on the south side of the American group of claims. It is approximately representative of a 13 foot high face, exposed along a 100 foot long outcrop forming a bluff. Maps accompanying progress reports also do not exactly locate this sample, but indications are that it was taken from the bluff near the west end line, south of the center, on Eagle Lode Claim No. 2.

Sincerely yours,

C. O. Mittendorf

Administrator

SPHolt:foc
8-22-55
cc to: Docket
Code 400
Adm. Read. File
FT. REG. 4
Messrs. DeHuff, USBM
Kiilsgaard, USGS

400

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

AUG 16 1955

Mrs. Lena Wood Hayes, President
Latimer County Education Association
Wilburton, Oklahoma

Re: Docket No.DMEA-2299, Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mrs. Hayes:

Reference is made to your letter of August 4, 1955, advising that you now own mining claims in Sections 26, 27, 34, and 35, Township 3 South, Range 30 West, in the Harper Mining Area.

Before we can determine whether we have any data on your claims, it will be necessary for you to submit evidence of ownership and give name and location of claims, preferably with a map. If at all possible, the information should locate the exact position of the claims in their respective sections.

As you may know, the results of the subject project were unfavorable, and therefore a certification of discovery or development was not issued.

While there has been some indication of radio-active material in Polk County, to our knowledge there have been no discoveries of uranium ores of commercial grade in this area.

Sincerely yours,

O Mitteudorf

Administrator

Please return the enclosed (18) claims + map -

Lena W. Hayes

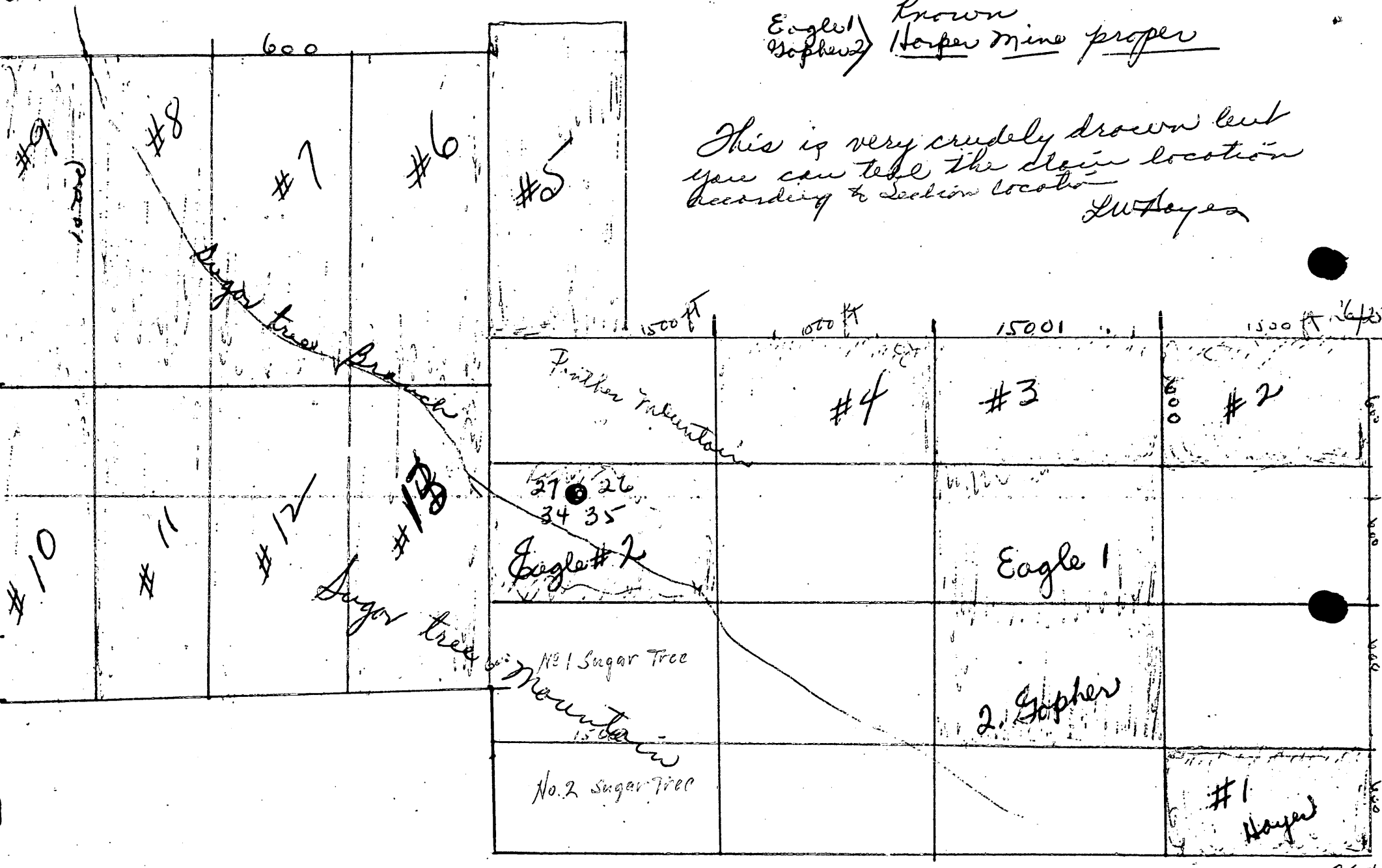
Twp 3 South Range 30 West
Polk County, Ark

Brushy Road

21 26

Eagle 1
Gopher 2 } Known Harper Mine proper

This is very crudely drawn but you can tell the claim location according to section locations
L.W. Hayes



DOCKET
Surname:
Holt
Chapman

400

AUG 16 1955

Mr. J. Arlie Wood
810 North K Street
Muskogee, Oklahoma

Re: Docket No. DMEA-2299, Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Wood:

Reference is made to your letter of August 1, 1955, with enclosed records of two claims and a certificate of record, covering locations in Sections 35 and 26, Township 3 South, Range 30 West.

Our maps and files show no claims with the names given in your records. In order to identify your claims and determine their relationship to our project work, it will be necessary for us to have a tie-in to some section corner or known monument.

As you probably know, the results of the subject operation were unfavorable, and therefore a certification of discovery or development was not issued.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

cc: Docket
Code 400
Adm Read. File
FT, Reg. 4
T. Kiilsgaard, USGS
G. DeHuff, USBM

TLChapman/ WSMartin/ls
8-16-55

810 No. K. st
Muskogee, Okla

Aug. 14, 1955

RECEIVED
AUG 16 1955

Re: Docket # DMEA 2299-MANGANESE
Inland Mining Co: Mena District
Polk County Ark.
Contract # 1DM-E280

Mr C. O. Mittlendorf
Dept of Interior
Washington, D.C.

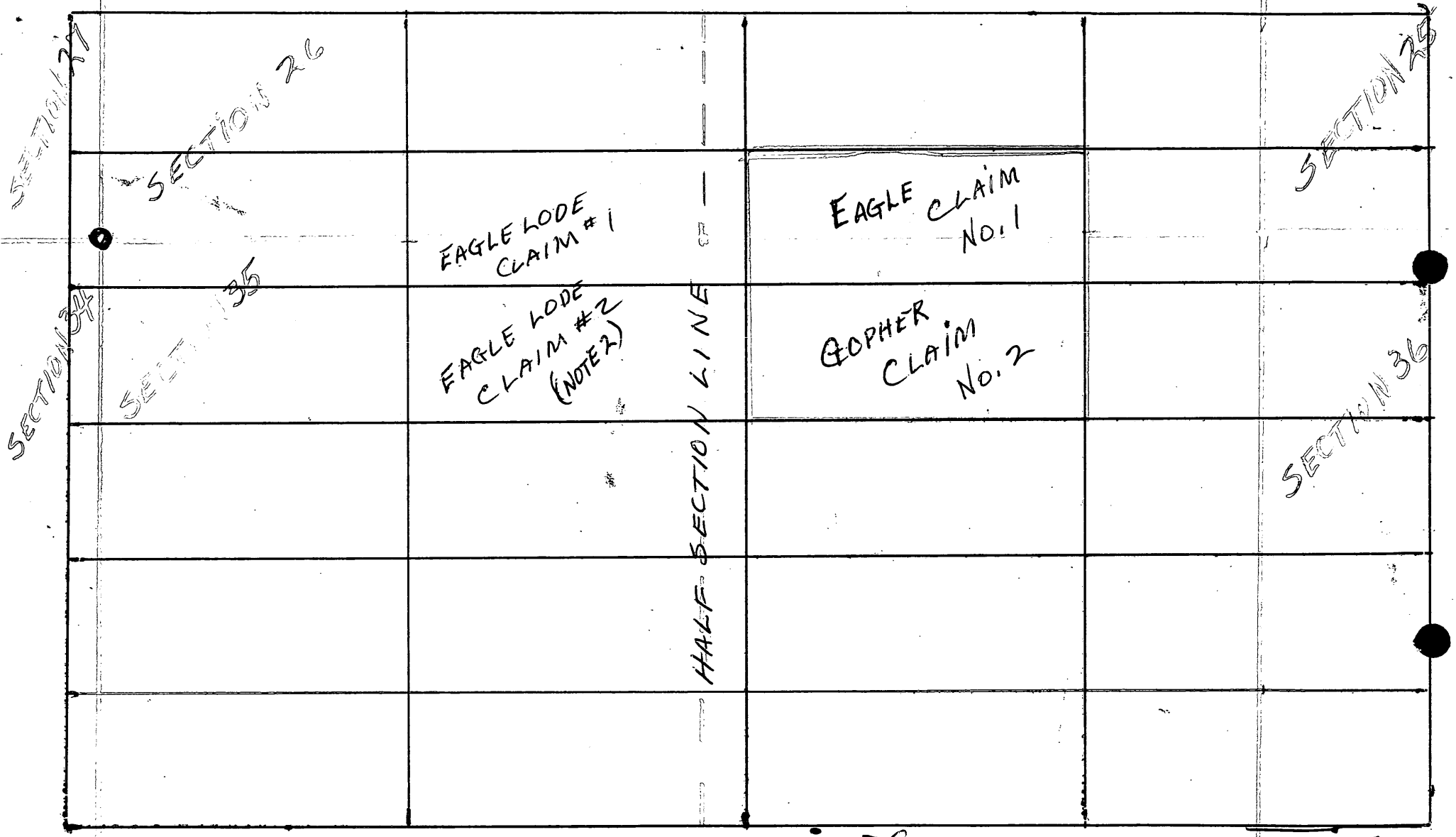
Dear Sir

I am sending you a sketch map of the approximate location of our claims in Polk County Arkansas. Mr Chenoweth of the Inland Mining Co set his map different than ours, and changed the corners, but this sketch will show that some of the drilling was done on our claims.

I hope that this will be the information that you have requested. Trusting that I will hear from you soon I am,

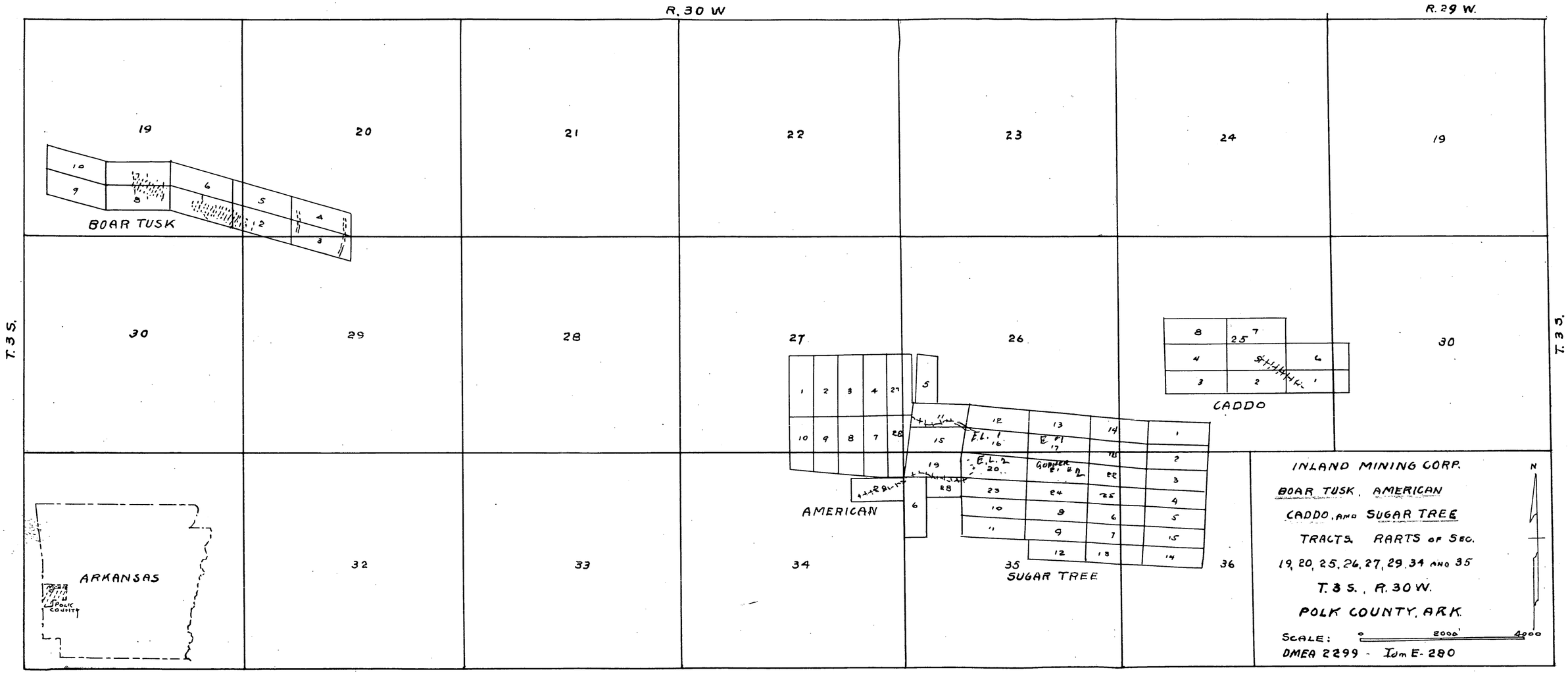
Sincerely Yours
J Arlie Wood

TWNSHIP 3 South Range 30 West



NOTE: This sketch is set up on the measurement of one inch equals (600) six hundred feet

NOTE 2 The Claim blanks on eagle lode numbers 1 and 2 were not sent you, but the Certificate of ownership from the Polk County recorders offices showes them both


R. 30 W
R. 29 W.
T. 3 S.
T. 3 S.
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36
BOAR TUSK
AMERICAN
CADDO
SUGAR TREE
ARKANSAS
POLK COUNTY
INLAND MINING CORP.
BOAR TUSK, AMERICAN
CADDO, AND SUGAR TREE
TRACTS. PARTS OF SEC.
19, 20, 25, 26, 27, 29, 34 AND 35
T. 3 S., R. 30 W.
POLK COUNTY, ARK.
SCALE:
0
2000'
4000
N
DMEA 2299 - Tom E-280

LATIMER COUNTY EDUCATION ASSOCIATION

OFFICERS
LENA WOOD HAYES, President
AGNES L. EVINS, Vice-President
JEAN JEFFREY, Secretary-Treasurer

WILBURTON, OKLAHOMA

EXECUTIVE BOARD
P. J. SMITH
CHARLES D. KITCHENS
GILBERT SMALLWOOD

August 4, 1955

RECEIVED
AUG - 8 1955

WSM

Mr. C. O. Mittendorf
D. M. E. A.
Interior Building
Washington 25, D. C.

Dear Mr. Mittendorf:

Re: Harper Mine
Polk County, Ark.

I am now the owner of the mining claims in Polk County, Arkansas in Sections 26, 27, 34, and 35, Township 3 South, Range 30 West known as the Harper Mining Area. In 1950 and '51 this area was leased to the Inland Mining Company of Dallas, Texas.

This Company obtained a loan through D. M. E. A. of $75,000 to do some exploration work on these claims. If your department has any information as to their findings concerning manganese or any other minerals would it be possible for me to have this information, with a map showing the location of the different findings?

There has recently been some uranium found in the near vicinity of this area. Does your department have any knowledge of this as yet?

Very sincerely yours,

Lena Wood Hayes

Lena Wood Hayes

copy made for 400 file

2299

Wachet

RECEIVED

AUG - 1 1955

Mr. J. A. Wood
810 North K Street
Muskogee, Oklahoma

Postmarked Aug. 1, 1955

Mr. C. O. Mittendorf, Administrator
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

WSay

Dear Mr. Mittendorf:

In answer to your letter of July 27, 1955, I am enclosing two claims located in Section 35, and one in Section 35 and 26, Township 3 South, Range 30 West, and also a certificate of record showing that we had them clear of leases after the expiration of the Inland Mining Company lease.

I hope that this will be the information that you have requested to show my ownership of this property. We leased these claims to the American Manganese Company and they in turn leased them to the Inland Mining Company of Mena Arkansas. The Inland Mining Company did a considerable amount of road work on these claims. They built bench roads at three or four different levels, on the side of the mountain, and then drilled three or four test holes to a depth of 100 to nearly 200 ft. We have been unable to get the results of the tests, and we hope that you may be of assistance in acquiring this information.

Thanking you for this favor, I am.

Sincerely yours,

Jarlie Wood

J. Arlie Wood

Code 220

The attachments are to be returned at a later date after Mr. Wood furnishes us further data re location of his claims.

ls 8/16/55

1

Eagle

LODE MINING CLAIM LOCATION NOTICE

NOTICE is hereby given that the undersigned, having complied with the United States Mining Laws and the local regulations, has located Mining Claim No. 1, on the Manganese lode or vein beginning at Place of notice and running 1,500 feet _____ and 300 feet on each side of the center of the lode or vein, including all dips, angles and parallel veins within said boundary. Corners:

N. E. Pile of Stones N. W. Pile of Stones

S. W. Pile of Stones S. E. Pile of Stones

bounded Beginning at Place of notice & running 300 feet South; thence 1500 feet East 600 feet North; thence 1500 feet West 300 feet South to place of beginning & notice

Situated in Section 35, Township 3 S, Range 30 W

_____ Mining District, County of Polk, State of Arkansas.

WITNESS:

G O Wood

Lena Wood Hayes

Located July 3, 1953

Maggie Wood

Arlie Wood

Locater.

_____ MINING DISTRICT, County of POLK, State of Arkansas.

I hereby certify that the above and foregoing annexed Mining Claim location was filed in my office for record the 25th day of July, 1953, and recorded in Book "I", Page 190

Mrs M M Martin, District Recorder

STARCO PRINT, MENA, ARK.

RECEIVED
AUG - 3 1955

Filed for record on this 25th
day of July 1953
at 10:40 o'clock A M
Mrs M M Martin Clerk
By _____ D. C.

2 Gopher

LODE MINING CLAIM LOCATION NOTICE

NOTICE is hereby given that the undersigned, having complied with the United States Mining Laws and the local regulations, has located Mining Claim No. 2, on the Manganese lode or vein beginning at Place of notice and running 1,500 feet East and 300 feet on each side of the center of the lode or vein, including all dips, angles and parallel veins within said boundary. Corners:

N. E. Pile of Stones N. W. Pile of stones

S. W. " " " S. E. " " "

bounded Beginning at place of notice & running 300 feet South; thence 1500 feet East; thence 600 feet North; thence 1500 feet West. Thence 300 feet South to place of notice

Situated in Section 35, Township 3 S, Range 30 West

Mining District, County of Polk, State of Arkansas.

WITNESS:

G O Wood

Lena Wood Hayes

Located July 3, 1953

Maggie Wood

J Felix Wood

Locater.

MINING DISTRICT, County of POLK, State of Arkansas.

I hereby certify that the above and foregoing annexed Mining Claim location was filed in my office for record the 25th day of July, 1953, and recorded in Book "I", Page 191

Mrs M M Martin, District Recorder

STARCO PRINT, MENA, ARK.

RECEIVED
AUG - 2 1955

Filed for record on this 25th
day of July 53
at 10:40 o'clock A
Mrs M M Martin Clerk
By _____ D. C.

3

LODE MINING CLAIM LOCATION NOTICE

NOTICE is hereby given that the undersigned, having complied with the United States Mining Laws and the local regulations, has located Mining Claim No. 1, on the Eagle lode or vein beginning at _____ and running 1,500 feet _____ and 300 feet on each side of the center of the lode or vein, including all dips, angles and parallel veins within said boundary. Corners:

N. E. Rock N. W. Rock

S. W. Rock S. E. Rock

bounded Beginning N. W. corner of claim, pile of rocks, run East 1500 feet; thence South 600 ft; thence west 1500 ft; thence north 600 ft to point of beginning

Situated in Section 26 & 35, Township 3 S, Range 30 W.

_____ Mining District, County of Polk, State of Arkansas.

WITNESS:

E O Wood

Lena Wood Hayes

Located July 3, 1953

Maggie Wood

Jarlie Wood

Locater.

_____ MINING DISTRICT, County of POLK, State of Arkansas.

I hereby certify that the above and foregoing annexed Mining Claim location was filed in my office for record the 25th day of July, 1953, and recorded in Book "I", Page 191

Mrs M M Martin, District Recorder

STARCO PRINT, MENA, ARK.

Filed for record on this 25th

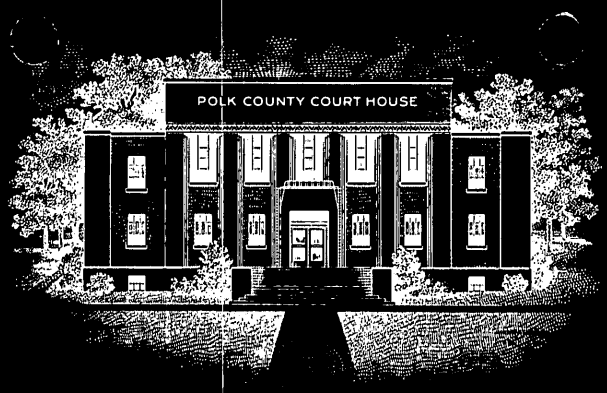
day of July 19 53

at 10:40 o'clock A.M.

Mrs M M Martin Clerk

By / D. C.

RECEIVED
AUG - 3 1955



MRS. M. M. MARTIN
CIRCUIT CLERK

POLK COUNTY
Mena, Arkansas

C E R T I F I C A T E

STATE OF ARKANSAS

COUNTY OF POLK

I, Mrs. M. M. Martin, Circuit Clerk and Ex-Officio Recorder within and for the county and state aforesaid, do hereby certify that I have searched the records on file in this office, and do not find any leases, liens or other encumbrances against the following mining claims, as located by Maggie Wood and J. Arlie Wood:

"EAGLE" Claim No. 1;

"GOPHER" Claim No. 2;

Claim No. 1 on the Eagle lode;

Claim No. 2 on the Eagle Lode;

The above claims being located in Sections 26 and 35, in Township 3 South, Range 30 West, in Polk County, Arkansas, and recorded in Mining Record Book "I" at pages 190, 191 and 192.

IN WITNESS WHEREOF I hereunto set my hand and affix the seal of said Court, at Mena, Arkansas, this 5th day of November, 1 9 5 3 .

Mrs M M Martin

Circuit Clerk & Recorder

RECEIVED
AUG - 2 1955

PHOTO COPIED
JAN 3 - 1955
STOBIE PHOTO COPY CO.
105 N. Eighth St. St. Louis, Mo.
CHestnut 7677

400 DOCKET SURNAME
Rutledge
Martin

JUL 27 1955

Mr. J. A. Wood
810 North K Street
Muskogee, Oklahoma

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-2280

Dear Mr. Wood:

This will acknowledge your letter of July 23, 1955 requesting data on the results obtained under the above-referenced exploration project on certain claims owned by you.

To enable us to determine whether exploration was conducted on your property, it will be necessary for you to furnish us with legal description of your claims, the usual claim location information, and if possible, a sketch map of the claims.

Sincerely yours,

C. O. Mittendorf

Administrator

FARutledge:foc
7-25-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. IV
Mr. DeHuff, USBM
Mr. Kiilsgaard, USGS

RS.

Docket 2299
(Inland)

H&E

J.A. Wood
810 No K Street
Muskogee Oklahoma

July 23, 1955

RECEIVED
JUL 25 1955

WBM

Mr. C.O. Mittendorf, Administrator
Defense Minerals Exploration Adm.
Department of the Interior
Washington D.C.

Dear Mr. Mittendorf:

I own several Government Mining Claims situated in Polk County Arkansas. Some time in 1949 or 1950 these Claims were leased to C.C. Chenowitee, President of the Inland Mining Co. He made application to the D.M.E.A. for, and was granted a loan of $75,000.00, for exploration work, prior to May 1953. He drilled several test holes on these claims to determine the extent of the ore body.

I would like to get copies, if it were possible, or any information pertaining to the logs or the results of these tests.

Thanking you for this request.

Sincerely yours,

J.A. Wood

J.A. Wood

Martin

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

July 18, 1955

Miss Evah C. Blakeman
17800 Woodward Avenue
Detroit 3, Michigan

WSM

My dear Miss Blakeman:

Reference is made to your phone call of last Friday, July 15, requesting any information the Bureau might have concerning two manganese claims in Polk County, Arkansas, known as the Eagle No. 1, and the Gopher No. 2. As I understand it, the former is located in Sections 26 and 35, Township 3 South, Range 30 West; the other in Section 35, same township and range.

In order to ascertain whether or not these claims were covered by a Defense Minerals Exploration Administration loan for manganese exploration, it will be necessary to have their locations within the respective sections. A satisfactory map should do this.

I have no other information here which might pertain to these two claims. Consequently, it is suggested that you, or the owners, make request in writing directly to Mr. C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C. providing the above information. If you should write for the owners, it will be necessary to show your authority to act for them.

If I can be of further assistance to you, please call on me.

Sincerely yours,

G. L. DeHuff, Jr.
Commodity Specialist
Branch of Ferrous Metals
and Ferroalloys

GLDeHuff:tf

Copy to: Mr. C. O. Mittendorf, DMEA
Regional Director, Region IV, ~~Bartlesville~~, Okla.
Mr. DeHuff
Ferrous Metals
Files

Code 400

January 5, 1955

MEMORANDUM

To: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District, Arkansas
Contract Idm-E280

By: W. S. Martin, Chief, Iron & Ferro-Alloys Division WSM

Mr. Clarke Barridon telephoned today. The claims for which he has been asked to put up exploration funds are owned by Lena Wood Hayes and her cousin, Jim Wood. The claims are located in Polk County, Arkansas; T. 3 S., R. 30 W., Sections 26, 27, 34, 35, and 36; and are called the Harper claims.

Mr. Barridon said he understood that previous work had been done there by Inland Mining Company. He was advised that we had a contract with Inland but that no certification of discovery or development was issued, and that the Harper claims as such could not be correlated off-hand with the claims comprising the lands of the Inland contract.

Mr. Barridon was again informed that unless he submits a written application, we cannot obtain the advantages of the Field Team's knowledge and recommendations on the district.

COPY: DMEA Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
P. O. Box #431
Joplin, Missouri

April 23, 1954

WSM

Mr. W. T. Townsend, Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: Contract Idm-E280
Inland Mining Corporation
Mena District, Arkansas
Docket DMEA-2299 (manganese)

Dear Mr. Townsend:

Your letter on April 6, 1954, to W. P. Williams, the former DMEA Field Team Executive, was erroneously forwarded by the Joplin Post Office to his present location in the office of the U. S. Geological Survey, Grand Junction, Colorado, but has been returned to me for an official reply to you.

After reviewing the docket files, the Government's intent to waive its interest in the miscellaneous small tools and supplies which remained upon termination of your project contract, is clearly apparent to me. I agree with you, however, that no such waiver ever actually was written to clear your company. In effect, the Government's interest in the jointly owned supplies was waived when Mr. Williams indicated Field Team acceptance of the Final Audit Report and Certificate by forwarding the copies to you, and to the Regional Finance Officer, on October 7, 1953. Therefore to clear your position so that you can dissolve the corporation in the near future, I am glad to be able to state formally here, that the Government has waived all interest in the small tools, supplies, materials, equipment, etc., as described in your April 6 letter. A check of your cost claims todate and the inventory Mr. Williams made during a project inspection on April 30, 1952, showed me that the Government never participated in the purchases of any of the larger items of excavation and office equipment mentioned (except the Jackhammer which you sold for the joint account with the Field Team's approval).

I will be happy to advise you should I hear of a prospective buyer of all that equipment but I also believe your best bet would be the General Services Administration as Bill Williams suggested in his letter to you on April 9.

Please call on me in the future for any assistance or suggestions that I might be able to give.

With best personal regards, I remain

Very sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

cc: ✓ DMEA Operating Committee (2)) 2 copies Apr. 6 letter) from
Mr. Chambers) 1 copy Apr. 6 letter) Townsend

Mr. Williams
Docket DMEA-2299

C
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P
Y

INLAND MINING CORPORATION
Life of America Building

Dallas, Texas

April 6, 1954

United States Department of the Interior
Defense Minerals Administration
Joplin, Missouri

RE: Docket No. DMEA-2299
Manganese
Inland Mining Corp.
Mena District, Ark.
Contract No. Idm-E280

Attention: Mr. W. P. Williams
Executive Officer, DMEA
Region VI

Gentlemen:

In a letter of September 1, 1953 you advised our company that in view of the circumstances involved that you would agree with Mr. E. D. Talbert, Contract and Audit Division, DMEA, that it was probably advisable for the government to waive its interest in the miscellaneous small tools and supplies remaining from the above referenced DMEA contract. The remaining equipment consisted of a step ladder, 8 surveyor targets, which were nothing more than painted boards, several bundles of rope, several small cartons containing metal markers, drill bits and broken and used garden tools and machetes, a bundle of large broken and rusted drill stems and other miscellaneous equipment which the writer could not describe accurately. Yesterday we sold the remaining office equipment, which was wholly owned by Inland Mining Corporation and which originally cost $1,132.38, for $225.00, and prevailed upon the Office Equipment Company, purchaser, to haul the above described miscellaneous equipment out of the warehouse as part of the deal so that we would no longer have to pay storage on it.

In view of these facts we would appreciate your acknowledging our disposal of the equipment and possible accounting for these items, which could not be sold in that we hope to dissolve the company in the near future.

The company still has a TD-24 International Tractor with Bucyrus Erie Bull Grader and Rear Winch, a Portable Jaeger Air Compressor and two Jackhammers which they have stored in the Browning-Ferris Machinery Company Yard here in Dallas. This equipment has to be sold prior to the dissolution of the company and the Directors have indicated they would sell all of this equipment in a lot sale for approximately $18,000.00. This equipment is in good condition and was only used on the above project and originally cost $33,290.80. If you know of anyone who would be interested in this equipment the Directors of the

company would appreciate your calling the writer collect at RAndolph-6188. If the government would be interested in any of this equipment we would appreciate your advising us of the procedure to follow in obtaining bids thereon.

Thank you for your cooperation and courtesy in helping us conclude the subject contract.

Yours very truly,

INLAND MINING CORPORATION

By: /s/ W. T. Townsend
W. T. Townsend, Ass't. Treas.

WTT;sc

cc Mr. W. C. Jackson, Jr.
Mr. Edward Marcus
Mr. S. Austin Wier
Mr. E. S. Heyser, Jr.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
P.O. Box #431
Joplin, Missouri

DMEA-2299

April 9, 1954

Memorandum

WSM

To: L. T. McElvenny, Chief, Mining Branch, Rolla, Missouri

From: C. C. Knox

Subject: Inland Mining Corpr., Final Report

In response to your April 1 Memo concerning the subject report, the attached copies of the Field Team's Final Report and numerous prints of the maps were made, and Mr. Perkins prepared a summary for your use which is also enclosed herewith.

I could not recall the details concerning the subject report when you spoke to me about it in Rolla on March 17 but found that it was prepared while I was on annual leave last September. Mr. Williams (USGS) performed the few remaining duties connected with the terminal settlement made soon after that time so the occasion has not arisen for my review other than the brief-summaries given in the Weekly and Monthly Reports to you during the time.

Clinton C. Knox
Executive Officer
DMEA Field Team, Region VI

CCK/vks

c.c. Mr. Mittendorf (2)
L. T. McElvenny (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
P. O. Box #136
Rolla, Mo.

C
O
P
Y

April 1, 1954

Memorandum

To: C. C. Knox

From: L. T. McElvenny

Subject: Inland Mining Corp. final report

This is to remind you that on March 17, when you were in Rolla, I requested a copy of the final D.M.E.A. report on Inland Mining Corp. or, preferably, a brief of the final report such as Perkins has submitted on other completed D.M.E.A. projects.

It is essential that we have the data on these completed projects in the Rolla files, and I suggest that you have Perkins prepare the material as rapidly as possible.

/s/ L. T. McElvenny

MAR 10 1954

Mr. D. H. Figgs
Hathaway's Specialty Shop
Nashville, Arkansas

Dear Mr. Figgs

Reference is made to your letter of February 9, 1954, to Secretary Seaton, enclosing a news story from the "Southwest American" of January 23, 1954, reporting proposed plans for processing manganese ore to be mined near Nashville, Arkansas.

You inquire specifically about a former Defense Minerals Exploration Administration manganese contract signed March 27, 1952. Apparently you have in mind our contract No. Ida-2280, Island Mining Corporation (Docket No. DMEA 2229 - Manganese), which was entered as of that date in the amount of $210,000.00, of which the Government participation would have been 75 percent, or $157,500.00. Stage I of that contract was estimated at $71,500.00, and Stage II at $73,000.00. Stage II was to be undertaken after the completion of Stage I only, if, in the opinion of the Government based upon the results of Stage I, further work was warranted. The work of Stage I consisted of bulldozer trenching, hand trenching, drilling and sampling; this work convinced the parties concerned that no further work should be done under the contract. The total approved amount expended thereunder was $18,774.50, of which the Government's share was $14,082.38.

You also ask what, if any, value accrued to anyone from the above project. The enclosed booklet, "The Defense Minerals Exploration Program," may give you sufficient background information. More specifically, our project indicated that the manganese-bearing material at the property covered by the contract was not sufficiently amenable to known treatment methods to be considered, at this time, as an ore of manganese.

The only exploration projects near Batesville, Arkansas, in which this Administration has participated were performed by Westmoreland Manganese Corporation under Contract No. Ida-28 (Docket No. DMA 2971 - Manganese) and Contract No. Ida-139 (Docket No. 20981 - Manganese). The total estimated costs of the two projects

were $36,000.00, of which the Government's participation could have been 75 percent, or $27,000.00. Actual expenditures by the Government under both contracts totalled $24,247.56. After completion of each project, certification of a discovery or development was issued on February 7 and May 8, 1952, respectively. According to our information, subsequent Government assistance to Manganese Corporation was provided by the Defense Materials Procurement Agency which has been succeeded by General Services Administration.

For information about rapid amortization of defense facilities, it is suggested that you refer to:

Mr. Irving Gumbel, Acting Director
Materials Division, Emergency Procurement Service
General Services Administration
7th and D Streets, S. W.
Washington 25, D. C.

We thank you for your interest in the economics of manganese mining in the Mont. Arkansas, district and for bringing your information to the attention of Secretary McKay.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Copy to: Clarence A. Prydell, GSA, EPS, Materials Division
Augusta E. Cornwall, " " " "

Mails & Files - Misscl. alphabetic file
Code 400
Admin. Reading File
Docket No. DMEA 2299
FT, Region VI

MSMartin/kw 3-4-54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
November 10, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1953

Operating Committee
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Ark.
Manganese

Dear Sirs:

During a recent check of the now-completed Inland Mining Corporation Docket No. DMEA-2299 we noticed that the Final MF-104s covering the period 8-1-53 to 6-30-53 with accompanying certification data had not been forwarded to you.

In order to make your files complete, we are enclosing herewith the usual two copies of the MF-104s mentioned with the pertinent certification data entered thereon.

The Final Payment to the Operator in the amount of $1,992.68 does not correspond to the figure $558.13 shown on the Operator's Final MF-104 because payment on the last voucher is supported by Audit Certificate covering Forms MF-104 for June, July, 1952, and August 1, 1952 to June 30, 1953 from which payment had been withheld pending the audit.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA, Region VI

WPW:jd
Encs.

cc - J. L. Chambers

FILE COPY
SURNAME:

Chapman
Martin
DeHuff
Chamberlin
Pancione
Selfridge
Rutkin
Clarkson

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

OCT 28 1953

Mr. W. T. Townsend, Asst. Treasurer
Inland Mining Corporation
1408 Life of America Building
Dallas, Texas

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena district, Arkansas
Contract No. Idm-E280

Dear Mr. Townsend:

This is with reference to the subject exploration contract between the Inland Mining Corporation and the Government.

The final audit of the contract expenditures and the final reports of the Operator, and of the Field Team have been received and accepted by this Administration. Of the total amount of $100,000.00 approved by the contract, the sum of $22,055.79 was expended by your operation. The sum of $3,079.29 was deleted by the audit as not applicable to the contract and $200.00 was deducted for equipment sold. This leaves a balance of $18,776.50 expended on the project, of which 75 percent or $14,082.38 was the Government's share. The work accomplished was carried out in a satisfactory manner.

Because the results of the exploration and metallurgical tests were unfavorable, it is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to Article 7(d) of the contract which requires the Operator to "keep and preserve said records and accounts for at least three years after the completion of the project or the termination of this contract."

Your interest in the exploration program of the Defense Minerals Exploration Administration and your willingness to participate therein are appreciated.

Sincerely yours,
C. O. Mittendorf (fw)
Administrator

cc: Docket
FT, Reg. 6
Code 400
Oper. Comm.
Code 800
Adm. Read. File
Martha Carr, USGS
Gilbert DeHuff, USBM

TLChapman/ls
10/7/53

R.S. 10-29-53

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

Joplin, Missouri
October 23, 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Arkansas
Manganese

Dear Mr. Townsend:

I am returning to you herewith Cashier's Check No. 471170 dated October 5, 1953, issued by the First National Bank of Dallas in the amount of $150.00. This check was tendered by you to the Government as payment for three-fourth's of the proceeds of the sale of a jack hammer that was purchased under your DMEA Contract.

In preparing his audit certificate covering your project, Mr. E. D. Talbert deducted $200.00 in arriving at the total accepted cost to the Contract. Your payment of $150.00 as represented by Cashier's Check No. 471170 represents an over-payment and for that reason is returned to you herewith.

I note that Mr. Joe H. Cooley, Bureau of Mines, Amarillo has sent you a copy of his letter to me dated October 19, 1953. Mr. Cooley's letter explains the circumstances of your overpayment.

I am sorry our wires got a little crossed in this matter. Please do not hesitate to communicate with us if you have any questions concerning the above.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA, Region VI

WPW:jd
Enc.
cc - J. L. Chambers
J. H. Cooley
Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
October 16, 1953

Defense Minerals Administration
RECEIVED
OCT 19 1953

Mr. Joe H. Cooley, Chief
Administrative Division, Reg. VI
U. S. Bureau of Mines
514 Barfield Building
Amarillo, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena district, Ark.
Manganese

Dear Mr. Cooley:

I have just received your letter of October 14, 1953 in which you say you have certified the final report for the Inland Mining Company in the amount of $1,992.68.

In a letter to me, dated September 25, 1953, Mr. J. L. Chambers, Chief, Contract Administration and Audit Division, DMEA, states, "Our files indicate that the following is the present payment status of this project:

Payments:	April, 1952, MF-104	$5,600.35	
	May, 1952, MF-104	6,489.35	$12,089.70
Repayment:	Proceeds from property		150.00
	Net payments to date		11,939.70
Amount of Audit Certificate			14,082.38
	Balance due Operator		$ 2,142.68 "

In the Audit Certificate dated September 23, 1953, Mr. E. D. Talbert has deducted $200.00 from the Total Cost as billed by contractor as Salvage Proceeds on Property (sale of jackhammer). Seventy-five percent of $200 amounts to $150.

However, the Operator submitted Cashier's Check No. 471170 in the amount of $150.00 to me on October 7, 1953. This check was forwarded to Ray C. Jonas on October 13, 1953.

Mr. Talbert's Audit Report was obviously prepared before the $150 check was tendered, and Mr. Talbert accordingly deducted that amount from the total cost as billed.

Mr. Chambers, on the other hand, replaced the $150.00 in his summary (see above) by subtracting that amount from Payments. The balance due the Operator then becomes $2,142.68

$2,142.68	
1,992.68	Payment-Schedule 6.-70
$ 150.00	Balance due Operator

It therefore appears that you have underpaid the Operator by $150.00 on Schedule DMEA 6.-70, dated October 14, 1953.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA, Region VI

:jd

cc - J. L. Chambers

Inland Mining Corporation

LIFE OF AMERICA BUILDING

Dallas, Texas

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 12 1953

October 7, 1953

Mr. W. P. Williams, Executive Officer
DMEA, Region 6
Joplin, Missouri

Re: Docket No. DMEA-2299
Manganese
Inland Mining Corporation
Mena District, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

We enclose First National Bank in Dallas Cashier's Check No. 471170 payable to the Treasurer of the U. S. in the amount of $150.00. This check is tendered in payment of 3/4ths of the proceeds received on the sale of one #38 Thor Wet-type Jack Hammer, Serial #98334, which was purchased and charged to the captioned contract. This Jack Hammer was sold to Browning-Ferris Machinery Company of Dallas, Texas, on September 11, 1953, and the payment thereon was received on October 5, 1953. This item was the only equipment purchased under the contract as all of the other equipment was owned by Inland Mining Corporation and furnished on a rental basis.

Copies of our invoice on the sale of this item have previously been furnished your office.

Yours very truly,

INLAND MINING CORPORATION

By W. T. Townsend
William T. Townsend
Ass't. Treas.

WTT:sc
Enc.

cc: Mr. E. D. Talbert, Auditor
Defense Minerals Exploration
Department of the Interior
Washington, D. C.
Mr. W. C. Jackson, Jr.
Mr. S. Austin Wier
Mr. Edward Marcus
Mr. E. S. Heyser, Jr.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
October 13, 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Ark.
Manganese

Dear Mr. Townsend:

On this date I am forwarding to Mr. Ray C. Jonas, DMEA Regional Finance Officer, Amarillo, Texas, your Cashier's Check No. 471170 for the amount of $150.00. This check represents payment due the U. S. Government for the sale of one Thor Jack Hammer Serial No. 98334.

Thank you for making this payment in accordance with DMEA regulations.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd

cc - Operating Committee

MDR

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
October 13, 1953

Received
OCT 1 3 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
814 Barfield Building
Amarillo, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Arkansas
Manganese

Dear Ray:

Enclosed herewith is a Cashier's Check No. 471170, First National Bank in Dallas, payable to the Treasurer of the U. S. in the amount of $150.00. This check represents the Government's share of the sale price of one jack hammer that has been jointly owned by the U. S. Government and the Inland Mining Corporation.

Also enclosed herewith is a copy of Mr. W. T. Townsend's letter to me which transmits the check.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

cc - E. D. Talbert

FILE COPY
SURNAME:

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

Chapman
Martin
Fairbides
Radcliffe
DeHuff
Chamberlin
O'Kane

October 8, 1953

MEMORANDUM - Contains Information
"For Restricted Use of the U. S. Government Only."

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Non-certification of project
Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District, Arkansas
Contract No. Idm-E280

Contract dated - March 27, 1952
" time - 12 months
" amount - $100,000.00; Government's share (75%) - $75,000.00

The work was to be divided into two stages, the second stage to be dependent on the results obtained in the first stage.

Amendments No. 1 and No. 2 changed locations for work in Stage I and added additional area.

Work was to consist of bulldozing trails and trenches, hand trenching, test pitting and test drilling with a Jackhammer machine.

The target was to explore numerous ore showings of manganese ores, each of which was indicated to have possibilities of developing 5,000 to 50,000 long tons of ore that would average from 5 to 7 percent manganese. A possibility of developing several million tons of ore from the various showings was indicated.

The work accomplished was as follows:

36,000 feet of bulldozer trails
9,000 feet of bulldozer trenches
850 feet of hand trenches
1,050 feet of test pits
167 feet of Jackhammer test holes.

Total cost by Operator		$22,055.79
Deleted by Audit	$3,079.29	
Sale of equipment	200.00	
Total deducted		3,279.29
Total allowed		$18,776.50
Government share (75 percent)		$14,028.38

R.C.H.
10-29-53

The work was efficiently carried out.

Mr. R. B. McElwaine estimated the results of work as follow:

207,000 long tons of ore indicated.
628,000 long tons of ore inferred. Ore to average 5% manganese.

The Field Team estimated ore as follows:

16,353 long tons of indicated ore.
48,994 long tons of inferred ore, with an average value of 7.42 percent manganese.

The area to be explored consisted of 167 unpatented mining claims or a total of approximately 3,400 acres. The mineralized area of the Mena District is estimated to cover 200 to 300 square miles and extend into Oklahoma.

Rather complete metallurgical investigations were made by an Engineer employed by the Operator. Sink and float concentration tests were made by a well recognized testing laboratory; 9 to 12 percent manganese ores were used and a 25 percent manganese concentrate was made with an 80 percent saving. The engineer estimated that, by converting to ferro-manganese, a profit could be made on 4 to 5 percent manganese ore. In computing his results, he used the recovery figures obtained from treatment of 9 to 12 percent ore to apply to 4 to 5 percent ore. Tests on 4 to 5 percent ore indicated, however, that the best recovery obtained was a 20 percent concentrate with a 58 percent savings. Hence we conclude that the results to date have not indicated that it is reasonable to expect to make a metallurgical grade concentrate from these ores within the next few years.

Some idea of that engineer's competence may be gained from study of the following statement taken from his report to the Operator:

> "If manganese were in ample supply, it could be used to replace perhaps half our requirements of scarce molybdenum, chrome and nickel in the production of alloy steels."

The Field Team recommends that the contract be terminated and that a Certification of Discovery be made on the basis that the metallurgy may be worked out inside of the 10-year period stipulated by the contract.

This Division concurs with the Field Team that the contract should be terminated but does not believe it should be certified.

cc: Docket
Adm. Read. File
Code 400
FT, Reg. 6
Oper. Comm.

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

TLChapman/ls 10/8/53

915

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

Joplin, Missouri
October 7, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 12 1953

Mr. Ray C. Jonas
U. S. Bureau of Mines
514 Barfield Building
Amarillo, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Ark.
Manganese

Dear Ray:

I have received from J. L. Chambers, Chief Contract Administration and Audit Division, DMEA, the originals and copies of an Audit Report and an Audit Certificate covering the above referenced project. In his letter of transmittal, of which you have a copy, Mr. Chambers instructs me to forward to you the original Audit Report, and the original and one copy of the Audit Certificate, providing the factual information contained in the Certificate and Report are acceptable to me.

We have examined these documents and accept the provisions therein. We are forwarding them to you so that you may effect final payment in accordance therewith.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

cc - J. L. Chambers
Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON, D.C.~~
Joplin, Missouri
October 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 12 1953

Mr. W. T. Townsend
Inland Mining Corp.
1408 Life of America Building
Dallas, Texas

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Ark.
Manganese

Dear Mr. Townsend:

I have recently received from Mr. J. L. Chambers, Chief Contract Administration and Audit Division, DMEA, copies of an Audit Report and Audit Certificate covering your DMEA exploration project. In a letter to me Mr. Chambers asks me to forward the Report and Certificate to you provided the factual information contained in them is acceptable to this office.

We have examined these documents and are forwarding them to you herewith in accordance with Mr. Chambers' instructions.

Mr. Jonas, DMEA Regional Finance Officer has received the originals of these documents and should now be able to make final payment to the Inland Corporation in accordance with the provisions set forth in the Audit Report and Certificate.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Enc.

cc - J. L. Chambers
Operating Committee

Mrs Docket

FILE COPY
SURNAME:
800

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

Talbut
Chamberlain
WSM

SEP 25 1953

Mr. William P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: DMEA-2299, Idm-8280
Inland Mining Corporation

Dear Mr. Williams:

Enclosed herewith are the original and two copies of the Audit Report and the original and three copies of the Audit Certificate issued as a result of the recent audit of the referenced project.

If the factual information contained in the Report and Certificate is acceptable to you, please forward the original Audit Report and the original and one copy of the Audit Certificate to Mr. Jones, the DMEA Regional Finance Officer, and one copy to the Operator, retaining one copy for your files. Upon receipt of his copies of the Report and Certificate, Mr. Jones should effect final payment in accordance therewith.

Our files indicate that the following is the present payment status of this project:

Payments:	April, 1952, MF-104	$5,600.35	
	May, 1952, MF-104	6,489.35	$12,089.70
Repayment:	Proceeds from property		150.00
	Net payments to date		11,939.70
Amount of Audit Certificate			14,082.38
	Balance due Operator		$ 2,142.68

Accordingly, the balance due the Operator of $2,142.68 is for payment on a voucher supported by the Audit Certificate and the three Forms MF-104 (June, 1952, July, 1952 and August 1, 1952-June 30, 1953), for which payment heretofore has been withheld pending the audit. After payment has been effected please advise this Division as to the voucher number and date paid.

Also, please furnish the Administration with the usual two copies of the final MF-104 (August 1, 1952-June 30, 1953). The two copies of the June and July Forms MF-104 have been received as enclosures with your letter of August 20, 1953, addressed to the Operating Committee.

R.C.G.
9-25-53

You will note from the Audit Report that the major portion ($2,552.29) of the disallowances represents the Operator's charges for the services of the Consulting Geologist and Resident Geologist on reconnaissance work not included in the work authorized by the contract as amended. Full consideration has been given the additional evidence submitted by the Operator (the Consulting Geologist's letter of September 12, 1953) as well as your expressed convictions that these charges are proper.

It appears that this additional evidence is primarily an assertion that the work was for the benefit of the 167 claims included in the contract's description of the property and was authorized by a footnote, on page 6 of the original Exhibit "A", describing the Consulting Geologist's duties as including the selection and mapping of new project sites. However, by Amendment No. 1 to the contract, the original Exhibit "A" was deleted in its entirety and a revised Exhibit "A" substituted therefor. This revised Exhibit "A" specifically limits the authorized exploratory work to the Sugartree, Gaddo and American groups of claims. Therefore, under this contract revision there is no alternative but to disallow the costs of work on other than the three specified groups of claims.

It also should be noted that, if the original Exhibit "A" had remained applicable, additional disallowances would have been in order. The original Exhibit "A" authorized as "allowable maximums" the services of a consulting geologist for "30 days @ $90 per diem .....$2,700.00", whereas, even after deduction of the disallowances, the audit report allows 33.4 days @ $90 and 4 days @ $100, a total of $3,406.00.

A copy of this letter is being forwarded to Mr. Jonas for his information.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
September 25, 1953

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
September 18, 1953

Operating Committee
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena District, Ark.
Manganese

Dear Sirs:

We are sending you today under separate cover the original and three copies of a Final Report of the Field Team on the above referenced project.

This report was promised the Operating Committee in a telegram from the Executive Officer, Region VI to the Operating Committee, dated September 9, 1953.

You will note from the report that the Field Team recommends a Certificate of Discovery be issued by the Government covering the subject project.

Sincerely yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd

Reviewed by
DMEA OPERATING COMMITTEE
9-25-53
(date)

FINAL F.T. REPORT

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
September 18, 1953

FINAL REPORT
DMEA FIELD TEAM REGION VI

DMEA Docket No. 2299 (Manganese)
Contract No. Idm-E280
Mena District, Polk County, Arkansas
Inland Mining Corporation
Life of America Building
Dallas, Texas

Summary and Recommendations

The Inland Mining Corporation was authorized by DMEA Contract Idm-E280 to perform exploration work for manganese on 167 unpatented mining claims in Polk County, Arkansas. The Contract period was for 12 months beginning March 27, 1952. The total contract amount was $100,000 of which the Government's participation was to have been 75 percent, or $75,000. The contract was drawn up in two stages: Stage I - total amount not to exceed $27,000 provides for bulldozer trenches, hand trenches and drill holes to be completed on 3 groups of claims - American Group, Caddo Group, and Sugar Tree Group. These claim groups are shown on an attached map.

Reviewed by
DMEA OPERATING COMMITTEE
9-25-53
(date)

Stage II - total amount not to exceed $73,000 was not formulated in detail, and the commencement of any work in Stage II was contingent upon success in Stage I.

Contract Amendment No. 1 completely revised the original Exhibit "A" of the contract. Amendment No. 1 specified work sites and allowable costs of project.

A total of $22,055.79, was spent by the operator in Stage I of the contract on the American, Caddo, Sugar Tree, and Boar Tusk claim groups. The Boar Tusk claim group was admitted to the contract by Amendment No. 2 effective May 19, 1952. These work sites are shown on attached maps.

Despite the claims of the Operator and others it has not, to this date, been shown that the manganese-bearing material in the Mena district, Arkansas, can be treated to make an acceptable metallurgical grade manganese concentrate. This fact in itself is enough to make necessary the recommendation that no further Government funds be spent in exploring for Western Arkansas manganese until successful metallurgical techniques have been developed.

Present developments in metallurgy indicate that it is entirely possible that a successful means of treating Mena, Arkansas, manganese will be developed within 10 years from the termination of Contract Idm-E280. It is therefore recommended that a Certificate of Discovery be issued by the Government covering the lands specified in the contract.

Work Completed

Contract Idm-E280 provided for exploration work in Stage I of the contract to be performed on four groups of claims - American, Caddo, Sugar Tree, and Boar Tusk groups in T. 3 S., R. 29, 30 W., Polk County, Arkansas. The exploration work was to consist of bulldozer trenches and excavations, hand-dug and dynamite-blasted pits and trenches, and percussion drill holes in the trenches and pits. Samples were to consist of cuttings from the drill holes and trench samples.

Active exploration in the field was begun on April 1, 1952 and completed in June, 1952. Maps and reports were prepared during July, 1952 by the resident geologist. The Operator's final report was submitted to the Field Team on June 25, 1953. No work was ever performed on Stage II of the contract.

The attached tabulation summarizes the exploration work completed in Stage I of the project.

INLAND MINING CORPORATION
Mena, Arkansas

SUMMARY OF WORK PREFORMED

STAGE I
DMEA-2299 IDM-E280

Period	Claim Group	Trenches S-Lin.Ft. B. Dozer	Trenches S-Lin.Ft. Hand	Drill Hole Lin. Feet	No. Samples	Roads & Trails	Stripping Cu. Yds.	Expendi-tures
1952 April	American	1,935'	494'	378'	187	10,000'		$ 7,467.13
	Sugar Tree	600'				1,250'		
May	American	100'		676'	304			
	Caddo	620'				600'		$ 8,652.46
	Boar Tusk	5,800'	300'			18,100'		
June	American				2			
	Boar Tusk		60'		5	420	680	$ 3,641.12*
July	Technical, maps, reports, office	-	-	-	-	-	-	$ 1,736.93*
Final MF-104		-	-	-	-	-	-	$ 558.14*
	Total	9,055'	854'	1,054'	498	30,370'	680	$22,055.78*
					Government Participation @75%			$16,541.84*

*Subject to certification by Regional Finance Officer, Amarillo, Texas

Geology and Ore Reserves

The geology of the Mena District has been ably described by Miser and Purdue in Bulletin 660-C, United States Geological Survey, Manganese Deposits of the Caddo Gap and DeQueen Quadrangles, Arkansas, and Bull. 808, U. S. Geol. Survey, Geology of the DeQueen and Caddo Gap Quadrangles, Arkansas.

The rocks in the vicinity of the Inland Company's property are of Paleozoic age. They consist of the following formations:

Mississippian	
Stanley Shale: Olive-green and black fissile shale, greenish-gray sandstone, and tuff.	6000' thick
Unconformity	
Devonian	
Arkansas Novaculite:	250-950'
Upper division - massive calcareous novaculite, contains manganese	20-125'
Middle division - thin, dark colored novaculite, shale interbeds.	
Lower division - massive white novaculite. Manganese horizon at top.	150-300'
Silurian	
Missouri Mountain slate: Red and green clay slate	50-300'
Unconformity(?)	
Blaylock sandstone: Gray sandstone and buff to dark shale	0-1.500'

Physiographically the district is in the Ouachita Mountains. The formations in the Ouachita Mountains have been folded and compressed into tight isoclinal folds that trend east-west.

The manganese deposits in the Mena district are found in the Arkansas novaculite formation of Devonian (?) age. Novaculite, being resistant to weathering, usually forms the tops of the easterly-trending ridges. Due to folding, the edge of the novaculite is usually found in outcrop.

Novaculite is a dense, gritty, fine grained, highly siliceous rock. It is usually white or gray colored but may be red, green, yellow or brown. Novaculite is exceedingly brittle; and where it is folded or compressed it is highly fractured and brecciated.

The manganese deposits are found in the upper division and in the top part of the lower division of the Arkansas Novaculite. Manganese oxides in the form of psilomelane, pyrolusite, manganite, and wad are found in the novaculite in bedding planes, joints, cracks, and as breccia cement. Most of the ore occurs as very thin coatings on fracture surfaces.

The areal geology of the district is shown on an attached areal geology map.

H. D. Miser, U. S. Geological Survey believes that the manganese of the Mena district was deposited during erosion of the mountains and by the processes of solution, segregation, and redeposition. The circulation of meteoric and ground waters seems to have been important in concentrating manganese oxides. The deposits are richest near faults and at the crests and noses of anticlines (ridgetops) where fracturing of the novaculite is greatest. Attached cross sections show that, for the most part, the manganese deposits average only about 1 to 5 feet in thickness.

Following is a list of four bulk samples and their assays taken by the Field Team from the American group of claims. Assays were made by the Bruce Williams Laboratories, Joplin, Missouri.

American Claim Group

		Claim 28	Claim 22	Claim 20	Claim 22
		610327*	610328	610329	610330*
Manganese	Mn	33.55	4.92	5.08	34.47
Iron	Fe	0.50	1.50	1.00	17.20
Silica	SiO_2	36.60	87.54	88.94	2.05
Alumina	Al_2O_3	4.10	0.91	0.27	6.52
Phosphorous	P	0.17	0.04	0.05	0.77
Copper	Cu	0.03	0.02	0.01	0.09
Zinc	Zn	8.82	1.86	1.55	15.61
Oxygen with Iron to Fe_2O_3		0.22	0.64	0.43	7.40
Oxygen with Manganese to MnO_2		19.54	2.87	2.96	20.08
Totals		103.88	100.45	100.31	104.39

Calculation: All the Iron to Fe_2O_3, using factor Iron x 1.45 = Ferric Oxide and all the Manganese to MnO_2, using factor Manganese x 1.58256 = MnO_2

*High grade concentrated samples.

Using assays presented in the Operator's monthly reports for May and June, 1952 the Field Team calculated the following manganese ore reserves as developed by the project work:

Claim group	Long Tons Indicated	Long Tons Inferred	Av.Grade
American	881	3,044	7.42% Mn
Boar Tusk	15,472	45,950	
Total	16,353	48,994	

The average grade of 7.42 percent manganese for the American group is the mean average of all assays above 5.0 percent manganese.

No samples were taken on the Caddo and Sugar Tree claim groups, because preliminary exploration work disclosed poor manganese mineralization at those sites.

The tonnage factor used was 14.0 cubic feet per long ton. As did the Operator, the Field Team used a cut-off figure of 5.0 percent manganese in calculating ore reserves.

Attached maps of the American and Boar Tusk claim groups show probable ore limits, and these areas were used by the Field Team in calculating ore reserves.

Expenditures

The following tabulation shows pertinent cost items concerning DMEA Contract Idm-E280:

Total amount approved, Stage I.....	$27,000.00
" " " " II.....	73,000.00
(Stage II to be undertaken only after the prosecution of Stage I and with prior written approval of the Government)	
Total Contract Amount.....	$100,000.00
Total Expended on project.....	$22,055.78*
Cost to Government @75% participation.....	16,541.84*
Proceeds from sale of jointly owned equipment.....	150.00
Total Net Cost to Government.....	$16,391.84
Government's share Stage I @75% participation.....	$20,250.00
Net Government Expenses.....	16,391.84
Government share unexpended, Stage I.....	$ 3,858.16

*Subject to certification of Final MF-104's by Regional Finance Officer.

No manganese ore in commercial quantities has been produced to this date from the lands specified in DMEA Contract Idm-E280.

Operations

Field inspections, conducted during the time active exploration work was being performed, indicated that exploration work was being conducted by the Operator in an efficient manner. The Operator appeared competent in all general respects.

Equipment

The only item of operating equipment authorized to be purchased under the contract (Rev. Exhibit "A", P.2, Item 4) was a jack hammer. In April, 1952, the Operator purchased a Thor, Model 38, wet type jack hammer, Serial No. 98334, for $350,00. At the conclusion of project work this item was in good condition, and the Operator was instructed by the Field Team to dispose of the jack hammer at the highest price obtainable for the joint account of the Government and the Operator. This item was sold to Browning-Ferris Machinery Co., Dallas, Texas in September, 1953. The Operator in a letter to the Executive Officer, Region VI, dated September 14, 1953 states, "We have sold the Thor Jack Hammer purchased under our government contract for $200.00 to Browning-Ferris Machinery Company and we will forward Cashier's check to your office for three-fourths of the proceeds as soon as payment is received." To this date no payment for the jack hammer has been received by the Field Team from the Inland Corporation.

The Field Team intends to waive the Government's interest in a very small amount of miscellaneous operating materials and supplies as soon as an inventory of these small items is received from the Operator.

The original of this report is accompanied by one copy of a metallurgical report prepared by Morgan G. Huntington for the Inland Mining Corporation. Premission was given in writing to the Government to make copies thereof. The report was voluminous and only two copies were made due to cost considerations. The Huntington Report contains a complete proposal for making a metallurgical grade manganese product from Mena, Arkansas ores.

Edwin T. Perkins

E. T. Perkins, Mining Engineer
U.S.B.M. Field Team Member
Region VI

W. P. Williams

W. P. Williams, Executive Officer
DMEA, Region VI

:jd
Encs.

copies - Operating Committee(orig.&3)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
September 16, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 17 1953

Operating Committee
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2299 Idm-E280
Inland Mining Corp.
Mena district, Ark.
Manganese

Dear Sirs:

Enclosed herewith are two copies of a letter from R. B. McElwaine Consulting Geologist, to W. T. Townsend, Assistant Treasurer, Inland Mining Corp. This letter is intended to submit additional evidence concerning work sites on the above referenced project. This was requested from the Operator by the Executive Officer of Region VI. This evidence also may be of assistance in concluding an audit of the company's transactions performed by Mr. E. D. Talbert, Contract Administration and Audit Division, DMEA, on August 19 and 20, 1953.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Encs.

SEP 1 6 1953

Little Rock, Arkansas
September 12, 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
1408 Life of America Building
Dallas, Texas

Re: Docket No. DMEA-2299
Manga nese
Inland Mining Corporation
Mena District, Arkansas
Contract No. Idm-E280

Dear Mr. Townsend:

As per our telephone conversation of August 13 and 24 I am preparing this letter, with five signed copies, outlining the area of the work performed on the Inland manganese exploration project as above designated.

During our last conversation you stated that the government officials charged with the duties of closing the Inland contract were concerned about the areas worked in during the month of April as well as May.

There has been considerable official correspondence concerning the work that I did and whether it fell within the meaning of the contract. Just wha t my duties were to be on this job were outlined in the contract at one place only. Under Exhibit "A" to the contract on page 6 under "Estimated Cost of Stage I", paragraph (2) footnote 2 which reads a s follows:

> "The consulting geologist shall examine the progress of the exploration from a geological standpoint, direct the resident geologist in the maintenance of the project maps, select new project sites and direct the mapping thereof. He shall prepare a report on the geological phases of the work done under Stage I and help prepare the data pertinent to Stage II, with the assistance of the resident geologist and manager."

You stated that the government auditor pointed out that Exhibit "A" was deleted and Revised Exhibit "A" replaced it. In this latter exhibit no mention was made of my duties except under section (2) of "Allowable Costs of The Project" where the only restriction placed on my services was that "Labor, supervision, and consultants" should not exceed $14,800.00 in costs.

In April 1952 Mr. Chenoweth, the project manager, made a trip to Joplin to discuss the project with Mr. David Gallagher who was then the Executive Officer of the regional DMEA office. Amendment # I to the contract with Revised Exhibit "A" was prepared at that time. Subsequent to that time I talked to Mr. Gallagher in person and his implicit understanding as well as mine was that I was to work on any and all lands that were a part of the original contract as listed under appendix "A". Subordination agreements were furnished on all of these lands and they were included in the contract. This involved 167 mining claims or a total of about 3,400 acres.

Due to the fact that no one experienced in mineral exploration work and competent to direct the project except myself was to be on the job, Mr. Gallagher felt that it would be poor economy to limit my time to 30 days as originally specified in Exhibit "A". With a $100,000.00 program under way he felt that close technical supervision was essential. Therefore in revised "Exhibit A" he placed no time limit on my services. It was no doubt an oversight in failing

to specify what my duties were to be in view of the fact that Amendment I deleted the original Exhibit "A" which did specify my duties. It was my specific understanding that I was to closely supervise and guide the actual field exploration work as well as cover the area of the Company's holdings thoroughly and select the most favorable sites for additional exploratory work.

You have stated that the government auditor referred to my report for the month of April 1952 wherein I stated on page 4 that 65 percent of my time was spent on geological reconnaissance of other holdings of the Corporation and public domain of the area. I spent 19 days on the job in April and on every one of these days I spent some time at the site of the actual project work and guided it according to the new information that was constantly being developed by the exploratory work. It was necessary for me to spend some time each day at the sites of the exploratory work, but it would have been willful waste on my part to stay right on the project sites all day long. After the work was lined up in the mornings I would spend the balance of the day on reconnaissance work unless I felt that some particular job needed to be checked back on during the day. I estimated that 35 percent of my time was at the project sites and 65 percent on reconnaissance work. The reference to work on public domain simply means that in the process of tracing out some mineral deposit or favorable structure on the specified 167 claims such deposits or structures would often extend beyond the limit of the claim boundaries. In such instances it was often necessary for me to trace these occurrences on out in order to obtain all of the data pertinent to the particular property being investigated. Therefore, all of the work during the month of April was on or for the benefit of the 167 claims.

With reference to the work done during the month of May 1952 the same type of work was carried on as in April. My constant guidance of the actual exploration work was needed and requested by the management. Intermittent but considerable reconnaissance work on the 167 claims was carried on when my presence at the project sites was not needed. Twenty three and one half days would have been involved whether any reconnaissance work was done or not. The reconnaissance work was on or for the benefit of the 167 claims with the purpose being the selection of new and favorable project sites. This was strictly in concurrence with the meaning and intent of the exploration contract as discussed in Washington and Joplin both in person and by correspondence.

There has been considerable reference to the Boar Tusk group of claims and what unauthorized work may have been done on this group of claims prior to May 19 when this project was approved by the regional executive officer. There was no work done on this group of claims prior to May 19. I was familiar with the manganese occurrences and structure of the area which the Boark Tusk group covers due to my doing work in this particular area for another company in 1951. I recommended to Mr. Chenoweth, the project manager, that the vacant claims be taken and application for permission to incorporate them into a project site be made. This was done. Actual exploration work was started on May 19 and persistently pushed for the balance of the month. Considerable work was thereby accomplished. The claims covered considerable area and exploratory work was laid out ahead of the bulldozer sufficiently in advance so that it could keep consistently at work with no loss of time. The fact that so much work was accomplished in such a short length of time seemed to convince some government officials that the claims must have been worked prior to May 19. Such is definitely not the case.

During the month of June 1952 some unauthorized work was done. An equitable allocation of the time and expense chargeable to authorized project and unauthorized projects was worked out by you and myself in June of this year. Daily work reports and my daily field notes were the source of the information we used in preparing this allocation. We were ultra conservative in charging expense to the government's share of the project and I feel that the Corporation actually assumed more of the expense than it was obligated to assume.

The unauthorized work included work done by myself on claims outside of the 167 authorized claims. No request that the government pay any part of the cost of this unauthorized work is being made.

Trusting that this letter will help to clarify the situation for all parties concerned, I am

Very truly yours,

R. B. McElwaine

R. B. McElwaine
Consulting Mining Geologist
Little Rock, Arkansas

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 17 1953

September 16, 1953

Mr. E. D. Talbert
Assistant Chief
Contract Administration and
Audit Division
Defense Minerals Exploration
Administration
Interior Building
Washington 25, D. C.

Re: DMEA-2299, Idm-E280
Inland Mining Corp.
Mena district, Ark.
Manganese

Dear Mr. Talbert:

I have just received a letter from W. T. Townsend, Assistant Treasurer, Inland Mining Corp., with regard to substantiation claims made by the Inland people with regard to work performed on their DMEA project. According to the notation you received a copy of this letter.

Enclosed with Townsend's letter were copies of a letter to Mr. Townsend from R. B. McElwaine, Consulting Geologist. The letter to Mr. Townsend from Mr. McElwaine constitutes additional evidence concerning the work performed by the Inland Company on their DMEA project. I am sending you herewith a copy of McElwaine's letter to Mr. Townsend. This letter has been submitted by Mr. McElwaine in response to my request for more information concerning work sites under the Inland Contract.

You will note that among other things McElwaine states; (1) all of the work performed during the month of April, 1952 was on or for the benefit of the original 167 claims specified in the Contract, (2) no work was performed on the Boar Tusk Group of claims prior to May 19, 1952.

I am sending a copy of McElwaine's letter to you with the possibility in mind that this letter will constitute the required evidence needed for you to complete your terminal audit of this project. Field inspections of the project allow me to form the opinion that Mr. McElwaine's statements in his letter are correct.

JB

I have taken steps to obtain an inventory of the miscellaneous small items remaining from the project. As soon as I have completed this inventory, it is my intention to waive the Government's interest in the remaining miscellaneous items.

If there is anything else I can do to assist you in terminating your final audit, please let me know.

With best personal regards, I am,

Sincerely yours,

Bill Wms.

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
Enc.

FILE COPY
SURNAME: 806

Talbut

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

SEP 15 1953

Mr. Ray C. Jonas
Finance Officer
Bureau of Mines
514 Burfield Building
Amarillo, Texas

Re: DMEA-2299, Idm-5320
Inland Mining Corporation

Dear Ray:

Receipt is acknowledged of your letter of September 11, 1953, relative to further payments to the referenced Operator.

It was the intent of my longhand letter of August 20, 1953, to suggest that you withhold payment of the supplemental MF-104 in the amount of $558.14 (as well as the June, 1952 and July 1952 MF-104s in the amounts of $3,641.12 and $1,736.93, respectively), pending submission by the Operator of:

(1) Substantiation of the claim that no costs for work done on the Boar Tusk group were incurred prior to May 19, 1952;

(2) Evidence that certain costs, aggregating $2,552.29 as tentatively disallowed, were in fact incurred on the property covered by the contract; and

(3) Advice as to the disposition of the project property in which the Government has an equity.

None of this required information has been furnished to date and, therefore, in order to protect the Government's interest I suggest that you continue to withhold payments on the three final MF-104s. As soon as I receive this necessary information I will be enabled to determine the amount due Inland and complete the Audit Certificate authorizing you to make the settlement.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Assistant Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 15, 1953

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

9-15-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION VI

OFFICE OF
REGIONAL DIRECTOR

ROOM 514 BARFIELD BUILDING
AMARILLO, TEXAS

September 11, 1953

AIR MAIL

Mr. E. D. Talbert, Auditor
Defense Minerals Administration
Room 2612, Interior Building
Washington 25, D. C.

280

Re: DMEA 2299, Contract No. IBM-E320
Inland Mining Corporation

Dear Ed:

I found your longhand letter of August 20, 1953 which you wrote in Dallas, Texas, together with the documents returned, and I was quite interested in your tentative disallowances in the amount of $3,079.29.

I have an invoice or Operator's Monthly Report and Voucher, as submitted by Inland Mining Corporation, in the amount of $558.14. This amount ties in with the amount indicated in your letter. However, I am at a loss to understand what to do with the voucher. Should I pay the voucher as it has been submitted, or should I hold it pending further information from your office or until final disposition has been made of the property and the exact amount of the disallowances determined?

The property which Inland Mining Corporation purchased in connection with the reference contract, has not been disposed of at this time.

Wish I could have been here when you were through Amarillo in order that we might have discussed the contracts and other things.

Sincerely yours,

Ray C. Jonas

Ray C. Jonas

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. F. MARSHALL, PRESIDENT

1220

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WP021 GOVT PD=JOPLIN MO 9 914AMC=(.

1953 SEP 9 AM 11 01

G C SELFRIDGE, CHAIRMAN OPERATING COMMITTEE=

DEFENSE MINERALS EXPLORATION ADMIN=

DMEA 2299

INLAND CONTRACT FORM MF-200 ARTICLE 9, PARAGRAPH (A) STATES GOVERNMENT AT ANY TIME NOT LATER THAN SIX MONTHS AFTER THE OPERATOR HAS RENDERED THE REQUIRED FINAL REPORT AND FINAL ACCOUNT MAY CERTIFY-- OPERATOR'S FINAL REPORT WAS SUBMITTED TO THIS OFFICE JUNE 25 1953. FINAL ACCOUNTING FOR ALL EQUIPMENT STILL NOT SUBMITTED. FIELD TEAM FINAL REPORT WILL BE SUBMITTED BY SEPTEMBER 20 1953=

=W P WILLIAMS EXECUTIVE OFFICER=

MF-200 9 A 25 1953 20 1953=

FILE COPY
SURNAME:

Chapman
Martin
Selfridge
McCauley

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
FARutledge & TChapman
5285 3538

14X3923.970 - Working Fund - DMEA
September 8, 1953

W. P. Williams, DMEA Executive Officer, 221 West 3rd St., Joplin, Missouri

When may we expect your report and the metallurgical data on Docket DMEA 2299, Inland Mining Company. We will have to decide immediately if certification is justified because contract allows only until September 27 for entire certification procedure.

SIGNED

G. C. Selfridge
Chairman, Operating Committee

Copy to: CONFIRMATION, FT, Reg. 6
DOCKET
ADM. READ. FILE
AUDITS DIVN., BUR. MINES
CODE 400
OPERATING COMMITTEE
MARTHA CARR, USGS
GILBERT DE HUFF, USBM

R.C.H.
9-8-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXXXX~~
Joplin, Missouri
September 2, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 8 - 1953

400

JAR.

WSM

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: Docket No. DMEA-2299
Inland Mining Corp.
Contract No. Idm-K280
Manganese
Polk County, Ark.

Dear Mr. Townsend:

Your final monthly report on Form MF-104 covering the above-referenced DMEA project has been approved by this office and has been forwarded to Mr. Ray C. Jonas, Regional Finance Officer, U. S. Bureau of Mines, Amarillo, Texas.

Because Mr. E. D. Talbert, Contract and Audit Division, DMEA, in his recent audit found some disallowances, the total amount of which has not yet been determined, the "Totals Previously Reported" and "Totals to Date" on your June and July, 1952 and Final MF-104's will later be revised.

Sincerely yours

W. P. Williams
Executive Officer, DMEA
Region VI

WPW
cc : Op. Comm.

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

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

September 1, 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: Docket No. DMEA-2299
Manganese
Inland Mining Corporation
Mena District, Arkansas
Contract No. Idm-E280

Dear Mr. Townsend:

In view of the circumstances involved I agree with you and Mr. E. D. Talbert, Contract and Audit Division, DMEA, that it is probably advisable for the Government to waive its interest in the miscellaneous small tools and supplies remaining from your above-referenced DMEA Contract.

However, before I write a formal waiver of Government interest will you, at your early convenience, send me a list of the items involved. I understand this material is stored in your warehouse in Dallas.

Thank you for your cooperation.

Sincerely yours

W. P. Williams
Executive Officer, DMEA
Region VI

WPW
cc: Op. Comm.

FILE COPY
SURNAME

Talbert
Chambers

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

AUG 26 1953

Mr. William F. Williams
DMEA Executive Officer
Field Team Region VI
221 West 3rd Street
Joplin, Missouri

Re: Inland Mining Corporation
DMEA-2299, Ida-2280

Dear Mr. Williams:

While in Amarillo you requested that I write you of my findings in the audit of the Inland Mining Corporation project.

I approached this audit on the premise that no work was done on the Bear Tusk Group prior to May 19, 1952, the effective date of Amendment No. 2. You had requested the Corporation to produce evidence to that effect, and I was given to understand by Mr. Townsend, the Corporation's Assistant Treasurer, that such evidence in the form of a transcript of the Consultant's diary would be submitted.

Enclosed for your information is a copy of a longhand note which I addressed to Mr. Jones in returning the Certifying Officer's files. This together with a copy of the tentative disallowances, which is also enclosed, should give you the picture from my audit viewpoint.

You will note from the enclosures that I requested Mr. Townsend to submit evidence that the time charged during April and May, 1952 by the Consulting Geologist (who was assisted by the Resident Geologist) was actually spent on the claims covered by the contract. You stated in Amarillo that you had been "convinced" that this charge was proper, but we must have some evidence with your official concurrence to that effect.

Mr. Townsend advised me that you had requested him to withhold preparation and submission of his final MF-104 until the equipment had been disposed of and to show the credit thereon. In order to get a final figure on his claimed costs, I requested

R.C.G.
8-26-53

him to prepare his final MF-104 while I was in his office, and to submit 75 percent of the proceeds from the subsequent sale of the project property by check drawn on the Treasurer of the United States and forwarded through you to Ray Jonas.

If I have not made my position clear, please advise and give me another chance.

I am also enclosing an original and two copies of a Report of Review, covering the Shelton Mining Company, Inc. project, Docket DMEA-1088, Contract Idm-8122, which I prepared while in Amarillo. If you concur with the findings, please forward the original and one copy to Ray Jonas.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Assistant Chief
Contract Administration
and Audit Division

Enclosures

EDTalbert/wb
August 25, 1953

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

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

August 20, 1953

Docket No. DMEA 2299-Manganese
Inland Mining Co.
Mena District
Polk County, Arkansas
Contract No Idm-E280

Memorandum:

To: Operating Committee, DMEA

From: W. P. Williams, Exec. Off., Region VI

Subject: Monthly and Final Reports on above-referenced project.

Enclosed herewith are two copies each of Monthly MF-104's for the above project for the months of June and July, 1952. These reports were requested by the Operating Commettee in a letter dated August 14, 1953, to W. P. Williams, Exec. Off., Region VI.

An audit of this project is being conducted on this date by Mr. E. D. Talbert, Contract Administration and Audit Division.

The Operator is still in process of disposing of various equipment purchased jointly by the Operator and the Government.

The Final Report of the Field Team has been held in abeyance until audit of the Operator's records has been completed and until final disposition of jointly owned equipment has been made.

With regard to a Certification of Discovery on this project I wish to point out that the project has unquestionably discovered a substantial tonnage of low-grade manganese-bearing material. By present day metallurgical techniques this material does not constitute ore. Whether or not a Certification should be issued would seem to be governed by the probability of satisfactory manganese milling methods being developed within ten years.

W. P. Williams

W. P. Williams
Exec. Off., DMEA
Region VI

WPW
Encl.

FILE COPY
SURNAME: 95

400

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

AUG 14 1953

Rutledge
Martin
Selfridge
Mitchelloy

Mr. William P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Exploration Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to the Operator's final report on the subject contract and your memorandum of July 21, 1953, to the Operating Committee.

In reviewing the final report of the Operator, it was noted that the report was indefinite and generalized. For specific data, references were made to the monthly progress reports that accompanied the MF-104 reports. As we have not yet received the reports for June and July, we are unable to determine the competence of McKlwaine's report. Therefore it would be appreciated if you would forward the referenced MF-104 reports promptly following with the Field Team's final report when that has been completed.

Because you stated that a certification may be warranted, it will be appreciated if you will give this matter priority so that the necessary data will be available if a Certification is to be made.

Sincerely yours,

W. S. Martin
657
ACTING Chairman, Operating Committee

APPROVED:

J. E. Hodges
657
Member, Bureau of Mines

A. R. Kinkel, Jr.
657
Member, Geological Survey

8-14-53

cc: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. Reg. VI
Mr. DeHuff, USBM
Mrs. Carr, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXX~~
Joplin, Missouri
August 12, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
AUG 14 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corporation
Life of America Building
Dallas, Texas

Re: Docket No. DMEA-2299
Manganese
Inland Mining Corporation
Mena District, Arkansas
Contract No. Idm-R280

Dear Mr. Townsend:

Recently the Operating Committee, DMEA, Washington, D. C. asked me to ascertain whether or not your DMEA records were complete enough to show the exact locations where DMEA work was done during the month of May, 1952. In your recent letter of August 10, 1953 you state that Mr. McElwaine's Diary has a bearing on this problem.

In order to satisfy the requirement of the Contract Administration and Audit Division, I suggest that Mr. McElwaine submit a summary for the month of May, 1952 in regard to work on the Boar Tusk Claim Group. I further suggest that the summary contain applicable excerpts from Mr. McElwaine's Diary, and that he certify such excerpts as being true copies. Mr. E. D. Talbert, Auditor, Contract Administration and Audit Division will be able to advise you further on this question when he arrives on or about August 19.

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd

cc - Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 27, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 29 1953

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

Re: Docket No. DMEA-2299
Manganese
Inland Mining Corp.
Mena District, Ark.
Contract No. Idm-E280

Dear Mr. Chambers:

Thank you for your letter of July 23, 1953 in which you notify me that Mr. Talbert will be in Amarillo August 17 and 18, and will proceed to Dallas to audit the Inland Mining Corp. DMEA project.

Because I have recently had conferences with principals of the Inland Corp., I think it would be advisable for me to meet Mr. Talbert in Amarillo before he goes to Dallas to make the audit. I will keep in touch with Ray C. Jonas, Regional Finance Officer in Amarillo, and will endeavor to talk to Mr. Talbert when he is there.

Attached hereto is a copy of a letter from me notifying the Inland Mining Corp. that Mr. Talbert will visit them about August 19th for the purpose of making an audit.

Sincerely yours,

W. P. Williams

W. P. Williams,
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
July 27, 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corp.
Life of America Bldg.
Dallas, Texas

Re: Docket No. DMEA-2299X
Manganese
Inland Mining Corp.
Mena District, Arkansas
Contract No. Idm-E280

Dear Bill:

I have just received a letter from J. L. Chambers, Chief, Contract Administration and Audit Division, DMEA, Washington, D.C. Mr. Chambers asks me to notify you that his auditor, Mr. E. D. Talbert, will visit your office on or about August 19 for the purpose of auditing your records pertaining to your DMEA project.

I am sure Mr. Talbert will find everything in good order and that your final audit will be instrumental in concluding your DMEA project.

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
cc - Operating Committee
J. L. Chambers

FILE COPY
SURNAME:
800

Chambers

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

JUL 23 1953

Mr. William P. Williams
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Contract No. Idm-E280
Docket No. DMEA-2299 (Manganese)
Inland Mining Corporation

Dear Mr. Williams:

Mr. Talbert is scheduled for a conference trip to Spokane, San Francisco and Denver. I have asked Mr. Talbert to return to Washington by the way of Amarillo and Dallas, Texas, in order to make an audit of the Inland Mining Corporation.

Mr. Talbert will be in Amarillo August 17 and 18. It will be appreciated if you will notify the Inland Mining Corporation that our auditor will visit their office on or about August 19 for the purpose of auditing their records pertaining to this project.

If you think it advisable to have a representative from your office meet Mr. Talbert it will be appreciated. On the contrary, if you do not think it necessary Mr. Talbert will understand the situation.

For your information I am sending you a copy of my letter to Mr. Jonas in regard to this audit.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

JLChambers/wb
July 23, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.S.
7-23-53

FILE COPY
SURNAME:
800

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

JUL 23 1953

Mr. Ray C. Jones
Finance Officer
Bureau of Mines
Room 514 Barfield Building
Amarillo, Texas

Re: Contract No. Idm-E280
Docket No. DMEA-2299 (Manganese)
Inland Mining Corporation

Dear Mr. Jones:

Reference is made to your letter of July 15, 1953, in regard to an audit of the above-cited contract.

Mr. E. D. Talbert of this office is scheduled for a trip to Spokane, San Francisco and Denver. Since receiving your letter it has been determined that Mr. Talbert will return to Washington by the way of Amarillo, and while there discuss with you the audit problems in regard to the Inland Mining Corporation account.

Mr. Talbert also expects to go to Dallas to make the audit. He is scheduled to arrive in Amarillo Sunday, August 16 (9:25 A. M. on C&S). Reservations for a minimum rate single room with shower at the Herring would be appreciated by Mr. Talbert.

Because of the impending audit I am returning the vouchers for June and July which you transmitted to this office, with the suggestion that you hold them until Mr. Talbert arrives.

As added information, Mr. Donald T. Finch, auditor of this office located in Denver, Colorado, will arrive in Amarillo on the morning of August 3, 1953, for the purpose of preparing papers for an audit of the Amerimex Mining Company, Inc., Contract No. Idm-1468, Docket No. DMEA-2202X. I have suggested to Mr. Finch he might well spend two days going over your files with you or your auditor. In regard to this proposed audit, I am sending you a copy of a letter to Mr. William P. Williams, Executive Officer, Region VI, which is self-explanatory.

Sincerely yours,

(Signed) J. L. Chambers

Joy L. Chambers, Chief
Contract Administration
and Audit Division

Enclosures
JLChambers/wb
July 23, 1953

Copy to: Docket, Admr. Reading File
Mr. Finch, Mr. Chambers

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 23 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 21, 1953

Re: Docket No. DMEA 2299
Manganese
Inland Mining Co.
Mena District
Polk County, Arkansas
Contract No. Idm-E320

Memo

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team, Region VI

Transmitted herewith are the original and two copies of the Final Report covering exploration work performed under the above referenced contract. A final report on this project will be prepared by this office and submitted to you as soon as possible. In view of the fact that the Operator's Final Report shows that some reserves of manganese ore have been discovered as a result of project work, it is recommended that a Certificate of Discovery be issued by the Government to cover this project. Since the termination date of this contract is March 25, 1953, this certificate should be issued before September 25, 1953.

Revised and corrected MF-104's for June and July, 1952 have been submitted to this office by the Operator. The originals of these reports have been forwarded to the Regional Finance Officer, Amarillo after the approval by this office. As suggested in your letter of July 13, 1953, it has been agreed between Ray C. Jonas, Finance Officer, and me that payment of costs incurred in June and July, 1952 should be withheld until all contract details have been straightened out.

The Huntington report referred to in earlier correspondence, and which was lent to this office by the Inland Corp., does not constitute part of the Inland Company's Final Report and the Government will not participate in any costs incurred in preparing this report. A copy of the report is being made in this office and will be forwarded to DMEA in Washington when finished.

Attached hereto is a copy of a letter from this office to the Operator requesting documentation showing disposition of the project labor and work sites during May, 1952.

W. P. Williams

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Enc.

Reviewed by
DMEA OPERATING COMMITTEE
7-27-53
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
July 21, 1953

402

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corp.
Life of America Building
Dallas, Texas

Re: Docket No. DMEA 2299 (Manganese)
Inland Mining Co.
Mena District
Polk County, Arkansas
Contract No. Idm-E320

Dear Bill:

A recent letter to me from the Operating Committee, DMEA, Washington, D.C. asks that I determine from you whether or not your records are complete enough to document the DMEA work done by Inland Mining Corp. on the Boar Tusk Group of claims subsequent to May 19, 1952. For example, do you possess time books or payroll sheets which show the amount and places where exploration work was performed during May, 1952? They did not so state, but the Operating Committee obviously wishes more concrete assurance, in addition to your and McElwaine's verbal assertion, that all work on the Boar Tusk Claim Group was done subsequent to May 19, 1952, the effective date of Amendment No. 2.

The Operating Committee also informs me that the proposed amendment to the Inland Contract for the purpose of submitting your final monthly MF-104 report is unnecessary. I, therefore, suggest you go ahead and submit your final MF-104 whenever practicable.

Your monthly MF-104 reports for June and July, 1953, have been forwarded to the Regional Finance Officer in Amarillo. Your Final Report has also been distributed in the prescribed manner.

With best personal regards, I am,

Sincerely yours,

W. P. Williams,
Executive Officer, DMEA
Region VI, Field Team

:jd
cc - Operating Committee

Reviewed by
DMEA OPERATING COMMITTEE
7-27-53
(date)

INLAND MINING CORPORATION

Final Project Report

June 1953

DMEA Docket No. 2299

Reviewed by
DMEA OPERATING COMMITTEE
7-27-53
(date)

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FINAL PROJECT REPORT
June 1953

Inland Mining Corporation
1408 Life of America Building
Dallas 2, Texas

To: Defense Minerals Exploration Administration
Regional Office
Joplin, Missouri
Docket No. DMEA-2299. Contract No. Idm-E280

A. DATA SECTION

Location: Polk County, Arkansas

The following table itemizes the units of exploration work done on properties covered by the exploratory loan contract.

Type of Work	Location of Work			
	American	Caddo	Sugartree	Boar Tusk
Ft. of Bulldozer Trail	6,600	600	4,650	18,520
Ft. of Bulldozer Trench	1,535	620	1,000	5,800
Ft. of Hand Trenching	794			60
Jackhammer Test Holes	167			
Ft. of J. H. Test Holes	1,050			
Drill Hole Samples	491			
Yds. Bulldozer Excavation				680
Chip Channel Samples				5
Metallurgical Channel Samples	1			
Samples for Quantitative Analysis	1			

INTRODUCTION

Under date of March 27, 1952 an exploration project contract was entered into by and between the Defense Minerals Exploration Administration of the United States Department of The Interior and the Inland Mining Corporation of Dallas, Texas. The contract, wherein the Government agreed to participate in the costs, covered exploration for manganese ore in the Western Arkansas Manganese District by the Corporation. Subsequent to the date of the contract the Corporation did certain exploratory work over a period of about four months. Monthly reports covering the progress and results of the work were prepared and submitted to the Government as required by terms of the above mentioned contract. Subsequent to the above period actual exploratory work was discontinued pending the Corporation's investigation of the beneficiation of the ore and decision as to financing of additional exploratory work. The Corporation has decided to liquidate and has advised the Government of their desire to terminate the exploration contract. Under terms of the contract it is specified that the Corporation, upon termination of the contract, shall provide the Government with an adequate geological and engineering report. In compliance with the terms of the contract this report is herewith submitted.

The geology of the area was thoroughly covered in a report by the writer under date of December 17, 1951 and said report was submitted to the Government as a part of the Corporation's application for the existing exploratory loan. Detailed monthly reports with adequate geological sketches and maps were submitted to the Government during the period of the actual exploratory work. In view of the above

described reports and in order to save time and expense this report will consist principally of a summarization of the monthly reports. References to the maps and factual data in the monthly reports will be made in lieu of resubmitting the rather extensive data and numerous maps already available to the Government in said monthly reports. The report for the month of June 1952 is quite complete and fairly well summarizes the results of the entire project. It could well serve as the final report and should be used in conjunction with this report.

PROPERTIES EXPLORED

The properties actually explored as covered by the exploration contract are as follows:

1. Exploration sites Nos. 4 & 5 on American group of claims (Maps accompany May 1952 report)
2. Exploration site No. 1 on Claim No. 12 of Sugartree Group of claims (Map accompanies April 1952 report)
3. Exploration site No. 1 on Caddo Group of claims. (Map accompanies May 1952 report)
4. Boar Tusk group of claims. (Maps accompany May & June 1952 report)

EXPLORATION AND ORE RESERVES

American Group of Claims

Rather extensive surface exploration work was done on this group of claims. A complete description of this work with maps, cross sections, and analyses of samples was submitted in the monthly project reports for the months of April, May and June 1952.

Estimated ore reserves on claims 28 and 29 of the American group are as follows:

Classification	Long Tons	%Mn
Indicated Ore	10,750	5
Inferred Ore	5,700	5

Sugartree Group of Claims

The exploration work on this property revealed that the mineralization consisted almost entirely of residual deposition on rock faces at or near the ground surface. No ore was developed at this site. Details are given in the April report.

Caddo Group of Claims

Bulldozer trenching on this property revealed that additional work was not justified. The only mineralization below the surface outcrop is confined to a narrow zone of a few inches thickness at intermittent points along an unconformity. This unconformity lies at the contact between the lower and middle divisions of the Arkansas Navaculite formation. No ore was developed on this property. This work covered in the May report.

Boar Tusk Group of Claims

The exploratory work done on this property is fully described with adequate maps, cross-sections, and sample analyses in the June 1952 report.

The estimated ore reserves for the Boar Tusk group of claims is given below:

Classification	Long Tons	%Mn
Indicated	17,500	5 to 6
Inferred	7,700	5 to 6

Other Properties

During the month of June some work was done on other properties with much more encouraging results than those reflected above. These properties

were not included in the exploration contract but a report of the results of the work on them was fully described in the June 1952 report. An estimate of reserves, containing plus 5 percent Mn, on three of these properties is given below in long ton units.

Property	Indicated Reserves	Inferred Reserves
New Find	40,000	20,000
Hurricane Bill	55,000	30,000
Coon Creek	83,000	355,000

Numerous other locations were examined that could obviously be depended on to produce five to ten thousand tons of reserves by surface "gouging" operations. The tenor could be maintained at plus five percent Mn. Some of these locations have structural conditions that might contribute substantially larger amounts of reserves. Many of these deposits would merit mining and no doubt would contribute materially to the reserves available in the area, providing sufficient tonnage can first be proven in larger deposits to justify the large capital investment that will be needed for a manganese operation in this district.

The amount of inferred reserves available at 15 locations examined is roughly estimated to be 200,000 tons. Most of these deposits are of such a character that they do not justify much exploratory work. Some low grade ore is available in all of them and if a mining operation was going on in the area it would be better to move in on them and mine as long as the ore lasted and then move on rather than spend any appreciable amount of money on exploration.

CONCLUSION

The first two months of the project were not very productive as far as proving of substantial ore reserves is concerned. They were very profitable in

other ways. The work helped develop several geologic principals to use as a guide in selecting areas for future work. It also helped formulate some general methods of exploration to be utilized in exploring different types of manganese deposits. Utilization of the geologic principals mentioned above assisted in the location of a few favorable deposits that were investigated in the third month.

Four areas known as Baloff, New Find, Hurricane Bill and Coon Creek deposits were explored with some initial work during the month of June. All of them contained some good ore and excellent geologic conditions that indicated possible extension of the ore deposits as revealed at the surface. Smaller quantities of higher grade ore, ranging in manganese content from 10 to 20 percent, are available in numerous places throughout the manganese area. It is not believed to be possible to develop large reserves of this grade of ore. It is quite possible that substantial reserves of material containing approximately 5 percent manganese can be proven to exist throughout the area, but it is not anticipated that many very large deposits will be found. Deposits on the order of five to fifty thousand tons will probably be the rule. In some areas several such deposits may be found relatively close together.

The area of manganese mineralization is very large. It is roughly estimated to cover 350 to 400 square miles in Arkansas plus a good deal more in Oklahoma. Most of the manganese area in Arkansas is on public domain or Week's Law land and thus can generally be easily acquired for mining purposes. Practically all of the manganese area in Oklahoma is privately owned and would have to be individually negotiated for either by lease or by purchase.

The area examined by geologists of this company makes up a very small percentage of the total area. There are many known prospects that have not been visited and a great deal of geologically favorable area that has never been examined by technically trained men. There are no doubt hundreds of occurrences of manganese throughout the area. However, only a small percentage of them are likely to have economic possibilities.

It is estimated that a field force comparable to that at work during the month of June could develop indicated tonnage containing plus five percent Mn at the rate of 100,000 tons per month. The direct cost of the actual field exploratory work is estimated to be five cents per ton and the overall cost including geology, engineering, assaying and administrative costs is estimated to be ten cents per ton. The above mentioned cost is high but unless larger deposits can be found, there is not much possibility of lowering it. In carrying out such a program it would first be necessary for geologists to select favorable sites and adequately plan the exploration work. It would require several months of work devoted exclusively to geologic reconnaissance and "pick and hammer" prospecting before a reasonably complete picture of the possibilities of the manganese area as a whole could be obtained. The exploration project discussed in this report was not nearly as effective as it could have been if it had been preceded by a program such as outlined above. This is well substantiated by the results of the exploration work for the month of June. The more promising results were obtained on properties that the geologists had selected after eliminating dozens of less favorable occurrences. This was in contrast to the first two months work where the geologists were given some specific properties and told to do the best they could with them.

The economics of a possible manganese operation in the area is a subject that would require considerable discussion beyond the scope and purpose of this report. A few pertinent statements will suffice. The writer believes that it would be feasible to prove the existence of a few million tons of manganese bearing material containing plus five percent Mn and susceptible to open cut mining methods. The total reserves would be scattered over a wide area. However, it might be possible to find sufficient reserves in groups of deposits more or less concentrated in centralized areas which could be worked as a source of mill feed for a semi-portable Heavy Media Separation plant. Such a plant would be designed to produce a low grade concentrate and reject the bulk of the waste rock in the immediate area of the mining operation. Several such operations could conceivably furnish an adequate mill feed of low grade concentrate for a centralized mill or smelter to produce ferromanganese. This system of operation was proposed by Inland Mining Corporation's metallurgical and geological consultant Mr. Morgan G. Huntington. If such a system could be proven to be economically feasible on ore containing a minimum average of five percent manganese and based on a maximum amount of reserves of a few million tons, then the writer believes that a successful manganese operation might be developed in the area. This of course would be dependent on adequate large scale financing, competent management, and skilled technical personnel.

R. B. McElwaine

R. B. McElwaine
Consulting Mining Geologist
Little Rock, Arkansas
June 24, 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION VI

OFFICE OF
REGIONAL DIRECTOR

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 20 1953

ROOM 514 BARFIELD BUILDING
AMARILLO, TEXAS

July 15, 1953

Mr. Jay Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Contract Idm-E-280
Inland Mining Corporation

Dear Mr. Chambers:

We have received the June and July (1952) reports on the reference contract. After reading the correspondence in our contract file with inference to other correspondence I do not have, I thought it advisable to transmit the reports to your office for checking as to contract compliance and justification.

It appears that a part of the work done in these reports was covered by Amendment #2, dated November 5, 1952 (effective May 19, 1952) which does not show approval of the Washington Office.

It also appears from the correspondence that I have, that you would wish me to withhold payment on these reports pending an audit of the contract and the receipt of final reports which I understand we do not have.

I shall appreciate any information you might give me on this contract as my file is incomplete. If an audit is required, and I would certainly recommend it, I would appreciate your informing me of the arrangements.

Yours very truly,

Ray C. Jonas

Ray C. Jonas, Chief
Budget and Finance Branch
Region VI

Enclosures
June - July Reports
cc: W. P. Williams

400

FILE COPY
SURNAME: 90

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

JUL 13 1953

Mr. William P. Williams
Executive Officer, DMEA
Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 (Manganese)
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idu-E280

Dear Mr. Williams:

This will acknowledge receipt of your letter of July 7, 1953, asking what action you should take with respect to Morgan G. Huntington's report of December 19, 1952, covering a proposed manganese operation in the Mena District of Arkansas. We also have for reply your letter of June 29, 1953, enclosing a proposed Amendment No. 3 extending the completion date of the referenced contract solely for the purpose of giving the Operator additional time to correct and file reports. Such an amendment is unnecessary, and the same result can be accomplished by writing to the Operator that the required reports will be accepted if furnished by the date specified.

Your attention, however, is called to our letter of August 18, 1952, to Mr. David Gallagher, Executive Officer, DMEA Field Team, Region VI, and the memorandum by the Chief Counsel, DMEA, dated August 15, 1952, attached thereto, in regard to allowable costs. As previously stated, any claims that are considered to be in excess of those reasonable will be disallowed. In regard to the work said to have been performed on the Boar Tusk group of claims subsequent to May 19, 1952, you should ascertain whether the Operator kept time books in sufficient detail to show where the work was being done. You should consider the advisability of holding up payment on the June and July, 1952, MF-104's pending determination as to whether the Operator has been overpaid for May 1952 performance.

We conclude from your above-mentioned letters and the copy which you sent us of Inland Mining Corporation's letter to you of June 26, 1953, that the project report referred to is not the final report due the Government under Article 7b of the contract, but is instead a private report that was furnished the Government on a loan basis for restricted use. Ordinarily the Government should not accept any report whose use may be restricted. Moreover, inasmuch as the report is a private report, the Government cannot participate in any costs incurred in preparing it.

In this case, however, the metallurgical results and perhaps some other factual data or opinions may be of future interest in connection with our work in the Mena District, or elsewhere. You should, therefore, return the report to the Operator after making excerpts to whatever extent you think necessary or desirable. We approve your action in agreeing to keep confidential whatever data, not resulting from the DMEA contract work, you obtain from the report. We shall, of course, appreciate receiving copies of all data you so select. Mr. Max Crittenden has been assigned to other work in the West and is not available to review the report.

Please notify the Operator that, upon completion of the exploration work or termination of the contract, the Government must be furnished with an adequate geological and engineering report, in quintuplicate, including an estimate of ore reserves resulting from the exploration work.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2ds)

APPROVED:

J. H. Hodges

Member, Bureau of Mines (2ds)

A. R. Kinkel, Jr.

Member, Geological Survey (2ds)

FARutledge:AEKane:WSMartin/ep/ls 7/10/53

Copy to: Docket
Adm. R. File
Oper. Comm.
Field Team, Reg. 6
Code 400
Mr. Hofflund
Mr. Kane
Mr. N. B. Melcher, USBM
Mrs. Martha Carr, USGS

R.C.A. 7-13-53

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

Rewritten
Chief Counsel's Office

Mr. William P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to the subject docket and your letter of June 29, 1953, ~~Transmitted herewith for execution by the Operator is~~ enclosing a proposed Amendment No. 3, ~~signed by the Administrator for the Government~~ extending the completion date of the referenced contract, corrected and redated for the purpose of giving the operator additional time to file reports.

Your attention, however, is called to our letter of August 18, 1952, to Mr. David Gallagher, Executive Officer, DMEA Field Team, Region VI, and the memorandum by the Chief Counsel, DMEA, dated August 15, 1952, attached thereto, in regard to allowable costs. As previously stated, any claims that are considered to be in excess of those reasonable will be disallowed. In regard to the work said to have been performed on the Boar Tusk group of claims subsequent to May 19, 1952, ~~did~~ the Operator kept time books in sufficient detail to show where the work was being done? (You should ascertain whether

We are unable to determine from your letter of June 29, 1953, and the attached letter of June 26, 1953, from Inland Mining Company if the project report referred to is the final report due the Government under Article 7b of the contract, or a private report that was furnished the Government on a loan basis, for restricted use. Please notify the Operator that the Government must be furnished upon completion of the exploration work or termination of the contract with an adequate geological and engineering report, in quintuplicate, including an estimate of ore reserves resulting from the exploration work. ~~There is no restriction on the Government as to the use of such a report.~~

If the ~~referred~~ report is a private report, ~~we of course appreciate the chance to review it and any data not resulting from~~

the form in which it is filed is not acceptable, any report where use may be restricted should be marked "Confidential"

Such an amendment is unnecessary, and the same result can be accomplished by writing to the operator that the required reports will be accepted if furnished by the date specified

the DMEA contract work will be kept confidential. ~~However~~ the Government can not participate in any costs incurred in preparing ~~such a private report~~ it but under the circumstances, any data not resulting from

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

FILE COPY
SURNAME:

Martin
Chamber

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

Rewritten
GEK
Chief Counsel's Office

Mr. William P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Ida-8280

Dear Mr. Williams:

Reference is made to the subject docket and your letter of June 29, 1953. Transmitted herewith for execution by the Operator is Amendment No. 3, signed by the Administrator for the Government extending the completion date of the referenced contract.

Your attention, however, is called to our letter of August 18, 1952, to Mr. David Gallagher, Executive Officer, DMEA Field Team, Region VI, and the memorandum by the Chief Counsel, DMEA, dated August 15, 1952, attached thereto, in regard to allowable costs. As previously stated, any claims that are considered to be in excess of those reasonable will be disallowed. In regard to the work said to have been performed on the Boar Tusk group of claims subsequent to May 19, 1952, did the Operator keep time books in sufficient detail to show where the work was being done?

We are unable to determine from your letter of June 29, 1953, and the attached letter of June 26, 1953, from Inland Mining Company if the project report referred to is the final report due the Government under Article 7b of the contract or a private report that was furnished the Government on a loan basis and for restricted use. Please notify the Operator that the Government must be furnished upon completion of the exploration work or termination of the contract with an adequate geological and engineering report, in quintuplicate, including an estimate of ore reserves resulting from the exploration work. There is no restriction to the Government as to the use of such a report.

If the aforesaid report is a private report, we of course appreciate the chance to review it and any data not resulting from

the DMEA contract work will be kept confidential. However the Government can not participate in any costs incurred in preparing such a private report.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

FARutledge:foc
7-6-53

cc: Docket
Code 400
FT. REG. VI
Oper. Comm.
Adm. Reading File
N. B. Melcher, USBM
Mrs. Martha Carr, USGS

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 8 1953

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: Docket No. DMEA-2299X(Manganese)
Contract No. Idm-E280
Inland Mining Corp.
Mena District, Arkansas

WSM

Dear Mr. Mittendorf:

As you know, the Inland Mining Corp. project, as referenced above, has been recessed for about 1 year. Termination date of the contract was March 25, 1953. This office has been in constant attempt to get the Operator to submit revised and corrected MF-104's covering the last active project work and to obtain a final accounting and report from the Operator. The Inland project was set up in two stages with Stage II contingent upon metallurgical and other successes obtained in Stage I.

On June 25 and 26, 1953, this office was visited by W. T. Townsend, Assistant Treasurer, Inland Mining Corp., and R. B. McElwaine, Consulting Geologist for Inland Mining Corp. The purpose of their visit was to discuss and formulate revised and corrected MF-104's for June and July, 1952, and to discuss the nature of a final operator's report. I believe most of the details concerning those phases of the project have been straightened out.

Mr. Townsend brought with him a comprehensive report by Morgan G. Huntington. This report, reportedly costing the Inland Corp. $4,500, covers geological, engineering, and metallurgical aspects of a proposed manganese operation in the Mena District of Arkansas. The report contains, among other things, (1) excerpts from U.S.G.S. and U.S.B.M. publications on the district, (2) metallurgical reports on heavy media seperation tests by the American Cyanamid Co. on samples of manganese ore from the Mena District, (3) standard descriptions issued by U. S. Patent Office of the Royster process for blast furnace treatment of low-grade manganese iron ore, and (4) technical data by Huntington concerning the economic derivation of manganese from Mena ores.

Mr. Townsend of the Inland Corp. stated that the Inland Corp. is not now interested in continuing with Stage II of their DMEA contract. In view of this fact it did not seem justifiable for me to propose or insist that the Huntington report be incorporated as a part of the Operator's final report. However, I did succeed in persuading Mr. Townsend to leave a copy of the report with me for a limited time. Mr. Townsend has given the Government written permission, a copy of which is herewith enclosed, to examine the report and to take any excerpts from the report that the Government may desire. Mr. Townsend's letter restricts any information taken from the report to Internal Government Use Only.

In my opinion there is much in this report that might profitably be in appropriate Government files. For instance, I should like to have Mr. Max D. Crittenden, Commodity Specialist for manganese, U.S.G.S. review this report. There may also be others within the Government who would be interested to see it.

Please advise me (1) whether or not excerpts shall be made from the report, or possibly copied in its entirety, (2) who shall determine what excerpts are to be made and where, (3) what disposition of excerpts should be made if they are taken.

Mr. Townsend did not specify the exact time at which the report must be returned to the Inland Corp. I understand that the copy I hold is the only one the Inland Corp. has. With all due respect to Inland's confidence in this office, I would regret it very much if the report became mislaid or lost either in Washington or in some other Government files. However, if proper care is observed I could send the report to any interested person via registered mail.

Sincerely yours,

W. P. Williams

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
cc - Max D. Crittenden

INLAND MINING CORPORATION
1408 Life of America Building
Dallas 2, Texas

C
O
P
Y

June 26, 1953

Mr. W. P. Williams
Executive Officer
Defense Minerals Exploration
Administration
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA-2299, Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

I am enclosing herewith Inland Mining Corporation's manganese mining project report prepared by Mr. Morgan G. Huntington dated December 19, 1952. The subject report is a complete study of our company's project by Mr. Huntington who is a Mining and Metallurgical Engineer. In the report he has incorporated the metallurgical tests of the American Cyanamid Company and the Dorr Company.

We are submitting this report for your review and with the thought in mind that you might like to make excerpts therefrom, especially in regard to the metallurgy. In that this report was prepared for the Company and at the Company's expense, we would like to have the report returned to us as soon as you have reviewed it and made the excerpts desired. We also ask that the excerpts taken from the report be marked For Restricted Use of the United States Government Only.

In other words, the Directors of the Company desire that the Government be furnished any information in the report which would be of benefit to the Government, but they desire that the information be restricted so that it will not be released as general information in any manner or available to the public.

If this is satisfactory please acknowledge receipt of the report on the terms as outlined or indicated on the original of this letter. The extra copies of the letter are for your file.

Very truly yours,

INLAND MINING CORPORATION

By signed(W. T. Townsend)
Assistant Treasurer

Accepted June 26, 1953

signed (W. P. Williams)
W. P. Williams, Executive Officer
DMEA, Region VI

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Joplin, Missouri
July 6, 1953

Department of the Interior
Defense Minerals Administration
RECEIVED
JUL 8 1953

Mr. W. T. Townsend
Assistant Treasurer
Inland Mining Corp.
Life of America Building
Dallas 2, Texas

Re: Docket No. DMEA-2299
Contract No. Idm-E280
Inland Mining Corp.
Mena District
Manganese

Dear Bill:

Enclosed herewith is a copy of a draft of proposed Amendment #3 to your DMEA Contract Idm-E280. Also enclosed are five copies of forms MF 104-104A to be used for your final project report.

I have had no word from Washington concerning the proposed Amendment #3 to the contract. I am hoping that the proposed amendment will receive favorable consideration as it stands. I will communicate with you as soon as I receive advice from Washington concerning the amendment.

The public stenographer across the street finished typing the monthly progress report for June, 1952 for your project. Copies of the June report will be placed with the MF 104-104A's. I note that the copy of the June report you left with us bears the notation "McElwaine's copy". I am therefore returning it to you herewith. We have also received from you copies of sketches and maps to accompany the June report.

Sincerely yours,

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Encs.

cc - Operating Committee

FIL[redacted]
SURNAME[redacted]

Martin

400

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

July 3, 1953

MEMORANDUM

To: Chief Counsel, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of Amendment No. 3
Docket No. DMEA 2299 - Manganese
Inland Mining Company
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Transmitted herewith, for your use in preparing an amendment, is a request for an extension of time to complete the subject contract.

This Division concurs with the extension.

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

FARutledge:foc

Copy to: Docket
Code 400
Adm. Reading File

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 29, 1953

Re: Docket No. DMEA-2299
Manganese
Inland Mining Corp.
Polk County, Arkansas
Contract No. Idm-E280

Memo

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team, Region VI

Subject: Proposed Amendment #3, Contract Idm-E280, Docket No. DMEA-2299.

On June 25 and 26, 1953, Mr. W. T. Townsend, Assistant Treasurer, Inland Mining Corp., and Mr. Robert B. McElwaine, Consulting Geologist for Inland Mining Corp. visited Region VI, DMEA office. The visit of Messrs. Townsend and McElwaine was made for the purposes of conferring with members of the Field Team and of revising the Inland Corporation's DMEA monthly reports for June and July, 1952.

A monthly report for May, 1952, was submitted to the Field Team in June, 1952. This report was approved by the Field Team and sent to the Regional Finance Officer who also certified the report for payment. Payment was received by the Inland Corporation. Amendment #2 to Contract Idm-E280 was incorporated into the contract with an effective date of May 19, 1952. Amendment #2 allowed the Inland Corporation to perform exploration work under the contract on the Boar Tusk group of claims. In the conference at this office on June 25 and 26 the Operator stated that all work performed on the Boar Tusk group of claims was done subsequent to May 19, 1952. As a result it appears that all costs incurred as shown on the May, 1952 MF-104 are allowable costs and are eligible for Government participation.

Monthly MF-104's for June and July, 1952 have been corrected and revised by the Operator and have been submitted to this office for approval. These reports have been approved by the Field Team and the original has been forwarded to Ray C. Jonas, Regional Finance Officer, Region VI.

In addition to the costs shown on the monthly reports for June and July, 1952, the Operator has incurred additional expenses in the preparation and compilation of a final report covering results obtained in the project. Enclosed herewith is a draft of a proposed Amendment #3 to Contract Idm-E280 which extends the term of the contract 6 months.

If the amendment is approved, Contract Idm-E280 would terminate on September 25, 1953 instead of March 25, 1953. As stated in the amendment this extra time will alow the Operator to prepare a final report and to submit a final MF-104 covering expenses incurred therein.

Also enclosed is a copy of a letter from Mr. W. T. Townsend of the Inland Mining Corp. to the Executive Officer, DMEA, Region VI transmitting a report covering metallurgical tests on ores discovered under DMEA Contract Idm-E280. This report will be held until further advice is received from the Operating Committee.

W. P. Williams
jd

W. P. Williams
Executive Officer, DMEA
Field Team, Region VI

WPW:jd
Encs.

cc: Operating Committee(orig.&1)

Joplin, Missouri

Draft of Proposed Amendment #3
to Exploration Project Contract Idm-E280 (Docket No. DMEA-2299)

Contract Idm-E280, Docket No. DMEA-2299, dated March 27, 1952 between the United States of America and the Inland Mining Corporation is hereby amended as follows:

The date of the completion of this contract, as called for in Article 3, is hereby extended 6 months. The completion date of this contract will therefore be the 25th day of September, 1953.

This amendment effective June 1, 1953 is drawn in order that the Operator be allowed this extra time to:

(a) Confer with proper DMEA officials, and revise and correct project progress reports for June and July, 1952,

(b) Prepare, compile and submit to DMEA final accounting and technical reports covering final settlement and results obtained from the project, and

(c) Prepare and submit to DMEA a final MF-104 covering costs incurred in the preparation of the final report.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

UNITED STATES OF AMERICA

By_____

INLAND MINING CORPORATION

By_____

FILE COPY
SURNAME:
600

Chamb

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

June 19, 1953

Memorandum

To: Mr. George C. Selfridge
Chairman, Operating Committee

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Inland Mining Corporation, Docket No. DMFA-2299
Contract No. Idm-E280 (Manganese)

In reviewing the docket files of the Inland Mining Corporation I more carefully read the memorandum from Mr. W. P. Williams, Executive Officer, under date of May 26, 1953. The fifth paragraph of Mr. Williams' memorandum is quoted as follows:

> "I am sending the Operator, today, a letter advising him, as per suggestions outlined in your letter of May 14 to me, that unless adequate cost reports are furnished by June 5, 1953 the Government will terminate the referenced contract."

A review of this case shows that the contractor has, more or less, abandoned the project without reason and without fulfilling some of his obligations in making monthly reports. I raised the question in my memorandum to you dated June 4 as to whether or not the Government should collect payments which have already been made to the Inland Mining Corporation, or whether the project should be audited and determinations made upon the basis of terminated projects.

The above quotation from Mr. Williams' memorandum might place us in a position where no claim could be made against the operator unless the termination notice proposed definitely places the blame for the termination on the operator. I believe that the General Counsel should review this case and issue an opinion and at the same time prepare the type of termination notice which should be given the operator in case a termination notice is to be issued.

JLChambers/wb
June 19, 1953

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

MDL
6-19-53

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 15, 1953

Re: Docket No. DMEA-2299
Inland Mining Corp.
Polk County, Ark.
Contract No. Idm-E280
Manganese

Memo

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team, Region VI

This is in answer to your letter of June 11, 1953 in which you asked us to advise you whether the revised MF-104's for May, June, and July, 1952 have been received from the Operator of the above referenced project.

To this date we have not received the revised MF-104's. Our latest word from the Operator was a telephone call and confirming letter dated June 6, 1953 from W. T. Townsend, Assistant Treasurer, Inland Mining Corporation. In his letter Mr. Townsend states that principals of the Inland Mining Corporation will contact Mr. R. B. McElwaine, Consulting Geologist on the project, and will prepare the requested revised MF-104's.

In your letter of June 11 you bring up questions as follows: 1) how much work has been done on lands which are not within boundaries of the project, and 2) are any monies due the Government from the Inland Mining Corporation. We will examine all data on the project in our files and will send you a report covering these questions within a few days. In the meantime I am hoping that the Operator will finally succeed in submitting to us the requested monthly reports.

W. P. Williams

W. P. Williams
Executive Officer
Field Team, Region VI

WPW:jd

FILE COPY
SURNAME:
400

Rutledge
Hartley
Talbert
Kinkel
Rubin
Selfridge
Hedges
Hightemeyer

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

JUN 1 1 1953

Mr. William P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to the subject docket and your letter to us of May 26, 1953.

Please advise us about June 15 whether the revised MF-104's for May, June, and July 1952 have been received from the Operator, in order that we may take appropriate action.

The problems of settling this contract seem mainly administrative and engineering, rather than auditing. One question arises as to how much work has been done on lands which were not within the boundaries of the project. This is for you to determine. Another question, which appears to be administrative or legal, is whether any monies are due us from the Inland Mining Corporation, which has apparently abandoned the project. This question is under consideration in Washington.

Upon the termination of this project and the determination of the above questions an audit will be made. By that time the Field Team in Region VI should have determined how many days work the consulting geologist spent in surveying land not covered by the contract and how much of the exploration work also was on other property.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/15)

Approved:

J. H. Hedges
Member, Bureau of Mines (2/15)

A. R. Kinkel, Jr.
Member, Geological Survey (2/15)

FARutledge:foc 6-9-53 MDA 6-11-53
cc: Docket
Code 400
FT. Reg. VI
Oper. Comm.
Adm. Reading File
N. B. Melcher, USBM
M. D. Crittenden, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 8, 1953

Re: Docket No. DMEA-2299
Inland Mining Corp.
Polk County, Ark.
Contract No. Idm-E280
Manganese

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 10 1953

Memo:

To: Operating Committee

From W. P. Williams, Executive Officer, Field Team, Region VI

On Thursday, June 4th, 1953 I was contacted by long-distance telephone by W. T. Townsend, Assistant Treasurer of the Inland Mining Corporation, Dallas, Texas on behalf of the Inland Mining Corporation with regard to the corporation's DMEA Contract Idm-E280. Mr. Townsend's communication was in response to efforts from this office to obtain revised MF-104s for May, June, and July, 1952 and to determine the intentions of the Inland Corporation regarding continuation of their DMEA Contract.

Mr. Townsend has confirmed our telephone conversation by a letter, and a copy of his letter is attached hereto. Mr. Townsend's letter presents the status of the subject contract and you will note that revised monthly reports and a final report have been promised the Government by Mr. Townsend.

W. P. Williams

W. P. Williams
Executive Officer

WPW:jd
Enc.

C O P Y

Defense Minerals Administration
JUN 10 1953

INLAND MINING CORPORATION
Life of America Building
Dallas, Texas

June 6, 1953

Mr. W. P. Williams
Executive Officer
DMEA Field Team, Region VI
c/o U. S. Department of the Interior
Defense Minerals Exploration Administration
Joplin, Missouri

Re: Docket No. DMEA-2299, Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

We wish to confirm our telephone conversation of June 4, 1952, in response to your letter of May 26, 1953 to Mr. S. Austin Wier, Secretary and Treasurer of Inland Mining Corporation, in which we advised that our company had failed to interest additional capital in the venture, and that the present stockholders had decided to liquidate the company. In line with this decision we have closed our Mena Field Office, and Mr. Cecil B. Chenoweth who served as our Vice President in charge of field operations has resigned.

In regard to the results of metallurgical tests we wish to advise that we have the reports on these tests and also a report prepared by Mr. Morgan G. Huntington, and we are quite anxious to furnish your office with all of the information and reports required under our Government contract. In order to assemble this information for you and to revise and furnish you with corrected MF-104's, we plan to contact Mr. R. B. McElwaine who was our consulting geologist and feel certain that we can furnish you the information desired.

As stated in our conversation, Inland Mining Corporation does not propose to do any additional exploratory work, and it is our understanding that Stage I of the contract has been completed as far as the field work is concerned. Our objectives in contacting Mr. McElwaine, and employing him on a fee basis, will be to furnish your office with the required information in regard to the metallurgical tests, summation of the field work, and the revision of our statements, due to certain unauthorized work, so that we can be relieved of our obligations under the Government contract and can be reimbursed for the work which was authorized and properly completed. Upon our working out arrangements with Mr. McElwaine we will advise when this program can be accomplished, and naturally we want to conclude this matter as early as possible.

All the records of Inland Mining Corporation are now in the offices of Mr. Estill S. Heyser, Jr., who is President of the corporation, at the above address, and all future correspondence should be sent to this office.

We wish to express our appreciation of your cooperation in this matter, and to assure you that while the company has decided to abandon its field operations, we will do our utmost to satisfy your office with the information required under our Government contract.

Very truly yours,

INLAND MINING CORPORATION

By SIGNED W. T. Townsend
W. T. Townsend
Assistant Treasurer

WTT:jH

Defense Minerals Administration
RECEIVED
JUN 5 1953

Docket

800

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

June 4, 1953

Memorandum

To: Mr. George C. Selfridge, Chairman 1631
Operating Committee

From: Jay L. Chambers, Chief
Contract Administration and Audit Division

Subject: Mr. W. P. Williams' Memorandum to Operating Committee Re Docket No. DMEA-2299, Contract No. Idm-E280 (Manganese) Inland Mining Corporation

Attached is a copy of a memorandum from W. P. Williams, Executive Officer, Field Team, Region VI, to the Operating Committee dated May 26, 1953, on the above-cited contract.

Mr. Williams suggests that the problems which have arisen under this contract appear to be problems for the Contract Administration and Audit Division. It occurs to me that the problems at this stage of development are administrative and engineering, rather than auditing. One question arises as to how much work did the consulting geologist do on lands which were not within the limitations of the boundaries of the project. Another question which appears to be administrative or legal is whether or not any monies are due the Inland Mining Corporation, since they have apparently abandoned the project.

Upon the termination of this project an audit will be made. At that time the Field Team in Region VI should have determined how many days work the consulting geologist spent in surveying land not covering by the contract.

Attachment no attachment received 6/9/53 M+F.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
May 26, 1953

Re: Docket No.DMEA-2299
Manganese
Inland Mining Corp.
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Memo

To: Operating Committee

From: W. P. Williams, Executive Officer, Field Team, Region VI

This is in answer to your recent inquiry concerning this Field Team's progress in obtaining costs and other data on Stage I of the referenced contract and the results of metallurgical tests.

In the past few months members of this office with considerable difficulty have succeeded in contacting principals of the Inland Mining Corporation and each time we have been assured favorably that the requested data would be submitted. However, the Inland Mining Corporation has never complied with their assertions. To this date we have not received the revised and corrected MF-104's for May, June, July, 1952.

Our latest efforts to obtain the required data were made by Mr. Edwin T. Perkins, Mining Engineer, U. S. Bureau of Mines connected with this office. Mr. Perkins'visited the Mena District and finally contacted Mr. Cecil Chenoweth, formerly Vice-President of the Inland Mining Corporation. Mr. Chenoweth again favorably expressed his opinion that the Inland Company would submit the revised MF-104's. I have no reason to believe that they will make good with their promises this time.

I have reason to believe that no further work on Mena manganese will be done by the Inland people.

I am sending the Operator, today, a letter advising him, as per suggestions outlined in your letter of May 14 to me, that unless adequate cost reports are furnished by June 5, 1953 the Government will terminate the referenced contract.

Inasmuch as the problems and headaches inherent in this contract are those stemming from interpretation of the contract and of permissable costs rather than those of technical, engineering, or geological nature, I suggest that this project be audited by a member of the Contract and Audit Division. This is especially desirable in view of the fact that repayment of funds is due the Government from the Operator.

W. P. Williams

W. P. Williams
Executive Officer

WPW:jd

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

Joplin, Missouri
May 26, 1953

Mr. S. Austin Wier
Republic Bank Building
Dallas, Texas

Re: Docket No. DMEA-2299, Manganese
Inland Mining Corp.
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Wier:

I have just received a letter from the Operating Committee, DMEA, Washington in which they request information concerning my progress in obtaining costs and other data on Stage I of your DMEA contract and the results of metallurgical tests. The Operating Committee further informs me that "While we wish to cooperate fully in the matter of allowing ample time for the submission of the corrected cost data, the Operator should be notified that unless adequate cost reports are furnished by June 5, 1953, further negligence and delay will be considered as default on the part of the Operator and the Government will terminate the referenced contract."

Members of this office have contacted your company on different occasions concerning the revised monthly reports and we have always been under the impression that the revised reports would be forthcoming. However, we have never received the required reports. Had the revised reports and the results of your metallurgical work been submitted earlier it seems highly probable that considerably more work could have been authorized in your DMEA project. At one time you stated in a letter to me that your metallurgical work had been entirely satisfactory. If you still intend to pursue active DMEA work under your present contract I strongly urge you to submit the results of your metallurgical work with revised and corrected MF-104's for May, June, July, 1952.

Very truly yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
cc - Operating Committee

JUN 25 1953

FILE COPY
SURNAME:

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

Rutledge
Martin
Osborne
Butler
Cramer
Martin
Feldman
Whitaker

MAY 14 1953

Mr. William P. Williams,
DMEA Executive Officer, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299, Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-2280

Dear Mr. Williams:

Reference is made to the subject docket and our letter of April 2, 1953.

It would be appreciated if you would inform us of your progress in obtaining the requested cost and other data on Stage I of the referenced contract and the results of the metallurgical tests.

If these data have not been received, the Operator should be notified that the Government will not be in a position to consider further extension of the contract in order to allow study of the metallurgical test results until the cost data promised on October 31, 1952, are furnished. While we wish to cooperate fully in the matter of allowing ample time for the submission of the corrected cost data, the Operator should be notified that unless adequate cost reports are furnished by June 5, 1953, further negligence and delay will be considered as default on the part of the Operator and the Government will terminate the referenced contract.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Geological Survey

T. P. Thayer

Member, Bureau of Mines

FARutledge/ls 5/8/53

cc: Docket
Field Team, Region 6
Code 400
Operating Committee
Adm. Reading File
N. B. Melcher, USBM
~~XXXXXXXXXXXXXXXXXXXX~~
M. D. Crittenden, USGS

FILE COPY
SURNAME:

Martin
Kinkel
Hedges
Gallagher
Johnson
Williams

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

BL

Mr. W. P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

APR 9 1953

Re: Docket No. DMEA 2299 (Manganese)
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to our letter of April 2, 1953, concerning the subject contract.

Enclosed are two copies of the telegram received from Mr. David Gallagher in reply to our wire of April 1 to him, a copy of which we sent you with our letter of April 2.

Sincerely yours,

George T. Gallagher
Chairman, Operating Committee (2/B)

Enclosures

LScott

APPROVED:

G. R. Hedges
For Bureau of Mines (2/B)

A. R. Kinkel, Jr.
For Geological Survey (2/B)

cc: Field Team, Reg. 6
Docket
Admn. Read. File
Code 400
Oper. Comm.
N. B. Melcher, USBM
M. D. Crittenden, USGS

J.C. 4/9/53

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

(32)

1953 APR 2 PM 1 34

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

Th ANDARD TIME at point of destination

WP038XV GOVT PD=SAN FRANCISCO CALIF 2 1008A

=G C SELFRIDGE, CHAIRMAN OPERATING COMMITTEE:

=DEFENSE MINERALS EXPLORATION ADMN INTERIOR BLDG=

YOUR DOUBTS ARE CORRECT. OF COURSE I MADE NO SUCH COMMITMENT. I STATED THAT I WOULD NOT APPROVE STAGE TWO UNLESS THE METALLURGY WAS SUCCESSFULLY AND CONVINCINGLY SOLVED=

DAVID GALLAGHER=

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 2 1953

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

FILE COPY
SURNAME:

140

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

Rewritten by

Martin
Martin
Chapman
Selfridge
Johnson
Weatherson

Air Mail

APR 2 1953

J.C. 4-2-53

Mr. William P. Williams
Executive Officer, DMEA Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA-2299 (Manganese)
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to the following correspondence, concerning the request for an amendment to the contract extending the period for its completion from March 27, 1953, to June 25, 1953:

(1) 2/26/53 letter to you from Inland Mining Corporation

(2) 2/27/53 reply by you to Inland Mining Corporation

(3) 2/27/53 letter from you to the Operating Committee

(4) 3/10/53 letter to you from Inland Mining Corporation

Before any extension of the period for completion of the work can be considered, it will be necessary for the Operator to furnish the Government with all the monthly reports of the work thus far performed and costs incurred, as stipulated in the contract. These were promised on October 31, 1952, and have not as yet been received.

Counsel and Secretary-Treasurer for the Operator Corporation, Mr. S. Austin Wier, feels that the extension should be granted because he believes that the metallurgical work has proved successful, and he states that Mr. Gallagher agreed that "if our metallurgical work looked promising or

proved successful, that stage 2 should be put into effect without question."

A copy of our wire to Mr. Gallagher on this matter is enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

WSMartin/AEKane/JLChambers/em 4/1/53
Copy to: Mails and Files
Adm. R. File
Op. Comm.
N. B. Melcher, USBM
M. D. Crittenden, USGS
W. S. Martin
J. L. Hofflund
A. E. Kane
chron.
pending

Interior Department

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR

Defense Minerals Exploration Administration

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Martin
Chambers
Crane
Winkell
Hedges
Selfridge
Fitzpatrick

DAY LETTER

BL

APRIL 1, 1953

DAVID GALLAGHER
c/o N. H. BAILEY
U. S. GEOLOGICAL SURVEY
102 OLD MINT BUILDING
SAN FRANCISCO 3, CALIFORNIA

DMEA 2299

ON MARCH 10 MR. S. AUSTIN WIER AS SECRETARY-TREASURER AND COUNSEL OF INLAND MINING CORPORATION WROTE WILLIAMS IN PART: "WE AGREED WITH MR. DAVID GALLAGHER THAT IF OUR METALLURGICAL WORK LOOKED PROMISING, OR PROVED SUCCESSFUL, THAT STAGE 2 SHOULD BE PUT INTO EFFECT WITHOUT QUESTION." WE DOUBT YOU MADE ANY SUCH COMMITMENT. PLEASE WIRE YOUR COMMENTS.

George C. Selfridge

(246)

G. C. SELFRIDGE, CHAIRMAN
OPERATING COMMITTEE, DMEA

CC: DOCKET
ADMN. READ. FILE
CODE 400
CONFIRMATION to MR. GALLAGHER
AUDITS DIV., BUR. OF MINES
OPERATING COMMITTEE
N. B. MELCHER, USBM
M. D. CRITTENDEN, USGS

S.H.
4/2/53

WSMartin/ls
4/1/53

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

Rewritten
AEK/em
3/25/53

AIR MAIL

Mr. William P. Williams
Executive Officer, DMEA Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Williams:

Reference is made to the following correspondence concerning the subject project:

(1) 2/26/53 letter to you from Inland Mining Corporation
(2) 2/27/53 reply by you to Inland Mining Corporation
(3) 2/27/53 letter to us from you
(4) 3/10/53 letter to you from Inland Mining Corporation

A copy of the last named letter was sent direct to us. We note that Mr. S. Austin Wier wrote that letter in his capacity as Secretary-Treasurer of Inland Mining Corporation and as counsel for such corporation; also he feels that Inland has more than kept its part of the bargain with the Government on this project, and he "can see absolutely no reason why this amendment should not be granted speedily."

On the other hand, our attitude is that the Government is entitled to monthly reports of work performed and costs incurred, as stipulated in the contract. We, therefore, question whether we would be justified in extending the contract while it is in default, especially since the Operator recognized that default as long ago as October 31, 1952, when he wrote to us, in part, as follows:

> "Mr. McElwaine is tied up on another job at the present time. Within the next few weeks I will confer with him and we will submit the information required by Mr. Gallagher's Office in order to properly adjust our Reports not only for June and July but for April and May."

Furthermore, our records do not confirm Mr. Wier's assertion that "There was only one reason for dividing our contract into two stages." Moreover, unless and until confirmatory advice has been received from Mr. David Gallagher, we cannot accept Mr. Wier's statement that "We agreed with Mr. David Gallagher that if our metallurgical work looked promising, or proved successful, that stage 2 should be put into effect without question." It is suggested, therefore, that you write directly to Mr. Gallagher and inquire with respect to the subject contract whether he made the above or any other verbal commitment of which we have no record.

Sincerely yours,

Chairman, Operating Committee

Approved:

_____

Member, Bureau of Mines

_____

Member, Geological Survey

Docket

COPY

Joplin, Missouri
March 16, 1953

Mr. S. Austin Wier
Republic Bank Building
Dallas, Texas

Re: Docket No. DMEA-2299
Contract Idm-E280
Inland Mining Corp.
Manganese

Dear Mr. Wier:

I have received and noted carefully your letter dated March 10, 1953, regarding proposed amendment to your DMEA Contract Idm-E280.

I wrote to you on February 27, 1953, and stated at that time that I had referred your proposed amendment to Washington for further consideration. In my covering letter to the Operating Committee in Washington I asked them to take the matter of the proposed amendment under consideration, and I informed them that I would reserve further action in the matter until communication from them.

I note that you are not completely in accord with my impression that your proposed amendment would be drawn for the convenience of the operator. It is entirely possible the Operating Committee in Washington will agree with you concerning that phase of the amendment. In any case, I see no recourse but to await the decision of the Operating Committee concerning your amendment.

I am in complete agreement with your statement in the last letter in which you say that Stage II of the contract should be put into effect immediately <u>if</u> your metallurgical work proves successful. I also note with interest your statement that your metallurgical work has proven to be highly successful. It is my opinion that Washington will also be interested in your metallurgical results.

I note that you have sent copies of your recent letter to the Operating Committee and to Mr. C. O. Mittendorf, Administrator in Washington. I am sorry that I cannot give you definite information on your proposed amendment at this time, but I trust that an answer will be forthcoming from Washington soon.

Very truly yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd
cc - Operating Committee

Copy retained 400

LAW OFFICES OF
S. AUSTIN WIER
REPUBLIC BANK BUILDING
DALLAS, TEXAS

S. AUSTIN WIER
HOWARD E. MOORE

March 10, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 12 1953

Mr. W. P. Williams, Acting Executive Officer
DMEA Field Team-Region VI
221 West Third Street
Joplin, Missouri

File

Re: Docket No. DMEA-2299
Contract Idm-E280
Inland Mining Corporation

Dear Mr.Williams:

In regard to your letter addressed to me dated February 27, 1953.

I am unable to understand why our requested amendment should be considered by you as being "for the sole convenience of the operator". Under the circumstances, it seems to me that this amendment is just as much for the benefit of the Government as it is for the operator.

There was only one reason for dividing our contract into two stages. The purpose was merely to integrate the exploratory work under said contract with ore dressing tests and the metallurgical work which was being performed at the sole expense of Inland Mining Corporation. We agreed with Mr. David Gallagher that if our metallurgical work looked promising, or proved successful, that stage 2 should be put into effect without question. By the same token, if our metallurgical work did not show promise or success, then neither the Government nor Inland Mining Corporation would be justified in proceeding under stage 2 of the contract.

COPY

As pointed out in our letter to you of February 25, 1953, in paragraph numbered 1, our metallurgical work has been completed. Also it has proved to be highly successful.

The final metallurgical report itself is lengthy and written in great detail. Also the substantiating data is voluminous. Without an extension of time, as requested, DMEA, or its consultant, The United States Bureau of Mines, would not have the required time to analyze the factual data and feasibility of our metallurgy and became so properly informed as to direct us to proceed under stage 2 of our contract before the expiration date thereof.

May I point out that on this project to date, Inland Mining Corporation has spent over $800,000.00 of its own money, mostly for metallurgical work and attendant problems, while the Government has expended less than one-tenth of that amount.

We feel that we have more than kept our part of the bargain with the Government on this project, and we can see absolutely no reason why this amendment should not be granted speedily. As soon as this amendment is allowed, we will submit our metallurgical data, figures and calculations from an economic standpoint, together with other related facts and findings, to DMEA, and we will make our consultants, both individuals and firms, available to DMEA.

This letter is written in my capacity as Secretary-Treasurer of Inland Mining Corporation and as counsel for such corporation.

I trust that we may hear from you very soon.

Very truly yours,

S. Austin Wier

SAW:gd
cc- Operating Committe
Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.
Mr. Cecil B. Chenoweth - Dallas, Texas
Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Adm., Dept. Interior,
Washington, D. C.

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
February 27, 1953

Re: Docket No. DMEA-2299X
Contract No. Idm-E280
Inland Mining Corp.
Manganese

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

Memo:

To: Operating Committee

From: W. P. Williams

Subject: Proposed amendment to Exploration Contract Idm-E280

I am enclosing herewith a copy of a letter I have just received from Mr. S. A. Wier, Secretary-Treasurer for Inland Mining Corporation. This letter constitutes a written request for amendment to DMEA Contract Idm-E280. A copy of the proposed amendment, drawn by Inland Mining Corp. is also enclosed.

I note that Mr. Wier, in his letter, states that representatives of Inland Mining Corp. plan to come to Washington soon to discuss their contract.

It appears to me that the enclosed proposed amendment would be drawn for the sole convenience of the Operator which is not adequate justification for an amendment under DMEA regulations. On the other hand it is clear that an extension of time is needed in order to keep the present Contract in force -- which may be desirable, from the Government's standpoint if Inland can produce the necessary metallurgical data, as they seem to think they can.

I should like to point out that if a 90-day extension is granted now, and if Inland comes through with a feasible metallurgical process within that time, then probably another extension of time will be needed to go ahead and complete Stage II of the subject contract. In other words, if any extension of time is considered at this time it may be advisable to make it for, say, a year or 18 months or not at all.

Please take the matter of the proposed amendment under consideration. I shall reserve further action in the matter until communication from you.

W. P. Williams

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

/jd
Enc.

Copy retained 400

FEB 26 1953

WPW
CCK.

Inland Mining Corporation

S. AUSTIN WIER
Secy.-Treas.

523 Republic Bank Building
DALLAS, TEXAS

Mr. W. P. Williams, Acting Executive Officer
DMEA Field Team-Region VI
221 West Third Street
Joplin, Missouri

RE: Docket No. DMEA-2299
Contract Idm-E280
Inland Mining Corporation

Dear Mr. Williams

In regard to your recent telephone conversation with Mr. Chenoweth:

We request that Amendment #3 be added to subject contract.

Attached please find a suggested form of Amendment #3. This is merely for your convenience and consideration.

As Mr. Chenoweth explained to you over the telephone, Inland has been seriously occupied the last six months with two things:

1. Carrying on various ore dressing tests with American Cyanamid Company and The Dorr Company. Mr. Huntington has compiled this, and other related data, into his final metallurgical report to us. This report was then turned over to Stone & Webster Engineering Corporation with the request that they analyze the feasibility of our entire project.

2. Inland has been in the process of a major reorganization, with the thought in our minds that quite a substantial sum will be required to be added in the way of a capital investment to continue this project.

It is our thought, and request to DMEA, that we should be given an extension, of time only, under our contract, as reflected in the attached proposed amendment.

This amendment will allow us to do two things, namely:

1. Present to DMEA our metallurgical findings and other related engineering data.

2. Audit and rewrite our June and July progress reports to the satisfaction of the Government.

Copy retained 400

We feel that in order to do these two things properly it will require that an officer of Inland Mining Corporation visit your office, accompanied by Mr. McElwaine, and also probably a trip to Washington by the same people. Therefore, we are requesting this amendment in order that we may accomplish both of these things at the same time and on the same trip or trips.

In regard to the adjustment of our monthly progress reports of April, May, June and July, 1952, Inland's attitude in this matter is fully expressed in Mr. Chenoweth's letter of October 31, 1952, addressed to Mr. C. O. Mittendorf, a copy of which was sent to your office.

Yours very truly,

INLAND MINING CORPORATION

By S. Austin Wier

S. Austin Wier,
Secretary-Treasurer

SAW:mm
Enc.

Copy retained 400

FEB 26 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

Defense Minerals Administration

Joplin, Missouri

Amendment #3 to Exploration Project Contract
Idm-E280 (Docket No. DMEA-2299)

Contract Idm-E280 (Docket No. DMEA-2299), dated March 27, 1952, between the United States of America and the Inland Mining Corporation is hereby amended as follows:

The date of completion of this contract, as called for in Article 3, is hereby extended 90 days. The completion date of this contract will therefore be the 25th day of June, 1953.

This amendment, effective February ____, 1953, is drawn at the request of the Operator, in order that he be allowed this time to confer with the proper DMEA officials in regard to:

(a) The adjustment of "allowable costs" in his progress reports for April, May, June and July, 1952, and

(b) Present to the same officials metallurgical and engineering data which he has obtained at his own expense and which is pertinent to the feasibility of continuing this contract under Stage II thereof.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

UNITED STATES OF AMERICA

By_____
W. P. Williams,
Acting Executive Officer-DMEA

INLAND MINING CORPORATION

By_____

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
February 27, 1953

Mr. S. A. Wier
Secretary-Treasurer
Inland Mining Corporation
523 Republic Bank Building
Dallas, Texas

Re: Docket No. DMEA-2299I
Contract No. Idm-E280
Inland Mining Corp.
Manganese

Dear Mr. Wier:

We have received the draft of a proposed amendment to DMEA Contract Idm-E280. Your accompanying letter constitutes a written request for such an amendment.

I should like to point out that DMEA regulations prohibit Field Team members from drawing amendments to contracts when such amendments are for the sole convenience of the Operator. However, I agree with you that an extension of time is necessary if the present contract is to be kept in force.

I have referred your proposed amendment to Washington for their consideration, and in my covering letter I have brought out the above points. I will communicate with you immediately upon receipt of advice from Washington concerning the amendment.

I sincerely hope that your metallurgical efforts will be successful so that the entire project can reach a successful conclusion. I shall be glad to help you all I can with your contract.

Very truly yours,

W. P. Williams
Executive Officer
DMEA Field Team, Region VI

WPW:jd

cc - Operating Committee, DMEA

FILE COPY
SURNAME:

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

BW.

Martin
Chambers
Selfridge
Hedges
Lemmon

FEB 1 7 1953

Mr. W. P. Williams, Executive Officer
DMEA Field Team, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E280

J.C. 2/17/53

Dear Mr. Williams:

This will acknowledge receipt of your letter of February 10, 1953, reporting the status of the subject contract.

We note that Mr. C. B. Chenoweth, Vice President of the Inland Mining Corporation, plans to visit your office late in February accompanied by Mr. R. B. McIlwaine, consulting geologist. If at that time, as seems probable, there is serious consideration of terminating said contract, it would be entirely appropriate for you to request that an auditor from the Contract Administration and Audit Division consider all problems of payment or interpretation that arise in connection with such termination.

It will, of course, be appreciated if you will send us, when it reaches you, a copy of the letter which Mr. Chenoweth has offered to send confirming his intention to complete his obligations under the contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (NB)

Approved:

R. H. Hedges (NB)
Member, Bureau of Mines

D. M. Lemmon (NB)
Member, Geological Survey

WSMartin/ls 2/13/53

cc: DOCKET
FIELD TEAM, REG. VI
ADMN. READ. FILE
CODE 400
CODE 800 - Mr. Chambers
N. B. MELCHER, USBM
M. D. CRITTENDEN, USGS
OPERATING COMMITTEE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
February 10, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 12 1953

Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Washington 25, D. C.

Re: Docket No. DMEA-2299(Manganese)
Inland Mining Corp.
Mena District, Polk Co.,Ark.
Contract No. Idm-E280

Gentlemen:

This is in answer to your letter of February 6, 1953 in which you suggest it would be advisable for me to inquire promptly of the Operator of the above company with regard to June and July 1952 MF-104 forms. You will recall that those MF-104 reports were returned by this office to the Operator for revision on October 28, 1952.

In accordance with your suggestion I communicated today with Mr. C. B. Chenoweth, Vice-President, Inland Mining Corp., by long distance telephone. Mr. Chenoweth informed me that he has been unavoidably delayed in revising the MF-104's because of certain business obligations. He then expressed a desire to come to this office with Mr. R. B. McElwaine, consulting geologist, near the end of February, 1953 with the purpose of revising the above-mentioned MF-104's. I assured Mr. Chenoweth that such a visit would be welcomed. Mr. Chenoweth stated that that would be the earliest time both he and Mr. McElwaine would be available for conference.

Conversation with Mr. Chenoweth indicates that dissension exists among his associates in the Inland Corp. as to whether or not the subject project should be continued. When I was in Washington last week it appeared to me that at least one or two of the members of the Operating Committee were of the opinion that the project should be terminated abruptly. If the subject of termination becomes seriously considered at an early date would it be appropriate for me to suggest that an auditor from the Contracts and Audit Division be asked to consider the problems of payment, and of interpreting the terms of the subject contract?

Mr. Chenoweth informed me he would confirm our telephonic conversation by letter in which he will restate his intentions to complete his obligations according to the terms of the contract.

Very truly yours,

W. P. Williams

W. P. Williams
Acting Executive Officer
DMEA Field Team, Region VI

/jd

Copy retained 400

FILE COPY
SURNAME:

Martin
Selfridge.

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

FEB 6 1953

Executive Officer, Region VI
Defense Minerals Exploration Administration
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 -
Manganese
Inland Mining Corporation
Mena District
Polk County, Arkansas
Contract No. Idm-E-280

Dear Sir:

Reference is made to your letter of January 7, 1953, reporting on the status of the subject project.

We note that at that time the Operator had not yet sent back to you the June and July 1952 MF-104 forms which you sent to him on October 28, 1952, for revision and correction.

We note also that at that time you had not yet received a visit from Mr. C. B. Chenoweth, Vice-President, Inland Mining Corporation, to accord with his plan discussed in his letter of October 21, 1952, to Mr. David Gallagher.

Our latest word about the Operator's intentions can be summed up in a paragraph from his letter to us of October 31, 1952:

> "Mr. McElwaine is tied up on another job at the present time. Within the next few weeks I will confer with him and we will submit the information required by Mr. Gallagher's Office in order to properly adjust our Reports not only for June and July but for April and May."

In view of the foregoing, we suggest that, unless you have taken further action in the meantime, it would be advisable for you to inquire promptly of the Operator about the June and July 1952 MF-104 forms.

Sincerely yours,

George C. Selfridge (2/6/53)

Chairman, Operating Committee

Approved:

S.N. 2-6-53

J. H. Hedges (2/6/53)

Member, Bureau of Mines

A. R. Kinkel, Jr. (2/6/53)

Member, Geological Survey

WSMartin/ls
2/5/53

CC: DOCKET
FT, REG. VI
CODE 400
ADMN. READ. FILE
OPER. COMMITTEE
N. B. MEECHER, USBM
M. D. CRITTENDEN, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D. C.~~
Joplin, Missouri
January 7, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 9 1953

Mr. Frank E. Johnson, Chairman
Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Washington 25, D. C.

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District, Polk County, Ark.
Contract No. Idm-E280

Dear Mr. Johnson:

This is in answer to your recent inquiry as to the status of the Inland Mining Corporation's project.

Active exploration work in the field has been suspended on this project since July 1, 1952.

The last monthly MF-104 report submitted by the Inland Mining Corporation was for the month of July, 1952. The July MF-104 contained expenses incurred in bookkeeping, technical services, and costs for removing equipment from the field, rental on equipment, etc.

Exploration work was initiated and completed on four groups of claims before the claims were included in the project by amendment. That was a violation of the subject contract. Costs incurred in the work on the four claim groups however were submitted by the operator in the June and July MF-104 reports. Since those costs are not allowable under DMEA regulations the monthly MF-104 reports of the operator for June and July, 1952 were returned on October 28, 1952, to the operator for revision and correction. To date we have not received the revised and corrected monthly MF-104 reports.

Contract No. Idm-E280 was drawn up to provide for two stages of exploration work. Stage I, with total allowable costs of $27,000.00 was completed in July, 1952. Contract No. Idm-E280 states, "Stage II, (with total allowable costs of $73,000.00) is established to provide for additional explorations to be recommended by the operator and no part thereof shall be commenced until written approval therefor is issued by the Executive Officer of the Field Team." A letter dated October 31, 1952 from Mr. C. B. Chenoweth, Vice President, Inland Mining Corporation to Mr. David Gallagher, Executive Officer, states "I plan .... to visit with you in your office to discuss future work under stage two of our contract." To date we have not received this visit.

Copy retained at

On October 31, 1952 this office received from Washington six copies of redrafted Amendment No. 2 to the subject contract with a request that we see that the amendment be executed. The amendment provided for the exact footage of trenching on the Boar Tusk group of claims. The original and two copies of the executed amendment was forwarded by David Gallagher to the Operating Committee on November 6, 1952. No communication from the Inland Mining Corporation has been received since that time.

I hope that the above information may answer your inquiry.

Very truly yours,

Wm. P. Williams

W. P. Williams
For David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd

2299

FILE COPY
SURNAME:

Selfridge

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

BW

JAN 5 1953

Mr. David Gallagher
Executive Officer, DMEA Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Mena District, Polk County, Ark.
Contract No. Idm-N280

Dear Mr. Gallagher:

Will you please advise us as to the status of the Inland Mining Corporation's project?

Sincerely yours,

Frank E. Johnson

(JHB)

Chairman, Operating Committee

F.H.
1-5-53

Approved:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JHB)

Member, Geological Survey

cc: Docket
Admn. Read. File
FT, Reg. VI
Code 400
~~XXXXX~~ M. D. Crittenden, USGS
N. B. Melcher, USBM
Oper. Committee

GCSelfridge/ls 1/5/53

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

Joplin, Missouri
November 6, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1952

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

Re: Docket No. DMEA-2299X
Contract Idm-E280
Inland Mining Corp.

Dear Sirs:

Forwarded herewith are the original and two copies of an amendment dated November 5, 1952 to the subject contract, for attachment to the original and two copies of said contract in Washington.

One copy each of this letter, with one copy of the amendment attached thereto, has been sent today to the Operator, and to Ray C. Jonas, Finance Officer in Amarillo, for attachment to their copies of the contract. One copy has been attached today to the copy of the contract in this office.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd

cc: Inland Mining Corp.
Ray C. Jonas

cee
11-21

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

Joplin, Missouri
November 3, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 5 1952

11/10/52

Mr. Cecil B. Chenoweth
Inland Mining Corporation
Mena, Arkansas

Re: Docket No. DMEA-2299 Mn
Contract No. Idm-E-280
Inland Mining Corp.

Dear Mr. Chenoweth:

Enclosed are six copies of a redraft of Amendment No.2 prepared in Washington and sent to me with the request that you and I execute them. Will you kindly date and sign all six copies and return all six to me for my signature and for distribution from this office.

Your attention is directed to paragraph 4 wherein a blank must be filled in with a number representing lineal feet of bulldozer trenches.

A check of our files indicates that work on the Boar Tusk group has consisted of 5,895 lineal feet of bulldozer trenches, 420 lineal feet of trail, 680 cubic yards of bulldozer excavation, and the cutting of 10 channel samples. This leads me to suggest that you insert the number 6,000 in the aforementioned blank.

If that number is not satisfactory to you please let me know so that we can decide upon a mutually satisfactory number. It is apparently intended that the trail excavation, and sample work, be covered by the phrase "and attendant work."

I have this morning received your letter of October 31 with the attached copy of your letter of the same date to Mr. Mittendorf. The tone of these letters is very gratifying and I am sure everything will operate smoothly in the future. I will be away from November 7 to November 27, but I shall be looking forward to a visit from you and Bob McElwaine.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd
Encs.
cc - Operating Committee

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

Inland Mining Corporation

CECIL B. CHENOWETH
Vice Pres. and Gen. Mgr.

Mena, Arkansas

Executive Offices
523 Republic Bank Building
Dallas, Texas

October 31, 1952

GCL
11/5/52

Mr. C. O. Mittendorf
Administrator,
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Amendment No. 2 and proposed
Amendment No. 3
Docket No. DMEA-2299-Manganese
Boar Tusk, New Find, Hurricane
Bill, and Coon Creek claims
Polk County, Arkansas
Contract No. Idm-E-280

Dear Mr. Mittendorf:

Thank you for your letter of October 16.

We are not surprised that your Legal Division made the decisions in regard to our June and July Reports as outlined in your letter of October 16.

At the time this part of the work was done we realized that there was a strong possibility of our not being able to recover seventy-five percent of the costs incurred, due to the terms of our Contract, however, we felt it necessary that we go ahead in order to obtain information, and samples, from these widely scattered areas in order to further our metallurgical work, and various ore dressing tests which we have been carrying on with the American Cyanamid Company and the Dorr Company. At the same time we were able to develop a reasonable amount of tonnage - approximately 250,000 tons inferred and approximately 250,000 tons indicated.

All costs on these projects including materials, salaries, etc., have been paid.

Mr. McElwaine is tied up on another job at the present time. Within the next few weeks I will confer with him and we will submit the information required by Mr. Gallagher's Office in order to properly adjust our Reports not only for June and July but for April and May.

Coe
11.8.52

I do not anticipate anything like this happening in the future since I believe that we now have more-or-less "caught on to the ropes" in operating under a Idm-E Contract. Please be assured that we do not, or will not in the future, want to be reimbursed for any expenditures which should not be properly allowed under the terms of our Contract.

Thank you now for the personal attention you have given our Contract from the beginning.

Very truly yours,

Cecil B. Rhenquist

CBC/cd
cc Mr. David Gallagher

400

FILE COPY
SURNAME:

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

Selfridge
Gaffney
Talbot

OCT 30 1952

Mr. David Gallagher
Executive Officer, DMEA Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. 2299 - Manganese
Inland Mining Corporation
Polk County, Arkansas
Contract No. Idm-N280

Dear Mr. Gallagher:

Enclosed are six redrafted copies of Amendment No. 2 relating to the subject contract. Will you please see that the amendment is executed and that the usual distribution of the copies is made. Your attention is called to paragraph four in which a blank is provided for the number of feet of trenching that was to be done under the amendment.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosures

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

GCSelfridge:ls 10/28/52

Copy to: Docket
Admn. Read. File
Field Team, Reg. 6
Operating Committee
G. C. Selfridge
M. D. Crittenden, USGS
N. B. Melcher, USBM
Mr. Kane - Legal

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
October 28, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 30 1952

Gd 11/4/52

Mr. Cecil B. Chenoweth
Inland Mining Corporation
P. O. Box 71
Mena, Arkansas

Re: Docket DMEA-2299 Manganese
Contract Idm-E280
Inland Mining Corp.

Dear Mr. Chenoweth:

Returned herewith for revision are all copies submitted by you of your monthly MF-104 reports for June and July of 1952. Revision is necessitated by Washington's determination of the charges that will be allowed, as expressed in their letter to you dated October 16, 1952 of which I have a copy. Their letter to me of the same date says substantially the same things.

These letters seem clear except for the matter of McElwaine's charges and in this connection I quote the following telegram;

"Subject - Docket No. DMEA 2299, Contract No. Idm-E-280
Heurtel inquiry October 20, 1952, Inland Mining Corporation.
Can pay McElwaine only for work on claims listed in contract.
Also for work on Boar Tusk Group subsequent to May 19, 1952.

Frank A. Johnson Chairman Operating Committee Washington"

It is evident then, that only the following charges will be allowed:

1. Those costs incurred in respect to the lands specifically listed in the original contract of which the Revised Exhibit A contained in Amendment #1 effective April 4, 1952 is a part.

2. Those costs incurred in respect to the Boar Tusk group subsequent to May 19, 1952, the effective date of Amendment #2.

Only those costs of McElwaine's work that conform to these two items can be allowed.

The Washington decision is evidently founded on Article 6 item (8) (c), "No items of .... 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.", and the third from the last paragraph of the Revised Exhibit A contained in Amendment #1, "The Operator may, at his own expense, obtain leases

or make mining locations upon lands suitable for additional exploration projects ...."

Clearly, it is Washington's interpretation that (a) work performed or costs incurred under an amendment can be allowed only after the date upon which the existence of the amendment commences, and (b) McElwaine's charges in the selection of new ground are part of the cost thereof.

The Washington point of view may be made more clear by the following quotation from their letter of August 18, 1952 to me regarding the report of July 15, 1952 submitted by William P. Williams of this office.

"In the Williams' report reference is made to the following provision: 'The Operator may at its own expense obtain leases or make mining locations suitable for additional exploration projects and the said lands may become a part of this contract by amendment." On page 4 of Mr. McElwaine's April report he states that about 65 percent of his time was spent in field work consisting of geological reconnaissance on other holdings of the corporation and public domain in the area. In the May report he states that he spent 10-3/4 days in geological reconnaissance work. As a result of the reconnaissance, only outside properties were worked upon, and apparently the entire reconnaissance cost for the greater part of May and all of June was charged to the contract. Under the terms of the contract we consider that any charges incurred, including those of geological reconnaissance, in acquiring the outside properties are not chargeable to the contract. Thus, some equitable adjustment should be made for all expenses incurred for geological reconnaissance on properties not originally included in the contract.

Mr. Williams also mentions that exploration work was initiated and completed on the New Find, Hurricane Bill, Coon Creek, and Baloff groups of claims (the subject of proposed Amendment No. 3) before these claims were included in the project by amendment. This was in direct violation of the subject contract. We note that Mr. Chenoweth did not formally request the addition of these groups of claims to the contract until June 24, by which time the work must have been largely completed. The same must be partly true for the Boar Tusk group of claims which was added by Amendment No. 2, effective May 19, 1952, since practically 97 percent of the bulldozer trail feet and 89 percent of the bulldozer trench feet were charged to that group of claims for the month of May."

The report for April was certified in the amount of $5,600.35 which is 75% of $7,467.13, the total for April recorded on your MF-104 report. The report for May was certified in the amount of $6,489.35 which is 75% of $8,652.47 which is 95¢ less than $8,653.42, the total for May recorded in your MF-104. I have no way of knowing why this 95¢ difference appears. I also have no way of knowing whether or not you actually received payment, but I assume that you did.

From the above quotations it is evident that the Washington opinion is that some overpayment may have been made for costs up to the end of May. An adjustment will therefore be necessary. I believe that the customary procedure is to withhold subsequent reimbursements, in this case June and July, until information and documents satisfactory to the auditors have been submitted by you in respect to the necessary adjustments for May and April, if any.

It would therefore be appreciated if you would submit the necessary evidence to show whether or not costs were claimed and reimbursement made for work outside the limits of the two items in respect to which Washington has determined that charges will be allowed.

The present form of the April and May MF-104 reports does not show what work, if any, was done by McElwaine, or what other work, if any, was done (1) other than on the lands specified in the original contract, or (2) on the Bear Tusk group prior to May 19, 1952.

Therefore, kindly submit the necessary data for April and May, and appropriately revised MF-104 reports for June and July. If you need our assistance please do not hesitate to call upon us.

Sincerely yours,

David Gallagher
Executive Officer
IMEA Field Team, Region VI

/jd
Encs. (14 copies MF-104)
(" " MF-104A)

cc - R. C. Jonas
Operating Committee

FILE COPY
SURNAME:

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

140

October 27, 1952

N.S. BL in R. & R.

Memorandum

To: George C. Selfridge

From: J. L. Hofflund

Subject: Amendment No. 2 - Inland Mining Corporation - Docket No. DMEA-2299

Reference is made to your memorandum of October 20, 1952, requesting that I redraw Amendment No. 2 of the subject contract. The same is enclosed and should be forwarded to the field for execution and as a substitute for Amendment No. 2 now in the file.

A. E. Kane - ema

J. L. Hofflund
Chief Counsel

AEKane/ema
cc: Mails & Files
J. L. Hofflund
A. E. Kane
Chron.

FILE COPY
SURNAME:

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

Selfridge
Johnson

DEFENSE MINERALS EXPLORATION ADMINISTRATION
G. C. Selfridge
5284 3538

October 20, 1952

David Gallagher, Executive Officer, DMEA Region VI, 221 West Third St.
Joplin, Missouri
Docket No. DMEA 2299, Contract No. Idm-X-280

Reurtel inquiry October 20, 1952, Inland Mining Corporation. Can pay McKlwaine only for work on claims listed in contract. Also for work on Bear Tusk group subsequent to May 19, 1952.

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chairman, Operating Committee

GCSelfridge:ls

CC: Docket
Admn. Read. File
Field Team, Region VI
G. C. Selfridge
Audit
Oper. Com. File
FEJohnson

FILE COPY
SURNAME:

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

Mr. J. L. Hofflund, Chief Counsel, D.M.E.A. October 20, 1952

Iron and Ferro-Alloy Division, D.M.E.A.

Redrafting of Amendment No. 2
Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Boar Tusk Group of Claims
Polk County, Arkansas
Contract No. Idm-M-280

Please refer to your memorandum dated August 15, 1952, to the Acting Administrator, subject above. This memorandum is also referred to in your memorandum dated October 9, 1952, to Mr. G. C. Selfridge. Will you please redraft Amendment No. 2 in proper form?

George C. Selfridge

Chief, Iron and Ferro-Alloy Division

Attachments

GCSelfridge:ls

cc: Docket
Admn. Read. File
G. C. Selfridge

FILE COPY
SURNAME:

140

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

Rewritten by Selfridge

Selfridge
Selfridge
AEKane
Hodges
Mitchell
H. Johnson

OCT 16 1952

Mr. Cecil B. Chenoweth
Inland Mining Corporation
523 Republic Bank Building
Dallas, Texas

Re: Amendment No. 2 and proposed Amendment No. 3
Docket No. DMEA-2299-Manganese
Boar Tusk, New Find, Hurricane Bill, and Coon Creek claims
Polk County, Arkansas
Contract No. Idm-E-280

Dear Mr. Chenoweth:

We are in receipt of your letter of September 30, 1952, and attachments, which were forwarded by Mr. David Gallagher, Executive Officer, DMEA Field Team, Region VI.

The entire matter relating to the exploration work done on the subject claims has been reviewed by the Legal Division. Since the claims were not covered into the contract by amendment and the Inland Mining Corporation did not secure any oral or written permission to do the exploration on the subject claims, the Boar Tusk group excepted, it has been ruled that the Government cannot participate in the expenses incurred for that exploration under the terms of the contract.

With regard to the Boar Tusk group, the Government will participate in the expenses incurred only after May 19, 1952, the day on which Amendment No. 2 was requested and granted.

We regret that it has been necessary to make this decision, but it is the only one that can be made under the terms of the contract.

10/14/52
GCSelfridge/AEKane/em
Copy to: Mails and Files
Adm. Reading File
Field Team, Region VI
G.C. Selfridge
N.B.Melcher, USBM
M.D.Crittenden, USGS
J.L.Hofflund
A.E.Kane
chron. pending

Sincerely yours,

C. O. Mittendorf
(for) 10-16-52

Administrator

FILE COPY
SURNAME:

140

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

Rewritten by Selfridge

Selfridge
AEKane

OCT 16 1952

Air Mail

Mr. David Gallagher
Executive Officer
DMEA Field Team, Rebion VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA-2299 -Manganese
Boar Tusk, New Find, Hurricane
Bill, and Coon Creek claims
Inland Mining Corporation
Polk County, Arkansas
Contract No. Idm-E280

Dear Mr. Gallagher:

This is to acknowledge receipt of your letter of September 30, 1952, and attachments, covering the Cook Creek group of claims.

Recently the Legal Division reviewed the entire matter of Amendment No. 2 and proposed Amendment No. 3. In accordance with the terms of the contract, it has been ruled that the Government cannot participate in expenses incurred for the exploration work done on the subject claims, the Boar Tusk group excepted, because these claims were not covered into the contract by amendment and the Operator did not secure any oral or written permission to do the work in question.

With regard to the Boar Tusk group, the Government will participate only in the work performed subsequent to May 19, 1952. Thus it will be necessary to determine what reimbursement the Government should receive for its participation in the exploration done on the Boar Tusk group prior to May 19.

We are writing the Operator informing him of the Government's decision.

J.H. 10-16-52

Sincerely yours,

(signed) FRANK E. JOHNSON

(JHS)

Chairman, Operating Committee

GCSelfridge/AEKane/em 10/13/52
Copy to: Mails and Files
Adm. R. File
G. C. Selfridge
Op. Committee
N. B. Melcher, USBM

Approved:

J. H. Hedges (JHS)
Member, Bureau of Mines

G. R. Kinkel, Jr. (JHS)
Member, Geological Survey

M. D. Crittenden, USGS A. E. Kane chron. pending
J. L. Hoffland

400

FILE COPY
SURNAME:

Selfridge

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

OCT 10 1952

American Manganese Corporation
c/o F. C. Harrison, Attorney
1106 Davenport Bank Building
Davenport, Iowa

Re: Docket No. DMEA 2299
Inland Mining Corporation
Polk County, Arkansas

Gentlemen:

This is in response to your letter of September 29, 1952, and various attachments thereto, which outline your dealings and difficulties with the Inland Mining Corporation. We appreciate the information you sent us.

Previously you were informed in a letter dated August 18, 1952, that the Inland contract involved a number of claim groups, among which there was one called the American group. Originally this group consisted of 29 claims, numbered 1 to 29, inclusive. Ultimately 25 were dropped prior to executing the contract. A limited amount of trenching and sampling was done on two of the four remaining claims which appear to be contiguous to those leased by you to the Inland Corporation. It is our understanding that the Corporation did no work on your claims.

I hope that the above information may answer your inquiry.

Sincerely yours,

G. C. Selfridge (for) J.H. 10-10-52

Administrator

GCSelfridge:ls
10/9/52

cc: Admn. Read.File
Docket No. DMEA 2299
Field Team, Reg. 6
G. C. Selfridge
N. B. Melcher, USBM
M. D. Crittenden, USGS

FILE COPY
SURNAME:

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

Selfridge

OCT 10 1952

Mr. Cecil B. Chenoweth
Inland Mining Corporation
523 Republic Bank Building
Dallas, Texas

Re: Docket No. DMEA 2299
Inland Mining Corporation
Polk County, Arkansas
Contract No. Im-5-280

Dear Mr. Chenoweth:

This is to acknowledge receipt of your letter of October 12, 1952, relating to a letter that you received from the American Manganese Corporation concerning the American group of claims.

I am enclosing a copy of a letter dated August 18, 1952, which is self-explanatory. It can hardly be interpreted in the way as mentioned in your letter.

Sincerely yours,

G. O. Wittenbor
Administrator

10-10-52

Enclosure
GCSelfridge:ls 10/9/52
CC: Docket
Admn. Read. File
G. C. Selfridge
Field Team, Region 6
N. B. Melcher, USBM
M. D. Crittenden, USGS

CECIL B. CHENOWETH
Vice Pres. and Gen. Mgr.

Inland Mining Corporation

Mena, Arkansas

Executive Offices
523 Republic Bank Building
Dallas, Texas

October 2, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1952

Dma 2299
2 DM-E 280

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington, 25, D. C.

Dear Mr. Mittendorf:

I have a letter from Mr. W. D. Phelan, President of American Manganese Corporation, dated September 8, 1952. The following paragraph is taken verbatim from the letter:

"Inquiry has been made by the undersigned corporation of the Department of the Interior, Defense Minerals Exploration Administration, Washington 25, D. C., as to whether, under the loan which was made on or about March 16, 1952, the mining claims covered by the contract of September 14, 1950 were being explored under the exploration contract entered into with the above-named department, and we have been quite definitely advised that these claims so covered by said contract of September 14, 1950, were being explored as a result of this loan."

I do not know who in D. M. E. A. gave Mr. Phelan this information but, as you know, it is entirely erroneous as the claims referred to by Mr. Phelan were withdrawn from our application and <u>absolutely no work</u> of any sort has been done on these claims since January, 1952.

I expect to be in Washington within the next two weeks and I am certainly looking forward with pleasure to a short visit with you.

Cordially yours,

Cecil B. Chenoweth

CBC/cd
ccs-S. Austin Wier
W. D. Phelan

FILE COPY
SURNAME:

140

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

AEKane

October 9, 1952

N. S. in R. & R.

Memorandum

To: Mr. G. C. Selfridge

From: Chief Counsel

Subject: Inland Mining Corporation, Docket No. DMEA-2299
Manganese

Reference is made to your memorandum of October 3, 1952, regarding the subject contract.

Amendment No. 2 of this contract purports to add the Boar Tusk Group of claims to Exhibit "A". The amendment is stated to be effective May 19. As has previously been pointed out, this amendment was defective in that Article 2 should have been amended to include these claims so that any Government lien for royalties might attach thereto.

The lease of these claims is in order, but it is noted that the Owner's Consent to Lien provides that the Government lien should attach only to the mineral deposit and not to the land itself. Although this narrows the basis of the Government lien, this is not too important because the land outside of the mineral deposit is probably not of any great value.

Since the amendment is effective on May 19, the Government cannot contribute to the cost of any work performed prior thereto, as Mr. Gallagher states that there was no oral understanding to this effect.

The other groups of claims, the Hurricane Bill Group and the New Find Group, are not yet the subject of this contract or any amendment thereof. It therefore follows automatically that the Government cannot contribute to the cost of any exploration work done on these claims, firstly, because no amendment with respect to them has yet been concluded, and secondly, if an amendment regarding them had been consummated, no Government contribution could be made toward work prepared before such consummation without a definite prior understanding therefor.

J. L. Hofflund
Chief Counsel

AEKane/em
Copy to: Files AEKane JLHofflund

FILE COPY
SURNAME:

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

Jas Selfridge

Mr. John L. Hoffland, Chief Counsel, DMEA

October 3, 1952

Iron and Ferro-Alloy Division, DMEA

Leases, etc.
Docket No. DMEA-2299 - Manganese
Inland Mining Corporation
Polk County, Arkansas
Contract No. Idm-E-280

N.S
R&R

Attached hereto are copies of leases and subordination agreements pertaining to three different claim groups on which work has been done under the subject contract.

As you will recall, the Inland Company requested an amendment to add these groups of claims to the contract and did work thereon before advising the Executive Officer of the Field Team.

We have reviewed the leases from an engineering viewpoint and have noted inconsistences under paragraphs 3, 5, and 6 of page 1. Will you please review the documents from a legal standpoint? The decision as to whether the exploration work done on these claims shall be paid or not is still pending.

Chief, Iron and Ferro-Alloy Division

GCSelfridge:ls
10/3/52

CC: Docket
G. C. Selfridge
Admn. Read. File

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxxx
Joplin, Missouri
September 29, 1952

400

Re: Docket DMEA-2299
Contract Idm-E280
Inland Mining Corp.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

Memo

To: Operating Committee, DMEA

From: David Gallagher

Transmitted herewith are five sets of documents as explained in the accompanying letter to me from Cecil B. Chenoweth dated September 25, 1952.

As there are five copies of the contract other than my copy I am sending all five copies of these documents to you to distribute as you see fit.

David Gallagher

DG/jd
Encs.

cc - C. B. Chenoweth

ROUGH DRAFT

Mr. David Gallagher
Executive Officer, DMEA Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Polk County, Arkansas
Contract No. Idm-E-280

Dear Dave:

This is in explanation of some of the items you noted in your letter of September 10 concerning the subject contract. As you may not realize, DMEA was more or less committed to an exploration project for the Inland Company before we received your comments on the Western Arkansas manganese, especially those of February 25, 1952. At that time DMEA not only had conflicting geological data and advice but conflicting metallurgical data regarding the deposits. For that reason we requested the field examination specifically to learn of the physical nature of the manganese occurrence and the feasibility of the exploration as set forth in our letter of March 14. On receipt of the field report approving the exploration from a geological standpoint, we felt justified to go ahead with a limited Stage I and then a larger Stage II only if the results of Stage I were successful from a tonnage-grade viewpoint and the expenditure of $5,000 by Inland for metallurgical tests gave promising results. The application could not be denied on the basis of metallurgy alone and seemingly no large-scale systematic exploration had previously been done and reliable results obtained.

In writing up the original Exhibit "A" the conflicting data were kept in mind and for that reason Stage I was limited to only four

sites, and Stage II was established to cover additional projects which were to be submitted to the Executive Officer for approval. The intent was to keep expenditures to a minimum in Stage I, and to secure the best possible field information during the estimated 3-month period during which the $5,000 for metallurgical work was to be expended. We spent a great deal of time with Mr. Chenoweth trying both to work out a feasible program with the equipment he proposed, and to keep him from running wild over the country with a bulldozer. At first no definite targets were presented by the Company. This was later modified by the work proposed under Stage I, which was based upon field work done by Inland. To avoid hiring a full-time consultant on the claim that no supervisors were available, DMEA allowed 20 days the first month's consulting services for the consultant to spend brief periods with the resident geologist on the current work of Stage I, and to spend the rest of the time seeking additional projects for Stage II. A day per week for the consultant was allowed for the second and third months, during which time he was to act only as an advisor to the resident geologist and his helper and not as a field man. This was fully explained to Mr. Chenoweth while he was in Washington, and Exhibit "A" set forth the duties of each technical man on the project. On these projects it is DMEA's prerogative to limit any item that seems excessive and the amount of supervision and engineering requested was so considered and limited by the descriptive part of the original Exhibit "A" and the sum of $2,700.00, which as explained in Section 2, Article 6, is automatically a maximum. Rewriting of the Exhibit "A" removed this maximum even

though no asterisk was removed since none was present. Under the contract it is not necessary to "star" maximums if the text of the ARTICLE describes them as such. Often they are "starred" just to call attention more emphatically to their nature.

Referring to Mr. Hofflund's statement, "Amendment No. 1 completely restates Exhibit "A", but does not, I believe, essentially change the description of the work or add any work to that originally specified, nor does it change the total estimated cost of the project." When Exhibit "A" was written it was done so in detail to limit the amount of work and to provide for such types and amounts of work that would insure reasonably reliable results. The bulldozing was limited to 1,900 feet of trenching and 2,500 square feet of stripping. Under the revised Exhibit "A" the Company trenched over 9,000 feet in April and May and an unknown amount in June. This was beyond the original intent of the contract. A great deal of the last trenching was not drilled as originally intended and so the assay results are open to question since they are higher than those in the drilled areas. Thus, it would seem that Mr. Hofflund did not appraise the revised Exhibit "A" from an engineering standpoint.

The fact that the Inland Company undoubtedly did work on the Boar Tusk group of claims before requesting and receiving Amendment No. 2 will present a problem since the May voucher has been approved and paid. Possibly the amount of work done prior to May 19 and that done subsequently will have to be determined before an adjustment can be made. Under the terms of the contract and the information supplied

us it would also appear that the Company is not eligible for reimbursement for the month of June.

As a last minute request the Inland Company was permitted to add lands to the contract by amendment if approved by the Executive Officer. This clause was to pertain to Stage II only as implied in paragraphs 3 and 4 of page 1 of the original Exhibit "A". At the time the contract was drawn up it was thought that enough field work had been done to determine the feasibility of the proposed work of Stage I and that any additional work should come under Stage II as stated in paragraph 4. The land definitely included in the contract was set forth in Appendix A by claim groups and further shown by maps Nos. 1 and 2. Appendix A also refers to the subordination agreement as covering the named claims but does not mention any unspecified lands. Thus, it would appear logical that any added land should become part of Appendix A and be covered by a subordination agreement if it were not included within the holdings of the signers of the existing agreements.

Sincerely yours,

Administrator

GCSelfridge:ls 9/30/52

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 3 1952

F. C. HARRISON
ATTORNEY AND COUNSELOR AT LAW
1106 DAVENPORT BANK BUILDING
DAVENPORT, IOWA

ASSOCIATE
CLARENCE H. CHRISTIANSEN

September 29, 1952

Mr. C.O. Mithendorf, Actg. Administrator,
Defense Minerals Exploration Administration,
Department of the Interior,
Washington 25, D.C.

Re: Inland Mining Corporation

Dear Mr. Mithendorf:

On August 11, 1952, through our attorney, we made inquiry of your Bureau relevant to some mining claims located near Mena, Arkansas, regarding a $100,000.00 loan that your Administration had made to the Inland Mining Corporation, with headquarters in Dallas, Texas, as to whether this loan involved exploratory and development work on the manganese properties that this corporation, under a contract and lease dated in September, 1950 and entered into with Cecil B. Chenoweth, which contract was subsequently assigned to the Inland Mining Corporation, leased upon the terms and provisions in said contract to Cecil B. Chenoweth.

On August 18, 1952 you acknowledged said letter to our attorney and in your answer you stated that a group of claims, known as the American Group, were involved under this explorations contract, and suggested that we write to Mr. Cecil B. Chenoweth, 523 Republic Bank Building, Dallas, Texas.

For your information, the affairs of the Inland Mining Corporation are being handled by Mr. S. Austin Wier, an attorney of Dallas, Texas, whose address is also 523 Republic Bank Building, and many inquiries have been addressed to him regarding this matter.

In order to acquaint you with the situation existing between this corporation and the Inland Mining Corporation, we are enclosing herein what we consider a rather complete record of the negotiations that have been carried on between these two corporations, commencing with the agreement and lease originally entered into between this corporation and Cecil B. Chenoweth, dated the 14th day of September, 1950, to which is attached a description of the claims referred to in said contract, located near Mena, Polk County, Arkansas.

We are also enclosing herein copies of various letters and telegrams passing between our attorney and their attorney, Mr. S. Austin Wier, as well as the Inland Mining Corporation.

Because we do not desire to make too large a record in this matter, we are not enclosing all of the various correspondence passing between us, but the first difficulty that arose in our relationship with the Inland Mining Corporation was as a result of a letter under date of December 11, 1951, in which a demand was made by said corporation on this corporation for the sum of $2974.93, representing some engineering work done by Mr. D.R.W. Wager-Smith on the properties involved. I have the original letter in my file from Mr. Wager-Smith under date of September 29, 1951, addressed to Mr. Cecil B. Chenoweth, and enclosed herein you will find a copy of this letter.

The first time that the officers of the American Manganese Corporation knew that Mr. Wager-Smith was in the employ of the Inland Mining Corporation was early in December of 1951, when the president and secretary of this corporation had occasion to visit with Mr. Chenoweth in Mena, Arkansas, and at that time met Mr. Wager-Smith. No claim was advanced at that time on this claim to the officers of this company. We had nothing whatever to say about the hiring of Mr. Wager-Smith and did not know that he was in the employ of the Inland Mining Corporation until we met him in Mena, Arkansas, in the first part of December, 1951.

I am also enclosing herein a copy of a letter addressed to the Inland Mining Corporation under date of December 14, 1951, and also a copy of a letter from our attorney to Mr. S. Austin Wier relative to said matter on December 26, 1951.

Not having had a response to these letters, on January 7, 1952 our attorney wrote the Inland Mining Corporation as per copy of letter under said date.

On January 17, 1952 this corporation caused to be served, by registered mail, a notice of cancellation of the agreement dated the 14th day of September, 1950, copy of which notice you will also find herein.

leave date

As a result, on January 21, 1952, Mr. S. Austin Wier contacted our attorney by long distance telephone, and on the same day our attorney wrote Mr. Wier as per copy of the letter enclosed herein under date of January 21, 1952.

On February 11, 1952 Mr. S. Austin Wier called our attorney by long distance telephone relevant to the payment of the $1000.00 minimum rental due under the terms of the contract of the 14th day of September, 1950 that was due on December 1, 1951. In accordance with understanding arrived at in said telephone conversation, this corporation wired the Inland Mining Corporation as per copy of wire under said

date, and our secretary received in response thereto a wire, also under date of February 11, 1952, that the deposit referred to therein was payment for the minimum rental to December 1, 1951, copy of which is enclosed herein, and this corporation, under date of February 12, 1952, wired Mr. Wier that said deposit would be accepted as the minimum rental due December 1, 1951, copy of which wire you will find enclosed herein, and extending the period of cancellation to March 31, 1952.

You will also find herein letter addressed to Mr. Harrison as secretary of this corporation under date of February 13, 1952 by Mr. S. Austin Wier, confirming the understanding arrived at in said telegrams.

Not having heard anything further from Mr. Wier or the Inland Mining Corporation, on March 11th our attorney, Mr. Harrison, wrote Mr. Wire as per copy of said letter which you will also find enclosed, as well as copy of letter from our attorney addressed to Mr. Wier under date of March 21, 1951, inquiring why we had not heard anything from him.

On March 24, 1952 Mr. Wier wrote Mr. Harrison as secretary of this corporation, copy of which letter you will also find herein, asserting various claims against the American Manganese Corporation, which, by the way, was the first notice that any of the officers or directors of this corporation had of said alleged claims so asserted arising under the contract of September 14, 1950, and on March 26, 1952 our attorney answered this letter of March 24th from Mr. Wier, copy of which you will also find herein, offering to go to Dallas to confer with Mr. Wier and others interested in the event that the Inland Mining Corporation had not abandoned the mining properties near Mena.

Also enclosed herein you will find a letter under date of March 29, 1952 from our attorney to Mr. Wier, which letter, I feel, will prove self-explanatory.

On June 5, 1952; July 22, 1952; and August 2, 1952 our attorney also addressed letters to Mr. Wier, copies of which letters you will also find herein, assuming that the Inland Mining Corporation had abandoned these properties near Mena covered by contract of September 14, 1950, and advising of negotiations that this corporation was carrying on to negotiate a contract covering these properties with the South Range Manganese Mines of Chicago, Illinois. Up to now we have not received an answer to these communications, and on August 13, 1952 we secured an individual in Dallas to confer with Mr. S. Austin Wier to ascertain definitely whether the

Inland Mining Corporation had, as a matter of fact, abandoned these properties, and under said date we received a letter from this individual advising that Mr. Wier, on behalf of the Inland Mining Corporation, claimed that they had in no way abandoned or given up the property so covered by said contract of September 14, 1950.

As a result of the information so received, our attorney, under date of August 21, 1952, wrote Mr. Wier as per copy of the within letter under said date, and again on September 8, 1952 this corporation addressed a letter to the Inland Mining Corporation, copy of which letter you will also find herein.

Why the Inland Mining Corporation and Mr. Wier have positively refused to answer the inquiries set forth in the letters addressed to them under date of March 11th, March 26th, March 29th, June 5th, July 22nd, August 2nd, and September 8, 1952 is beyond the understanding of the officers of the undersigned corporation.

In connection with the claim advanced by them for Mr. Wager-Smith, I desire to call your particular attention to sub paragraph 2 on Page 2 of the agreement and lease of September 14, 1950. It is true that under Paragraph 13 this corporation warrants that it is the owner of the claims that are attached to said contract and has a good and merchantable title, but it is our position that under Paragraph 2 thereof it was up to Cecil B. Chenoweth and his assignee, the Inland Mining Corporation, to check these claims, and it is further our opinion that this check was to be at their expense and not at the expense of this corporation. We might add that no serious flaw has been found in any of these titles.

Because of the continued occupancy of these properties by the Inland Mining Corporation, this is proving an almost insurmountable obstacle in our negotiations with several other corporations interested in taking over this property, and for this reason I am submitting this whole matter to your Department, because we are convinced that at least part of this $100,000.00 loan is being used by the Inland Mining Corporation to explore and develop property that they now have no rights in, and this undoubtedly explains why we have not had an answer to the many inquiries, as shown by copies of the letters enclosed herein, that have been addressed to Mr. Wier and the Inland Mining Corporation relevant to this matter.

We are submitting this whole transaction to your Department for your further consideration, and we believe, in view of the record submitted herein, that we are entitled to know

whether, under the loan made by your Department to the Inland Mining Corporation, at least part of it is being used to develop and explore the properties that are described in Exhibit "B" attached to the contract that we are enclosing herein.

We shall look forward to hearing from you regarding this matter.

Yours very truly,

AMERICAN MANGANESE CORPORATION

By W.D. Phelan
W.D. Phelan, President

By F.C. Harrison
F.C. Harrison, Secretary

Davenport, Iowa
December 14, 1951

Inland Mining Corporation,
1408 M & W Tower Bldg.,
Dallas, Texas

Attention: Mr. Cecil B. Chenoweth, Vice Pres.

Dear Sirs:

Your letter of December 11th enclosing two copies of a suggested form of agreement with respect to the payment of indebtedness that you claim is owed by the American Manganese Company on account of the payment by you to Mr. D.R.W. Wager-Smith for certain services performed by him received.

The claim so made against the American Manganese Company in the amount of $2,974.93 to the best of the knowledge of the officers and directors of the American Manganese Company is the first time that any of them have ever been consulted with reference to said claim or the same called to their attention and the information contained in your letter of December 11th and the enclosed agreement is the first knowledge they had that any such claim existed. The officers of the undersigned corporation today made a rather thorough search of the correspondence passing between us to ascertain if any such agreement was ever referred to and this correspondence in no way covers the situation that you referred to in your letter of December 11th and agreement enclosed therein. I have discussed this matter with Mr. Harrison as Secretary of the American Manganese Company and he has no recollection of any such oral agreement ever being entered into and certainly the undersigned as President of the company also has no knowledge of any such oral agreement being entered into. The undersigned has also gone over the contract entered into between the American Manganese Company, Inc. as First Party, and Cecil B. Chenoweth, as Second Party, of Dallas, Texas, dated the 14th day of September, 1950, which now has been assigned to the Inland Mining Corporation in an attempt to determine whether there is any provision covering this alleged claim in said contract and fails to find any such provision. The only reference in said contract that in any way possibly might refer to the claim now being asserted is Paragraph 2 on Page 2, which provides as follows:

"2. The party of the second part shall have a period of sixty (60) days from the date of this lease in which to make whatever check he desires made in order

to assure himself that party of the first part has merchantable title and in which period also to do what prospecting or testing he desires made in order to satisfy himself that manganese or other minerals can be produced from the premises in paying quantities."

It is apparent to the undersigned that the burden and duty of checking these various claims covered by said contract was on Mr. Chenoweth and his assigns and certainly it is a fair assumption under the language employed that the expense to be incurred in such a check would be on Mr. Chenoweth and his assigns.

I appreciate also that you have incurred certain legal expense in connection with this check and that a statement for part of these expenses has been rendered the American Manganese Company by the law firm of House, Moses & Holmes of Little Rock, Arkansas, in the amount of $655.36, which account, under the contract existing, in the opinion of the undersigned, is not a valid claim against the American Manganese Company, Inc., but in their attempts to cooperate and work with your company, we have not as yet seriously objected to this statement.

Taking into consideration all of the provisions contained in the contract of September 14, 1950, it is the opinion of the undersigned that the only duty and obligation on the part of the American Manganese Company, Inc., after said contract was entered into was to take care of the minimum rental payments that the grantors under which the undersigned corporation acquired these titles reserved, and this is provided for in Paragraph 14 of said agreement and, as you know, this provision has had a full and complete compliance on the part of the undersigned corporation.

Referring now to the recent visit that Mr. Harrison and myself as officers of the American Manganese Company, Inc. made to Mena, Arkansas, this is the first time we ever met Mr. D.R.W. Wager-Smith and acquired knowledge that he was in the employ of your corporation. Certainly Mr. Wager-Smith in various conversations that we held with him, as well as his assistant, evidenced proof of his complete loyalty to your company by his refusal to disclose any information with reference to the affairs of the Inland Mining Corporation when so requested by Mr. Harrison and myself, and referred all of said questions to Mr. Chenoweth, your Vice President. So, as I state, this claim that is being made for payments that have been made to Mr. Wager-Smith by your company is not only surprising but quite shocking, in

view of the circumstances existing and will not be recognized by the undersigned corporation.

Yours very truly,

AMERICAN MANGANESE COMPANY, INC.

By _____
W.D. Phelan, President

December 26, 195[redacted]

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Undoubtedly you have received a copy of the letter under date of December 14, 1951, addressed to the Inland Mining Corporation, Dallas, Texas, by the American Manganese Company, Inc., in which letter the American Manganese Company acknowledged receipt of a proposed form of agreement with respect to the payment of $2,974.93 which the Inland Mining Corporation claimed to be payments made to D.R.W. Wager-Smith for services performed by him under an alleged oral agreement claimed to be entered into between the Inland Mining Corporation and the American Manganese Company.

For the various reasons set forth in said letter of December, 1951, said claim was rejected by the American Manganese Company and as you are the attorney for the Inland Mining Corporation, I am a little surprised that I have not heard from this corporation or yourself as its attorney since said time. As stated in said letter of December 14th, the letter of the Inland Mining Corporation dated December 11, 1951 was the first notice that any of the officers of the American Manganese Company has ever had that any such claim existed or knowledge of said alleged oral contract, and certainly if Mr. Chenoweth or any other officer of the Inland Mining Corporation asserts that such an oral contract exists, we feel that we should be advised definitely as to when this alleged oral contract was entered into and by whom representing the American Manganese Company. In our letter addressed to the Inland Mining Corporation under date of December 14th, Mr. Phelan and myself as officers of the American Manganese Company attempted to set forth our interpretation of the only contract we know of that exists between the Inland Mining Corporation and the American Manganese Company, being the contract dated the 14th day of September, 1950, and even though an alleged oral contract as set forth in the letter of the Inland Mining Corporation under date of December 11, 1951 did exist, which we, of course, vehemently deny, in my opinion said contract would be void because of lack of consideration to support the same. Both Mr. Phelan and myself regret this dispute that has apparently arisen between us in view of our past pleasant relationship, as we have attempted to cooperate with the Inland

Mining Corporation in every reasonable way and the fact that you have not made the minimum royalty payments to the Security State Bank at Wewoka, Oklahoma, for December is causing our corporation some embarrassment in meeting current obligations that have accrued and are accruing and the primary purpose of this letter is to inquire whether your corporation intends to make said minimum payments.

The American Manganese Company has no desire to serve a notice of cancellation for the failure to make these payments under the terms and provisions contained in the contract of the 14th day of September, 1950. Therefore, I would like to hear from you as the attorney for the Inland Mining Corporation in reply to the above comments by return mail.

With kind regards, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:dms

F. C. HARRISON
ATTORNEY AND COUNSELOR AT LAW
1106 DAVENPORT BANK BUILDING
DAVENPORT, IOWA

ASSOCIATE
CLARENCE H. CHRISTIANSEN

January 7, 1952

Inland Mining Corporation,
1408 M & W Tower Building
Dallas, Texas.

Gentlemen:

Referring to our letters addressed to the Inland Mining Corporation under date of December 14, 1951, and the letter of F.C. Harrison addressed to Mr. S. Austin Wier under date of December 26, 1951, up to now we have received no answer from either of these communications and are at a loss to understand why these letters have remained unanswered.

As we indicated in said communications we have no desire to serve the notice of forfeiture for the non-payment of this minimum royalty that is now past due for the months of December, 1951 and January, 1952, but unless these payments are made on or before the 14th day of January, 1952, this notice of forfeiture will be served in accordance with the contract existing dated September 14, 1950.

We have already given you our position on this alleged claim for payments made to Mr. Wager-Smith by you and feel no grounds whatsoever exist for making said alleged claim against the American Manganese Company, but if you do then I would suggest that you start an action against the American Manganese Company, Inc., in which you seek to recover the amount thereof, and certainly we will make vigorous defense thereto, but in the meantime, the existence of this alleged claim in my opinion is no justification under the terms of the contract existing for your failure to make these minimum royalty payments.

As indicated above, unless we do hear from you on or before the 14th day of January, 1952, notice of forfeiture will be served.

Yours very truly,

/s/ F.C. HARRISON
Attorney at Law

FCH?dms

COPY

January 17, 1952

TO: Mr. Cecil B. Chenoweth
523 Republic National Bank Bldg.,
Dallas, Texas

and

Inland Mining Corporation
1408 M & W Tower Building
Dallas, Texas - Cecil B.
Chenoweth's assigns.

GENTLEMEN:

You will hereby take notice that due to your failure to make payments of royalties or the minimum payment of at least One Thousand and no/100 ($1,000.00) Dollars per month to the Security State Bank of Wewoka, Oklahoma, said payments falling due on December 15, 1951 and January 15, 1952, in accordance with Paragraphs 4, 5, 6 and 7 of a certain written agreement and lease dated the 14th day of September, 1950, entered into between the American Manganese Company, Inc., a corporation incorporated under the laws of the State of New Mexico, as Party of the First Part, and Cecil B. Chenoweth of Dallas, Texas, as Party of the Second Part, which contract has been assigned by Cecil B. Chenoweth to the Inland Mining Corporation, in accordance with Paragraph 8 of said written agreement providing that the lease created by said written instrument may be terminated at the election of the American Manganese Company, Inc., First Party therein, only by sending a letter to Cecil B. Chenoweth, Second Party therein, addressed to 523 Republic National Bank Building, Dallas, Texas, giving notice of default and advising that said agreement and lease

shall terminate within thirty (30) days from the date of mailing of such notice by registered mail; in compliance with said Paragraph 8, notice is hereby given to you that the agreement and lease created by said described instrument shall be terminated at the expiration of thirty (30) days from the date of mailing of this notice, unless, during said period, you shall remedy the default by making the payments that you are now in default on as set forth herein.

You are further notified that this notice of cancellation is being sent to you after full and mature consideration and approval on the part of the officers and directors of the American Manganese Company, Inc.

Therefore you will thereby take due notice and govern yourself accordingly.

Dated at Davenport, Iowa, this 17th day of January, A.D. 1952.

AMERICAN MANGANESE COMPANY, INC.

By _____
President

By _____
Secretary

F. C. HARRISON
ATTORNEY AND COUNSELOR AT LAW
1106 DAVENPORT BANK BUILDING
DAVENPORT, IOWA

ASSOCIATE
CLARENCE H. CHRISTIANSEN

January 21, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Referring to our telephone conversation of this morning relevant to the failure of the Inland Mining Corporation to make the minimum royalty payments under the terms of the contract of September 14, 1950 to the American Manganese Company and your statements to me of the claims that Mr. Cecil B. Chenoweth is making as to the oral agreement as to the payments to be made to Mr. Wagersmith, immediately after this conversation I contacted Mr. W.D. Phelan and he disclaims any knowledge whatsoever relevant to this alleged oral agreement. To the best of his knowledge the only negotiations that he held with Mr. Chenoweth was as to the wire under date of March 9, 1951 that was prepared by Mr. Chenoweth and which Mr. Phelan sent him from Davenport at Chenoweth's request. I am enclosing copy of said wire, in which Phelan agreed to allow the $10,000. payment that you made to the credit of the American Manganese Company, Inc., to the Security State Bank at Wewoka, Oklahoma, in which said deposit was to remain in escrow for fifteen days. This wire was sent while I was in Mexico, but it has no bearing whatsoever on this alleged claim for payments made to Mr. Wagersmith.

COPY

As for myself, I have again gone over this file of correspondence to ascertain if possibly there could have been any agreement arrived at between Mr. Chenoweth and myself relevant to these payments made by you to Mr. Wagersmith, but this file discloses nothing of this kind whatsoever so as I s tated to you this morning, Mr. Phelan and myself as officers of the American Manganese Company and as controlling stockholders thereof, emphatically deny that any such agreement was ever reached.

As I indicated to you this morning, if you will make these minimum payments for the months of December, 1951 and January, 1952, then Mr. Phelan and myself at any convenient time will arrange to meet with you and Mr. Chenoweth to discuss not only this alleged claim but also other matters in connection with the arrangement existing between your corporation and our own, including the claims that are not covered by the contract of September 14, 1950, which Mr. Phelan and myself also control, and

I hope within the next week or so to be advised that these payments have been made and, as I state, we will be glad then, under these circumstances, to hold this meeting for the purpose of working out the problems existing on a mutually satisfactory basis.

Now in connection with the information that you gave me relevant to the negotiations that Mr. Chenoweth is carrying on with the Government, I sincerely hope that these negotiations will be consummated under an arrangement that will prove satisfactory to your corporation in the very near future. I have no desire to interfere in any way in the internal affairs of your company and offer the following only on a most constructive basis, but I have had a great deal of experience during the past years in negotiations with various Government loan agencies for quite a number of corporations that I have represented during this period. As a result of this experience I can only state that none of the arrangements that have been finally arrived at with these agencies could be classified as satisfactory. As you well pointed out this morning, there is a great deal of buck passing on the part of the officials of these agencies and usually when a loan is approved, it is so conditioned and qualified that it fails to meet the requirements of the borrowing corporation and in several instances after these loans had been approved they were, as a matter of fact, turned down and rejected on the part of my clients. I sincerely hope that Mr. Chenoweth's experience will prove entirely different than those I have had with these loan agencies, and surely he will recall that I pointed out the almost endless negotiations that must be carried on to get one of these loans that I advised him of during our meeting in Dallas. At that time he informed me of the contacts that he had with various wealthy oil groups in Dallas and I do know that most of these groups have money and that they are willing to venture in order to escape taxes, and I well recall suggesting to him that instead of attempting to get this loan through Government departments that he offer a stock issue to these various individuals, but his reply was that by doing so it would result in a distribution of a good part of the equity existing in this property, and that by getting a loan the same could be paid off in two or more years and then he and his immediate associates would own this property outright. As I state, I hope these negotiations will be most successful but if they are, his experience will be entirely different than what I have run into in the past and my only thought in making these comments is to be as helpful as I can and I hope you will accept the same in the spirit that I am offering them.

As stated above, if these minimum royalty payments are made that are now past due, then we will get together with you as soon as possible and attempt to work out these various vexing problems on a most constructive basis and I am sure that this meeting between us will prove well worthwhile.

Assuring you I enjoyed talking to you this morning, and expecting to be advised relevant to the above, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:dms

February 11, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.
Dallas, Texas.

Dear Mr. Wier:

In accordance with our telephone conversation this morning I have wired you as per the within copy.

I conferred with Mr. Phelan about this matter and after some reluctance on his part he agreed to go along with the understanding set forth in this wire.

Assuring you it was a great pleasure talking to you again and I hope in the not too distant future we can get together to personally confer on the problems that seem to exist in this matter.

With kind regards, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:dms

DOMESTIC SERVICE			
Check the class of service desired; otherwise this message will be sent as a full rate telegram			
FULL RATE TELEGRAM		SERIAL	
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WESTERN UNION

W. P. MARSHALL, PRESIDENT

1206

INTERNATIONAL SERVICE			
Check the class of service desired; otherwise this message will be sent at the full rate			
FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

February 11, 1952

AB069 DA406

D.RFA319 PD-RF Dallas, Texas 11 500P-

F.C. HARRISON, SECRETARY AMERICAN MANGANESE CO., INC.
1106 DAVENPORT BANK BLDG., DAVENPORT, IOWA.

YOUR TELEGRAM TODAY SATISFACTORY IF YOU WILL WIRE ME AT ONCE AT 523 REPUBLIC BANK BUILDING THAT THE DEPOSIT OF ONE THOUSAND DOLLARS REQUESTED WILL BE ACCEPTED AS PAYMENT FOR THE MINIMUM RENTAL DUE DECEMBER 1, 1951.

S. AUSTIN WIER

ALL MESSAGES TAKEN [redacted] THIS COMPANY ARE SUBJECT [redacted] THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: In cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Company, (a) within sixty days after the message is filed with the Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Labrador, Mexico, Newfoundland and St. Pierre & Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

1-49

CLASSES OF SERVICE

DOMESTIC SERVICES

FULL RATE TELEGRAM

A full rate expedited service.

DAY LETTER (DL)

A deferred service at lower than the full rate.

SERIAL (SER)

Messages sent in sections during the same day.

NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in cipher.

CODE (CDE)

A fast message service consisting of code words not exceeding 5 letters each. Minimum charge for 5 words applies.

DEFERRED (LC)

Plain language messages, subordinated to full rate and code messages. Minimum charge for 5 words applies.

NIGHT LETTER (NLT)

Overnight plain language messages. Minimum charge for 25 words applies.

DOMESTIC SERVICE			
Check the class of service desired; otherwise this message will be sent as a full rate telegram			
FULL RATE TELEGRAM		SERIAL	
DAY LETTER		NIGHT LETTER	

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1206

INTERNATIONAL SERVICE			
Check the class of service desired; otherwise this message will be sent at the full rate			
FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			F.C. HARRISON 2-2111	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

February 11, 1952

Inland Mining Corporation
1408 M & W Tower Building
Dallas, Texas.

In compliance with the understanding arrived at this morning in a long distance telephone conversation with your attorney, S. Austin Wier, the termination date under the formal notice of cancellation dated the 17th day of January, 1952, mailed to you on the 18th day of January, 1952, is hereby extended from February 18, 1952 to the 31st day of March, 1952, providing that on or before the 18th day of February, 1952, you deposit to the credit of the American Manganese Company, Inc., the sum of $1000. at the Security State Bank of Wewoka, Oklahoma, otherwise all of the terms and provisions of said notice of cancellation of the agreement dated the 14th day of September, 1950, between your corporation and the undersigned are to remain in full force and effect.

AMERICAN MANGANESE COMPANY, INC.

By: W.D. Phelan, President
By: F.C. Harrison, Secretary

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

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2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

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1-49

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FULL RATE TELEGRAM		SERIAL	
DAY LETTER		NIGHT LETTER	

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1206

INTERNATIONAL SERVICE			
Check the class of service desired; otherwise this message will be sent at the full rate			
FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			F.C. Harrison 2-2111	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

February 12, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.
Dallas, Texas

Deposit of $1000.00 referred to in my wire of February 11, 1952 will be accepted as payment for the minimum rental due December 1, 1951, under contract existing.

AMERICAN MANGANESE COMPANY, INC.

By: W.D. Phelan, President
By: F.C. Harrison, Secretary

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

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INLAND MINING CORPORATION
523 Republic Bank Building
DALLAS, TEXAS

S. Austin Wier
Sec.-Treas.

February 13, 1952

Mr. F.C. Harrison, Secretary,
American Manganese Company, Inc.,
1106 Davenport Bank Building,
Davenport, Iowa.

Dear Mr. Harrison:

I here confirm the agreement discussed between us by long distance telephone on February 11th and set out more clearly in your telegram of that day to Inland Mining Corporation and the exchange of telegrams later that day and the following morning between you and me.

Your offer has been accepted by the deposit of $1000.00 in the Security State Bank at Wewoka, Oklahoma, to the credit of American Manganese Company, Inc., to be applied as payment of minimum monthly rental due December 1, 1951, as indicated in the enclosed copy of my letter of even date to the bank; and your formal notice of cancellation dated January 17, 1952, concerning the contract of September 24, 1950, is now modified and extended to March 31st, 1952. This agreement should be mutually advantageous as it will allow time for further discussion between us.

It is my understanding that you will meet me in Dallas, Texas, some mutually convenient time in March to settle differences existing between our respective clients, and I will look forward with pleasure to seeing you.

Yours very truly,

/s/ S. AUSTIN WIER

SAW:gd
Encl.

March 11, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Not having heard from you since approximately February 12, 1952, naturally both Mr. Phelan and myself are cogitating about the progress or lack of progress you are making in connection with the affairs of the Inland Mining Corporation. In this connection I sincerely hope that the negotiations that Mr. Chenoweth has been carrying on with various Washington loan agencies have been more than successful and that as a result, preparations are now being made by you to start erection of the mill to handle the ores from the properties in and around Mena, Arkansas.

In my opinion at the time the contract in question was entered into in September of 1950, no one at said time contemplated that this long period would ensue in order for you to make your investigation of these properties and for you to complete your financing and it goes without saying that this long delay has been the cause of considerable disappointment on the part of those who are stockholders of the American Manganese Company, Inc., and as I say I hope that these negotiations have been consummated and that you are now ready to proceed and I surely would like to hear from you at least generally just what the situation now is as it affects the operations of your company. Up to now, of course, we have not made any attempt to pry into the internal affairs of the Inland Mining Company, but I can assure you that you had our best wishes and that we have always been glad to cooperate with you in any constructive way.

Now with reference to my contemplated visit to Dallas to meet with you and some of the other officers and directors of the Inland Mining Corporation, surely if anything could be accomplished in ironing out the apparent difficulties that seem to exist between us, I would be most happy to make this trip prior to the first of April. However, I feel, as I have

suggested above that before making this trip you should at least generally advise me relevant to what your future plans are with reference to this property and any other pertinent information that you may desire to impart to me.

I have already expressed to you, both orally and in writing, why we do not at all recognize the claim made for services performed by Mr. Wagersmith and to be perfectly frank we are convinced, as it were, that someone reached up into the blue and picked this claim out and for no good reason presented it to us. However, I realize that litigation between our two companies over this alleged claim would not be at all constructive and if everything else is satisfactory, I would at least be willing to go to Dallas in an attempt to work out some type of compromise of the same that would eliminate any litigation between us, but unless you intend to proceed sometime in the reasonable future to build a mill on this property, then I see no good reason for spending this time in Dallas.

In other words, I am speaking just as frankly as I can about the resulting situation and I hope that I am taking a dark view of the same, but this much is true, we have two other groups who are very much interested in these properties but up to now we have postponed any negotiations with them because of the arrangement existing between our company and the Inland Mining Corporation. Therefore I hope that you will write me relevant to the above and I want to assure you again that if anything good can come out of a trip on my part to Dallas, I will arrange to get down there sometime before March 31st.

With all good wishes, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:b

March 21, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Referring to my letter of March 11, 1952, I am a little surprised that I haven't heard from you in answer thereto. This is the 21st day of March, and if I am to go to Dallas before the 1st of April, I hope that you will notify me immediately upon receipt of this letter so that I can make arrangements for this trip.

With kind regards, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:dms

S. AUSTIN WIER
523 Republic Bank Building
Dallas, Texas

March 24, 1952

Mr. F.C. Harrison, Secretary,
American Manganese Company, Inc.,
1106 Davenport Bank Building,
Davenport, Iowa.

Dear Sir:

Reference is made to your letter of March 11, 1952, and to earlier correspondence and long distance calls between us concerning the obligation of American Manganese, Inc., to furnish to my client Cecil B. Chenoweth, and those holding under him, full legal descriptions and acceptable evidence of good title covering 25 mining claims made the subject of contract between your company and Mr. Chenoweth under date of September 14, 1950. At such time, it appears that A.R. Wetsel was President, and J. Dow Scott was Secretary of American Manganese Company, Inc., to which respective positions Mr. W.D. Phelan and yourself subsequently succeeded.

In view of the record reflecting the above indicated obligation of your company, I must say that it is with no little surprise that I received and read your letter of March 11, 1952. Such letter indicates that you "see no good reason" for coming to Dallas to discuss this matter. I recall that it was heretofore agreed between us that you would do so.

The statement in your said letter that "we do not at all recognize the claim made for services performed by Mr. Wager-Smith, and to be perfectly frank, we are convinced as it were that someone reached up into the blue and picked this claim out, and for no good reason presented it to us" is wholly unwarranted. Let us briefly review some of the facts:

(1) The contract of September 14, 1950 sets forth a Warranty of Title by your company. It is a general warranty and not a special warranty. (See paragraph 13 beginning on page 6).

(2) In the first paragraph of Exhibit B, which is a part of said contract, your company agreed to give full and complete legal description of each of the claims, "identifying the claim and its geographic location, and the party by whom located, and giving the date thereof, and stating the book and page where it is recorded". Furthermore, in the first sentence on page 2 of such contract, your company committed itself to deliver to my client the required legal description by making a "signed addendum within thirty (30) days from date hereof". Such was never done.

(3) The former president and the former secretary of your company promised that the required description and acceptable evidence of good title would be promptly given.

(4) In the telegram of American's president, Mr. Phelan, to my client, Mr. Chenoweth, on March 9, 1951, he agreed that if my client would deposit $10,000.00 to the credit of American Manganese, Inc., in the Security Bank of Wewoka, Oklahoma, then, within 15 days "I will furnish you with acceptable evidence of good title to property leased by you under date September 14, 1950". Such deposit was promptly made.

(5) Also, in the above mentioned telegram, American Manganese, Inc. authorized Mr. Chenoweth to employ for you an attorney to prepare acceptable evidence of good title. He did so.

(6) Also in oral conversations by you and/or Mr. Phelan with Mr. Chenoweth, the latter was directed to employ professional assistance on your behalf to prepare and present evidence of good title to my client.

(7) Because evidence in the public record concerning the claims purportedly owned by American Manganese were wholly insufficient to identify the claims made the subject of the aforesaid contract, your lawyer was unable to make proper investigation of the title until a competent surveyor had properly surveyed and mapped the claims and put of record proper, corrective and identifying legal descriptions thereof; and such survey work was required by such attorney to be done. Mr. Wager-Smith, a Government Bonded Mineral Surveyor, was employed to do this work for your company.

(8) Your company has repudiated its obligation to pay for the required survey work, and has failed to furnish the required proper legal description of the claims, and has failed to give or pay for the required acceptable evidence of good title; and such failures by American Manganese, Inc., constitute a breach of contract of first magnitude.

My client has directed me to advise you that continued failure of American Manganese, Inc., to carry out its obligations, above indicated, will be considered as grounds for suit for the return of all money paid American Manganese, Inc. Under such circumstances, there has been a failure of consideration for such money paid; and any effort by American Manganese, Inc., to recover these claims and/or to cancel its said contract would necessarily give rise to such legal proceedings as may be found necessary to protect my client's interests.

Yours very truly,

SAW:cd /s/ S. AUSTIN WIER

March 26, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.
Dallas, Texas.

Dear Mr. Wier:

Your letter of the 24th inst. at hand and contents carefully noted. Apparently my letter of March 21st had not reached you when you dictated yours of the 24th for I believe I repeated in this letter of March 21st what I several times stated in my letter of March 11th, that I was perfectly willing to go to Dallas to meet with you and your officers and directors, so naturally I take a little exception to the statement contained in your letter of the 24th that I had agreed to go to Dallas and I am now reneging on this promise. In view of the contents of your letter of the 24th inst., I have again re-read the copy of my letter of March 11th addressed to you and the statements and conclusions set forth in your registered letter received by me today are somewhat at variance with the statements contained in my letter of the 11th.

In one or more of our phone conversations, you at least intimated that Mr. Chenoweth's negotiations in Washington to secure the funds to build a mill on these properties near Mena had not proved as successful as originally anticipated, and from this I naturally assumed that there was some doubt in your and the other officers of the Inland Mining Company's minds as to whether or not you were going to proceed with this venture. After reading your letter of the 24th inst., I am convinced that you are and naturally I am very happy if this is the case that you intend to proceed with the development of these mining properties.

Now with reference to that part of your letter where you briefly review some of the alleged omissions to perform certain terms and provisions of the contract of September 14, 1950, on the part of the American Manganese Company, as I indicated to you in my letter of March 11th of this year, I was perfectly willing to go to Dallas to discuss with you and anyone else interested in the affairs of the Inland Mining Corporation these alleged claims with the hope and expectation that a reasonable compromise of these various

differences could be arrived at and as indicated in these letters of March 11th and 21st, I am perfectly willing to make this trip for said purpose, assuming that you intend to proceed in the development of this property.

Surely litigation between our two corporations on the claims set forth in your letter would not at all be constructive and as reasonable men by negotiations we should be able to arrive at a solution of these difficulties mutually satisfactory and I repeat again that the only matter that I was concerned about as set forth in my letter of March 11th is whether or not you intended to proceed under this contract of September 14, 1950.

I beliece I can arrange matters so as to leave here on the afternoon of Sunday, March 30th, by air for Dallas arriving there early on the morning of March 31st, for the purpose of holding this conference and if this is agreeable, I would appreciate it if you would reserve a nice room for me at the Baker Hotel. I hope that Mr. Phelan will be able to accompany me on this trip. However, his plans are indefinite in this regard and he will not know for the next day or so whether or not he can accompany me on this journey.

I would appreciate it if you would wire me or phone me if the arrangements set forth above are satisfactory to you.

Yours very truly,

F.C. Harrison
Attorney at Law

FCH/dms

March 29, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

This is Saturday afternoon, March 29th, and up to now I have not received a wire or phone call as requested of you in my letter of March 26th, and I cannot help but assume, as a result, that you and your associates are no longer interested in proceeding under the contract now held by the Inland Mining Corporation and entered into with the American Manganese Company under date of September 14, 1950. Therefore I see no good reason why I should spend the time and the expense of making a trip to Dallas, which as I several times reiterated in my letter of March 26th, that unless you do intend to proceed with this transaction I see no good reason why we should spend any more time on it.

Regretting this situation, I am,

Yours very truly,

F.C. HARRISON
Attorney at Law

FCH/dms

June 5, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Having received no acknowledgment from you to my letters of March 26 and 29, 1952, Mr. Phelan and myself assumed that you had abandoned the properties covered by the contract of September 14, 1950. Because we were convinced of this fact we have been negotiating with another group for the purpose of taking over these properties, but no definite agreement has been reached as yet and these negotiations are still pending.

However, recently there has come to our attention rather definite information that you are still developing this property and I note also a news item under date of April 25th from the Arkansas Gazette that Mr. Cecil B. Chenoweth was successful in securing a $100,000.00 loan from the Defense Minerals Exploration Administration and this is additional evidence that you are continuing your exploration work on this property.

As I stated in my letter of March 26, 1952, as well as a letter under date of March 11, 1952, Mr. Phelan and myself are perfectly willing to go to Dallas to discuss with you and those interested with you in the affairs of the Inland Mining Corporation any alleged omissions to perform certain terms and provisions of the contract of September 14, 1950, on the part of the American Manganese Company and we are still willing to make this trip for this purpose with the hope and expectation that we can reach a satisfactory compromise of these alleged claims at said time and if you are continuing with your development work on this property, then I feel we should get together in an attempt to reach an amiable adjustment of any matters that may be in dispute between us at this time.

Assuring you I will be very happy to hear from you relevant to the above, I am,

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:b

July 22, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Re: American Manganese Co.

Dear Mr. Wier:

It is rather difficult for me to understand why the various letters that I have addressed to you relevant to the above matter have remained unanswered.

For some time past we have been carrying on negotiations with a corporation known as the South Range Manganese Mines, Inc., and the officials of this company have informed me that they have conferred with Mr. Cecil B. Chenoweth in Mena some time ago and were advised that the Inland Mining Corporation had abandoned any claim to the various properties covered by the contract of September 14, 1950, and that as a result we are now in a position to negotiate a new contract with this corporation.

If this be the true situation, then I would like to be so advised by you and we can arrive at an appropriate contract that will reflect this situation. Please let me hear from you at your earliest convenience relevant to the above.

Yours very truly,

F.C. Harrison
Attotney at Law

FCH:mjw

August 2, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Dear Mr. Wier:

Not having heard from you in answer to my recent letters, I am assuming that the information given us by the officials of the South Range Manganese Mines, Inc., is correct and that you have abandoned the properties covered by the contract entered into in September of 1950.

Therefore, we are proceeding to negotiate on a contract with them under which they may take over these properties .

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:mjw

August 21, 1952

Mr. S. Austin Wier,
523 Republic Bank Bldg.,
Dallas, Texas.

Re: American Manganese Company

Dear Mr. Wier:

Under date of August 13, 1952, in a letter received from Mr. H.C. Chittenden of Dallas, Texas, who has indicated an interest in the properties located near Mena, Arkansas, he refers to an interview held with you on said date and definitely states therein that you, as the representative of the Inland Mining Corporation, advise that the Inland Mining Corporation has not abandoned, so far as said corporation is concerned, any rights obtained by it under the contract entered into by the American Manganese Company, Inc., and Cecil B. Chenoweth, and by him assigned to the Inland Mining Corporation, dated the 14th day of September, 1950.

As a result of this information I have reviewed the file of correspondence which has passed between us in this matter, and find the last communication that I received from you was under date of March 24, 1952. In this letter you assert various claims for damages against the American Manganese Company, which letter, excepting the claim advanced for compensation due Mr. Wager-Smith, which you asserted in December of 1951, was the first knowledge that the officials of the American Manganese Company had of said alleged claims.

Prior to said time I wrote you on March 11, 1952, to which letter you made no reference in your favor of March 24, and I again wrote you on March 26, March 29, June 5, July 22, and August 2, 1952, all of which letters, for one reason or another, which I am unable to understand, have remained unanswered. In most of these letters I indicated a willingness to go to Dallas to discuss the resulting situation with you, Mr. Chenoweth, and any one else interested in the affairs of the Inland Mining Corporation, providing that you had not abandoned your efforts to develop these properties, with the hope and expectation that we could reach a reasonable compromise of these conflicting claims in order to avoid litigation. The information received under date of August 13th, that you have not abandoned these properties certainly is proving an obstacle in the negotiations we have been carrying on with another corporation to take these properties over, and I was very frank to advise the officials of this corporation, so interested, that surely I did not want them to buy into a lawsuit.

Assuming for the moment that there is some merit in the claims advanced by you in your letter of March 24, still as I have pointed out on various occasions, as reasonable men we should be able to sit down together and adjust these differences. I might point out that

one of the reasons - to put it mildly - that we were quite surprised at the claim advanced for Mr. Wager-Smith is that we were not consulted in any way at the time he was employed, and made no agreement as to his compensation, meeting him for the first time in Mena, Arkansas in December of 1951. And he certainly indicated by his failure to disclose any information resulting from his investigation of these properties to Mr. Phelan and myself, referring all questions of this character to Mr. Chenoweth, that he was solely and entirely in the employ of the Inland Mining Company.

You have given me your interpretation regarding the provisions covering these titles under the contract of September 14, 1950, and I have, in a general way, set out to you what we consider a fair interpretation of the provisions covering these matters in said contract. I still feel that if we could get together we could work out any differences regarding these titles. Naturally, as a result of my failure to hear from you in answer to the various inquiries I made as to whether you had abandoned any rights in these properties, I could only assume that you had.

It may well be that if you can prove your interpretation of this contract you would be entitled to receive damages of the American Manganese Company, but under the minimum rental provisions of this contract, you would now owe us eight months rent, aggregating $5,000. Assuming that you have not abandoned these properties, and assuming that if a compromise could be reached under which we would be willing to waive the notice of forfeiture and cancellation, then I see no reason why we should not get together to at least discuss this matter. I might point out that you paid an additional $1000.00, representing the December 1, 1951 payment in February of 1952, to secure an extension on this notice of cancellation to March 31, 1952, and up to said time we had not been advised of any of the alleged claims that you asserted in your letter of March 24th.

As a result of the information that I was advised of under date of August 13, 1952, that you are still interested in these properties, until the same has been cleared up this situation will continue to prove a great obstacle in our negotiations wth the corporation interested in taking over these properties. Again I wish to repeat that if you have not abandoned these properties and are continuing to develop them, then Mr. Phelan and I are willing to go to Dallas and meet with you and those interested at any time in the immediate future, with the idea that a sincere attempt will be made to iron out our difficulties and if this can be accomplished them we will forget the negotiations now pending with this other corporation.

I sincerely hope that you will show me the courtesy of answering this letter. I shall look forward to hearing from you.

Yours very truly,

F.C. Harrison
Attorney at Law

FCH:mjw

September 8, 1952

Inland Mining Corporation,
1408 M & W Tower Building,
Dallas, Texas.

Attention: S. Austin Wier and Cecil B. Chenoweth.

Re: American Manganese Company

Gentlemen:

It has become apparent to the officers of the American Manganese Company, in view of your failure to answer the numerous letters addressed to Mr. S. Austin Wier, and especially Mr. Harrison's letter under date of August 21, 1952, that you are continuing possession and exploiting the mining claims under the contract dated the 14th day of September, 1950, despite the notice of forfeiture and cancellation of said agreement which took effect on March 31, 1952.

Inquiry has been made by the undersigned corporation of the Department of the Interior, Defense Minerals Exploration Administration, Washington 25, D.C., as to whether, under the loan which was made on or about March 16, 1952, the mining claims covered by the contract of September 14, 1950 were being explored under the exploration contract entered into with the above-named department, and we have been quite definitely advised that these claims, so covered by said contract of September 14, 1950, were being explored as a result of this loan.

Apparently the $1000.00 that you paid in February of 1952 to secure an extension on the notice of cancellation of the contract of September 14, 1950 to March 31, 1952 was for the purpose of avoiding this cancellation until this loan from the government had been made to you.

Mr. Harrison was quite comprehensive in his letter to Mr. Wier of August 21, 1952 in explaining that the fact that you had not abandoned the properties under the contract of September 14, 1950 was seriously interfering with the negotiations which this corporation has been carrying on with others interested in acquiring these mining properties, with a resulting loss to this corporation.

This corporation, through its attorney in the many letters addressed to your attorney, Mr. Wier, all of which remain unanswered, has imdicated a willingness to sit down and negotiate on the differences that may exist, and we hesitate to interfere in any way with the negotiations which

you have been carrying on with the Department of the Interior. However, it is our position that at the present time you have no rights under the notice of cancellation that has been given to you on accordance with the terms of the contract of the 14th day of September, 1950 in these properties.

Unless we do hear from you on or before September 20, 1952, certainly for the protection of the interests that the undersigned corporation has in these properties, which we consider very valuable, we intend to bring this whole matter to the attention of C.Ω. Mithendorf, Acting Administrator of the Defense Mineral Exploration Administration, for our position is that you have absolutely no rights in and to the properties under the notice of cancellation that has been given to you in accordance with the contract of September 14, 1950.

Yours very truly,

AMERICAN MANGANESE CORPORATION

By /s/ W.D. Phelan
President

Inland Mining Corporation

523 Republic Bank Building
DALLAS, TEXAS

CECIL B. CHENOWETH
Vice-Pres. and Gen. Mgr.

file

September 25, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

Mr. David Gallagher
Executive Officer
D.M.E.A. Field Team, Region VI
United States Department of the Interior
Joplin, Missouri

RE: Docket #DMEA-2299
Contract #Idm E280
Inland Mining Corporation

Dear Mr. Gallagher:

Your letter of September 11, 1952, caught up with me today, here in Dallas.

Enclosed you will please find five (5) sets each of the following documents, covering the "Boar Tusk Group," "New Find Group," and the "Hurricane Bill Group" of claims:

a. Subordination Agreement and Consent to Lien signed by all interested parties in each group,

b. Exhibit "A" for each group,

c. Mining Lease from original claim owners to myself as agent,

d. Mining Lease from myself as agent to Inland Mining Corporation.

You requested that I send these directly to Washington, but I am sending them to you, assuming that you will keep at least one set covering each group for your Joplin files and forward the correct number to Washington.

We still lack one signature on the "Coon Creek Group," which I expect to obtain within the next week or ten (10) days. The moment this is obtained, I will forward five copies of all proper papers to you.

In regard to the "Baloff Group" of claims, we are experiencing some difficulty in obtaining some of the signatures necessary on this group of claims. It may be that this group will have to be left out of our government contract. If so, a slight adjustment will have to be made for expenses as reflected in our monthly report of June to the government. Mr. McElwaine tells me that from his field notes and other information he can obtain accurate estimates of all costs incurred on these claims and submit this to your office on a percentage wise basis, which totals will then be subtracted from our billing to the government for the month of June.

Will this be the proper way to do this? We will appreciate your advising us as to the procedure to be followed in amending the costs as reflected in our June report, if we are unable to obtain the necessary signatures on this group of claims. Fortunately very little time and money was spent on this "Baloff Group" and I believe no drilling at all was done.

I am looking forward with pleasure to visiting you in your office in the near future.

Very truly yours,

Cecil B. Chenoweth

Cecil B. Chenoweth

CBC:mm
Encs.

cc: ✓Operating Committee
D.M.E.A., Department of Interior
Washington 25, D. C.

cc: Mr. Estill S. Heyser, Jr., Dallas, Texas
cc: Mr. W. C. Jackson, Jr., Dallas, Texas
cc: Mr. S. A. Wier, Dallas, Texas

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

Joplin, Missouri
September 11, 1952

Mr. Cecil Chenoweth
Inland Mining Corporation
Mena, Arkansas

Re: Docket No. DMRA-2299
Contract No. Idm-5280
Inland Mining Corp.

Dear Mr. Chenoweth:

Some time ago you advised me that you were obtaining the land-owners subordination documents requested by Washington. As yet I have not received them, nor have I received advice from Washington that the documents have been received there.

Washington has asked for them, and it would be appreciated if you would expedite the matter, and send the documents directly to DMRA in Washington.

Sincerely yours,

David Gallagher
Executive Officer
DMRA Field Team, Region VI

/jd
cc: Operating Committee(3)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Joplin, Missouri
September 10, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 1 0 1952

Mr. C. O. Mittendorf
Administrator
Defense Minerals Exploration
Administration
U. S. Department of Interior
Washington 25, D. C.

Re: Docket No. DMEA-2299
Contract No. Idm-E280
Inland Mining Corp.

Dear Mitt:

I have, and appreciate, your letter of September 3, 1952. As the matter has been referred to you, it is appropriate that my reply be addressed to you. Doubtless a full explanation from me, regarding all the points raised in the pertinent correspondence, would be helpful. Unfortunately, the explanation will have to be long. I will try to cover the points chronologically.

Background: Many months ago I wrote several things on the general worthlessness of western Arkansas manganese. Then, in a letter dated February 25, 1952 to the Operating Committee, and in specific reference to the Inland Mining Corporation application (Docket DMEA-2299X), I urged as strongly as I could that no further Government money be expended on western Arkansas manganese deposits. Receipt of this letter was acknowledged in a letter to me dated March 14, 1952 from the Operating Committee requesting that we make a field examination.

Siegfried J. Muessig and Harvey Sobel of the U.S.G.S. made the requested field examination on March 19 and 20 and, in accordance with my instructions because of the urgency of time, they mailed their report directly to you from Mena, Arkansas, on March 22, 1952. In it Muessig recommended approval "from a geologic standpoint" but referred to the grave doubts expressed about the metallurgy, and left consideration of that aspect to Washington as being "outside the province of the Field Team."

In a letter to me dated March 28, 1952 the Operating Committee advised that the contract had been signed even though "particular attention has been given to your comments on the proposed project."

copy returned in 401

This letter must have crossed in the mails with a critical analysis by me, which I mailed to you on March 28, 1952, of the report by Huntington.

The written record proves that I strongly opposed approval of the contract, and that my opinion was known to, and acknowledged by Washington before the contract was signed on March 27, 1952.

Amendment #1: On April 3, 1952 (prior to April 25, 1952) Mr. Chenoweth came to my office with the alleged copies of the contract in hand. We spent the entire day, and half of the next day discussing the contract and the reports and procedures that would be connected with its performance.

Mr. Chenoweth was strongly of the opinion that Stage II, if undertaken, should follow directly upon Stage I without a break. He believed that a break would allow the labor to drift away and would cause increased costs in many obvious ways. I agreed. Mr. Chenoweth therefore believed that Stage II should be planned before the completion of Stage I. I agreed.

The item under (2) of Estimated Cost of Stage I of the original Exhibit A stated:

> 1 - Consulting geologist 2/ @$90 per diem, fee basis (which sum includes all traveling and incidental expenses) for not to exceed 20 days of the first month and 5 days each for the second and third months. Total, for 3 months, 30 days @$90 per diem $ 2,700.00

This is an exact copy of the Original Exhibit A in my possession. YOUR ATTENTION IS INVITED TO THE ABSENCE OF ANY ASTERISK ON THE $2,700.00.

The footnote "2/" referred to above states:

> "2/The consulting geologist shall ..... select new project sites and direct the mapping thereof. He shall ..... help prepare the data pertinent to Stage II ....."

I interpreted this to mean that work by the consulting geologist in planning Stage II was part of the intent of the contract as approved by Washington.

I agreed with Chenoweth that the terms of the original Exhibit A did not provide adequately for the necessary services of the consulting geologist in planning Stage II properly.

As the $2,700.00 was not an allowable maximum, but was merely an ingredient of $14,800.00* which was an allowable maximum as the total for Item (2), in my revision of Exhibit A I lumped the consulting geologist in with the rest of the employees under the unchanged allowable maximum of $14,800.00* for Item (2), thereby allowing the operator the necessary latitude to use him effectively, but without in any way changing the Government's financial obligation under the contract.

In his memo of August 15, 1952 Mr. Hofflund states: "The first amendment was questioned on the ground that it removes an allowable maximum placed on one item in Exhibit "A" of the original contract, to wit: The employment of a consulting geologist for three months, 30 days at $90 per diem, $2,700."

I submit that I did not change or remove an allowable maximum.

Mr. Hofflund then goes on to say that payment of the consulting geologist for work other than that directly concerned with Stage I is improper under the terms of the contract. This is essentially the point made also by the Operating Committee in their letter to me of August 18, 1952.

I have to agree. Footnote 2/ quoted above of the original Exhibit A indicates clearly, I believe, that the original intent was to include the cost of planning of Stage II as part of the cost of Stage I. It was my intent to preserve this in my revised Exhibit A under Amendment #1, but I failed to do so by omitting the footnote and by the following.

(a) Revised Exhibit A states (p.1) "Stage II ..... no part thereof shall be commenced until written approval thereof is issued by the Executive Officer of the Field Team." (The planning of Stage II can be construed as a part thereof.)

(b) No statement in connection with Stage I allows for planning Stage II as part of the Stage I work or expenses.

(c) The third paragraph from the end of the revised Exhibit A restates verbatim from the original Exhibit A: "The Operator may, at his own expense, obtain leases or make mining locations upon lands suitable for additional exploration projects and the said lands may become a part of this contract by amendment."

These terms were accepted by Mr. Chenoweth on April 3, 1952 and were in fact written with his collaboration and concurrence. If the revised Exhibit A is allowed to stand, the consulting geologist cannot be paid for work in planning Stage II because the terms of the revised Exhibit A do not so stipulate. If the original Exhibit A is reinstated, the consulting geologist cannot be paid for work in planning Stage II because of the limitations of money. This was not what either Chenoweth or I intended.

However, I agree that only a part of the consulting geologist's fee can be paid under the existing contract, as indicated in the communications referred to of Mr. Hofflund and the Operating Committee. I was mistaken in approving the MF-104 for payment because I had in mind the intent, rather than the wording of the contract.

The original Exhibit A, in my opinion, needed to be rewritten, so I rewrote it, stating the whole thing in 4 pages instead of 10, and to quote Mr. Hofflund, "Amendment No. 1 completely restates Exhibit A, but does not, I believe, essentially change the description of the work or add any work to that originally specified, nor does it change the total estimated cost of the project."

In view of this statement and the fact that I did not change or remove an allowable maximum, it seems to me that the alleged grounds for criticizing my revision of Exhibit A are nonexistent.

Under these circumstances, the statement, "Field Team Executive Officers should not amend contracts approved by the Administrator merely to substitute a new contract for the one approved by Washington," seems inappropriate.

Amendment #2: As quoted above regarding additional lands, "..... said lands may become a part of this contract by amendment thereof." As this was written and approved in Washington I presumed it meant what it said.

I can see Mr. Hofflund's point that Appendix A to Article 2 of the contract should also have been amended. I merely amended Exhibit A. I would welcome Mr. Hofflund rewriting the amendment expressly adding the land to that described in Article 2 of the contract form.

I was informed verbally by Mr. Chenoweth at the time, that these additional claims (the Boar Tusk group) were held exactly as were the other claims involved, and they are represented to be in Polk County, Arkansas. It was therefore my interpretation that they were adequately covered by the subordination agreement drawn in Washington and attached to the contract. This agreement covers: "....certain mining property in the State of Arkansas, County of Polk...." The property is unspecified and undefined except as "....the subject of a proposed

Exploration Project Contract ...." As phrased, this covers any land in Polk County including land that might be added in the future. This seems very elastic and indefinite to me but I presumed it was satisfactory because it was written in Washington.

Mr. Hofflund states that, "seemingly, the amendment is intended to cover all work performed on the added land regardless of the time it was performed." The amendment has no such intent or implication. Indeed, as Mr. Hofflund points out, May 19, 1952 is specified as the effective date of the amendment.

I was not informed by Chenoweth and McElwaine that work had been performed on the Boar Tusk group. It was distinctly my intent to amend the contract to permit work to be undertaken forthwith on the Boar Tusk group. There is no reason to add anything resembling Mr. Hofflund's suggestion that "something to the effect that the added work on the added land was approved by the Government before the work was performed and the amendment is made to cover the previous oral understanding." There was no previous oral understanding.

Any work performed on the Boar Tusk group prior to May 19, 1952 was not performed in accordance with the terms of the contract and the Government should not pay for any part thereof.

Chenoweth and McElwaine simply came to my office armed with a map of the Boar Tusk group and their reasons for wanting to add this to the contract by amendment in accordance with the stipulation that such lands could be added by amendment.

Their chief reason was that bulldozing alone had already shown that some of the previously selected places were so poor they weren't even worth sampling. Cutting that work off left available funds for work elsewhere.

The results so far were no better or worse than I had expected. I had had repeatedly impressed upon me the Washington DMEA philosophy that "if the operator is willing to risk his own money on it, it's OK for us to risk Government money on it." The contract had been approved over my repeated and strenuous objections, and one of the stipulations written into the contract by Washington was that other lands could be added. As I have administered the contract not willingly but because I am under orders to do so, I tried to comply with what I believed to be Washington's wishes in the matter, namely to accede to the wishes of the operator.

If it was not Washington's intention to permit adding land to the contract simply by amendment, why did Washington include a phrase stipulating just that. Specific stipulation of the exact lands involved is normal procedure, yet this contract is elastic in this matter. A subordination agreement is not normally required with an amendment, and the fact that the subordination agreement with this contract embraces "certain" (unspecified) lands in Polk County, clearly covers all of Polk County, past, present and future because of the absence of any

time stipulation. I naturally interpreted this indefiniteness as intentional to permit addition of lands within Polk County merely by amendment as unequivocally stated in the contract, without the necessity of a new subordination agreement. Yet Mr. Hofflund concludes his memo with the statement, "I gather from the correspondence that the added lands are under lease the same as the land originally described in the contract. If this is the case, suitable subordination agreements are required, and they seem to be missing." As written the existing subordination agreement can be construed to cover the Boar Tusk group.

In conclusion regarding Amendment #2. It should be written as Mr. Hofflund suggests to include whatever is necessary regarding Article 2 of the contract, and no reimbursement is due or should be made for work performed on the Boar Tusk group prior to May 19, 1952.

Amendment #3: By letter on June 24, 1952 the operator asked for still another amendment to add still more land in the same manner as with the Boar Tusk Group and Amendment #2.

I referred the matter to Bill Williams of this office for study. Bill queried the matter of a subordination agreement, and queried the general propriety, value, and legality of the existing blanket subordination agreement.

The problem obviously required resolution in Washington, and so I referred the matter to Washington on June 26, 1952, advising Mr. Chenoweth of the action by sending him a carbon copy at the same time.

I am in complete agreement that whether or not "exploration work was initiated and completed on the New Find, Hurricane Bill, Coon Creek, and Baloff groups of claims (the subject of proposed Amendment No. 3) before these claims were included in the project by amendment," the Government has no obligation therefore under the existing contract because Amendment #3 does not exist.

Mr. Selfridge phoned me on July 9, 1952. He asked why the operator couldn't continue the scheduled work on the lands already included. I told him they did not want to do so because bulldozing had already shown that the stuff was so poverty-stricken that it wasn't even worth sampling. With that he exploded somewhat indignantly, "well then what are we doing in there anyway?" I told him we were in there because Washington had awarded a contract despite my efforts to prevent it. He agreed that consideration should be given in Washington to terminating the project and the contract.

on 167 claims

?

It is evident that I have contributed to fouling up this contract, but I feel that I have been ably assisted by both Washington and the operator in doing so. The technical problems legitimately within my purported field of competence were settled months before the contract was signed--technically the project never was worthwhile as I pointed out repeatedly and long ago. The residual problems are legal and accounting and I welcome Washington's offer to straighten them out.

Sincerely yours,

David Gallagher

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd

Dave

FILE COPY
SURNAME:

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

SEP 3 1952

Mr. David Gallagher
Executive Officer
Field Team, Region VI
Defense Minerals Exploration Administration
221 West 3rd Street
Joplin, Missouri

Re: DMEA-2299, Contract Idm-8280
Inland Mining Company

Dear Dave:

This is in reply to your memorandum dated August 22, addressed to the Operating Committee, in which you request copies of memoranda by Mr. Selfridge and Mr. Chambers to which Mr. Hoffland refers in his memorandum of August 15, copy of which you have been furnished. Your request has been handed to me for reply, since the memos. which you desire were strictly of an interoffice nature between the Division Chiefs concerned and the Administrator's Office and, therefore, were not distributed to members of the Operating Committee.

In accordance with the organizational framework of the DMEA, the Chiefs of all Divisions have the responsibility for advising the Administrator's Office on all problems concerning the administration of exploration contracts. Among other duties, the Division Chiefs must direct reviews of the progress reports submitted by the contractors, as well as all regular and special reports from the Field Teams, from the standpoint of compliance with the contractual obligations and particularly advise as to any unusual conditions affecting the work. They must assume full responsibility for all cases falling within their Divisions. All such memoranda prepared in the performance of that obligation are addressed to the Administrator's Office, and no further distribution is made until a definite course of action, if any, is taken.

Mr. Selfridge's memorandum to me of July 31 represented an abstract of Mr. Williams' report, together with personal comment on his observations. It also cited potential problem areas of a technical and auditing nature. Mr. Chambers' memorandum, dated August 4, was confined entirely to the validity of an amendment made to the subject contract, on the assumption, however, that it was entered into subsequent to April 25, 1952. It was the opinion of Mr. Chambers that, if that assumption was correct, the GAO Auditors would doubtless question certain payments when making their final audit.

As a result of these interoffice memoranda to me, I caused a complete examination to be made by General Counsel, in collaboration with Messrs. Selfridge and Chambers. Various assumptions in each memorandum were considered to be invalid, and those which remained pertinent were incorporated in either the Hofflund memorandum or the letter which was prepared for the Operating Committee, both of which were transmitted to you on August 18, 1952.

I have personally reviewed the material which you request in order to enable you to "more fully understand" Hofflund's memorandum and the Committee's letter, and I am of the definite opinion that these memoranda in their original form would only tend to confuse the issues, rather than to clarify them. If there are any particular points in the Hofflund memorandum, or the Operating Committee letter, which require clarification, we shall be very glad to supply you with additional information thereon.

With kindest personal regards,

Sincerely yours,

C. O. Mittendorf (fw)

P.H. 9-3-52

Acting Administrator

9/3/52
COMittendorf/fw

cc: Admr. Reading File
Mails & Files
N.B.Melcher, USBM
M.D.Crittenden, USGS
J.C.Chambers
G.C.Selfridge
Operating Committee
C. O. Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
August 22, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 25 1952

Re: Docket DMEA-2299(Manganese)
Contract Idm-E280
Inland Mining Corp., Ark.

Memo:

To: Operating Committee, DMEA

From: David Gallagher

Subject: Request for copies

I have your letter of August 18, 1952 and the attached memo from Mr. Hofflund dated August 15, 1952.

Mr. Hofflund refers to a memo from Mr. Selfridge to you dated July 31 and a memo from Mr. Chambers to you dated August 4, 1952 on the subject.

In order that I may more fully understand your letter and Mr. Hofflund's memo, I would like to have copies of the Selfridge and Chambers memos referred to.

David Gallagher

David Gallagher

/jd

AUG 15 1952

Mr. F. C. Harrison, Attorney
1106 Davenport Bank Building
Davenport, Iowa

Dear Mr. Harrison:

This is to acknowledge your letter of August 11, 1952, in which you make inquiry regarding the description of the claims that are being explored by the Inland Mining Corporation under a Defense Minerals Exploration Administration exploration contract.

With regard to your inquiry, we are at liberty only to say that a number of groups of claims were involved under the exploration contract among which one was called the American Group. To secure the description of this group of claims or any of the others, we suggest that you write Mr. Cecil R. Chenoweth, 523 Republic Bank Building, Dallas, Texas.

Sincerely yours,

C. O. Mittendorf

Acting Administrator

GCSelfridge:lm
8/18/52

cc: Admn. Reading File
Docket No. 2295
N. R. Melcher, USBM
N. D. Crittenden, USGS
Field Team Reg. VI
G. C. Selfridge

SD FILE COPY
SURNAME:

Chambers

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

Air Mail

AUG 18 1952

Mr. E. D. Talbert
c/o Mr. Ray C. Jonas
Bureau of Mines
214 Barfield Building
Amarillo, Texas

Re: Contract No. Idm-1280
Docket No. DMEA-2299
Inland Mining Corporation

Dear Dal:

I am sending you a copy of a memorandum prepared by the Chief Counsel to the Acting Administrator in regard to certain amendments and activities relating to the above contract.

This memorandum resulted from memorandums written by Mr. Selfridge and myself questioning Mr. Gallagher's authority for completely restating Exhibit "A". According to records in the docket file, I concluded that the proposed amendment must have been written after April 25, 1952, but evidence collected since that time apparently show the amendment to have been written prior to April 25. For your information April 25 was the day on which the Secretary of the Interior limited the authority of field teams to amend contracts where allowable maximums were involved.

I think it would be well to talk over the contents of this memorandum with Mr. Jonas. He may take notes or make a copy of this memorandum but the memo itself should be returned to this office for our records.

A little diplomacy may be necessary in dealing with this problem since Mr. Gallagher doubtless will object to any disallowances made on his amendment. Furthermore, I doubt if disallowances should be made on the amendment per se, but Jonas' attention probably should be called to the possibility of paying the consultant for work done on lands not covered by the contract.

I suppose you feel like a regular traveler by this time. Upon your arrival it may be necessary for me to go to Minneapolis and Spokane. "Time about is fair play."

Sincerely,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration and
Audit Division

J.H. 8-18-52

Enclosure

Mails & Files
Admr. Reading File
Mr. Chambers

FILE COPY
SURNAME:

Selfridge.

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

BP

AUG 18 1952

Mr. David Gallagher
Executive Officer, DMEA Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
Polk County, Arkansas
Contract No. Idm-Z-280

Dear Mr. Gallagher:

Attached hereto are two copies of a memorandum by the Chief Counsel, dated August 15, 1952, which comments on the subject contract, amendments thereto, and proposed Amendment No. 3.

We have reviewed Mr. Williams' report, for which we wish to thank you, and have certain comments to make relating to information in the report and in our file. The Chief Counsel has also commented on the same subjects in his memorandum.

To date we have not received the executed Subordination Forms covering the Boar Tusk claims and those involved under proposed Amendment No. 3, as promised Mr. Williams while he was in Mena, Arkansas. Under the exploration contracts executed Subordination Forms should be secured before any work is done on a property unless a Guaranty has been accepted. In order to carry out the terms of the Inland contract it will be necessary that the Company send us the forms in order that the subject properties can be added to the contract as outlined by the Chief Counsel.

In the Williams' report reference is made to the following provision: "The Operator may at its own expense obtain leases or make mining locations suitable for additional exploration projects and the said lands may become a part of this contract by amendment." On page 4 of Mr. McElwaine's April report he states that about 65 percent of his time was spent in field work consisting of geological reconnaissance on other holdings of the corporation and public domain in the area. In the May report he states that he spent 10-3/4 days in geological reconnaissance work. As a result of the reconnaissance, only outside properties were worked upon, and apparently the entire reconnaissance cost for the greater part of May and all of June was charged to the contract. Under the terms of the contract we consider that any charges incurred, including those of geological reconnaissance, in acquiring the outside properties are not chargeable to the contract. Thus, some equitable adjustment should be made for all expenses incurred for geological reconnaissance on properties not originally included in the contract.

Mr. Williams also mentions that exploration work was initiated and completed on the New Find, Hurricane Bill, Coon Creek, and Baloff groups of claims (the subject of proposed Amendment No. 3) before these claims were included in the project by amendment. This was in direct violation of the subject contract. We note that Mr. Chenoweth did not formally request the addition of these groups of claims to the contract until June 24, by which time the work must have been largely completed. The same must be partly true for the Beardfusk group of claims which was added by Amendment No. 2, effective May 19, 1952, since practically 97 percent of the bulldozer trail feet and 89 percent of the bulldozer trench feet were charged to that group of claims for the month of May.

The Chief Counsel has stated that the outside claims and the exploration work thereon can be added to the contract by amendment if the amendment recites something to the effect that the added work on the added land was approved by the Government before the work was performed and that the amendment is made to cover the previous oral understanding (see page 2, sub-heading 2 of attached memorandum). If you wish that the two amendments be drawn up in Washington, will you please furnish us with this information.

If the work on the claims which are the subject of proposed Amendment No. 3 was done without a prior oral agreement, it may present a problem but at this time we are inclined to allow the expenses of the actual exploration work but not those of the reconnaissance work although our original intention was that only the four projects originally included under Stage I were to be all on which work was to be done regardless of monies remaining.

From the data at hand, it appears that no further work should be done in the area because of the limited size and grade of the manganese deposits exposed by the exploration. Was Mr. Williams able to gather sufficient information which would suggest that jackhammer drilling of the "outside" claims would tend to indicate that the manganese content was lower than indicated by the trenching and more comparable to that shown by the claims that were drilled? In addition to the results of the exploration work, the results of the metallurgical tests indicate that a satisfactory concentrate cannot be made by presently known methods of ore dressing and for this reason no further work should be done under the contract.

Possibly sometime in the future more exploration work will be warranted, but this will be dependent upon methods recovering manganese by chemicals rather than by ore dressing methods. As you probably know

know, a DMPA contract was recently signed which provides for a 200-ton-a day plant to test the ammonium carbamate method on the Cuyuna manganese ores. It may be two or three years before results will be available but, if favorable, they may affect the status of the Arkansas manganese-bearing deposits. Since repayment under the exploration contracts covers a period of ten years, we will have to give consideration to the possibility of certification on the Inland work. We would appreciate having your opinion on this.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

Enclosures

Approved:

C. N. Johnson
Member, Bureau of Mines

D. M. Lemmon
Member, Geological Survey

GCSelfridge'ls
8/15/52

cc: Admn. Reading File
Docket
N. B. Melcher, USBM
M. D. Crittenden, USGS
Field Team Reg. VI
J. L. Chambers
Operating Committee
G. C. Selfridge

400

FILE COPY
SURNAME:

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

Selfridge

August 15, 1952

Memorandum

To: Acting Administrator

Y. S. in R. J. R.

From: Chief Counsel

Subject: Inland Mining Corporation, DMEA-2299, Idm-E-280

Reference is made to Mr. Selfridge's memorandum to you dated July 31 and to Mr. Chambers' memorandum to you dated August 4 making comments thereon.

The subject contract is dated March 27, 1952. Amendment No. 1 which was entered into in the field by Mr. Gallagher, is undated but recites: "This Amendment #1 is effective as of April 4, 1952." Amendment No. 1 completely restates Exhibit "A", but does not, I believe, essentially change the description of the work or add any work to that originally specified, nor does it change the total estimated cost of the project.

Amendment No. 2 purports to add certain land to that originally specified and additional work to be performed on that land. This amendment is undated but does specify May 19, 1952, as the effective date.

There is now pending for consideration a request from the Operator to Mr. Gallagher, dated June 24, submitted by his memorandum to the Operating Committee dated June 26, for an amendment similar to No. 2 adding both land and work.

The first amendment was questioned on the ground that it removes an allowable maximum placed on one item in Exhibit "A" of the original contract, to wit: the employment of a consulting geologist for three months, 30 days at $90 per diem, $2,700. This amendment is not dated but was transmitted to Washington on April 8, 1952. Had this amendment been entered into after April 25, 1952, the date of Order No. 2684 delegating powers to the Field Teams, it would have been outside of the authority of the Field Team Executive Officer, because that order does not permit the Executive Officers to make amendments in items that are expressly fixed as "allowable maximum."

As I understand it, the original allowable maximum of $2,700 has been very much exceeded in reliance upon this amendment. I do not think that it is necessary to repudiate the amendment in order to hold charges for a consulting geologist to a reasonable amount. If it is considered that the claims for a consulting geologist are unreasonable, everything that is in excess of what is deemed to be reasonable should be disallowed.

In this connection, it is my understanding that a considerable part of the claims for the consulting geologist arose out of reconnaissance work performed by the geologist on lands which were not included in the contract at the time the work was performed. Clearly all claims for such work should be disallowed. Such reconnaissance work to determine whether it is desirable to add land to that described in the contract is in the nature of the Operator's costs in possessing suitable land for the purposes of exploration (like rent) and cannot be allowed as any part of the cost of the contract. The case is different from work performed on land described in the contract in addition to work specified in the contract, with the understanding that the additional work will be added by amendment of the contract.

In brief, my conclusion with respect to Amendment No. 1 is that it should be allowed to stand, but that vouchers for payment should be scrutinized and disallowed to the extent that the claims are deemed to be unreasonable. The Field Team Executive Officer should be supplied with a copy of this memorandum for his information and future guidance.

Amendment No. 2 is objectionable for two reasons:

1. It purports to add land to that described in the contract, but fails to add the land to that described in Article 2 of the contract form. The additional land is merely added in a new item in Exhibit "A". The amendment is defective in that it does not make the land subject to the royalty and lien provisions of the contract form. To correct this defect, the amendment should be rewritten expressly adding the land to that described in Article 2 of the contract form.

2. Amendment No. 2 is also questioned on the ground that some part of the work on the added land was performed before the date of the amendment. Seemingly, the amendment is intended to cover all work performed on the added land regardless of the time it was performed. If the added work on the added land was performed with the knowledge and approval of the Field Team Executive Officer, a written amendment will be proper to cover it. When the amendment is redrafted (as indicated in 1, above), it should recite something to the effect that the added work on the added land was approved by the Government before the work was performed and that the amendment is made to cover the previous oral understanding.

Amendment No. 3, now pending for drafting, presents the same problems as Amendment No. 2. This office will redraft Amendment No. 2 and properly draft Amendment No. 3, if it is determined that this is desirable.

Whether Amendment No. 3 would be within the delegated powers of a Field Team Executive Officer is a matter for engineering determination. Under Order No. 2684, Field Team Executive Officers are authorized to make amendments that effect "changes in the description of the work within the limits of its original scope and purpose." In the case of exploration to investigate a load or vein, no doubt it may become necessary to add adjoining land in order to carry out the work "within the limits of its original scope and purpose." In the case of exploration over a more or less extended area to discover unconnected deposits, it might well be considered that the "original scope and purpose" is limited to the land described in the contract.

Aside from the question of whether Amendment No. 1 is within the "original scope and purpose" of the contract, Field Team Executive Officers should not amend contract approved by the Administrator merely to substitute a new contract for the one approved in Washington. The power of Field Team Executive Officers to amend contracts is for the purpose of enabling them to make necessary changes in the course of the work, not to make a substantially new contract before the work is begun.

In any case, the justification made by Mr. Gallagher for Amendment No. 2 (as stated in the amendment itself) that there are unexpended funds remaining from other phases of the work, is inadequate. The work is not to be expanded because there are unexpended funds, but because the expansion is necessary or desirable to carry out the project as originally contemplated.

The nature of the Operator's interest in the land added or to be added in Amendments 2 and 3 is not stated in the amendments. I gather from the correspondence that the added lands are under lease the same as the land originally described in the contract. If this is the case, suitable subordination agreements are required, and they seem to be missing.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachments

JLHofflund/em/ls

Copy to: Mails and Files
G. C. Selfridge
J. L. Chambers
J. L. Hofflund
Chron.

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

August 13, 1952

Memorandum

To: Acting Administrator

From: Chief Counsel

Subject: Inland Mining Corporation, DMEA-2299, IDM-E280

Reference is made to Mr. Selfridge's memorandum to you dated July 31 and to Mr. Chambers' memorandum to you dated August 4 making comments thereon.

The subject contract is dated March 27, 1952. Amendment No. 1, which was entered into in the field by Mr. Gallagher, is undated but recites: "This Amendment #1 is effective as of April 4, 1952." Amendment No. 1 completely restates Exhibit "A", but does not, I believe, essentially change the description of the work or add any work to that originally specified, nor does it change the total estimated cost of the project.

Amendment No. 2 purports to add certain land to that originally specified and additional work to be performed on that land. This amendment is undated and does not specify any effective date.

There is now pending for consideration a request from the Operator to Mr. Gallagher, dated June 24, submitted by his memorandum to the Operating Committee dated June 26, for an amendment similar to No. 2 adding both land and work.

The first amendment is questioned on the ground that it removes an "allowable maximum" placed on one item in Exhibit "A" of the original contract, to wit: the employment of a consulting geologist for three months, 30 days at $90 per diem, $2,700. If this amendment was entered into after April 25, 1952, the date of Order No. 2684 delegating powers to the Field Teams, it was outside of the authority of the Field Team Executive Officer, because that Order does not permit the Executive Officers to make amendments in items that are expressly fixed as "allowable maximum." Inasmuch

as the amendment is not dated, its precise date cannot be fixed, but it appears probable from the correspondence that it was entered into after April 25, 1952.

As I understand it, the allowable maximum of $2,700 for a consulting geologist has been very much exceeded in reliance upon this amendment. This raises the question of whether DMEA wishes to repudiate the amendment on the ground that the Executive Officer did not have authority to enter into it, or to support the Executive Officer in what he no doubt presumed to be his authority, and which may actually have been within his authority if the amendment was made prior to April 25, 1952.

I do not think that it is necessary to repudiate the amendment in order to hold charges for a consulting geologist to a reasonable amount. If it is considered that the claims for consulting geologist are unreasonable, everything that is in excess of what is deemed to be reasonable should be disallowed.

In this connection, it is my understanding that a considerable part of the claims for the consulting geologist arose out of reconnaissance work performed by the geologist on lands which were not included in the contract at the time the work was performed. Clearly all claims for such work should be disallowed. Such reconnaissance work to determine whether it is desirable to add land to that described in the contract, is in the nature of the Operator's costs in possessing suitable land for the purposes of exploration (like rent) and cannot be allowed as any part of the cost of the contract. The case is different from work performed on land described in the contract in addition to work specified in the contract, with the understanding that the additional work will be added by amendment of the contract.

In brief, my conclusion with respect to Amendment No. 1 is that it should be allowed to stand, but that vouchers for payment should be scrutinized and disallowed to the extent that the claims are deemed to be unreasonable. The Field Team Executive Officer should be supplied with a copy of this memorandum for his information and future guidance.

Amendment No. 2 is objectionable for two reasons:

1. It purports to add land to that described in the contract, but fails to add the land to that described in Article 2 of the contract form. The additional land is merely added in a new item in Exhibit "A". The amendment is defective in that it does not make the land subject to the royalty and lien provisions of the contract form. To correct this defect, the amendment should be rewritten expressly adding the land to that described in Article 2 of the contract form.

2. Amendment No. 2 is also questioned on the ground that all or some part of the work on the added land was performed before the date of the amendment. Inasmuch as the amendment bears no date, the date remains unknown. However, this is not particularly significant, as it is plain that the amendment is intended to cover all work performed on the added land regardless of the time it was performed. If the added work on the added land was performed with the knowledge and approval of the Field Team Executive Officer, a written amendment will be proper to cover it. When the amendment is redrafted (as indicated in 1, above) it should recite something to the effect that the added work on the added land was approved by the Government before the work was performed, and that the amendment is made to cover the previous oral understanding.

Amendment No. 3, now pending for drafting, presents the same problems as Amendment No. 2. This office will redraft Amendment No. 2 and properly draft Amendment No. 3, if it is determined that this is desirable.

Except for the one defect in removing the "allowable maximum" from the item of consulting geologist, I perceive no objections to Amendment No. 1. In fact, it seems to me that Amendment No. 1 is a much better statement as far as form is concerned than the one originally prepared in Washington. It is for the engineers to determine if there are any objectionable changes in substance. In any case, except for the one defect, I think that Amendment No. 1 was within the delegated power of the Field Team Executive Officer.

Whether Amendment No. 2 is within the delegated powers of a Field Team Executive Officer is a matter for engineering determination. Under Order No. 2684, Field Team Executive Officers are authorized to make amendments that effect "changes in the description of the work within the limits of its original scope and purpose." In the case of exploration to investigate a lode or vein, no doubt it may become necessary to add adjoining land in order to carry out the work "within the limits of its original scope and purpose." In the case of exploration over a more or less extended area to discover unconnected deposits, it might well be considered that the "original scope and purpose" is limited to the land described in the contract.

Aside from the question of whether Amendment No. 2 is within the "original scope and purpose" of the contract, Field Team Executive Officers should not amend contracts approved by the Administrator merely to substitute a new contract for the one approved in Washington. The power of Field Team Executive Officers to amend contracts is for the purpose of enabling them to make necessary changes in the course of the work, not to make a substantially new contract before the work is begun.

In any case, the justification made by Mr. Gallagher for Amendment No. 2 (as stated in the amendment itself) that there are unexpended funds remaining from other phases of the work, is inadequate. The work is not to be expanded because there are unexpended funds, but because the expansion is necessary or desirable to carry out the project as originally contemplated.

The nature of the Operator's interest in the land added or to be added in Amendments 2 and 3 is not stated in the amendments. I gather from the correspondence that the added lands are under lease the same as the land originally described in the contract. If this is the case, suitable subordination agreements are required, and they seem to be missing.

Finally, I believe that Mr. Selfridge contemplates terminating the work on the contract ground that operations have not indicated the probability of making any worthwhile discovery. If this is to be done, it might well be done contemporaneously with perfecting such amendments as may be deemed necessary to make a proper settlement of the contract.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachments

File 111

800

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

AUG 5 1952

Mr. E. D. Talbert
c/o Mr. Ray C. Jones
Bureau of Mines
214 Barfield Building
Amarillo, Texas

Dear Dal:

I am sending you a copy of a memorandum which I have written to Mr. Mittendorf re Contract Idm-E280, Inland Mining Company. I think the memorandum states the point clearly which I raise. I would like for you to discuss the points with Mr. Gallagher. Whatever decision Mr. Mittendorf makes in regard to my memorandum will be dispatched to you in Amarillo, or in case the decision is not made in time to correspond with you, I shall telephone you.

A study of the above-numbered contract gives me some indication as to the trouble between Jones and Gallagher. It may be well to point out to Mr. Gallagher some of his limitations in making amendments. In the first place, he seldom dates an amendment. In certain amendments he does not give ~~its~~ the effective date. The General Counsel's interpretation of an amendment that bears no effective date gives the effective date of the contract. In other words, any amendment which is not limited in date takes on the limitations of the contract.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration and
Audit Division

Attachment

The importance of dating and stating effective date on amendments was discussed with Mr. Kirk, Railroad engineer, & Mr. Williams, Survey geologist, of Joplin on Aug. 19, 1952.

The amendment in question was signed on Aug. 4, the same date contract was signed.

E. D. Talbert

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

800

August 4, 1952

To: Mr. C. O. Mittendorf
Acting Administrator

N.S. in R.v.R.

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Mr. Selfridge's memoranda on Contract Idm-E280 under date of July 31, 1952.

Reference is made to two memoranda under date of July 31, 1952 from Mr. Selfridge's office, in regard to Contract Idm-E280, Docket No. 2299, with the Inland Mining Company, in regard to amendments to the contract.

Mr. Selfridge has discussed the problems arising under additional exploration territory but I would like to call your attention to the fact that Amendment No. 1 signed by Mr. Gallagher, undated, but certainly later than April 30, 1952, as evidenced by a memorandum from a field engineer, W. P. Williams, changing the limitations established in the original contract for the employment of supervision and technical assistance.

Under the delegation of authority to field Executive Officers by the Secretary of the Interior, dated April 25, 1952, field Executive Officers can not change allowable maximums. The original contract established such allowable maximums which were abolished by Mr. Gallagher's amendment. As a result of this change, it appears, according to Mr. Selfridge's memorandum, that too much money is being expended for supervision and technical help. If Mr. Gallagher's amendment, which is not dated, but does state that it is effective as of April 4, 1952, was written after April 25, 1952, he certainly exceeded his delegated authority and the amendment might be void.

In the final audit our auditors will doubtless question these payments. It might be well to have a ruling from the General Counsel on these amendments, especially on the point of abolishing allowable maximums, as soon as possible.

This memorandum is written as a result of your transmitting Mr. Selfridge's memoranda to me, August 1, 1952.

JIChambers/wb
August 4, 1952

Copy to: Mails & Files
Admr. Reading File
Mr. Talbert
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
August 1, 1952

Memo

To: Operating Committee, DMEA

From: David Gallagher, Executive Officer, Field Team, Region VI

Transmitted herewith is a report of recent metallurgical work by the Rolla office of the U. S. Bureau of Mines on representative samples of "Mena manganese ore". Attached also are (1) a letter of transmittal to me from Mr. Knickerbocker, (2) my reply of August 1, to Mr. Knickerbocker, and (3) a copy of the letter of March 27, 1952 from Siegfried Muessig of this office transmitting the samples to Mr. Knickerbocker.

David Gallagher
David Gallagher

DG/jd
Encs.

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

~~xxxxxxxxxxxxxx~~
Joplin, Missouri
August 1, 1952

Mr. R. G. Knickerbocker, Chief
Minerals Technology Division
Region VI
U. S. Bureau of Mines
P. O. Box 136
Rolla, Missouri

Dear Mr. Knickerbocker:

I have just received your letter of July 30, 1952 transmitting copies of Mr. Fine's report on the Mena manganese samples submitted to you by Siegfried Muessig of this office.

I am very appreciative of your co-operation. As you probably know, there has been more stir about Mena manganese than about any other mineral commodity in Region VI since the inception of the DMA program.

Without consulting me Washington approved one exploration project that ended in complete failure. Despite my repeated protests Washington approved another contract that may soon be terminated as a complete failure.

I have maintained all along that I was confident that exploration could succeed in outlining large tonnages of typical Mena manganiferous material in that region, but I have maintained also that the material is worthless--it is not ore in the commertial sense because it is not possible by any presently known metallurgical method to separate a saleable manganese product from it at a profit.

This opinion has been based on several lines of evidence, important among which is previous metallurgical work done under your direction on these so-called Mena manganese ores. This most recent work, the report of which you have just sent me, confirms once again the same conclusions. I am sure it will assist me in my continuing efforts to convince others that investment in Mena manganese is unwise at present.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

DG/jd
~~xxx~~ Operating Committee

xxxxxxxxxxxxxxx
Joplin, Missouri
March 27, 1952

Mr. R. G. Knickerbocker
U. S. Bureau of Mines
P. O. Box 136
Rolla, Missouri

Enclosed is Bill of Lading IM-161696 for three (3) sacks of Mena manganese "ores" that were collected by Harvey Sobel and me last week. I understand that you advised Mr. Gallagher telephonically on March 17 that you can undertake further testing of these "ores".

Descriptions of the samples follows:

In-M-1: 2 sacks; this is a composite of several dozen trench samples taken by F. C. Blickensderfer at Southwestern Engineering Co. (SWECO) on the lower and the upper bulldozer cuts made by Inland Mining Corporation on the north side of its American Group of claims. This sample is probably the most representative of any Mena "ore" yet shipped to you.

In-M-2: 1 sack; this is a sample taken by Harvey Sobel of this office on the south side of the American Group of claims. It is approximately representative of a 13-foot face exposed along a 100-foot long outcrop on the American Group.

We have no suggestions regarding the tests you will make on these samples. You will, however, probably want to run In-M-1 & 2 separately and then, perhaps later, make a composite for testing.

While in Mena we looked at three SWECO reports on extensive tests made by them for the Inland Mining Corporation. Mr. Cecil B. Chenoweth, Vice President of Inland Mining Corporation, has agreed to send us copies of these reports; we will relay them on to you as soon as they arrive in the hopes that they may be of help to you.

We have put pieces of shattered novaculite that are interlaced with black manganese oxides in hydrochloric acid and find that most of the oxides are nothing more than stains on the rock. You may find it interesting to repeat this experiment.

Sincerely yours,

Siegfried Muessig

/jd
Encs.

AUG 1 1952

July 30, 1952

Mr. David Gallagher
Executive Officer, Field Team
Defense Minerals Exploration Administration
c/o General Delivery
Joplin, Missouri

Dear Mr. Gallagher:

In accordance with our telephone conversation in March of this year and Mr. Siegfried Muessig's letter to me of March 27 from your office at Joplin, please find enclosed one original and one copy of a mineral dressing and mineral analysis report on the manganese ore samples transmitted to Rolla by the above letter of March 27.

Summarizing briefly, sample In-M-1 was investigated by gravity concentration methods, flotation, and sintering and yielded a concentrate of 44.7 percent recovery containing 41.7 percent manganese, 12 percent iron, 12.9 percent silica, 3.4 percent Al_2O_3, and 0.8 percent phosphorus. Mr. Fine reports that by including roasting and magnetic separation in the flow sheet the grade of this concentrate may be raised to 54.4 percent manganese, 1.7 percent iron, 11.1 percent SiO_2 and 0.5 percent phosphorus: However, the recovery is reduced to 42.9 percent.

On sample In-M-2, a recovery of 39.8 percent was made in a concentrate analyzing 44.9 percent manganese, 3.7 percent iron, 18 percent silica, 5 percent Al_2O_3 and 0.58 percent phosphorus. This concentrate was produced by using the first procedure mentioned above.

The low recoveries on these samples of manganese material are due to a very close association of manganese minerals and gangue minerals which condition is shown in the photomicrographs of typical polished sections. The subgrade products are accounted for in part by the interlocking and because of the fact that the phosphorus minerals appear to concentrate with the manganese.

Certainly the samples as received are not amenable to the production of ferrograde concentrates by simple mineral dressing

procedures and no additional work is contemplated on these samples at this time.

Sincerely yours,

R. G. KNICKERBOCKER

R. G. Knickerbocker, Chief
Minerals Technology Division
Region VI

Enclosures 2

Copy to: Mr. Siegfried Muessig (w/encl.)

METALLURGICAL BRANCH LABORATORY REPORT OF MINERAL DRESSING AND PETROGRAPHIC ANALYSES OF SAMPLES FROM INLAND MINING CORP., MENA, ARKANSAS

By

M. M. Fine, R. B. Fisher, and D. W. Frommer

Two samples of manganese ore from Mena, Arkansas, were submitted to the Minerals Technology Division, Region VI, Rolla, Missouri, by Mr. Siegfried Muessig of the Defense Minerals Exploration Administration, Joplin, Missouri, on March 27, 1952. The sample identified as In-M-1 was a composite of several dozen trench samples on the lower and upper bulldozer cuts made by the Inland Mining Corp. on the north side of its American group of claims. Sample In-M-2 was reportedly representative of a 13-foot exposed face along a 100-foot outcrop on the south side of the American group of claims.

Sample In-M-1
Petrographic Examination of Ore

Detailed petrographic examination of the sample showed that novaculite was the primary constituent, with relatively small amounts of psilomelane-type manganese mineral and even lesser amounts of pyrolusite. Also present were two iron phosphate minerals, one was partly altered to limonite; the other was strengite in the form of tiny elongated crystals.

The novaculite contained manganese minerals in close association; usually the manganese was present in an intergrowth of small veinlets.

The psilomelane occurred in thin veinlets, in areas of irregular shape and disseminated in the novaculite. The pyrolusite occurred as thin bands, as intergrowth, and in isolated areas within the psilomelane. The mode of occurrence and degree of association are readily shown by photomicrographs of polished sections of the ore.

Figure 1 shows such a section at a magnification of 100 diameters. The white areas and specks are manganese oxides in the groundmass of novaculite which is dark. The extreme fineness of some of the manganese oxide grains may be gauged by comparison with the 100-mesh opening shown on the photograph. Figure 2, with a magnification of 75 diameters, shows the manner in which altered iron phosphate occurred. It may be seen as the light gray area between the novaculite (dark) and psilomelane (white).

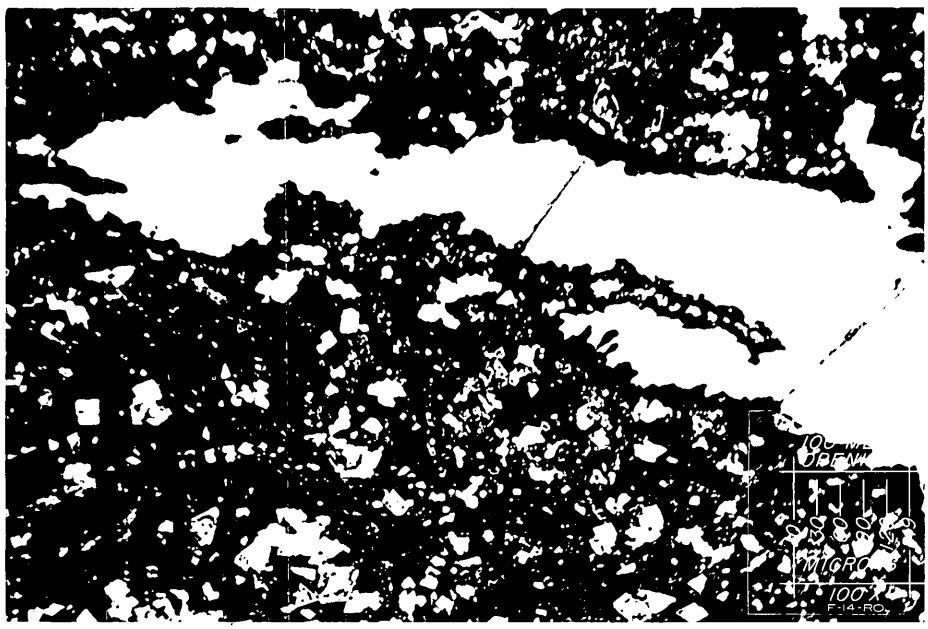


Figure 1. - Psilomelane in novaculite heavily stained by manganese oxide. 100X

Figure 2. - Partly altered iron phosphate mineral associated with psilomelane in novaculite. 75X

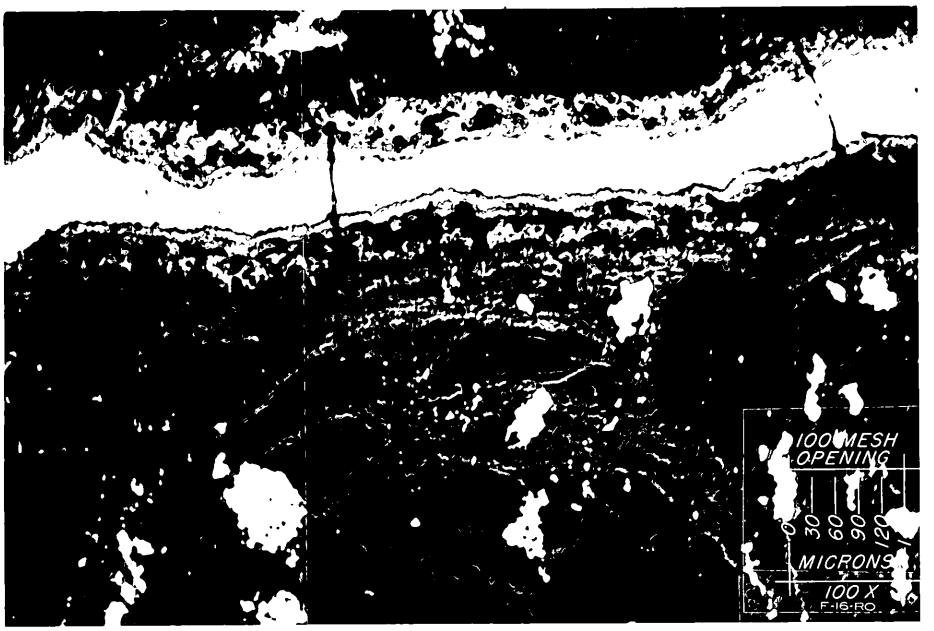


Figure 3. - Veinlet of psilomelane bordered by pyrolusite. 100X

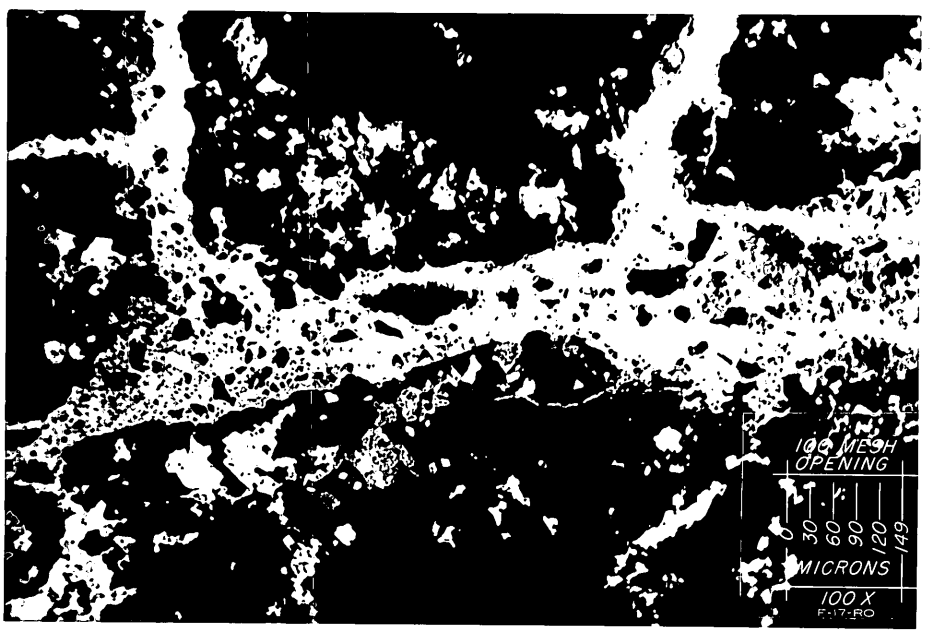


Figure 4. - Veinlets of psilomelane with enclosed fragments of novaculite. 100X

TABLE 4. - Sample In-M-2 - Results of gravity concentration

Product	Weight, percent	Analysis, percent				Percent total Mn
		Mn	Fe	Insol.	P	
Table concentrate ..	10.9	26.4	2.2	45.1	0.27	49.3
Table middling	7.4	10.2	1.1	77.7	0.14	12.9
Table tailing	21.6	3.6	0.62	91.0	0.07	13.3
Heavy medium tailing	56.8	2.1	0.37	94.6	0.06	20.4
Slimes	3.3	7.2	1.2	81.3	0.11	4.1
Composite	100.0	5.8	0.71	86.7	0.09	100.0

TABLE 5. - Sample In-M-2 - Flotation of table concentrate

(Metallurgical data)

Product	Weight, percent	Analysis, percent					Percent total Mn	
		Mn	Fe	SiO_2	Al_2O_3	P	Feed	Crude ore
Concentrate	53.2	40.4	3.1	16.8	4.6	0.37	80.8	39.8
Middling ..	15.6	15.0	2.0	-	-	-	8.8	4.4
Tailing ...	31.2	3.9	1.4	-	-	-	10.4	5.1
Composite	100.0	26.6	2.4	-	-	-	100.0	49.3

(Operating data)

Reagents	Pounds per ton of feed					
	Conditioners		Rougher	Cleaners		
	1	2		1	2	3
Sodium silicate	2.0	-	-	-	-	-
Soda ash	2.0	-	-	-	-	-
Oleic acid	-	0.48	-	-	-	-
Armac CD	-	0.12	-	-	-	-
pH	8.9	-	-	-	-	-
Time, minutes	5	5	8	8	10	10

Summary and Conclusions

Two samples of manganese ore from the American group of claims of the Inland Manganese Corp., Mena, Arkansas, were tested in the mineral dressing laboratories of the Bureau of Mines, Rolla, Missouri. A summary of the results obtained is tabulated below:

TABLE 6. - Summary of results

Sample	Treatment	Analysis of concentrate percent					Recovery, percent
		Mn	Fe	SiO_2	Al_2O_3	P	Mn
In-M-1	Gravity concentration, flotation and sintering	41.7	12.0	12.9	3.4	0.80	44.7
In-M-1	Gravity concentration, flotation, roasting and magnetic separation	54.4	1.7	11.1	-	0.51	42.9
In-M-2	Gravity concentration, flotation and sintering	44.9	3.7	18.0	5.0	0.58	39.8

Although concentrates containing more than 40 percent manganese were produced the recoveries were quite low. The reason for the low recoveries may be found by examining the photomicrographs of representative polished sections of the ores. The numerous tiny grains of manganese oxide leaked with and staining the novaculite made a good recovery by mechanical concentration processes impossible.

Interlocking was in part responsible for failure of the concentrates to meet National Stockpile Specification P-30 for metallurgical manganese ore. The silica plus alumina content of the In-M-2 concentrate was much too high and the phosphorus content of all concentrates was in excess of specifications. Attempts to bring the phosphorus within acceptable limits by magnetic roasting and flotation were unsuccessful.

In conclusion, the data show that the samples tested are not amenable to the economic production of ferrograde manganese concentrates by mineral dressing procedures.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Acting Administrator, DMEA DATE: July 31, 1952

FROM : Chief, Iron and Ferro-Alloy Division, DMEA

SUBJECT: Docket No. DMEA 2299 - Manganese; Contract No. Idm-E-280
Inland Mining Company

Attached hereto is a memorandum concerning the exploration contract of the Inland Mining Company. It is largely for your information and to provide material from which you may wish to select details when we further write Mr. Gallagher concerning the proposed Amendment No. 3. Please see his letter of July 30 which has just been received.

G.C. Selfridge

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Attachment

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

July 31, 1952

Memorandum

To: Acting Administrator, DMEA

From: Iron and Ferro-Alloy Division, DMEA

Subject: Proposed Amendment No. 3
Docket No. DMEA 2299 - Manganese
Inland Mining Company
American, et al. claims
Polk County, Arkansas
Contract No. Idm-E-280

On June 26, 1952, Mr. David Gallagher, Executive Officer of Region VI, forwarded a request to amend the subject contract by adding additional groups of claims to those already included under the contract. Because the legal status of the claims was not known, Mr. Gallagher was asked on July 10, 1952, to furnish this office with that information and, in addition, forward a summary of the work that had been done to date, the results obtained, and the total amount of expenditures. The latter information was requested because there appeared the possibility that approval for Stage II might be given automatically by adding the new claims to the contract.

Originally the contract was drawn up keeping in mind Mr. Gallagher's letters with their adverse comments on the Arkansas manganese deposits which were received after this Administration had been more or less committed to an exploration program to be undertaken by the Inland Company. Thus, the contract was drawn up in two stages, the first to explore four places on claims controlled by the Inland Company, and the second to expand the exploration to other claims. The prosecution of Stage II was to be contingent upon the results obtained from the exploration of Stage I. In drawing up the contract, the data submitted by the Company were used for estimated costs. An attempt was made to outline a reasonable working cycle in keeping with the equipment to be used on the project. Study of the original application showed that the bulldozer working capacity was far in excess of the pneumatic machine capacity, which in turn was in excess of the compressor capacity. The intent of the contract was to limit Stage I to the four places listed under Stage I.

When the signed copies of the contract were returned, it was noted that Exhibit "A" had been entirely rewritten as Amendment No. 1, without consulting the Washington Office. Justification for the amendment is given as follows:

> "The original Exhibit A as drawn in Washington was deemed to be unworkable in form.
>
> "Amendment #1 was drawn revising Exhibit A into workable form."

The justification does not say whether the amendment was based on operating and/or accounting unworkability.

Later the contract was amended by Region VI by deleting the word "four" from the projects of Stage I and adding an additional project on outside claims, the Boar Tusk group. The amendment was added because two of the original four projects proved to be duds, and funds remained. It is believed that the intent of an exploration contract is to explore with certain objectives in mind and when these have been reached additional work should not be added to the contract just to expend the remaining sum of money, especially when the exploration has proved negative.

On July 17 we received Mr. W. P. Williams' memorandum in response to our letter of July 10. He comments upon the provision in the contract which states:

> "The Operator may at its own expense obtain leases or make mining locations suitable for additional exploration projects and the said lands may become a part of this contract by amendment."

It was unfortunate that this clause was not placed under Stage II rather than at the end of the contract because it was so intended when added as a last minute request by the Company. Had it been placed under Stage II, then Stage I would have been definitely limited to the four places mentioned in the contract.

A review of the memorandum shows that exploration work was done on nine groups of claims and that the mineralization is erratic in occurrence and of a limited thickness. Only part of the trenches were worth sampling. With one exception the reported better showings occur near old workings on claims originally not included under the contract. Mr. Williams notes on page 4 that 482 samples were assayed from the American group of claims and only 26 from the remaining 7 claim groups. He suggests that more thorough sampling than the latter be done in order to give a more valid representation of the ore grade if further work is contemplated. This office concurs with Mr. Williams as it believes that the 26 samples cannot be representative of any appreciable tonnage.

Mr. Williams also comments on the cost of "brains" for a project of this nature. To avoid such an occurrence, the original Exhibit "A" limited the Consultant to 20 days' work in the first month and 5 days' work monthly thereafter. In rewriting the exhibit, the star was removed from the sum allowed for consulting and thus left no maximum for such services. Mr. Williams does not mention that the Resident Geologist also was provided with a helper at $300 a month.

No BCL maximum

As previously mentioned, the Operator under the contract could at his own expense obtain additional land and include it for exploration. It appears that the reconnaissance examination of the lands outside of the Company's claims has been done under the contract and not at the expense of the Company. On page 4 of Mr. McElwaine's April report he states that about 65 percent of his time was spent in field work consisting of geological reconnaissance on other holdings of the corporation and public domain in the area. The Resident Geologist also assisted the Consulting Geologist in the field work. In the May report he states that he spent 10-3/4 days in geological reconnaissance work. All of this must have been off the Company's claims since most of the work as laid out under Stage I of the contract had been largely completed in April.

On page 5 of Mr. Williams' memorandum he states that the exploration work was initiated and completed on the New Find, Hurricane Bill, Coon Creek, and Baloff groups of claims (the subject of proposed Amendment No. 3) before these claims were included in the project by amendment. This is in direct violation of the DMEA regulations.

The same must be largely true for the Boar Tusk group which was added to the contract by Amendment No. 2, effective May 19, 1952, since practically 97 percent of the bulldozer trail feet and 89 percent of the bulldozer trench feet were charged to that group of claims for the month of May (see page 1, May report). This office believes that the Operator could have anticipated and secured the amendment before doing work on the above-mentioned outside claims. Region VI wrote Amendment No. 2 and could have written Amendment No. 3, subject to the presentation of the suitable maps and legal papers as provided for in the contract.

Mr. Williams also included a summary of metallurgical tests made by the Southwestern Engineering Company. The tests show that the Company failed to make an acceptable concentrate and that over-all recovery was poor. The concentrate would be subject to penalties for excess iron, silica-alumina, and phosphorous and deficient manganese. The Inland Company states that it has sent 650 pound samples to American Cyanamid and the Dorr Company for metallurgical tests.

The Company's monthly report for May outlines the amount of work done and discusses the exploration results. The report indicates that the mineralization is erratic and that thicknesses are limited. In summary, Mr. McElwaine states that the actual exploratory work to date has not been very fruitful. We concur with this conclusion and further add that the information at hand shows that none of the places explored has given results comparable to the results obtained by the Company's exploration prior to the contract, which results were included in its application for exploration assistance.

The monthly report contains a number of cross sections showing the trenches and drill holes. This office has marked the sections of holes from which samples assayed 4 percent manganese or better. One can see the erratic distribution of the better grade material and the limited width of such material. In some cases it appears that a good deal of bulldozing and drilling was done too far below the favorable manganese-bearing unconformity.

From the data at hand it would appear that no further work should be done in the area because of the limited size and grade of the manganese mineralization exposed by the exploration. If the June report alters this opinion, it would still seem better that further work be held in abeyance until a satisfactory metallurgical process has been evolved and proven. Proposed Amendment No. 3 should not be executed until the Inland Company submits the necessary "Consent to Lien" forms or guarantees covering the outside claims explored. If the suitable legal papers are furnished, it is recommended that the claims and the work done thereon shall become part of the contract, but the amendment should not automatically validate the expenses incurred by the Consultant and the Resident Geologist while reconnaissancing the outside claims.

G. C. Selfridge.

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

E-280 Inland Mining Corp. (Docket 2299)

Apr	(Pd 6/12 6-31)	$5,600.35	pd. by Kook
May	(Pd. 7/9 6-34)	6,489.35	" " "

Cons. Geologist (R.B. McElwaine) $1,710.00

Apr. 1-15	13 days @ $90.00	1,170.00
" 16,17,18,19,29,30	6 " " "	540.00

Cons. Geologist (R B McElwaine $2,115.00

May 1-15	11 days @ $90.00	990.00
" 16-31	12½ " " "	1,125.00

Original Exhibit A provided:

May.	20 days	1st mo @ $90.00	$2,700.00
	5 "	2nd " " "	
	5 "	3rd " " "	
	30 "	total " "	

All other wages + salaries are within rates listed in Original Exh. A.
(Cecil B. Chenoweth Manager @ $1,000 per mo. is not charged to project)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 30, 1952

Re: Docket DMEA-2299
Contract Idm-E280
Inland Mining Corp.

Memo

To: Operating Committee, DMEA

From: David Gallagher, Executive Officer, Field Team, Region VI

The problem of approving additional areas for exploration has been referred to you, and has not yet been resolved.

However, in anticipation of satisfactory resolution, the Operator has gone ahead with work in these areas, and the costs incurred are included in his MF-104 report for June, received in Joplin today.

Obviously, we cannot approve the MF-104 for June until we have a final answer from you. The purpose of this memo is to call to your attention that expenditures have already been made on these additional areas prior to approval, so that that fact can be considered by you in reaching your conclusions.

David Gallagher

/jd
cc: Cecil Chenoweth

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 31 1952

Copy retained 400

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
~~xxxxxxxxxxxxxx~~
Joplin, Missouri
July 30, 1952

Mr. Cecil B. Chenoweth
Inland Mining Corporation
P.O. Box 71
Mena, Arkansas

Re: Docket DMEA-2299
Contract Idm-E280
Inland Mining Corp.

Dear Mr. Chenoweth:

Glad to hear that you are planning to come to Joplin for conference. It would be wise to phone in advance because I may have to make a short trip to Denver, and it might be best for you to wait anyway until we have answers from Washington on the questions we have raised.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

DG/jd
cc: Operating Committee, DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 16, 1952

Operating Committee
Defense Minerals Exploration
Administration
U. S. Department of Interior
Washington 25, D. C.

Re: Docket No. 2299
Contract No. Idm-E280
Inland Mining Corp.

Dear Sirs:

Transmitted herewith are two copies of the monthly report for the subject Exploration Project for May, 1952 on Forms MF-104 and MF-104A with appropriate attachments, as required by the Washington office of the Defense Minerals Exploration Administration.

The original was forwarded to U. S. Bureau of Mines, Amarillo, on June 20, 1952 and notice of its certification has been received.

Sincerely yours,

David Gallagher

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd
Encs.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 18 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON, D.C.~~
Joplin, Missouri
July 15, 1952

Re: Docket DMEA-2299
Contract Idm-E280
Inland Mining Corp.
(Manganese)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 17 1952

Memo:

To: Chairman, Operating Committee, DMEA

From: W. P. Williams, Geologist, Region VI

Subject: Field inspection of Inland Mining Corp. project near Mena, Arkansas, and proposed Amendment No. 3 to project contract.

The writer was authorized by Mr. David Gallagher, Executive Officer, DMEA Region VI, to make a field inspection of the Inland Mining Corp. project at Mena, Arkansas. As a result two days July 10, 11, 1952 were spent by the writer on the Inland Mining Corp. property, Polk County, Arkansas with two objectives in mind: 1) determine results and status of the project as of July 1, 1952 and obtain property information for a contemplated new amendment No. 3 to the project contract, and 2) fulfill DMEA requirements for periodic field inspections of the project.

Inland Mining Corp. contract Idm-E280, dated March 27, 1952, was arranged to provide for manganese exploration, consisting of bulldozer trenching and drill steel and channel sampling, in two stages as follows:

Stage I	- total allowable costs -	$ 27,000.00
Stage II	- " " "	73,000.00
	total aggregate cost	$100,000.00

of which the Government will pay 75 percent, or $75,000.00. The contract stipulates that Stage II will be undertaken only after the prosecution of Stage I to the approval of the Government, and the operator shall obtain the written consent of the Executive Officer of the DMEA Field Team prior to commencing work on any part of Stage II.

Contract Idm-E280 also states, "The Operator may, at his own expense, obtain leases or make mining locations upon lands suitable for additional exploration projects and the said lands may become a part of this contract by amendment."

In accordance with the last proviso the Boar Tusk Group of claims became a part of the contract by means of Amendment No. 2, dated May 19, 1952.

Carbon copy to docket file

On June 25, 1952, the operator requested Amendment No. 3 for the purpose of including in the contract the New Find, Hurricane Bill, Coon Creek, and Baloff groups of claims, This request was referred by the Field Team to Washington. The Operating Committee replied with a counter-request for information concerning subordination agreements and the legal status of the claim groups involved.

The writer was assured at the Mena, Arkansas office of Inland Mining Corp. that properly executed subordination agreements covering the Boar Tusk, New Find, Hurricane Bill, Coon Creek, and Baloff claim groups are in the possession of the Inland Mining Corp. and will be forwarded to Washington immediately.

The Boar Tusk, Hurricane Bill, and Baloff groups are unpatented mining claims taken up by Inland Mining Corp. on National Forest land in the name of S. A. Wier, Dallas, Texas, attorney for Inland Mining Corp. The New Find group consists of unpatented mining claims on public domain leased by the Inland Co. from Dr. J. Dow Scott, Mena, Arkansas. The Coon Creek group consists of unpatented mining claims on public domain leased by the Inland Co. from W. S. Parsons, Mena, Arkansas.

He wrote us on 6/25 & we answered on 7/10.

On July 1, 1952 active exploration work had been completed in Stage I and only the resident geologist and secretary remained on duty. The following table summarizes the work completed to July 1, 1952. At the time of the field inspection the June MF-104, then in preparation, had not been completed by the Dallas office of Inland Mining Corp.; so that the total amount spent on Stage I of the project to July 1, 1952 was estimated by the operator to be $21,120. Exact figures are due July 15 with the June MF-104. A balance of approximately $6,000 remains of the total expenditure allowable under the contract in Stage I.

INLAND MINING CORPORATION
Mena, Arkansas

Stage I
July 10,1952

DMEA-2299X
Idm-E280

Period	Claim Group Name	Dozer Linear Feet Planned	Trenches Linear Feet Cut	Average Ore Zone Thickness	Assay Samples Planned	Assay Samples Cut	Ore Grade % Mn	Expenditures
	American							
	Project 5, Site 4	500'	475'	4.0'	95	195	2.4	
April,1952	Project 6, Site 5	400'	565'	6.5'	80	287	2.0	$ 7,467.13
						472		
	Sugar Tree							
	Project 1, Site 1	600'	600'	0.0'	105	0	-	
	Caddo							
May,1952	Project 2, Site 1	400'	630'	0.2'	105	0	-	8,653.42
			2270					
	Boar Tusk							
	Project 7, Site 1		5750'	12.0'		5	6.9	
	Site 2		145'			0	-	
			5895					
	New Find							
	Site 1		315'	20.0'		3	4.4	
			6210					
	Hurricane Bill							
June,1952	Site 1		385'	8.0'		5	9.7	5,000.00
			6595					
	Coon Creek							
	Site 1		150'	12.0'		6	11.8	
			6735					
	Baloff							
	Site 1		90' 6825	6.0'		7	5.1	
	Site 2		280'			0	-	
	Site 3		200'			0	-	
		Total	9585'			508	Total spent to	
						472	July 1,1952	$21,120.55 Estimated
						36		

Following is a brief description of each work-site and the work completed on each in Stage I to July 1, 1952.

√ American Group: Sec. 34, 35, T. 3 S., R. 30 W., Polk Co., Ark.
Site 4: 475 linear feet of bulldozer trench completed. Four trenches cut across ore zone in upper part of lower division of Arkansas novaculite. Seventy-five jackhammer holes were drilled in the 'dozer trenches and the cuttings saved for samples. 195 samples assayed. Average grade - 2.43 percent Mn.

4T
75 H
2.43%
4.0'

Site 5: 565 linear feet of bulldozer trench completed. Six trenches cut in ore zone in upper part of lower division of Arkansas novaculite. Eighty-eight jackhammer holes drilled in 'dozer trenches. 287 samples assayed. Average grade -- 1.95 percent Mn.

6 T
88 H
1.95%
6.5'

Sugar Tree Group: Sec. 25, 35, 36, T. 3 S., R. 30 W., Polk Co., Ark.
Site 1: 600 linear feet of bulldozer trench completed. Four trenches cut along contact between middle and lower divisions of Arkansas novaculite. No samples taken since stripping by bulldozer revealed only minor manganese deposition.

4T
Blank

√ Caddo Group: Sec. 25, 30, T. 3 S., R. 30 W., Polk Co., Ark.
Site 1: 630 linear feet of bulldozer trench completed. Two trenches cut along contact between middle and lower divisions of Arkansas novaculite. No samples taken as stripping by bulldozer revealed only minor manganese deposition.

2T
Blank

√ Boar Tusk Group: Sec. 19, 20 & 29, T. 3 S., R. 30 W. & Sec. 24, T. 3 S., R. 31 W., Polk Co., Ark.
Site 1: 5750 linear feet of bulldozer trench completed. Eighteen trenches cut across ore zone in upper part of lower division of Arkansas novaculite. Five channel samples cut in ore zone in two trenches. Other trenches not sampled because of minor manganese deposition. Average grade - 6.9 percent Mn.

18T
2 Tanni
6.9%
12'
rest blank

Site 2: 145 linear feet of bulldozer stripping 25 feet wide. One trench cut across contact between middle and lower Arkansas novaculite. No samples taken because of minor mineralization.

1T
blank

√ New Find Group: Sec. 27, T. 3 S., R. 29 W., Polk Co., Ark.
Site 1: 315 linear feet of bulldozer stripping 20 feet wide completed. One excavation made along contact between middle and lower divisions of Arkansas novaculite. Bulldozer work clears entrance to old adit which is approximately 60 feet long. Thirty feet of channel sample taken in floor of adit. Three samples analyzed. Average grade - 4.4 percent Mn.

O.W.

30' channel
3 S
4.4%
20'

Hurricane Bill Group: Sec. 33 & 34, T. 3 S., R. 28 W., Polk Co., Ark.
Site 1: 385 linear feet of bulldozer trench completed. Five trenches cut across ore zone in upper division, Arkansas novaculite. Trenches cut at site of two old prospect pits. 100% → 38.5 linear feet of channel sample cut in five bulldozer trenches. Five samples analyzed. Average grade - 9.7 percent Mn. O.W. 5T 38.5' channel 9.7% 8.0'

Coon Creek Group: Sec. 13 & 14, T. 4 S., R. 28 W., Polk Co., Ark.
Site 1: 150 linear feet of bulldozer stripping completed. Two excavations 20 feet wide cut in ore zone along contact between middle and lower divisions of Arkansas novaculite. 36.5 linear feet of channel sample cut in three places in one dozen trench. Six samples analyzed. One trench not sampled because obviously of too low grade. Average grade - 11.8 percent Mn. 1T 36.5' channel 11.8% 12'

Baloff Group: Sec. 8 & 9, T. 3 S., R. 30 W., Polk Co., Ark.
Site 1: 90 linear feet of bulldozer trench completed. One trench cut across contact between middle and lower divisions of Arkansas novaculite at site of old adit driven 20 feet into hillside along contact. Three jackhammer holes drilled and six feet of channel sample cut in ore zone near adit portal. Seven samples analyzed. Average grade - 5.1 percent Mn. O.W. 1T 3H 6' channel 5.1% 12'

Site 2: 280 linear feet of bulldozer trench completed. Two trenches cut across contact between middle and lower divisions of Arkansas novaculite. No samples taken because bulldozer work revealed only minor mineralization. 2T Blank

Site 3: 200 linear feet of bulldozer trench completed. One long trench cut across contact between middle and lower divisions of Arkansas novaculite. No samples taken because bulldozer work revealed only minor mineralization. 1T blank

The field inspection indicated that the physical work of cutting the trenches and samples was being done in an efficient and workmanlike manner.

It will be noted that while 482 samples were assayed from the American group of claims only 26 samples were analyzed from the remaining seven claim groups. In the event that further work is contemplated on this project the writer suggests that more thorough sampling be done in order to give a more valid representation of ore grade on some claim groups.

In the original Exhibit A of contract Idm-E280 (later amended) under "Estimated Cost of Stage I" the amount chargeable for consulting geologist is limited to "$90 per diem, fee basis, for not to exceed 20 days of the first month and 5 days each for the second and third months. Total, for 3 months, 30 days @ $90 per diem - $2,700." This restriction was not written into the amended Exhibit A, dated March 27, 1952. Checking of Monthly Reports shows

that the consulting geologist spent 19 days on the project in April, 23½ days in May, for a two-month total of 42½ days @ $3825.00. The fee for June has not yet been submitted. This is in addition to the salary for the resident geologist who works on the project full time. The manager does not charge his time to the cost of the project. This seems like a lot of "brains" for a project of this nature. & helper

It will be noted that exploration work was initiated and completed on the New Find, Hurricane Bill, Coon,Creek, and Baloff groups of claims (subject of proposed contract Amendment No. 3) before these claims were included in the project by amendment. This is a violation of DMEA regulations. However, it is the opinion of the writer that the operator in this case acted in good faith in going ahead with the work before Government approval. To have waited until Amendment No. 3, covering the claims, was completed and approved would have meant rehiring of crew, re-mobilization of mechanical equipment, possible loss of key personnel, and other factors which would have indirectly added to the cost of the project. must also be done on Bowl Tank lot of [illegible] for & must see [illegible]

A recent letter from Mr. Frank E. Johnson, Chairman, Operating Committee, DMEA, requests information concerning metallurgical tests on this project. Enclosed herewith is a progress report from F. C. Blickensderfer, Southwestern Engineering Co. concerning tests on manganese ore submitted by Inland Mining Corp. from a group of claims near the American group. The samples were not taken from the present project. Latest verbal information from Inland Mining Corp. indicates that SWECO has failed to make an acceptable concentrate from Mena, Arkansas ore but that SWECO can up-grade the ore to a certain degree. Inland Mining Co. states that they have now sent 650 pound samples to American Cyanamid and Dorr Co. for metallurgical tests. Samples sent were from American, New Find, Hurricane Bill, and Coon Creek claim groups. Apart from the progress report from SWECO no written reports of metallurgical tests have been furnished or shown this office by the operator.

W. P. Williams

W. P. Williams

/jd
Enc.

C
O
P
Y

SOUTHWESTERN ENGINEERING COMPANY
Engineers-Manufactures-Constructors
4800 Santa Fe Avenue
Los Angeles 58, California

May 19, 1952

File ML-159
Job S-5613

Mr. Cecil B. Chenoweth
Inland Mining Corporation
Mena, Arkansas

Dear Cecil:

We started test work on your sample of churn drill cuttings as soon as received and have made progress. We thought you should be kept informed of results so far obtained, so this may be considered a progress report.

Method of procedure - Taking into consideration Mr. P. H. Royster's suggestion of getting rid of iron by washing, we were able to put the idea into effect, and detailed steps are as follows:

A large sample of 200 pounds was separated by hydraulic classification into five products according to size, viz. -20 mesh, -28 mesh, -48 mesh, -100 mesh and -100 mesh sands and -100 mesh slimes.

The -28, -48 and -100 mesh sizes were tabled to cut out a tailing which would correspond approximately to the float product from HMS when treating mine ore. A metallurgical statement will show these steps in sequence.

Metallurgical Statement

Products	% Wt.	Assays		Content		% Distribution		Line No.
		%Mn	%Fe	Mn	Fe	Mn	Fe	
Feed	100.0	6.61	4.11	661.	411.	100.0	100.0	1
Table Concts. (HMS Sink)	47.4	11.43	4.22	542.	200.	82.0	48.6	2
Table Tails (HMS Float)	17.8	1.52	3.90	27.	69.	4.1	16.8	3
Slimes	34.8	2.64	4.09	92.	142.	13.9	34.6	4

In plant practice, table concentrates (line 2 above) will correspond to HMS sink, table tails (Line 3) will correspond to HMS float, and slimes (Line 4) will correspond to slimes removed by a washing operation. Note that a washing operation has removed 34.6% of the iron with a loss of 13.9% of the total manganese. Flotation testing on concentrates (line 2) have been started and we are reporting two tests which are typical of results so far obtained.

COPY

Mr. Cecil B. Chenoweth 2 May 19, 1952

Flotation Test 3315-1

Products	%Wt.	% Mn	%Fe	% SiO_2	%Al_2O_3	% Distribution Mn	Fe
Flo. Feed	100.0	9.90	4.22	74.0	2.22	100.0	100.0
Flo. Concts.	16.2	35.60	12.67	15.6	4.55	58.2*	48.6
Cleaner Midds	36.2	9.00				33.0	
Rougher Tails	47.6	1.83				8.8	

*Note that the 58.2% recovery of Mn is based on 82% of the original manganese content of the ore. 58.2% x 82% = 47.7% of the manganese content of the original ore is in our flotation concentrates. This recovery will be substantially increased when cleaner midds are subjected to retreatment.

The following test is representative of a procedure to lower the amount of silica in the concentrates. The concentrates were removed more slowly and were taken off in two stages in order to determine the relative floatability of the various constituents, manganese, iron, silica and alumina.

Flotation Test 3315-2

Products	% Wt.	%Mn	% Fe	% SiO_2	%Al_2O_3	%Phos.	%Cu	%Distribution Mn	Fe
Flo. Feed	100.0	9.90	4.22	74.0	2.22			100.0	100.0
Flo. Concts.#1	9.90	34.31	14.55	11.65	4.39	.59	.13	34.4	34.2
Flo. Concts.#2	6.60	35.78	12.10	13.35	4.16	.56	.16	23.8	19.0
Flo. Concts.#1&2	16.50	34.90	13.57	12.33	4.30	.58	.14	58.2	53.2
Cleaner Midds	16.60	16.1						27.0	
Rougher Tails	66.9	2.20						14.8	

Buying schedule - max 8% 15% .30% .25%

Compared with Test 3315-1 the manganese recovered is the same, the concentrates are a bit lower in grade, the SiO_2 is considerably lower, but the iron and alumina are higher. Phorphorous assay is very high while copper assay is well within limits. From inspection of Flo. Conct. #1 and #2, we observe that the iron and alumina float easier than manganese, while the silica and manganese appear to float about the same.

Remarks - It is to be noted that the iron has not interfered to any great extent by floating with the manganese. This is one point in our favor. Our efforts are now centered on reducing the silica, alumina and phosphorous content of the concentrate to a lower percentage, and to making a better recovery of manganese in the concentrates. This necessarily requires more experimental work which is being pushed as rapidly as possible.

We will keep you informed with progress reports as our test work advances. Regards.

Very truly yours,

SOUTHWESTERN ENGINEERING COMPANY

(s) F. C. Blickensderfer
F. C. Blickensderfer, Metallurgist

FCB:ls

ccs: Mr. David Gallagher
Mr. W. C. Jackson, Jr.
Mr. Morgan G. Huntington
Mr. Robert Lord

Copy to: Admn. Reading File
Docket
Field Team, Reg. 6
G. C. Selfridge
Operating Committee
M. D. Crittenden, USGS
N. B. Melcher, USBM

400 FILE COPY
SURNAME:

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

Selfridge

JUL 10 1952

Mr. David Gallagher
Executive Officer, DMEA Region VI
221 West 3rd Street
Joplin, Missouri

Re: Proposed Amendment No. 3
Docket No. DMEA 2299 - Manganese
Inland Mining Corporation
American group, et al. claims
Polk County, Arkansas
Contract No. Idm-E-280

Dear Mr. Gallagher:

This is in regard to your telephone conversation today with Mr. Selfridge concerning the addition of additional claims to the subject contract.

It is our understanding that you will furnish us with the legal status of the Boar Tusk group submitted under your Amendment No. 2 and of the various groups under proposed Amendment No. 3. Before we can answer any legal questions with regard to adding claims to the contract and their relationship to existing subordination agreements, we must have this information.

In addition to the above information, will you please furnish us with the results of the exploration work as of July 1, and the total amount of expenditures to that date. From the meager information that we have received to date it is our impression that the company should have done sufficient work by this time to nearly complete Stage I of the contract and that results have not been too promising.

We understood that Inland Mining Corporation was to spend $5,000 on metallurgical tests. Have any further tests been made and, if so, what have been the results?

We shall hold in abeyance any action on the proposed Amendment No. 3 until we have received the above requested information from you.

Sincerely yours,

(signed) FRANK E. JOHNSON (GHB)
Chairman, Operating Committee
Defense Minerals Exploration
Administration

F.N. 7-10-52

Approved:

J. H. Hedges (GHB)
Member, Bureau of Mines

T. P. Thayer (GHB)
Member, Geological Survey

GCSelfridge:ls 5/9/52

Docket

July 9, 1952

MEMORANDUM for the File - Docket No. DMEA 2299, Idm-E-280

Telephone conversation of July 9, 1952, between
G. C. Selfridge and David Gallagher

Mr. Selfridge asked whether proposed Amend. No. 3 is to apply to Stage I or Stage II of the contract. Answer: Stage I.

Mr. Selfridge asked Gallagher why he was following a different procedure on No. 3 than Amend. No. 2 which added the Boar Tusk claims to the contract. Gallagher stated that he was puzzled by indefinite wording of the subordination agreement and the contract--so needed legal advice from Washington. Gallagher indicated the contract is fairly definite until the clause permitting additional claims to be brought in. Also the subordination agreement signed by Chenoweth and 9 others does not specify the land nor refer to the map in the contract, but only mentions land in Polk County, so Gallagher reasoned that if we amend Annex A and bring in additional claims under the contract, does not that action bring such other claims under the terms of the indefinite subordination agreement.

Mr. Selfridge advised that the subordination agreement's general reference to the contract means it applies only to the lands shown on the map which is a part of the contract. Mr. Selfridge stated that we cannot amend the contract until we know the legal status of these new claims.

Mr. Selfridge stated that the last page of the April monthly report indicates the engineer had spent time on the public domain, which implies the company is staking claims---why? Gallagher said---To select places to work. Company would run one or two bulldozer cuts and decide to cross off a project as it looked bad, so company is branching out upon recommendation of its geologist. Chenoweth reasons that Company has $28,000 and when $500 is spent on one project and it proves no good, he might as well spend the money elsewhere. Selfridge said the company geologist out on public domain does not come under the contract but must be paid for by company---have these expenses been charged to contract? Gallagher answered that Field Team felt that McElwaine would need to devote large part of his time to planning for Stage II so there would be no delay between stages, so Field actually felt McElwaine's services thus extend beyond the immediate work of Stage I. Mr. Selfridge said Washington's interpretation is that the Company represented it had enough claims (160) for a program that would carry along - so it appears we are really supporting a prospecting program.

Mr. Gallagher indicated May report is bouncing back and forth between Finance Office and the Field.

Mr. Selfridge asked Mr. Gallagher to furnish as soon as possible data on legal status of new claims, results of sampling work, information on what Chenoweth has done about metallurgical tests, general work results to date, and expenditures to July 1. Meantime proposed amendment will be held in abeyance.

L. Scott

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

Joplin, Missouri
July 7, 1952

Mr. Ray C. Jonas, Chief
Budget and Finance, Region VI
U. S. Bureau of Mines
814 Barfield Bldg.
Amarillo, Texas

Re: Docket No. DMEA 2299
Contract No. Idm-E230
Inland Mining Corporation

Dear Ray:

Attached hereto is the Inland Mining Corporation's MF-104 report for May, 1952 submitted to the company as requested in your letter of June 26, 1952 and returned by them with the requested revision as indicated in the attached letter dated July 3, 1952 from Mr. Chenoweth to me. I hope that this report is now all in order.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd

cc: Cecil Chenoweth
Operating Committee, DMEA
E. D. Talbert

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 10 1952

Dorfat

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 3, 1952

Re: Docket DMEA-2299
Contract Idm-E280(Manganese)
Inland Mining Corp.

Memo:

To: Operating Committee, DMEA

From: David Gallagher, Executive, Field Team Region VI

Subject: Justification for Amendment #1

The original Exhibit A as drawn in Washington was deemed to be unworkable in form.

Amendment #1 was drawn revising Exhibit A into workable form.

David Gallagher

David Gallagher

/jd

cc: Ray C. Jonas

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 7 - 1952

Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
July 3, 1952

Re: Docket DMEA-2299
Contract Idm-E280(Manganese)
Inland Mining Corp.

Memo:

To: Operating Committee, DMEA

From: David Gallagher, Executive Field Team, Region VI

Subject: Justification for Amendment #2

The contract provided that additional lands could be selected by the operator and could be incorporated into the contract by amendment.

Additional lands were selected by the operator and he requested the necessary amendment therefor.

In the opinion of the Field Team, the request was in order within the terms of the contract, and accordingly the necessary Amendment #2 was issued.

David Gallagher

David Gallagher

/jd

Cc: Ray C. Jonas

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 7 - 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
xxxxxxxxxxxxxx
Joplin, Missouri
June 30, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 2 - 1952

Mr. Cecil B. Chenoweth
Vice-President
Inland Mining Corporation
Mena, Arkansas

Re: Docket No. DMEA-2299
Contract No. Idm-E280
Inland Mining Corp.

Dear Mr. Chenoweth:

Here we go again. The attached letter from Ray C. Jones tells the story. As it is my original and only copy please return it.

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd
Encs.

cc: Operating Committee, DMEA
J. L. Chambers

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

Joplin, Missouri
June 27, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1951

Mr. Ray C. Jonas, Chief
Budget and Finance, Region VI
U. S. Bureau of Mines
814 Barfield Building
Amarillo, Texas

Dear Ray:

In reply to your letter of June 25, 1952 regarding Inland (DMEA-2299) in which you comment on the number of copies of supporting documents.

You state that only your copy is documented, i.e. only single copies of supporting documents exist. You express the personal opinion that I should have a complete file, and Washington should have a complete file, and you advocate that in future these documents should be submitted in triplicate.

As this is contrary to established policy I assume that you are only expressing what you yourself believe policy should be. I would recommend that if you want to have existing policy changed, you make your recommendation to Washington.

A careful reading of the multitudinous regulations reveals several places where the phraseology in regard to this subject is ambiguous, so the possible source of what may be confusion in your mind is readily apparent.

However, DMEA Circular 19 paragraph 4 line 2 says the original (to Finance Officer) must be accompanied by documentation. The instructions on the back of the new MF-104 (Rev.) (April 1952) repeat this statement in the next to last paragraph which ends, "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."

Sincerely yours,

David Gallagher
Executive Officer
DMEA Field Team, Region VI

/jd
cc: Operating Committee, DMEA
J. L. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Joplin, Missouri
June 26, 1952

Re: Docket DMEA 2299
Contract Idm-E280
Inland Mining Corp.

Memo

To: Operating Committee, DMEA

From: David Gallagher, Executive Officer, Field Team Region VI

Subject: Request for Amendment #3

Transmitted herewith is a self-explanatory letter dated June 24, 1952 from the operator and attached to it is one of the five sets of maps alluded to.

As the problem is purely legal, and therefore outside the competence of this office, we are referring it to you for advice.

David Gallagher

David Gallagher

/jd
Encs.

cc: Cecil B. Chenoweth

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1952

SDS 7-3-52

JUN 25 1952

Inland Mining Corporation

CECIL B. CHENOWETH
Vice Pres. and Gen. Mgr.

Mena, Arkansas

Executive Offices
523 Republic Bank Building
Dallas, Texas

June 24, 1952

Mr. David Gallagher
Executive Officer
DMEA Field Team,
Region V1
221 West 3rd Street,
Joplin, Missouri

Contract No. IDM-E280
(Docket No. DMEA 2299)

Dear Mr. Gallagher:

Please find enclosed five (5) each of four (4) different Plats of Mining Claims. We are anxious to have these claims made a part of our Contract by Amendment similar to Amendment No. 2 written by you on May 19, 1952.

Mr. McElwaine is of the opinion that these four Groups of claims, totalling ten claims, are worthy of exploration work and he also believes that they are a better grade ore than any he has examined heretofore and that they may show up as having considerable tonnage as well.

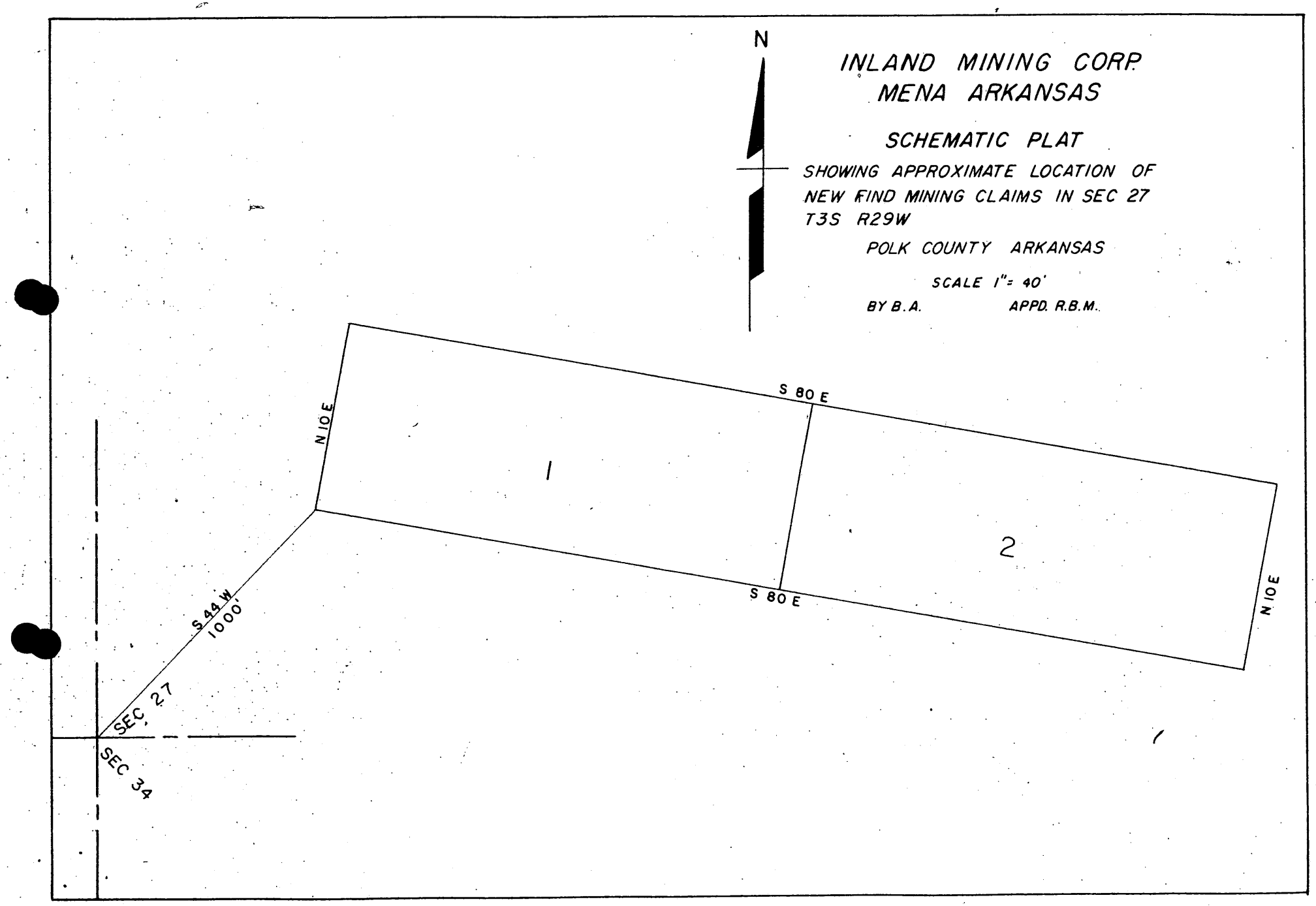
Very truly yours,

Cecil B. Chenoweth

CBC/cd

cc: R. B. McElwaine

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1952


N
INLAND MINING CORP.
MENA ARKANSAS
SCHEMATIC PLAT
SHOWING APPROXIMATE LOCATION OF
NEW FIND MINING CLAIMS IN SEC 27
T3S R29W
POLK COUNTY ARKANSAS
SCALE 1" = 40'
BY B.A.
APPD. R.B.M.
S 80 E
N 10 E
1
2
S 80 E
N 10 E
S 44 W
1000'
SEC. 27
SEC 34

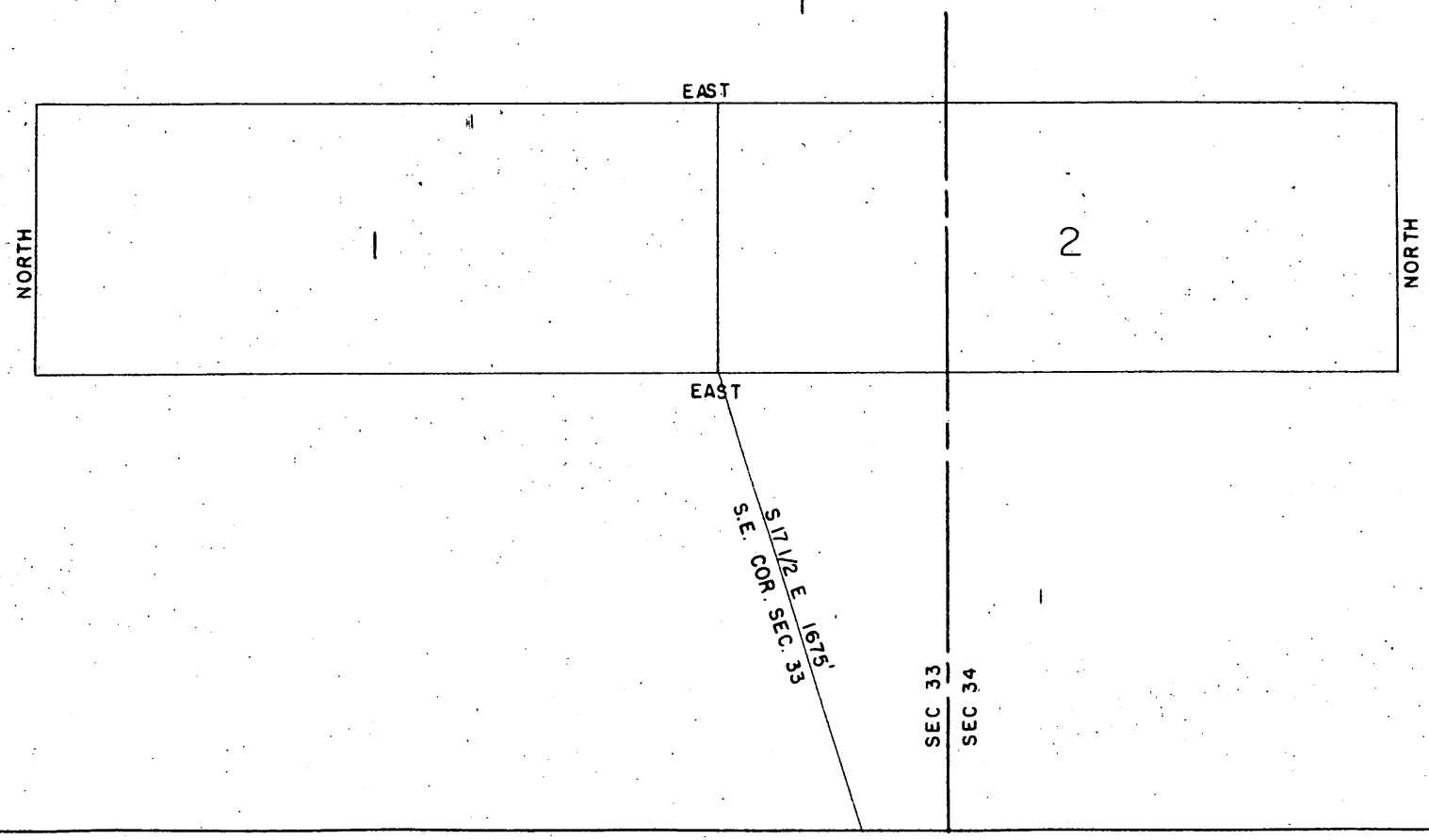
INLAND MINING CORP.
MENA ARKANSAS

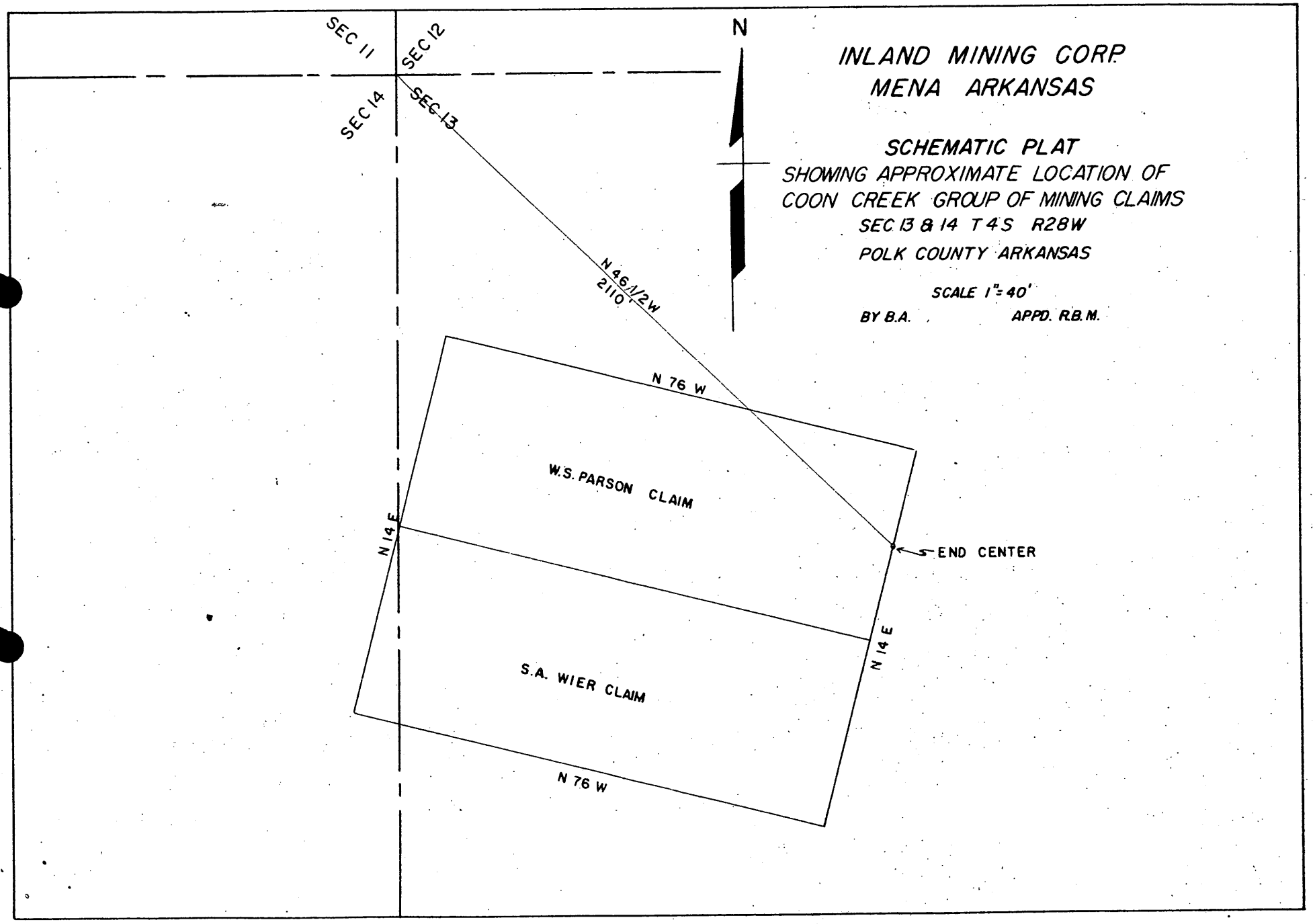
SCHEMATIC PLAT

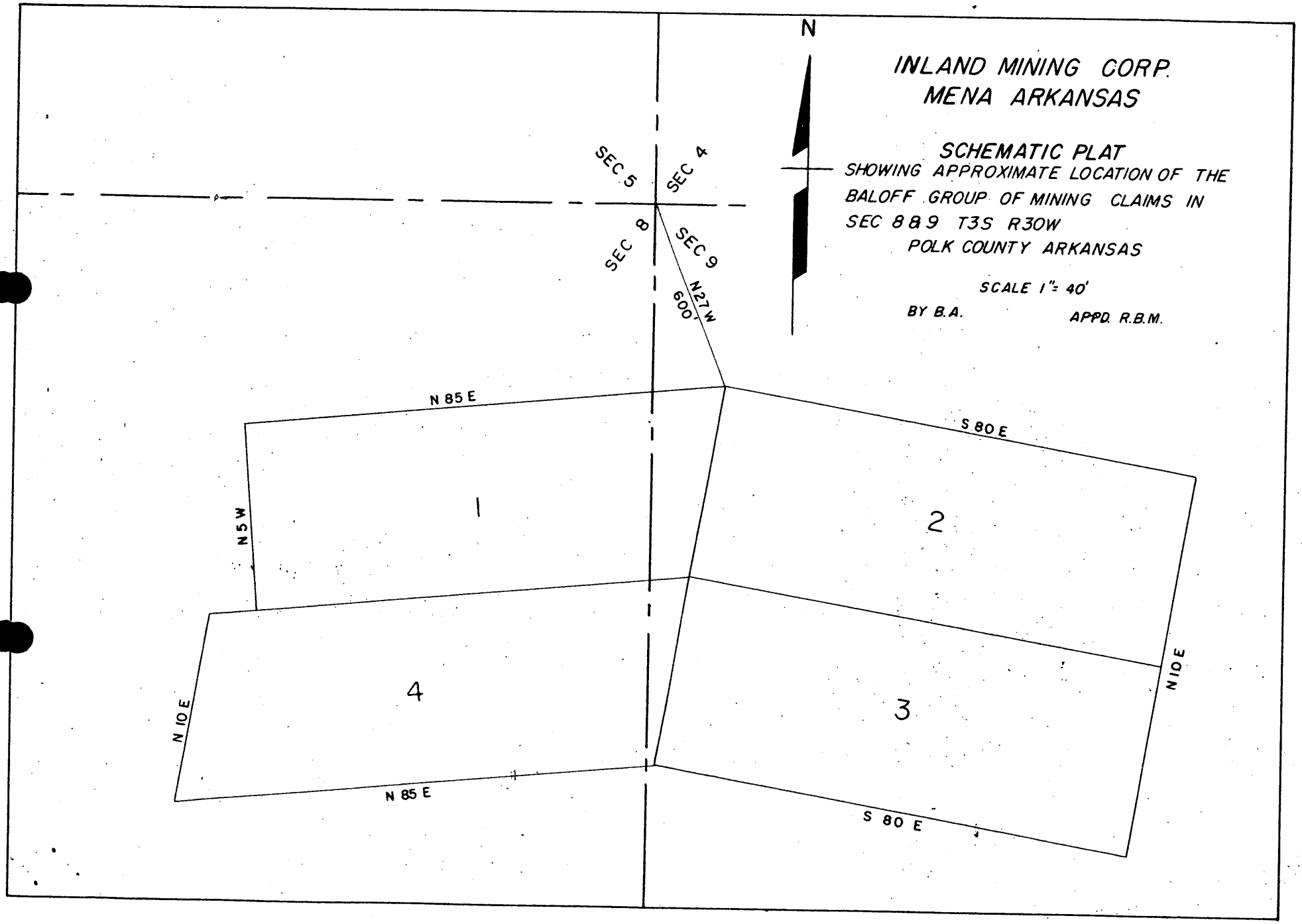
SHOWING APPROXIMATE LOCATION OF THE
HURRICANE BILL GROUP OF MINING CLAIMS
SEC 33 & 34 T3S R28W
POLK COUNTY ARKANSAS

SCALE 1" = 40'

BY B.A. APPD. R.B.M.




INLAND MINING CORP.
MENA ARKANSAS
SCHEMATIC PLAT
SHOWING APPROXIMATE LOCATION OF
COON CREEK GROUP OF MINING CLAIMS
SEC 13 & 14 T4S R28W
POLK COUNTY ARKANSAS
SCALE 1" = 40'
BY B.A.
APPD. R.B.M.
N
SEC 11
SEC 12
SEC 14
SEC 13
N 46 1/2 W
2110'
N 76 W
W.S. PARSON CLAIM
N 14 E
END CENTER
N 14 E
S.A. WIER CLAIM
N 76 W


N
INLAND MINING CORP.
MENA ARKANSAS
SCHEMATIC PLAT
SHOWING APPROXIMATE LOCATION OF THE
BALOFF GROUP OF MINING CLAIMS IN
SEC 8 & 9 T3S R30W
POLK COUNTY ARKANSAS
SCALE 1" = 40'
BY B.A.
APPD. R.B.M.
SEC 5
SEC 4
SEC 8
SEC 9
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S 80 E

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
May 20, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 21 1952

Re: Docket DMEA 2292
Contract No. Idm-E280
Inland Mining Corporation

Memorandum

To: Operating Committee, DMEA

From: David Gallagher, Executive Officer, Field Team, Region VI

Subject: Amendment #2

In compliance with instructions in Memorandum #4, Amendment #2 to the above contract was issued on May 19, 1952 for the following reasons.

Exhibit A of the original contract specified exploration at four places within the company's holdings. As explained yesterday by the operator, bulldozer work alone at places one and two, called respectively the Sugar Tree group and the Caddo group had revealed that not sufficient magniferous material was present to justify further work at these places, as specified in the contract, to obtain samples for testing. These two places can, then, be crossed off as failures.

Of the original four places, that leaves two, and on these two work is already well advanced.

Stage I of the contract authorized expenditure of $28,000. Expenditures to date, to accomplish the work indicated above, has required the expenditure of about $13,000. Therefore, about $15,000 of available funds for Stage I remain and the four places for exploration originally specified are running out. The operator needs authority to undertake work elsewhere under Stage I as permitted under the next to last paragraph of Exhibit A.

Amendment #2 was therefore written to authorize work at an additional place within the operator's holdings designated as "Project 7: Boar Tusk group".

It is likely that as soon as adequate plans can be formulated, the operator will ask for another amendment to authorize work in one or more additional places under Stage I of the contract, using available funds of the $28,000 stipulated for Stage I.

David Gallagher

DG/jd

David Gallagher

305

Stage I

Project 1

Sugartree Group (15)
Sugartree #1-15, incl. X no more work [illegible]

Project 2

Caddo Group (8)
Caddo #1-8, incl. X [illegible]

Project 3

American Group (27) not included in contract
American #1-27, incl.

Project 4

American Group (27) not included in contract
American #1-27, incl.

Project 5

American Group (2)
American 28 & 29

Project 6

American Group (27) should not be done - no subcontracting agreement

$27,000.00

Project 7

Bear Lost Group (12) May 19, 1952
Bear Lost #1-12, incl.

New Find Group (2)
New Find #1 & #2

Hurricane Bill Group 2
Hurricane Bill #1 & #2

Coon Creek #1

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 5 1952

April 30, 1952

Memorandum

To: Operating Committee

From: W. P. Williams, Geologist, Field Team, Region VI

Subject: Inspection Visit to Inland Mining Corp., Mena, Arkansas, Docket No. DMEA-2299, Contract No. Idm-E280.

The writer spent 2½ days, April 22 to 24, 1952, inclusive, at the offices of the Inland Mining Company, Inc., Mena, Arkansas and on the property leased by the Inland Mining Company near Mena. The purpose of the visit was to make a field inspection of the exploration work and physical equipment described in the subject docket and exploration project contract.

By the terms of the contract the exploration for manganese ore in novaculite rocks of Devonian ? age will be performed in two stages called Stage I and Stage II. Stage I will consist of exploration in four places as specified in Exhibit A of the Contract. The exploration project contract is dated March 27, 1952; and work was begun on Stage I early in April. The exploration work at the four locations specified in Stage I will consist of bulldozer trenches, and wagon drill and channel samples taken in the trenches. At the time of this field examination bulldozer trenching was completed at two of the locations specified. The two locations are known as the American Group of claims. Wagon drill sampling was just being started. Mr. Cecil B. Chenoweth, Vice-President, Inland Mining Corporation, stated that bulldozer trenching would be started forthwith on the Sugartree group of claims and then the Caddo group.

The enclosed sketch map shows the location of the bulldozer trenches which had been completed at the time of the examination.

Manganese mineralization in the novaculite has been uncovered in all of the eight bulldozer trenches completed. Samples from the trenches had not yet been analyzed, so the grade of the mineralized rock is not exactly known. Visual inspection indicates that nearly all the "ore" uncovered so far is of low grade.

It was observed and concluded that the work was being carried on in a competent manner in accordance with the terms of the contract.

Copy retained 400

Frequent heavy rains have hindered progress of the work to some extent. In addition, the terrain is rough and covered with forest, so that movement of equipment is not easy.

While at the property of Inland Mining Corporation an inventory was taken of the principal items of equipment. The various items are identified by serial, motor and model numbers so that the equipment can be positively identified at any time. Two copies of the inventory are attached hereto; and a copy will be retained at this Field office in accordance with the instructions set forth in DMEA Circular 10, dated January 10, 1952.

Wm. P. Williams

Wm. P. Williams

Attachments

Inventory of Operating Equipment
Inland Mining Corp., Mena, Ark.
Docket No. DMEA 2299
Contract Idm-E280

No.	Item	Model & No.	Serial No.	Motor No.	Value
1	Chevrolet Truck, 1 ton cap'y. Flat stake bed, brown canvas canopy. Depreciation $16.67 per month.	1950 "3800"	3CS-A-1455	AGCA-62544	$1,000.00
1	"Jeep" (Willys) pick-up truck, four-wheel drive; front-mounted winch. Cap'y. 1 ton. Depreciation $33.33 per month.	1951		44870	2,900.00
1	"Jeep" (Willys) Station Wagon. Four-wheel drive. Depreciation $33.33 per month.	1951	451-FA1 16451	41946	2,000.00
1	Tractor-Dozer; International-Harvester. Crawler type. Depreciation $400 per month.	TD-24	TDE 3122	TDEM3273 Motor Block No. 250857-R-8	24,000.00
1	Winch. Bucyrus-Erie. For use on Tractor-Dozer TD-24	P-29	80825		
1	Bulldozer blade. Bucyrus-Erie "Bullgrader" for use on Tractor-Dozer TD-24		82306		
1	Air Compressor. Jaeger portable type. International-Harvester diesel engine. Cap'y 250 cfm. Depreciation $111.67 per month.	UD 14-A		UDF-31008 J-J6G	6,700.00
1	Air Compressor. Jaeger. Portable type. International-Harvester diesel engine. Cap'y. 250 CFM. Depreciation $111.67 per mo.		C-12296	UDF-34262 6858	6,700.00
1	Wagon drill. "Thor". Independent Pneumatic Tool Co. Depreciation $43.33 per month.	105	80237		2,600.00

No.	Item	Model & No.	Serial No.	Motor No.	Value
3	Jackhammers. "Thor". Rotating, dry type. Independent Pneumatic Tool Co. Depreciation $6.00 per mo., each.	38	95016 95157 98334		$360.00 ea.
1	Calculator, Friden.		SW8-701524		560.00
1	Typewriter. Royal, standard.		4462324 KMG1-3		170.00

Note: All above equipment in new condition at beginning of Project.

FIRST *Southwest* COMPANY

PRESIDENT
WM. C. JACKSON, JR.

VICE PRESIDENTS
THOMAS BECKETT, JR.
WINTON A. JACKSON
JAMES F. JACQUES
WM. P. SMALLWOOD

INVESTMENT BANKERS
MERCANTILE BANK BUILDING
DALLAS 1, TEXAS

April 4th, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 7 1952

Mr. John L. Hofflund
Chief Counsel,
Defense Minerals Exploration Adm.
Interior Building
Washington 25, D. C.

Dear Mr. Hofflund:

Pursuant to your request of Mr. Cecil B. Chenoweth ... I am enclosing herewith the following instruments:

1. Photostat copy of an assignment and deed by A. P. Simons to W. C. Jackson, Jr., covering the Polk County, Arkansas, manganese venture.

2. Photostat copy of an assignment and deed by D. P. Stephenson to W. C. Jackson, Jr., covering the Polk County, Arkansas, manganese venture.

in folder attached to docket

I trust that you will find these instruments to be in proper form.

Very truly yours,

W. C. Jackson Jr.
President

WCJ:LS
Encl.

cc: Mr. Cecil B. Chenoweth
Mr. S. Austin Wier
Mr. Estill S. Heyser, Jr.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Joplin, Missouri
April 8, 1952

Memorandum

To: Operating Committee

From: David Gallagher

Subject: Inland Mining Corporation, Docket No. DMEA-2299, Idm-E280

In accordance with your letter of instructions dated March 28, 1952 regarding the subject docket the original and two copies of the contract are transmitted herewith, one copy has been retained by the operator and one copy is filed in this office.

Revised Exhibit A is attached to each copy.

David Gallagher

DG/jd

Encs.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
APR 10 1952

FILE COPY
SURNAME:

Brewer
Selfridge

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

Mr. David Gallagher
Executive Officer, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA 2299K - Manganese
Inland Mining Company
Polk County, Arkansas

Dear Mr. Gallagher:

We have your letter of March 28, 1952, forwarding a report, dated October 23, 1950, made on the subject property by Mr. Morgan G. Huntington, a mining engineer, for Mr. Cecil B. Cheneweth and containing your comments thereon.

While the area involved is the same, it is observed that the applicant corporation relied solely upon the representations made by Mr. McIlwane, a consulting geologist, in a report dated December 17, 1951. The application was sent to your office for a field team appraisal and was recommended from a geological standpoint by a member of your staff on March 22, 1952.

It is difficult to understand how a report made to a private person some 14 months prior to an application by a corporation can now be made a part of its application and hence subject to our review. Certainly many reports have in the past been made to persons who later made applications to DMEA, and who, for reasons known only to themselves, chose to base their applications on reports by other engineers. In the instant case, McIlwane's report is the basis of the application, and while your comments on the Huntington report may be well placed, we are necessarily restricted to the averments filed by the applicant.

QLBrewer'lm
4/3/52

Sincerely yours,

Acting Administrator
Defense Minerals Exploration
Administration

cc: Admn. Reading File
Docket
N. B. Melcher, USGS
M. D. Crittenden, USGS
Field Team Reg. VI
G. C. Selfridge
Q. L. Brewer
Operating Committee

Mr. Gallagher Copy

FILE COPY
SURNAME:

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

MAR 28 1956

Mr. David Gallagher
Executive Officer
DMEA Field Team, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA 229~~X~~ (Manganese)
Inland Mining Corporation
Polk County, Arkansas

Dear Mr. Gallagher:

This is with reference to the application of Inland Mining Corporation for an exploration project for the purpose of exploring for manganese on property located in Polk County, Arkansas.

The application and all available data relating thereto have been carefully considered in arriving at a decision. Particular attention has been given to your comments on the proposed project, as well as to the metallurgy involved in recovering the manganese from the mineralized rock. In view of the factors involved it appears desirable to further delineate and sample these manganese deposits, and therefore, an exploration contract has been drafted for this purpose.

The exploration contract has been signed here by Mr. C. O. Mittendorf for the Government, and Mr. Cecil B. Chenoweth for the Inland Mining Corporation. Mr. Chenoweth has taken five copies of the contract with him to Dallas for certification by the Secretary of the Corporation. Mr. Hofflund is retaining one copy for his files.

As you realize, we have departed in this case from our standard procedure followed in executing contracts. This has been done because of the circumstances involved in this case, of which you are fully aware, and the desire to expedite the completion of the contract since it is urgent that the operations get started before the vegetation in the area of the proposed project begins to grow.

After certification by the Corporation, one copy of the executed contract should be retained by the Corporation and the remaining four copies transmitted to your office for distribution in the usual manner by retaining one copy for your files and transmitting the other three copies to this office. If you have any questions regarding the contract, please do not hesitate to make them known.

Sincerely yours,

3/28

(signed) FRANK E. JOHNSON

(JHB)

Chairman, Operating Committee
Defense Minerals Exploration
Administration

APPROVED:

J. H. Hedges (JHB)

Member, Bureau of Mines

T. P. Thayer (JHB)

Member, Geological Survey

QLBrewer/FEJohnson/lm/bih
3/27/52

cc to: Docket
Admr's. Reading File
Operating Committee
Region VI

Messrs. N.B. Melcher
M. D. Crittenden
T. P. Thayer
J. H. Hedges
Q.L. Brewer
Q.C. Selfridge
F.E.Johnson

400

FILE COPY
SURNAME:

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

Brewer
Selfridge

Mr. David Gallagher
Executive Officer, Region VI
221 West 3rd Street
Joplin, Missouri

Re: Docket No. DMEA 2299X - Manganese
Inland Mining Company
Polk County, Arkansas

Dear Mr. Gallagher:

After due consideration of the information pertaining to the above referenced application, an exploration project contract was approved and signed here by Mr. C. O. Mittendorf for the Government and Mr. Cecil B. Cheneweth for the Inland Mining Company.

Mr. Cheneweth is taking five copies of the contract with him to Dallas for certification by the secretary of the Corporation. Mr. Heffland is retaining his copy in his files.

After certification, the Corporation should retain its designated copy and return the remaining four copies to your office for distribution.

Sincerely yours,

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Approved:

QLBrewer'lm
3/27/52

Member, Bureau of Mines

Member, Geological Survey

cc: Admn. Reading File
Docket
N. B. Melcher, USBM
M. D. Crittenden
Field Team Reg. VI
G. C. Selfridge
Q. L. Brewer
Operating Committee

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

File

March 28, 1952

Re: Inland Mining Corporation
Docket No. DMEA 2299X - Manganese

Mr. C. O. Mittendorf
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Mittendorf:

The report of October 23, 1950 by Morgan G. Huntington to Cecil B. Chenoweth has been so commonly referred to in matters pertaining to the above docket that it amounts to an important basic document.

We find it difficult to believe that this document has been adequately analysed in Washington.

We have obtained a loan copy from Mr. Chenoweth which must be returned. We have made a typewritten copy of this, which is attached hereto, columnizing the report itself in the left side of the page leaving room for comments along the right half of the page.

We would recommend that this document be given the attention it deserves in appraising the application of the Inland Mining Corporation.

Sincerely yours,

David Gallagher

David Gallagher

Enc.

DG/lh

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 31 1952

SUMMARY

On the Eagle Mountain group of claims near Mena, in west central Arkansas, are a series of narrow, sharply defined, east-west chert ridges which are frequently cross-fractured by north-south shearing. The resulting shattered, flint-like rock has, in some areas, been recemented by manganese minerals. Undoubtedly, the amount of this manganiferous material is very great.

A mere personal opinion offered without supporting facts.

It has been determined that at least 60 per cent of the contained manganese can be recovered by gravity methods alone and that this concentrate, when sintered, contains more than 50 per cent of manganese. The resulting fused product is free from objectionable amounts of any deleterious substances such as iron, silica, phosphorus, lead, zinc, copper and sulphur.

So far as I have been able to learn it has never been revealed (1) who determined what, when, or how? (2) any written report on this?

How does sintering expell these elements that are known to be present in both ore and concentrates?

Exploration and ore dressing tests indicate that there is a substantial tonnage of material from which can be recovered at least four units of manganese per ton.

What exploration, what ore during tests? Written reports not revealed, and so far as we know no exploration or ore dressing tests had been made prior to the writing of this report.

For a capital outlay of $1,200,000 a mine plant and concentrator may be provided which will treat 600,000 tons of ore yearly and produce 48,000 tons of material worth $2,880,000. The total cost of production including amortization would be $1,242,000. The yearly operating profit would be $1,638,000.

Pure dreaming based on uncorroborated major premises.

The depletion and reserve allowance is 50 per cent of the net operating profit up to 15 per cent of the gross metal sales.

Ditto.

INTRODUCTION

The purpose of this report is to describe certain manganese deposits in west central Arkansas, and to analyze the probabilities of their successful exploitation.

The data contained in this report was obtained by the writer during several visits to the area in September and October, 1950. The metallurgical information is as yet brief. However, it is sufficient to indicate beyond any doubt what minimums of recovery and grade of product may be assured.

During Sept. & Oct. leaves are still so abundant as to practically frustrate field observation.

Personal opinion unsupported by presented facts.

The scope of exploration so far carried out is limited. The writer gained as much information from natural exposures as from recent excavations. Undoubtedly, the amount of manganiferous material occurring in the area is very great.

Yes, essentially nil at that time. Remember the leaves.

How much is very great? A purely comparative term.

HISTORY

Some sixty or more years ago, there was a small excitement over high silver values reported in this area near Mena, Arkansas. A good many pits and trenches were dug about that time in the quest for silver but no important discoveries were made.

As early as 1890, the Arkansas Geological Survey reported manganese in this area. In 1917, the United States Geological Survey published a bulletin on the manganese minerals of this region.

Yes, Penrose condemned the deposits in Ark. Geol. Survey, Ann. Rpt. 1891. Yes, Harder condemned the deposits in Bull. 427 (1910) and Miser condemned them in Bull. 660-c (1917) and again in Bull. 808 (1929).

The production, so far as the writer has been able to find, totals no more than twenty carloads of handpicked and crudely jigged manganese ore. Two small concentrators have been set up near Mena but neither ran long nor successfully. The failure of the two plants appears to be due to low recovery, poor grade of concentrate and small capacity.

There is no evidence of any earnest, well-financed effort to explore the probably extensive, low-grade manganese deposits of Polk County.

GENERAL INFORMATION

Location and Access:

The manganese deposit with which this report is concerned is covered by the Eagle Mountain group of claims. This group is in Polk County, Arkansas in sections 27, 26, 34 and 35, Township 3 South, Range 30 West.

The property is seventeen miles by road southeast from the railpoint of Mena, Arkansas. About seven and one-half miles of this road is paved and the balance is fair graveled road, maintained by the National Forest Service.

The nearest town is Mena, county seat of Polk County, Arkansas. Mena has a population of about seven thousand. It is on the main highway about 80 miles south of Fort Smith and 100 miles north of Texarkana, and is on the main line of the Kansas City Southern Railway.

Topography:

The Eagle mountain group of claims lies between 1,500 and 2,500 feet above sea level. The area is characterized by narrow, steep-sided ridges running east and west. The canyons, locally referred to as "hollows" if dry and "branches"if they contain running water, are too narrow for cultivation.

The entire locality is heavily wooded with white and black oak, gum and yellow pine. The soil is shallow, and rock in place is frequently exposed.

Remember the leaves in Sept. and Oct.

Labor and Living Conditions:

Local, unskilled labor is available at 75¢ to $1.25 an hour. Probably fifty men could be hired without the necessity of providing housing.

There are now no living quarters of any kind at the property. The staff and skilled lobor could find housing at Mena as the road may be easily negotiated in less than half an hour.

Power and Water:

Electric power high lines pass through Mena. The property is about ten miles from the nearest electric power. A line to furnish the required 1,200 installed horsepower would cost here about $3,000 a mile. The writer favors diesel and diesel electric power for the proposed operation although from the standpoints of initial cost and reliability, there is little choice.

Water is available in streams in sufficient quantity to supply the proposed plant.

Tailing disposal may involve the expense of maintaining a considerable dam across a running stream.

Yes, but not yet included in any operating-cost estimate we have seen, including Huntington and SWECO.

Property and Ownership:

In Polk County Court House in Mena, Arkansas, in the office of the County Clerk is to be found the following document:

Book G, Page 123, records an agreement and lease between Cecil B. Chenoweth and the American Manganese Company, incorporated, represented by its president, A. R. Wetsel. The agreement involves 25 lode claims on which the American Manganese Company asserts title or lease agreements with the original owners.

The 25% royalty might also have been mentioned!

The estimated cost of surveying, amending and locations, and properly marking the claims upon the ground is $2,500. This is immediately necessary as there is considerable work to be done.

THE ORE DEPOSITS

General Geology:

The landscape of the west central region og Arkansas is dominated by narrow ridges running nearly east and west and separated by deep, narrow canyons. This topography is the eroded result of sharply tilted sedimentary beds which are alternately hard and soft. As the harder rocks have weathered more slowly than the softer, the present surface has the appearance of a large and very rough washboard.

The United States Geological Survey has classified the hard, resistant rock of which the ridges are composed as novaculite. This is a siliceous material, light grey to black in color with conchoidal fracture, more commonly called chert. The Survey has dated these rocks as of the Paleozoic era, probably Devonian.

The bedding of the cherts of interest strikes east-west and dips very steeply to the south, often being vertical.

Occurrence of Deposits:

On two of the parellel ridges are persistant stringers of manganese minerals varying

The persistance of these stringers is largely a matter of opinion as they have never yet been fully exposed over the implied long distances. If they have, then exploration is unjustified.

in width from a fraction to several inches. These stringers, where observed in creek beds and outcrops, generally conform to the bedding planes. These small veins were traced on one ridge across the length of the property.

Unless washed with HCl, whereupon they disappear!

Our field men find this practically impossible, unless finding an occasional piece of float constitutes "tracing".

Occasionally, these east-west ridges are strongly fractured by north-south shearing. At points of marked cross-fracturing, the chert is shattered into small fragments and provides a high percentage of interstitial space. Two of these shattered zones are observed to be of considerable area. One is at least 500 by 600 feet.

A misconception according to geologists.

No one has as yet been able to show this to any visiting U.S.G.S. geologist.

Being extremely hard and having a tendency to break into sharp, angular pieces, crushing of the chert by cross-fracturing has provided cavities for the deposition of the manganese minerals. The grade of ore, since the host rock is filled but not replaced, is here a function of the frequency of fracturing.

Character of Ore:

These manganese minerals which fill interstices in the chert are hard, black oxides. Chemical analyses indicate that these are both pyrolusite, MnO_2 and manganite, $MnO(OH)$. The absence of any barium in the samples so far assayed proves that there is no psilomelane.

What analyses, we haven't seen them.

Depends on one's definition of psilomelane.

The mineral has a specific gravity of nearly five and a hardness of more than five on Mohs' scale. It has a conchoidal fracture and when fresh broken, the color is blue-black.

Who made this sp. gr. measurement - we have no facts to go on.

All this sounds like quote from a Mineralogy textbook.

The chemical analysis of the mineral is 36 to 45 per cent of manganese, 2 to 3 per cent iron, less than 5 per cent silica plus alumina, 0.05 to 0.20 per cent phosphorus and only traces of lead, zinc, copper and sulphur.

Max. total is 54% plus about 20% oxygen for Mn and Fe is 74%. What is the other 26%?

Loss on ignition is 8 to 12 per cent. When fused with about 10 per cent of powdered coal, the resulting sinter, in all cases, came up above 51 per cent of manganese. If nodulized in a kiln with controlled atmosphere, a monoxide could be produced containing at least 60 per cent of manganese.

This experimental work has not been presented to us in report form. All we have is Huntington's unsubstantiated assertion. If such important tests were made why were the facts not made available?

The seams of manganese mineral in the fractured chert are from a knife blade in width to several inches. Numerous large "clay pockets" occur in the chert which contain chunks of mineral so large as to weigh several hundred pounds. However, except for the occasional large lump of pure mineral, the ore is a black and white breccia, resembling pieces of highway paving composed of light colored crushed rock cemented by asphalt.

Not numerous according to Penrose, Harder, Miser, Berliner, Gallagher, Muessig and Sobel.

Until washed with HCl.

Sampling and Assaying:

One zone exhibiting marked cross-fracturing and shattering of the chert has been prospected by surface trenching. Although not systematically carried out, this recent surface work indicates a mineralized area approximately 500 by 600 feet.

No U.S.G.S. man who has been there concurs that anything of the sort is indicated.

Grab samples from some thirty openings averaged nearly seven per cent manganese. Pieces of clean mineral were purposely excluded from these samples in order to ascertain what the breccia alone contains.

How near 7 is "nearly 7" - about 6.9 or maybe 5.0? Why aren't these alleged assays presented?

It has been determined that at least sixty per cent of the contained manganese can be recovered by gravity methods alone in the form of a commercially acceptable concentrate. Therefore, this sampling indicates that the breccia will yield more than four units 1/ of manganese per ton mined.

By whom, when, where, how? Why hasn't this assertion been supported by presenting a report?

A head assay does not indicate a mill yield!

The Ore Reserves:

Surface prospecting, so far done, is sufficient to indicate a considerable tonnage of material which can be profitably treated at present market prices. About 1,500 feet east of the area trenched is another zone of fracturing within the limits of the claims under consideration which, from natural exposures, appears even more promising.

If this is true then no further exploration is justified.

Remember the leaves!

The writer has observed the same mineralization for the entire distance of these claims along the strike, offering promising spots for further exploration.

This cannot be true because of the soil cover and vegetation.

1/ Manganese ore is sold by the long ton. A "unit" of manganese weighs 22.4 pounds. One long ton of 100 per cent pure metallic manganese would contain one hundred units. A 50 per cent ore contains 50 units of manganese per long ton.

The amount of material from which can be recovered four units of manganese in the form of a ferro-grade product, and indicated by surface trenching and natural exposures is estimated at 2,000,000 tons. There is no doubt in the writer's mind that at least a dozen faces of material of comparable grade may be opened speedily and cheaply by surface trenching as outlined under Exploration and Development.

Guesstimated would be a better word. I am unwilling to invest Taxpayers money merely on what is in Huntington's mind.

The inferred tonnage of this material is enormous. The geological inference of indicated tonnage along 6,000 feet of the strike on these claims could be fairly stated to be in the approximate amount of 6,000,000 tons, since the fracture zones seem to occur at intervals of about 1,000 feet. Relatively inexpensive surface drilling, blasting and bulldozer work could, in a few weeks, produce considerable concrete evidence as to additional tonnage.

Pure dreaming.

MARKETING

Ferro-grade manganese ore, sometimes called metallurgical grade manganese ore, to be commercially acceptable, must contain at least 40 per cent manganese. The manganese-iron ratio must be not less than seven to one. Phosphorus must be very low, as in the case with lead, zinc, copper and sulphur. The less silica and alumina, lower and smelting cost and, therefore, the better the price the ore will command.

(Sic)

Ferro-grade ore is smelted in an iron blast furnace to produce an alloy of manganese, iron, silicon and carbon. Ferromanganese is essential to the production of steel. About fourteen pounds of metallic manganese in this form is required for the manufacture of each ton of steel, regardless of use.

The American steel industry consumes approximately 1,500,000 tons of ferro-grade manganese ore annually. Only about one-twelfth of this is produced from domestic mines. The nearest important source is now 4,000 miles by sea. In spite of the Stockpiling Act of 1946, we have on hand in this country little more than one year's supply.

Manganese ranks with iron ore itself in strategic importance and is at the top of the critical list, because effective submarine blockage could cripple our steel industry as seriously as intensive bombing of the production plants.

How other manganese ore is sold is irrelevant.

At present, the Federal Government is buying plus 40 per cent ore at more than one dollar a long ton unit[1] of contained manganese f.o.b. rail points. Private industry is offering about the same price at f.o.b. steel mills.

PROPOSALS

Surveying Property:

The twenty-five lode claims under lease from American Manganese Company should be resurveyed, locations amended and recorded, and the claim corners marked with proper posts or stone monuments. A competent land surveyor would probably undertake this for about $100 a claim.

Exploration and Development:

All minor and major structural features should be noted and the data correlated on a geologic map. From this information, the most accessible zones of interest should be chosen for initial exploration.

Because of the low cost and the speed with which it may be accomplished, the exploration recommended consists chiefly of further trenching to a depth of six or eight feet in the solid rock. Four or five areas as large as the first mineralized zone, if adequately trenched, would prepare sufficient ore reserves to supply the proposed concentrator with a minimum of expenditure.

Unwarranted overconfidence. No reputable engineer would make a statement tantamount to "the ore is there, if you dig, you'll find it".

The proposed trenching would involve drilling and blasting eight-foot holes at four or five-foot intervals. As practically all the trenching will be done on steep side hill

1/ See footnote on page ~~12~~ 6

slopes, after blasting, the spoil may be pushed aside by a bulldozer, leaving a road-like bench. A good part of the exploration trenches should, in fact, be laid out as access haulage roads.

This bench business, and the bench mining below, show a serious misconception regarding the disposition of the manganiferous material.

Similar work to that described above has been done by the writer by contracting the trench at $2.00 a cubic yard or about $4.00 a linear foot.

Five thousand feet of such trenching, at a cost of $20,000, is recommended as minimum initial development. This should not only outline several ore bodies, now indicated by outcrops, but would also provide access roads and establish bench levels from which mining may begin.

Mining:

Overburden is negligible and little or no stripping is anticipated in most areas. Mining and hauling to the mill should be not less than 2,000 long tons daily. This should be accomplished in one eight-hour shift. At least three separate pits should be opened and operated simultaneously in order to insure continuous delivery of the required mill feed.

Assumes that the stuff is ore, therefore essentially just a lot of dreaming.

From a somewhat parallel experience, the writer recommends that, until the ore zones are well defined, the bench interval be maintained at eight feet; that drilling be done by compressed air wagon drills; that ten-foot holes be drilled on five by five-foot centers; that the holes be loaded without springing and the powder ratio be one and one-half pounds of 40 per cent bag to the cubic yard in place. It is suggested that loading be done by power shovels not lighter than 100,000 pounds; that hauling from mine to mill be done by 22-ton rear dump, off-the-highway trucks.

Later, after the limits of the ore bodies are well established, bench intervals may be increased to fifty or sixty feet through the use of cable-tool blast hole machines, which would effect a substantial reduction in cost of breaking.

Equipment for mining and hauling is listed below:

3 - Cable-tool Blast-hole Machine	$ 45,000
3 - 1½ Cubic-yard Power shovels	105,000
6 - 22-Ton off-the-highway Dump Trucks..	150,000
1 - Tractor with Dozer	15,000
3 - 500 Cubic-foot Air Compressors.....	30,000
Wagon Drills and Equipment	15,000

Cost of Mining and Hauling Equipment ...$360,000

MILLING

(A) Research:

Beneficiation tests so far carried out by the writer and by the Denver Equipment Company indicate that about 60 per cent of the contained manganese can be recovered by ordinary jigging and tabling. Also, the gravity product can be reduced to a mono-oxide containing more than 60 per cent manganese, and thus command a considerable premium.

As remarked before, what tests, by whom, how, when, where? And why aren't they made available?

This is just an allegation, how about some proof.

The writer expects that further research along the lines of heavy-media ferrosilicon sink-float will show that one-half to two-thirds of the material mined can be discarded as a clean, coarse tailing at about 2-inch mesh; also that a two or three to one ratio of concentration may be accomplished at this point; that perhaps an important percentage of the total manganese may be here recovered without further crushing and attendent slime loss.

"The writer expects" I won't approve investment based solely on what Huntington "expects".

Research on heavy metal soap flotation of the gravity plant middling will indicate what additional recovery of manganese may be obtained, and whether or not it will be economic to install a fine grinding and flotation section.

How does he know what research will indicate?

Tests must be run in order to choose between a downdraft sintering machine and a rotary nodulizing kiln. It is already established that some reduction with carbon will be necessary to bring the concentrate up to acceptable grade and, at the same time, produce a sinter suitable for charging into a blast furnace.

Who established this, and how?

Ore dressing research now recommended consists of the following steps:

1. Heavy-media ferrosilicon sink-float for the purpose of rejecting the greatest amount of clean tailing at the coarsest possible size.

2. Autogenous sink-float of the fines and the crushed sink product, fixed sieve jigging, and hindered settling concentration by controlled teeter column density.

3. Fine grinding and heavy-metal-soap flotation of the gravity section middling.

4. Agglomeration by fusion of the metallic product with simultaneous partial reduction to a mono-oxide.

(B) Proposed Beneficiation Plant:

For purposes of estimate, we assume that ore dressing tests will indicate the following plant:

"We assume that ore dressing tests will indicate ....."

1. The crushing section must be of sufficient size to receive, crush and stockpile 2,400 tons in eight hours. It will consist of two stages: There must be a primary jaw crusher large enough to take the largest piece which will pass through the shovel dippers, and a five-foot Symons cone crusher to reduce the primary crusher product to minus two inches at the rate of 300 tons hourly. The stockpile for the crushed ore should have a live capacity of at least 5,000 tons.

Pure dreaming

2. The ferrosilicon sink-float section will have a capacity of 100 tons hourly and be operated on a 24-hour basis. Possibly more than 50 per cent of the crusher product will be rejected as clean tailing at this stage.

3. The gravity section will require a capacity of 50 tons an hour since it will operate only on the fines and the recrushed sink product which will probably be less than half of the original tonnage.

4. The grinding and flotation section must have a capacity of about half that of the gravity plant since the rougher jigs will also make some clean tailing.

5. The nodulizing section will very likely consist of a rotary kiln with boring bar. It must have a capacity of 200 tons in 24 hours and maintain a reducing atmosphere in order to insure a substantial reduction of oxygen content in the final product.

An accurate appraisal of capital cost of such a plant as is described above is difficult at this point. However, based on some recent experience, the writer makes the following estimate at present prices:

1.	Crushing Section with Diesel Power..	$100,000
2.	Sink-float Section with Power	70,000
3.	Gravity Section with Power.....	150,000
4.	Grinding and Flotation Section with Power	150,000
5.	Nodulizing Section	70,000
6.	Building for Plant	60,000
	Total Estimate of Cost of Proposed Concentrating Plant	$600,000

Estimate based on above dream.

ESTIMATES

Capital Requirements:

1.	Surveying, amending locations and legal work	$ 5,000
2.	Exploration and Development of several ore zones tributary to the proposed concentrating plant	50,000
3.	Additional beneficiation research...	5,000
4.	Mining equipment	210,000
5.	Hauling equipment	150,000
6.	Crushing plant with diesel power ...	100,000
7.	Sink-float heavy-media section	70,000
8.	Gravity concentrator section with power	150,000
9.	Fine grinding and flotation section.	150,000
10.	Nodulizing section	70,000
11.	Plant buildings	60,000
12.	Contingencies	180,000
	Total estimated capital outlay before beginning exploitation ...	$1,200,000

Operating costs will be about $100,000 a month and suitable provision must be made for this. It is suggested that three months operating capital be added, to make the total capital re-requirements $1,500,000.

Time Requirement:

Preliminaries can be completed and plant construction begun within sixty days. Actual plant construction will require no more than ninety days. Even should a state of emergency be declared, procurement of equipment will not be made difficult since manganese mining will command the highest priorities.

Exploitation and production could be under way within six months from this date.

Operating Costs:

The following estimates of costs are based upon a daily average tonnage of 2,000 long tons mined. The capacity of the mining and milling equipment recommended is more than 25 per cent greater than this, in order that the anticipated tonnage figure be maintained in spite of some inevitable plant down time.

Mining:

	Cost per ton mined
Churn drilling @ $5 a foot of 9-inch hole, breaking 20 tons per foot of hole	$ .25
Explosives, 3/4 pound per ton of ore	.10
Loading by 1½ cubic-yard shovels at $15/hr.	.15
General labor, 10 men at $10	.05
Mine supervision and engineering.	.05
Total mining	$ .60

Transporting Ore to Mill:

Whether done on company account or contracted, large, off-the-highway dump trucks will be required. The problem of road maintenance is best left in company hands.

The writer contemplates hauling an average distance of 1½ miles to the mill, although the actual mill site is not yet selected.

Hauling @ 10¢ a ton-mile, an average distance of 1½ miles would be $ .15 a ton mined.

Milling:

	Cost per ton mined
Power, 1,200 horsepower for 8 hours plus 900 horsepower for 16 hours at 2½¢ a horsepower hour	$ .12
Labor - 26 men @ $12/8 hrs., plus eleven general labor @ $8/8 hr. shift	.20
Supervision - 4 men @ $25/8 hrs.	.05
Repair and replacement	.10
Reagents, including fuel for nodulizing	.15
Tailing disposal	.10
Hauling 200 tons concentrate 17 miles to rail point @ 10¢ ton mile	.17
Total cost per ton mined for milling, sintering and delivering product to railroad	$ .89

Amortization:

The proposed capital outlay should be charged against not less than three million tons which would be mined in five years. The mining and hauling equipment are depreciated as an hourly charge and this is already included in the cost.

$1,200,000 less $360,000 charged against 3,000,000 tons is, per ton mined, $ .26

General Expense Items:

	Cost per ton mined
Taxes, State and County @ $12,000 a yr.	$ .02
Insurance, $12,000 a yr.	.02
Industrial insurance, 5% of payroll	.03
Administration @ $60,000 a yr. .	.10
Total	$ .17

Recapitulation:

The costs are based upon mining and treating 2,000 tons daily and 600,000 long tons yearly.

	Cost per ton mined	
Mining	$ .60	.60
Transporting Ore to mill	.15	.15
Milling including loading of product into railroad cars	.89	SWECO says milling $2.16/ton
Amortization	.26	.26
Taxes, insurance, administration.	.17	.17
Total cost per ton mined	$ 2.07	$3.34

ESTIMATE OF OPERATING PROFIT

Mining and milling the Polk County manganese ore at the rate of 2,000 tons a day, the total cost per ton mined is $2.07. Then, the cost per ton of product is arrived at by multiplying the concentrating ratio by the total cost per ton. That is, the number of tons of ore required to produce one ton of marketable product is to be multiplied by the operating cost per ton in order to calculate the cost of one ton of product.

Obviously then, the cost per ton of product will vary and the two principal factors affecting this cost are grade of ore and metallurgical recovery.

Tests indicate that a plus 50 per cent manganese product can be successfully produced here. Then, recovering four units per ton of ore mined, the concentrating ratio is 50/4 or $12\frac{1}{2}$ to one.

SWECO and U.S.B.M. 42% at best.

$42/3\frac{1}{2} = 12$

The cost of one ton of concentrate is then $12\frac{1}{2}$ x $2.07 = $25.88. The present market price for this material is something more than one dollar a unit. It has been recently indicated as $1.50 per unit. If sold to Government stockpile, a ton of plus fifty per cent ore would

12 X $3.34 = $40.08

No! With the penalties on this low manganese, high silica stuff contaminated with Cu, Pb, Zn, and P, 80¢ a unit would be an optimistic price, and 50¢ a unit would be no surprise. See SWECO assays.

bring at $60.00 a ton at the rail point.

42 units X 80¢ = $33.60
$40.08 - $33.60 = $6.48 loss/ton conc.
$6.48/12 = 54¢ loss/ton mined.

The daily operating profit is then market price minus cost, times daily production, or $60.00 - $25.88 x 160 = $5,459.20.

Based on 300 working days a year, this is $5,459.20 x 300 = $1,637,760 which is one and a third times the total fixed capital account.

No comment.

Appraisal of Income Tax Aspect:

The depletion and reserve allowance when mining this type of ore is 50 per cent of the net operating profit up to 15 per cent of the gross metal sales. It would be necessary, then, to have 50 per cent of the net operating profit equal 15 per cent of the gross metal sales in order to realize the greatest tax advantage.

Depreciation rate varies with the type of equipment. However, as much as 33 1/3 per cent was allowed on similar undertakings during the last war.

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

March 26, 1952

Memorandum

To: Acting Administrator

From: Chief Counsel

Subject: Inland Mining Corporation exploration project - Docket No. DMEA-2299 (manganese)

The attached copies of the contract have been drafted in this office, are approved from a legal standpoint, and are ready for your signature.

I am waiving a possible defect in the matter of subordination agreements (consents to lien). One of the leases is from twelve named individuals, but of two of them, A. P. Simons and David P. Stephenson, there are no subordination agreements. In lieu of the subordination agreements of these persons there is a certification by the secretary of Inland Mining Corporation stating that these two have transferred their interests in the subject leases to the other lessors. Of course the certification has no real legal significance, but I think we can take Mr. Chenoweth's word for it and the certification of the secretary. Moreover, Mr. Chenoweth states that he can and will send a copy of the transfer to this office for our file.

The file in this case is attached.

J. L. Hofflund
Chief Counsel

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

DMEA
2299

March 25, 1952

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Mr. Mittendorf:

This is in reference to your special inquiry dated March 25, 1952, with reference to the concentration of manganese materials from the Mena region, Arkansas.

As you state, I am familiar with the tests on this material which have been carried out by Denver Equipment Company and Southwestern Engineering Company. I understand that representative samples from various localities in this region were submitted to these companies by Mr. Chenoweth and by Mr. Huntington, both in the interest of Inland Mining Company.

The manganese materials in this Mena district are exceedingly low in manganese, running from 4.5 to 7.5% Mn. They are also seriously contaminated with iron, the ratio of manganese-to-iron in the crude ore being unacceptably low from the standpoint of a ferromanganese grade ore. Unlike most of the low grade manganiferous ores found in America, the greater part of the iron in these ores exists in the form of a limonite, relatively free from manganese. The manganese portion of the original ore again is relatively free from iron. The standard methods of concentrating by sink-float or by froth flotation do not yield promising results. By a combination, however, of washing, sink-float and froth flotation, it has been shown that a satisfactory concentrate can be produced.

The most effective agent in separating the limonite from the manganese oxide material is washing. This relies for its success on the difference in physical condition of the limonite and the manganese constituent. As presently contemplated, the treatment of the ore proposed is: crushing the run-of-the-mine material to pass a three-inch grizzly; vigorously washing from this three-inch material as much of the fine limonite as possible; subjecting the washed coarse lumps to a sink-float separation to remove from 40 to 60% of the total bulk of the material, carrying away the major portion of the iron and only 1% Mn. A second reduction step is then effected crushing the three-inch material to about one-half inch accompanied by a second

1 copy to Johnson
1 copy to file

vigorous washing to remove a further portion of the remaining limonite; returning the washed one-half inch material to the sink-float chamber in which a second discard of high-silica, low manganese is removed. The final concentrate from these sink-float operations is then either subjected to: (a) jigging and tabling; (b) froth flotation, or (c) both.

Tests carried out following this flow sheet indicate that a very great improvement in the manganese-to-iron ratio can be achieved. This is somewhat unusual in the field of low grade domestic manganese materials in which, generally, the manganese and iron content are present in the same mineral crystal.

In all likelihood, a certain amount of selective mining must be exercised since evidence is incomplete to show that all of the manganese material in this region will be amenable to the concentrating procedure described above. It is understood that this office has no information as such as to the extent and character of the ore body in this district and that the opinion expressed above is based on samples which were taken from that region and on the results reported by the engineering concerns involved.

A careful study of the results which have been obtained by Mr. Chenoweth and by Mr. Huntington, through the agency of the two engineering companies recited above, indicates that there is a very strong probability a successful concentration of much of the manganese material in the Mena district can be realized.

Very truly yours,

P. H. Royster

P. H. Royster
Assistant to the Chief Metallurgist

FILE COPY
SURNAME:

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

Selfridge

March 25, 1952

Mr. Percy H. Royster
Assistant to the Chief Metallurgist
Bureau of Mines
Washington 25, D. C.

DMEA
2299

Dear Mr. Royster:

Recently we received an application for exploration assistance from the Inland Mining Company to explore manganese ores from the Mena region, Arkansas. Your name is mentioned as having information which indicates that the Mena ores can be treated successfully. Mr. Chenoweth, representing the company, claims that success in metallurgy has been obtained by Messrs. Huntington and Royster.

We would appreciate having you comment briefly on the metallurgy of the Mena manganese ores and on the statements concerning the metallurgy of the Mena ores attributable to the Inland Mining Company.

Sincerely yours,

Sgd: C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

GCSelfridge:ls

cc: Docket
Admn. Reading File
Field Team, Region 6
G. C. Selfridge
N.B. Melcher, USBM
M. D. Crittenden, USGS

N.B. in R. R.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Mena, Arkansas
March 22, 1952

Mr. C. O. Mittendorf
Acting Administrator, DMEA
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMEA 2299X-Manganese
Inland Mining Corporation
Mena, Arkansas

Hand-Carried by Mr. Chenoweth

Dear Mr. Mittendorf:

Enclosed is my memorandum giving the results of the field examination made of the subject claims by the Field Team. Also enclosed is the subject docket sent us under cover letter dated March 14, 1952 from Mr. Frank E. Johnson to Mr. David Gallagher.

The unorthodox manner in which this report is being relayed to you was chosen because of the urgency that exists in processing the subject docket. As you probably know, initial success in the proposed exploration program depends upon a lack of vegitation in the field. Leaves are now beginning to sprout in western Arkansas.

Sincerely yours,

Siegfried J. Mussig

Siegfried J. Mussig
Field Team, Region VI

SJM
cd
Encls.
cc: David Gallagher

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Mena, Arkansas
March 22, 1952

MEMORANDUM

To: C. O. Mittendorf, Acting Administrator, DMEA

From: Siegfried J. Muessig, Field Team, Region VI

Subject: Field check of Inland Mining Corporation, DMEA-2299X, Manganese

Introduction

In a letter dated March 14, from Mr. Frank E. Johnson to Mr. David Gallagher, the Field Team was asked to make a field examination of the subject claims to determine the nature of the manganese mineralization, the feasibility of the exploration, and to clear up certain legal difficulties.

Mr. Harvey Sobel and I spent a day (March 19) on the American Group of claims and on the next day went over various reports and maps in the office of the Inland Mining Corporation with Messrs. McElwaine, Archer, and Chenoweth.

The legal difficulties that we were asked to investigate are now resolved according to Mr. Chenoweth; we did nothing along this line.

Field Appraisal of Manganese Oxide Occurrences

The manganese oxides on the American Group of claims occur predominantly as fracture fillings in the brecciated upper 15 to 20 feet of the lower division of the Arkansas novaculite. Thin veins and botryoidal or stalactitic masses filling cavities also occur, but are a minor proportion of any mineralized mass seen. Some of the novaculite appears to be coated or impregnated by black oxides that form rims of irregular width adjacent to and along tight fractures containing extremely thin veinlets or fillings of relatively pure manganese oxides. Most of the oxides in the breccia fillings have much admixed silica, both as visible angular chert and as very finely disseminated chert

that gives a gray, rather than black, color to the oxides.

The mineralized zone crops out in narrow linear bands. In the outcrop area checked, the percentage of mineralized to unmineralized rock appears fairly constant: 5 to 8 percent, by eyeball estimate. Assays of representative samples furnished by Inland corroborate this.

Previous reports from the Joplin office have contained essentially the same information as given above, with one exception: Mention of the occurrence of manganese oxides as "coatings on silica grains" is based upon general observations on properties other than Inland's, especially on those of the Arkansas Manganese Company (DMA-1248X), where much of the "ore" occurs as such coatings.

Previous reports from other sources have consistently claimed the existence of hi-grade ore in the area; without exception, these reports have been based on hand-picked, rather than representative samples. It is refreshing to see that Inland makes no such claims.

Feasibility of the Exploration Program

Work done by Company geologists, especially by Mr. McElwaine, has shown that the manganese oxides are concentrated chiefly in one zone that is stratigraphically recognizable in the area to be explored. This mode of occurrence makes the exploration by trenching and drilling a most logical one. For sampling purposes the proposed trenches appear to be well-placed and adequately spaced. The proposed trenches are to be located where the mineralized zone crops out or is covered by the least amount of overburden (float or middle member of the novaculite).

Planning that has gone into the exploration appears to be well-directed and sound from a geologic standpoint. This is the first such program for exploration of the western Arkansas deposits; we believe that this is a good opportunity for their exploration. Moreover, the program should give impetus to further metallurgical work.

Metallurgy

Results of metallurgical tests that have previously been made available to the Joplin office have urged the conclusion by Mr. Gallagher that the manganese-bearing novaculite can not yet be called ore. In the letter of March 14, Mr. Johnson

mentions such tests made by Southwestern Engineering Company (SWECO). Mr. Chenoweth made these reports available to us and they were studied in detail; some of the important facts from them are noted briefly below.

The SWECO reports are:

1. REPORT ON HMS AND FLOTATION TESTS ON MANGANESE ORE FROM SMOKE ROCK MINE, Inland Mining Corporation, Mena, Arkansas, Sample Lot No. 3230, July 17, 1951, SWECO File ML-108, Job P-5602.

2. REPORT ON TEST WORK PERFORMED ON MANGANESE ORES FROM MENA, ARKANSAS; AMERICAN MANGANESE MINE SAMPLE, Sample Lot No. 3229, June 21, 1951, File ML-108, Job P-5602.

3. REPORT ON HMS AND FLOTATION TESTS ON MANGANESE ORE FROM AMERICAN MANGANESE MINE; AND FLOTATION AND SINTERING TESTS ON A MIXTURE OF SMOKE ROCK AND AMERICAN MANGANESE MINES, Inland Mining Corporation, Mena, Arkansas, Sample Lots 3230 and 3237, September 6, 1951, File ML-108, Job P-5602.

1. Sample Lot 3230 "Three sacks of sample were received on March 16. The ore consisted of coarse pieces of manganese and plenty of barren chert. Disseminated manganese in chert is almost completely absent".

Comment: This ore is not at all representative; it is hand-picked. Mr. McElwaine readily confirmed this.

Assay : 6.94% Mn

HMS tests on this sample produced "splendid results." "The silica is not finely disseminated in the manganese". After removal of the float by HMS, the ore is amenable to flotation. ... "a good tailing can be made, together with a concentrate which after nodulizing will yield a product of 42% manganese and with a silica plus alumina at 15%". Total recovery is about 75 percent Mn.

2. Sample Lot 3229 "Four sacks of sample were received on March 16. The ore contained many coarse pieces of manganese and considerable barren quartz, but the majority of the ore consists of manganese disseminated throughout the gangue."

Comment: Looks fairly representative, but may have contained too much free "ore".

Assay : 7.97%

HMS, jigging, tabling, and flotation tests were performed. Most tests yielded fair to good concentrates, but in each case silica plus alumina were very high because of the "finely disseminated manganese in the chert".

3. Sample Lot 3237 "On April 10, 1951 Mr. Morgan G. Huntington visited us and advised that he had secured another sample from American Manganese Mine.

"This was considered a representative sample by Mr. Huntington and the results obtained in the following test work will be used in the design of a treatment plant.

"The ore represented by this sample consists essentially of manganese minerals disseminated through the rock material and we observed the absence of coarse nodular manganese."

Comment: Considered representative by Mr. Huntington.

Assay : 8.79%

HMS, jigging and tabling (with classification, regrinding and retabling) tests were performed. "Extensive test work...points to the fact that it is considerably more difficult to treat than either the American Manganese Mine sample received on March 16, or the Smoke Rock sample received on March 16." This is because of the finely disseminated manganese minerals in the chert.

The HMS results on samples 3230, 3229, and 3237 are given together for comparison and it is stated: "A blending of the ores from the two mining areas is clearly indicated."

Flotation tests were performed on the combined products of the HMS Lock test after excluding the float material. Flotation feed ground to 55.1 percent - 200 mesh, concentrates cleaned four times, then reground to 200 mesh and cleaned another three times gave a product that still contained 18.6 percent silica plus alumina.

The results of the flotation tests are stated: "The results of regrinding flotation concentrates furnishes us with a possible method of developing a flotation process for producing a concentrate sufficiently low in silica and alumina to meet specifications after sintering. Regrinding of the concentrates to about 325 mesh would be required to accomplish this end. No further testing was done along this line, because it became apparant that a mixture of Smoke Rock Ore and American Manganese Ore would respond better to regrinding of concentrates..."

The suggested proportion of such a mixture is 2 Smoke Rock: 1 American Manganese. A flotation test of such a mixture which was ground to 200 mesh yielded a concentrate assaying 39.17% manganese, 3.56 % silica, 9.97% alumina, 0.05% copper, and 0.41% phosphorous, with a recovery of 73.97 percent. Here we wish to emphasize that "ore" of the Smoke Rock type (lump ore) is about 1 percent of "ore" in the ground, rather than being twice as abundant as "ore" of the American Manganese type.

Sintering and leaching Numerous leaching and sintering tests were made on both the American Manganese and Smoke Rock ores and combinations thereof. Silica and Alumina were generally brought below 15 percent combined but phosphorous, copper, and zinc remained high.

Mr. Chenoweth has informed us that Mr. Huntington and Mr. Royster have further information which indicates that the Mena ores can be treated successfully. He mentioned a slag process that supposedly yields ferromanganese. Also mentioned by Mr. Chenoweth in an allotment of $5,000 by Inland for metallurgical work in the next six months.

Written information at hand does not indicate that representative ore has been treated to yield a saleable product. Memoranda from Mr. Crittenden and Mr. Melcher(included in the docket sent to us) imply otherwise; in each case, however, the material treated was not representative. Until successful results of metallurgical tests are demonstrated in writing, we can not consider the manganese-bearing novaculite as ore.

Docket

We have gone over the docket thoroughly and suggest only that if an Exhibit "A" is drawn up, it be made flexible so that it can be administered by the Field Team with a minimum of amendments. I have made notes on the rough draft of Exhibit "A" indicating our general thoughts along this line. Other comments appear as red-penciled marginal notes throughout the docket.

This was done to hold down the length of this memorandum.

Recommendations

On the basis of the field check we recommend approval of this exploration project from a geologic standpoint.

Factual metallurgical reports have been reviewed above, and also previously by Mr. Gallagher. Decision on the weight to be given these in determining whether the exploration project should be approved is outside the province of the Field Team. If success in metallurgy has been attained by Messrs. Huntington and Royster (the latter, as Acting Chief Metallurgist of U. S. Bureau of Mines), as claimed by Mr. Chenoweth, we recommend whole-heartedly that the project be approved.

Mr. Chenoweth has consented to bring the SWECO reports to Washington with him. We gain the impression from the docket that these have not been generally available in Washington. We recommend that they be reviewed critically.

Siegfried J. Muessig

Siegfried J. Muessig

CC: David Gallagher
cd

FILE COPY
SURNAME:

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

Selfridge.

MAR 24 1952

Mr. David Gallagher
Executive Officer, Region VI
221 West Third Street
Joplin, Missouri

Re: Docket No. DMEA 2299X - Manganese
Inland Mining Corporation
Western Arkansas

Dear Mr. Gallagher:

Enclosed is a complete file on the subject docket. The original application was submitted to us last December after Mr. R. B. McElwaine, Consulting Geologist for the Inland Mining Corporation, had conferred with Mr. Crittenden of the U. S. Geological Survey.

You will note that a rather lengthy report by Mr. McElwaine, based on work previously done by the Company, accompanied the application. Since the application did not outline specific objectives for exploration, we requested that the applicant submit four or five definite projects based on the results of mapping. This request was made during a conference with Messrs. Cheneweth, Huntington, and Mittendorf. It was about this time that we had our first information from you concerning the nature of the manganese deposits in western Arkansas.

The Inland Mining Corporation proceeded to do additional field mapping and submitted an amended application with six definite areas to be explored at an estimated cost of approximately $28,000. The remainder of the $100,000 loan was to be expended contingent upon the results of the preliminary work and submittal to and approval by your office of additional projects. The material being sent you also includes a rough draft of an exploration project contract based on the above.

Recently we received your letter concerning the nature of the Arkansas manganese deposits and have also run into some legal complications. At this stage we believe it best that a field examination be made of the areas which the Inland Mining Company proposes to explore to determine the feasibility of the exploration and the nature of the manganese mineralization. You will note that in Mr. Crittenden's

BL

memorandum of December 29, 1951, he describes the manganese oxides as occurring in veins as a cement more or less filling the interstices of breccia zones and as stalactitic masses one to six inches thick lining cavities. Mention is also made of the results of metallurgical tests made by the Southwestern Engineering Company. Mr. Crittenden's description differs from yours in that you describe the manganese oxides as occurring as coatings on silica grains. We believe that the nature of the occurrence of the manganese oxides is very important and that this nature should be determined by actual examination in the field. We are, therefore, requesting that a field examination of the subject claims be made as soon as it is feasible to do so and that a brief summary of the results be sent us as quickly as possible so that the Company may start the exploration work, if warranted, before the countryside becomes covered with Spring growth.

If a field examination suggests that the proposed projects are worthy of exploration, then please refer to the copies of the two leases included with the enclosed data, specifically Exhibit "A". Seemingly, the leases to Inland Mining Company are only assignments of leases obtained by Chemoweth Metals and/or by Estill Heiser. Will you please investigate the documents of record referred to in the Exhibit "A" of each lease and determine who are the actual owners whose signatures must be obtained on the landlord subordination agreements. Mr. Hofflund of our Legal Branch would like copies of the instruments if at all possible.

When the enclosed data have served their purpose, please return the file to us.

Sincerely yours,

(signed) FRANK E. JOHNSON

Chairman, Operating Committee

cc 3/14 (JHB)

Enclosures

Approved:

C. H. Johnson (JHB)

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey (JHB)

GCSelfridge:ls
3/12/52

cc: Admn. Reading File
Docket
G. C. Selfridge
Region VI Field Team
N. B. Melcher, USBM
T. P. Thayer, USGS
Operating Committee

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

typed - March 12, 1952 (written Mar 7th) QAB

Memorandum for the Files

From: Iron and Ferro-Alloy Division, Defense Minerals Exploration Administration

Subject: DMA 2299X - Inland Mining Company

Inland Mining Company's lease from Estill Heyser, Jr., et als, notes 103 claims although the map shows and lists only 102 claims.

The American Group (leased from American Manganese Company) notes 25 claims, although the map shows 27, and Nos. 28 and 29 are owned (?) by Chenoweth Mines and Metals.

The third paragraph notes that there are other leases to whom payments are to be made (i.e. other than the lessor to Inland).

Twenty-five (25) per cent royalty is to be paid by Inland to Estill Heyser, et al, plus royalties to be paid by Inland to the lessors to Heyser, et al.

Inland is bound by the lease to mine 400,000 tons per year.

Inland is bound by the lease to mill 400,000 tons per year (which means that they have to build a large mill).

On demand after January 1, 1958, Inland shall return all claims on which no work is being done, to the lessee.

XXXXX

Inland cannot deliver subordinations on the claims numbered 1 to 25 inclusive, of the American group. This means that "projects" 3, 4, the westerly 600 feet of project 5, and all of project 6 cannot come under the contract prepared by Brewer on March 3, 1952.

This leaves only project 1, 2, and the easterly 1500 feet of project 5 as being susceptible to contract. These three areas do not fulfill the requirements of "5 or 6" projects set forth in Mittendorf's memorandum of February 1. Also, we do not know whether Hofflund will

accept the Chenoweth Mines and Metals subordination to cover even these 3 projects, since they, like Heyser, et al, appear to be themselves lessees.

XXXXX

Some 192 claims are involved in the property proposed for prospecting. Of these claims, 88 are owned by Chenoweth Mines and Metals, Ltd., which has leased them to Inland Mining Corporation. Therefore, Chenoweth, as the sole general partner, can execute a subordination agreement. Some 77 claims are held by Inland Mining Corporation under lease from 12 individuals. Mr. Weir (the attorney) has indicated that he will secure the subordination agreements of these individuals (see Mr. Weir's letter to Chenoweth of March 7, 1952).

The remaining some 25 claims are held by Inland Mining Corporation under various assignments, subleases, or what not, and they cannot obtain the subordination agreements.

In a three-cornered telephone conversation this day between Chenoweth and Attorney Weir in Dallas, and Mr. Hofflund, Weir said that they do not wish to execute any undertaking in lieu of subordination, and would rather eliminate the 25 claims as to which they cannot obtain subordination.

The map indicates that the project involves some six groups of claims, and Brewer, who is working on it, says that the elimination of the 25 claims will eliminate three of the groups. He expects to revise the total estimates for the purpose of including only the groups as to which we can clear the title. Chenoweth seems to think otherwise, desiring to retain the amount now suggested but to hold off on the uncleared claims until they can clear them.

LIST OF DATA SENT TO FIELD TEAM

The following comprise all of the information on DMEA 2899X - Manganese, Inland Mining Company, in chronological order:

Original application received December 20, 1951
MF-106
Map showing work done in exploration by applicant
Report by McElwaine dated December 17, 1951
MF-103 dated December 17, 1951
Property location map No. 3 (in pocket)
Letter of transmittal, by McElwaine, December 19, 1951
Copy - USGS memo, by Crittenden, dated December 29
Copy - USBM memo, by Melcher, dated January 3
Copy - Memo of conference, Chenoweth and Mittendorf, February 1
Copy - Letter, Chenoweth to Mittendorf, February 12
Supplementary report on exploration sites, by McElwaine, with letter of transmittal (maps in pocket), February 16
Copy of letter, Chenoweth to Mittendorf, February 16
Copy of telegram, Mittendorf to Inland Mining Company, February 19
Copy of letter, Mittendorf to Weir, enclosing subordinations, February 21
Further supplementary report by McElwaine, February 22
Rough draft of contract, written by Q. L. Brewer, March 3
Telegram to Inland Mining Company, March 4
Mining lease, Chenoweth Mines and Metals to Inland, March 5
Mining lease, Estill S. Hayser, Jr., et als, to Inland, March 5
Assignment of claims 28 and 29 to Inland, March 5
Notes on Estill Hayser, Jr., et als, lease, by Q. L. Brewer, March 7
Copy of memo Hoffland to Mittendorf, March 11

added to this file
Copy of Field Team Report on March 22 by Muessig
Letter to Field Team regarding field trip 3/14 - Selfridge
Copy Royster's Report on Meeting - 3/25
Copy Gallagher's letter 3/28 - re Huntington's Report

March 12, 1952

FILE COPY
SURNAME:

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

140

Martin
Brewer
Selfridge

March 11, 1952

Memorandum

To: Acting Administrator

From: Chief Counsel

Subject: Inland Mining Corporation, DMEA-2299, Manganese

I cannot approve the subject contract, which was submitted to me in draft form for writing up into final form on Friday, March 7, on account of insufficient information as to the record title of the applicant.

The applicant's interest in the property which is the subject of the proposed exploration depends upon two leases: one dated April 23, 1951, from 12 individual owners to Inland Mining Corporation; and one dated December 12, 1951, from Chenoweth Mines and Metals, Ltd., a limited partnership, to Inland Mining Corporation.

The lease from the 12 owners to Inland Mining Corporation refers to some 103 mining claims, 25 of which are described as being under "option and lease from American Manganese Company, Inc." As to these 25 claims the applicant represents that it cannot presently obtain the subordination agreements of the various lessors, sublessors, and assignees that are involved. Inasmuch as the applicant was organized only for the purpose of making the application, and has no assets other than the property which is the subject of the application, the Government cannot accept the applicant's undertaking in lieu of subordination agreements, and the applicant is unwilling or unable tp provide an undertaking signed by responsible individuals. In this state of affairs, the applicant proposes to omit the 25 claims from the exploration project, and proceed with the work on the remaining claims. This, of course, is unobjectionable from a legal standpoint.

The remaining 88 claims involved in the lease from the 12 individuals are described in various terms, but the bulk of them are referred to as "assigned" with a reference to a recordation in the county records. The

nature of this "assignment" does not anywhere appear. Ordinarily, the expression "assignment" would refer to the transfer of a lease. That the 12 lessors are actually sublessors rather than owners appears further from a recital in the lease that the ". . . Lessors own, control, claim or hold under lease . . ." the subject claims. This further appears from the fact that various of the claims, as stated in the lease (sublease) are ". . . subject to the original royalty and delay rentals required to be paid to Lessors' predecessors in interest . . ."

In spite of the protestations of Messrs. Weir and Chenoweth that the 12 lessors own these claims and can execute a good subordination agreement (consent to lien), I find it necessary to see the instruments that are referred to as "assignments," before I can accept a subordination agreement signed by the 12 "lessors". If it turns out that the applicant is actually a sublessee, holding through mesne assignments or leases, the Government is not protected without the subordination agreement of the mesne assignors or lessors.

It is my understanding that you will wish to have an inspection of the property made in the field. If this is the case, the engineers will be in that county anyhow and they could inspect the records, the references to which are given in the subject leases, to determine the true nature of the applicant's interest in the property.

The second lease upon which the applicant depends is a lease from Chenoweth Mines and Metals, Ltd., to Inland Mining Corporation, dated December 12, 1951. What has been said about the first lease applies equally to the second lease, inasmuch as the lessor's interest appears to flow from a "certain instrument of assignment."

Both leases reserve to the lessors a royalty of one-fourth of all manganese and of all other metals which may be mined. According to Messrs. Brewer and Selfridge, it is unlikely that anybody could operate the property under that kind of a royalty. This is not offered as a legal objection, because with proper subordination agreements, the Government would not care who operates the property. It does seem to indicate, however, that the applicant does not itself intend to operate this property.

This office will have no difficulty in drafting a suitable exploration project contract whenever it is finally determined that the project is acceptable to the Government from a technological standpoint, and the applicant supplies us with suitable evidence of its interest in the property, as indicated above.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Attachment

JLHofflund/em

Copy to: Mails and Files
G. C. Selfridge
J. L. Hofflund
Chron.

March 7, 1952

NOTES FOR THE FILE

leave out.

Subject: Inland Mining Corporation, DMEA-2299, conference Cecil B. Chenoweth

Some 192 claims are involved in the property proposed for prospecting. Of these claims, 88 are owned by Chenoweth Mines and Metals, Ltd., which has leased them to Inland Mining Corporation. Therefore, Chenoweth, as the sole general partner, can execute a subordination agreement. Some 77 claims are held by Inland Mining Corporation under lease from 12 individuals. Mr. Weir (the attorney) has indicated that he will secure the subordination agreements of these individuals (see Mr. Weir's letter to Chenoweth of March 7, 1952.)

The remaining some 25 claims are held by Inland Mining Corporation under various assignments, subleases, or what not, and they cannot obtain the subordination agreements.

This

In a three-cornered telephone conversation this day between Chenoweth and Attorney Weir in Dallas, and ~~myself~~ the staff present, Weir said that they do not wish to execute any undertaking in lieu of subordination, and would rather eliminate the 25 claims as to which they cannot obtain subordination.

The map indicates that the project involves some six groups of claims, and Brewer, who is working on it, says that the elimination of the 25 claims will eliminate three of the groups. He expects to revise the total estimates for the purpose of including only the groups as to which we can clear the title. Chenoweth seems to think otherwise, desiring to retain the amount now suggested but to hold off on the uncleared claims until they can clear them.

I understand from Mr. Mittendorf that Gallagher is completely opposed to the project. Crittenden of GS, who is said to be a great manganese expert (but a geologist), is for it. Gallagher's opposition stems from the belief that the metallurgy has not been worked out and that the ore cannot be processed. This project, according to Mittendorf, was processed here in Washington but for some reason was never sent to Gallagher for approval. I do not understand how Crittenden came to inspect it and approve it except through Gallagher.

leave out

C. O. [redacted]TENDORF

FILE COPY
SURNAME:

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

DEFENSE MINERALS EXPLORATION ADMN.
1420137 - Salaries and Expenses, Defense Production Activities, Interior, 1952

Brewer
Selfridge.

STRAIGHT TELEGRAM

MARCH 4, 1952

INLAND MINING CORPORATION
MENA, ARKANSAS

RE DOCKET DMEA 2299X. YOUR EXPLORATION CONTRACT DRAWN EXCEPT FOR DESIGNATION OF PROPERTY OWNERSHIP AS OUTLINED IN OUR WIRE OF FEBRUARY 20 AND NAME OF STATE WHERE INCORPORATED. REVIEW OF CONTRACT BY OUR ATTORNEY AWAITS THIS INFORMATION.

C. O. Mittendorf (fw) E.L. 3/5/52

C. O. MITTENDORF
ACTING ADMINISTRATOR
DEFENSE MINERALS EXPLORATION
ADMINISTRATION

QLBrewer:lm
3/4/52

cc: Admn. Reading File
Docket
N. B. Melcher, USBM
M. D. Crittenden, USGS
Field Team Reg. VI
G. C. Selfridge
Q. L. Brewer

19

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

Return to Selfridge

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 2 1 1952

February 25, 1952

To: DMEA Operating Committee

From: David Gallagher

Subject : Docket No. DMEA-2299X, Inland Mining Corporation, Mena, Arkansas - Manganese

Telegram from Mittendorf dated February 19, 1952 and letter from Selfridge dated February 21, 1952, both to Inland Mining Corporation, request additional information, particularly Land Owner's Subordination Agreements. These communications suggest that Washington is giving serious consideration to this application.

A letter from Tom Thayer to Selfridge dated February 1, 1952 in connection with DMA-990X, Duncan, Dieckman, and Duncan, indicates that Washington's policy has finally been crystalized, in agreement with my repeated urging that no more Government money be spent on western Arkansas manganese until after someone has demonstrated that the material is ore.

The so-called manganese ore of western Arkansas (chiefly the Mena district) offers several problems, all of which boil down to one salient fact, which is that the stuff is not ore within the limitations of the definition of ore in a commercial sense under present conditions, including present-day metallurgical technology.

The so-called Mena manganese ore appears to be attractive, but this appearance is insidiously misleading. Many would-be operators have been mislead, and the Government has been mislead. The so-called ore is fairly abundant, but numerous attempts over a period of 40 years to prove extension to depth have, without exception, shown that it is surficial in character.

The material looks good. This appearance is, however, misleading because most of it consists of quartz grains coated with a film of manganese oxide. This has been confirmed by photomicrographs. Enthusiasts allege that some better stuff is present, and this has been confirmed by selected hand samples, but no one has yet proved that any substantial quantity of such material can be found.

Assaying by the usual chemical laboratory methods successfully removes all the manganese films that coat the quartz grains, and therefore give an accurate measure of all the manganese present. Honest assays of honest samples average around 5 percent. Samples can easily be obtained on which the chemical assay of all the manganese present runs as high as 15 percent. Material containing a total of 15 percent of manganese is high-grade ore in the Mena district. Occasional assays as high as 25 percent manganese are reported from time to time, but there is every reason to believe that these represent carefully selected high-grade samples, and in 40 years no one has yet demonstrated that any substantial quantity of such material can be found.

Repeated efforts to exploit these manganese deposits over a period of at least 40 years have uniformly, invariably, and consistently failed.

Over the same period of at least 40 years repeated metallurgical investigations have been conducted by the Bureau of Mines and by sundry private organizations. None of these investigations has indicated that this material can be successfully beneficiated, and the most reliable of these tests show that about 1/4 to 1/3 of the contained manganese, as indicated by assay, can be recovered by known metallurgical techniques. At the best, the resulting product is so high in silica that it is unattractive to potential buyers.

From time to time schemes have appeared to apply new and wonderful metallurgical techniques to this material. Up to now, not one of these hopeful schemes has been proved to be successful -- they have failed. Currently the 1952 version of these new and wonderful methods is receiving attention. It has not yet been proved to be successful. It follows on a long and consistent series of failures.

For the above reasons I have repeatedly stated, and here restate again, that in the light of 40 years of repeated failures multitudinously demonstrated, and in the absence of a single demonstrated success, the Government should not invest additional money in manganese deposits of western Arkansas, for the one simple reason that the material <u>is not</u> ore.

If, and when, someone <u>has</u> actually demonstrated that the material can be mined, treated, and sold successfully, it may then be time to consider additional investment of public funds in the Mena manganese district.

David Gallagher

David Gallagher

DG/lh

400

FILE COPY
SURNAME:

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

Selfridge.

21 1952
FEB 21 1952

Mr. S. Austin Wier
Attorney at Law
523 Republic Bank Building
Dallas, Texas

Re: Docket No. DMEA 2299X - Manganese
Inland Mining Corporation
Polk County, Arkansas

Dear Mr. Wier:

Enclosed are ten copies of the "Landlord's Subordination Agreement," (Form MF-202), which Mr. Cecil B. Chenoweth of the Inland Mining Company requested be sent to you. We are also including a copy of "Owner's Consent to Lien" which may be used in lieu of the "Landlord's Subordination Agreement" if you find it more acceptable. Six copies of either of the completed forms should be submitted to us.

There is also attached a copy of a night letter recently sent to the Inland Mining Corporation at Mena, Arkansas.

Sincerely yours,

SIGNED E.L. 2/21/52

G. C. Selfridge, Chief
Iron and Ferro-Alloy Division

Enclosures

cc: Admn. Reading File
Docket
FieldTeam, Region VI
N. B. Melcher, USBR
M. D. Crittenden, USGS
G. C. Selfridge

BE

FILE COPY
SURNAME:

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

FEB 20 1952

C. O. Mittendorf, Acting Administrator
Defense Minerals Exploration Administration

NIGHT LETTER

FEBRUARY 19, 1952

INLAND MINING CORPORATION
MENA, ARKANSAS

RE DOCKET DMEA 2299X YOUR APPLICATION INDICATES YOU AS LESSEE OF SOME GROUND INCLUDED IN EXPLORATION PROJECT AND UPON WHICH GOVERNMENT FUNDS WILL BE SPENT. NECESSARY THOSE INSTANCES YOU FURNISH COPIES LEASE AGREEMENTS FROM LESSORS TOGETHER WITH LANDLORDS SUBORDINATION AGREEMENTS. IMPORTANT YOU MAKE CLEAR WHAT CLAIMS OWNED BY YOU BY LOCATION OR PURCHASE, ALSO THOSE CLAIMS HELD UNDER LEASE. THERE IS NO PROGRESS SCHEDULE NOR COST SCHEDULE INCLUDED IN SUPPLEMENT APPLICATION COVERING PROPOSED WORK ON SIX SELECTED SITES. THESE NECESSARY DATA CANNOT BE DERIVED FROM THE ORIGINAL APPLICATION. FURTHER PROCESSING MUST AWAIT RECEIPT OF THIS INFORMATION.

C. O. Mittendorf (for) E.L. 2/20/52

C. O. MITTENDORF
ACTING ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

QLBrewer/
COMittendorf/com
cc: Admr. Reading File
Mr. Selfridge
Mr. Melcher
Mr. Crittenden
Docket file
Field Team, Reg. VI

Inland Mining Corporation

CECIL B. CHENOWETH
Vice Pres. and Gen. Mgr.

MENA, ARKANSAS

Executive Offices
523 Republic Bank Building
Dallas, Texas

February 16, 1952

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
Room 4624, Department of the Interior
Washington, 25, D. C.

AIRMAIL
SPECIAL DELIVERY

Dear Mr. Mittendorf:

Pursuant to your requests, during a conference in your office on January 30, 1952 attended by you, Mr. Huntington and myself, we are today mailing you under seperate cover a supplementary report on our loan application with D.M.E.A. Docket No. 2299. This report is being sent to you in quadruplicate.

This supplementary report contains detailed maps showing six definite areas to be explored in order to measure tonnage and determine grade of ore etc, by detailed and controlled sampling. We believe that you will find this data is well prepared and comprehensive.

We concur with the thoughts of Mr. Morgan G. Huntington, Dr. Max Crittenden, and Mr. McElwaine in regard to the urgency of beginning our reconnaissance work, as outlined in our application, as soon as possible. The reasons for this urgency are given in Mr. McElwaine's supplementary report.

It is gratifying to us that you believe that this application can be processed and a contract signed within four or five days after you receive the requested data. This data will be on your desk on Monday morning, February 18.

Did not say this

Please do not hesitate to phone me collect if there is any question at all that you, or your legal division, would like to have answered. Also, if you would like for me to come to Washington for a final conference and the signing of the contract, please advise me by a long distance phone call-collect. I will hold myself in readiness to leave at once upon hearing from you, or your attorneys.

Allow me to thank you once more for your splendid cooperation, in regard to this application. It has been a particular pleasure to work with you, Max Crittenden, and P. H. Royster.

Very truly yours,

Cecil B. Ehrenwerth

CBC
cd
cc to Dr. Max D. Crittenden
P. H. Royster
Morgan G. Huntington

Inland Mining Corporation

MENA, ARKANSAS

CECIL B. CHENOWETH
Vice Pres. and Gen. Mgr.

Executive Offices
523 Republic Bank Building
Dallas, Texas

February 12, 1952

Rec'd 2/13 2299-Mn.

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Exploration Administration
Room 4624 Department of the Interior
Washington, 25, D. C.

AIR MAIL
SPECIAL DELIVERY

Dear Mr. Mittendorf:

Our Consulting Geologist, Mr. Robert B. McElwaine and our Resident Geologist, Mr. Bernard Archer have been working in the field and in our field office for the past week preparing the data requested by you in regard to our loan application, Docket Number DMEA-2299.

Mr. McElwaine believes that he will have his work completed, including mapping and cost estimates, by this coming Thursday night, February 14, 1952. We are following your suggestions and requests and are collecting data on five specific areas. This data, including maps, will be air mailed to you in quadruplicate the moment it is finished. We feel that time is of the essence in this project at this particular time of year, because in the Spring and Summer the underbrush in these mountains is so dense that exploration work becomes very difficult.

Let me sincerely thank you for the time you gave Mr. Huntington and I in your Office the latter part of last month. I appreciate very much the information and suggestions you so graciously gave us. You may be quite sure that we consider the information valuable and that we will certainly attempt to follow your suggestions as to procedures in our operations on this manganese project.

It is likely that Mr. McElwaine may want to talk with you a few moments on long distant telephone to be sure that he has prepared his data in the correct form and that it is complete and comprehensive.

Very truly yours,

Cecil B. Chenoweth

CBC:cd

cc: Dr. Max D. Crittenden - Morgan G. Huntington
S. Austin Wier - W. C. Jackson, Jr.

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

Memorandum for the Files February 1, 1952

From: C. O. Mittendorf
Acting Administrator

Subject: DMA-2299X - Inland Mining Corporation

A conference was held today with Chenoweth and Huntington to discuss subject application. I supported the position taken by Johnson and Selfridge that it would be necessary for the applicant to furnish more detailed data before his application could be further considered.

Before meeting with the gentlemen I discussed the case with Hofflund, who raised no legal objections to entering into a contract in advance of the submission of project detail, provided, however, that no disbursements would be authorized under the contract until such data were submitted and incorporated in an Exhibit "A" to be approved and attached to the then existing contract. I also discussed the matter with Harry Hedges, who agreed with the opinion of Johnson, Selfridge, and myself that a bad precedent would result by the approval of contracts which committed substantial sums of Government money without first having a clear statement of the work to be done and an approximate segregation of the costs involved.

Mr. Chenoweth agreed to complete the geologic mapping which was included as Step 1 in his application, and agreed to submit five or six definite projects based on the results of that mapping. Such projects, he agreed, would be thoroughly substantiated by precise statements of work to be done and estimated costs thereof. He wished to know specifically if it would be necessary to resubmit a completely new application on Forms MF-100 and MF-103. I advised him that it would not be necessary.

Copies to: Mr. Selfridge
Mr. Crittenden

Jan. 29, 1952

Memorandum of Telephone Conversation of January 28 (9:15 a.m.) between Mr. G. C. Selfridge and Mr. David Gallagher

Mr. Selfridge outlined request of Inland Mining Co. desiring $100,000 for exploration of manganese property in Arkansas.

Mr. Gallagher stated the "stuff" in Arkansas is fairly abundant, consisting of quartz grains painted with manganese oxide, and by chemical methods shows up pretty good, but it is not millable. It is deceptive. It isn't ore.

Mr. Gallagher stated Inland outfit is backed by Texas money. The men have so much money, there is actually no need for Government money. Same poor quality of manganese in this area for past 25 years has made too many too hopeful. We can't risk Government money on a "hope" without something to substantiate that hope.

Mr. Gallagher called attention to the Ark-Cal application of Baxter (Vice President). Applicant said 3 mile long vein, 14 feet thick. Actually 2 feet thick, ½ mile long; only 6000 tons, not 100,000 tons. This is representative of the false optimism prevailing about Arkansas manganese.

Gallagher reports many promoters now present in hotels in this area of Arkansas---a gold brick game to get money from Uncle Sam.

To Mr. Selfridge's query as to competence of Mr. MacIlraine as an engineer, Mr. Gallagher said "moderately good." He was moderately successful with Arkansas mercury; later with Bureau of Mines for 3 or 4 years during war on spot jobs around Arkansas; since then has done consulting jobs, drilling, etc.--probably only capable geologist or consultant in Arkansas. Probably not too mature on figuring costs of operations, etc. Makes a living but is not wealthy.

Mr. Gallagher requested that if a request is sent out for a Field Team examination of Inland property, the letter contain as specific instructions as possible regarding the field examination--in short, Field Team wants to avoid doing the exploratory work for Inland Company and proposing a program for exploration--that is Company's work to set up its own program.

L.Scott
1/29/52

FILE COPY
Surname:

Ridgway

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

January 3, 1952

Memorandum

To: George C. Selfridge

From: Norwood B. Melcher

Subject: DMEA ~~2297~~ 2299 - Inland Mining Corporation

A study was made by the Bureau of Mines in 1940 and 1941 on treatment of two samples of manganese ore from Mena, Arkansas, which were submitted by M. E. Richards of Steelville, Missouri. Tests were run on a higher grade sample than is indicated by the applicant. One sample ran as follows:

Mn.....	15.9%
Fe.....	1.2%
Insol.....	68.5%
SiO_2.....	68.1%
Phos.....	0.108%

By combination of tabling and flotation, an over-all concentrate product containing 49.7 percent Mn was obtained with an Mn recovery of 77.8 percent. Tabling and jigging alone were unsatisfactory.

In view of the possible existence of the large reserve of manganese-bearing material which could probably be treated to an acceptable product, it is recommended that this application be approved.

NBMelcher:lds

Copy to: Mr. Ridgway
Mr. Melcher
Files

Norwood B. Melcher

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : George C. Selfridge DATE: December 29, 1951

FROM : Max D. Crittenden Jr.

SUBJECT: DMEA-~~2297~~ 2299-Inland Mining Corp.

The Inland Mining Corp. proposes to spend a total of $100,000 to locate, explore, and block out bodies of low grade manganese ore in mining claims held by them in the Quachita Mountains of Western Arkansas. The exploration is to be done in 3 phases defined as follows:

(1)	Geological study and reconnaissance	$4,000.00
(2)	Physical exploration by surface cuts and shallow wagon drill holes	85,611.00 approx.
(3)	Churn drilling	10,000.00 approx.
	Total	$100,000.00

It is proposed that phase (1) be written into the contract and put into effect as soon as the contract can be arranged. Phases 2 and 3 are to be provided for in the contract, but held in abeyance until sufficient information is obtained from phase (1) to make it possible to draw up detailed plans for the exploration of specific orebodies in phases 2 and 3. In preparing a contract to provide for this arrangement, it is suggested that the general plan of operation be provided for, that the total amount be delineated, but that the details of operation and expenditure including maps of the proposed work, cost sheets, etc. be added as Exhibits which can be attached to the contract. Exhibit A detailing the proposed work of phase (1) should be prepared here and now; exhibits B and C delineating the Physical exploration are to be prepared later and may be made a part of the contract by the Field Team.

Hard, high-grade manganese oxides are known to exist in the Arkansas Novoculite over large areas of Polk, Pike, and adjoining Counties in western Arkansas. The mineral occurs in veins, as a cement more or less filling the interstices of breccia zones, or as stalactitic masses 1 to 6 inches thick lining cavities. Although the ores are widely distributed over the area, the best deposits are restricted to a stratigraphic zone 20 to 30 feet thick at the top of the lower member of the novaculite. For this reason, careful geologic study and supervision is essential to the success of the proposal. Such supervision is provided for in the general plans for phases 2 and 3 as well as in the preliminary work which constitutes phase 1. The company has a young geologist on its staff, and also has provided for the supervision of the entire job by Mr. McElwaine.

Up to December 11, 1951, the Company has spent nearly $196,000 in taking up or purchasing land, conducting exploration, and metallurgical studies. Since October 1951 they have done detailed work on an orebody in the American Manganese claims. The result of this detailed study are summarized in a report by McElwaine attached to the application.

Mr. McElwaine estimates that the orebody on the American Manganese group of claims contains indicated reserves of 175,000 tons averaging 5 percent Mn. I concurr in this appraisal. A large number of such orebodies are known to exist in this area, but until similar exploration has been done on many more orebodies, enough tonnage can not be proved up to justify operations on a sound basis.

The Inland Mining Company has retained Southwestern Engineering Company to make metallurgical studies of the ore from several groupds of claims . The results of one such test are summarized below:

Sub Floot

	Weight in kilograms	Grade percent Mn	Recovery percent of total Mn
Heads	104	6.99 ✓	100
Sink plus fines	34	19.17	90.4
Float	69	1.0	9.5

Flotation of the combined sink plus fines, yielded a product assaying 38.2 percent manganese, and containing 74.9 percent of the manganese in the flotation feed, or 67.5 percent of the manganese in the original sample. Such a product would sinter to about 45 percent Mn. Southwestern Engineering Company will quarantee to build and operate a mill which will meet these specifications, and they believe the product can be sold at a profit at $2 per unit.

On the basis of the general knowledge of the area, and the work to date, the prospect for discovery of several million tons of material assaying 5 percent Mn appear to be good. Whether such material constitutes ore is an engineering and metallurgical problem.

Max D. Crittenden Jr.

Max D. Crittenden Jr.

MBER AIME

DMEA-2299

ROBERT B. McELWAINE

CONSULTING MINING GEOLOGIST

RECTOR BUILDING

P. O. Box 127

LITTLE ROCK, ARKANSAS

PHONE 2-1434

December 19, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 26 1951

Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Dear Sirs:

Enclosed please find application, submitted by the Inland Mining Corporation of Dallas, Texas, for aid for an exploration project. The project covers certain manganese bearing lands in Polk County, Arkansas. The complete enclosure is in quadruplicate and includes the following:

1. Form MF-100 with supplemental answers to questions contained therein.

2. Form MF-103 with supplemental answers to questions contained therein.

3. Property map showing lands involved.

4. Letter from First National Bank in Dallas, Texas stating applicant's bank balance,(this money available for applicant's share of cost of exploration program.)

5. Letter from applicant's treasurer outlining monies invested by applicant on this project to date.

6. Report discussing proposed manganese project on applicant's property.

Dr. Max Crittenden of the Geological Survey has visited the area twice in recent months and is thoroughly familiar with the project. DMA docket No. 914 contains an application submitted by the applicant on May 3, 1951. This application contained a geological report by Mr. Morgan G. Huntington that should be referred to in connection with the present application.

The earliest possible action on this application will be very much appreciated.

Very truly yours,

Robert B. McElwaine

Robert B. McElwaine
Consultant for Inland Mining Corporation.

RBMc:k

Mr. M:

Mr. Morgan Huntington is waiting in Mr. Royster's office to know when he can come up to see you re:

DMA-2299 - Inland Mining Co. (exploration).

Says it is a policy question which you only can settle.

Mr. Crittenden has advised things on it. ~~[illegible]~~ Mr. Brewer and Mr. Selfridge have considered it.

He wants to talk with you "before Brewer and Selfridge are brought into it."

"Application was made for $100,000, which would mean $75,000 assistance loan. Company has spent $270,000 on the project."

Mr. Brewer says the geology is good; there is nothing wrong with the application except that they have no specific area or proposal.

EXPLORATION

Subject: DMEA-2299
Re: Exploration Loan

Mr. Cecil B. Chenoweth
Inland Mining Corporation
1408 M. & W. Tower Building
Dallas, Texas

My dear Mr. Chenoweth:

This will acknowledge receipt of your application dated December 17, 1951 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMEA-2299 and referred to the Iron & Ferro-Alloys Division.

Kindly refer to DMEA-2299 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Acting Administrative Officer

7862

2299

Inland Mining

Phase I

~~Object~~:

this should month

Objective :- to select, by geological reconnaissance methods, favorable sites for exploratory ~~methods~~ operations within

0 – 2 the subject property; to prepare maps showing the location of ~~the~~ the sites of exploration ~~extent of~~ and the proposed exploratory work ~~and the estimated cost thereof~~ and to furnish the estimated cost of the work on each site.

Note: the Geological staff to continue, as noted above, ~~Phase~~ throughout the duration of the succeeding Phases 2nd, 3 and to

~~2-8~~ map the excavated areas, supervise the taking of sample, ~~compile~~ prepare assay maps, calculate ore reserves, and advise, geologically, during the progress of Phase 2.

Phase II

2 – 8 Objective :- to excavate by bulldozer, wagon drill and/or jack hammer those sites selected for exploratory work under phase I and/or sites selected ~~to~~ by the Geological staff during Phase II, for the purpose of determining horizontal the extent of the outcrops, ~~their depth and~~ the depth of the mineralization and to determining the metallic content thereof. ~~The~~.

The overburden shall be removed ~~by bulldozer~~ and trenches cut by bulldozer and/or pneumatic drill. ~~when required~~.

Samples ~~of~~ are to be taken from the exposed ~~or in~~ outcrops, and when necessary by vertical ~~by wagon drill~~

~~holes.~~ a pneumatic drillhole, preferably arranged in a geometric pattern, the sludges being saved for assay.

Note: ~~on the basis~~ Churn drilling ~~for~~ to determine the limit of mineralization in depth and for sampling purposes may be substituted ~~at an equal of~~ on a dollar basis for a like ~~amount~~ sum of bulldozer and/or pneumatic drill work with the written concurrence of the Government

Phase 3

8 - 9 ~~The Geological staff~~

Objective, preparation of final location maps, assay maps, calculation of ore reserves and final report on ~~accomplishment~~ the project. —

2.50 (10) 1.5/8 (120) (100) 1320

Estimates cost of the project.

Fixtures + Improvements
None

Operating Equipment.

(a) To be Rented — for 6 mo

1- International TD-24 ~~tractor~~ Bulldozer

22/8 176 hrs/mo @ $13.50/hr, for 176 hrs/mo = 2376.00/mo — 14,256 =

1-250 Cu ft/min diesel powered Jaeger portable Compressor. @ 650.00/mo — 3,900 =

See over

1- Chicago-Pneumatic Wagon Drill- @ 260.00/mo — 1,560 =

Sub total $ ~~1,7~~ 19,716

(b) to be purchased

1- New Jackhammer — 360.00

(c) to be furnished by the Applicant on a Depreciation Basis

1- International TD-24 Bulldozer -	24,000.00	(300/mo)
1- 210 cfm Diesel powered Jaeger Compressor	6,700.00	
1- C-P. Wagon drill -	7600.00	
2- Jackhammers —	720.00	
1- Jeep-pick-up with 4 wh drive + winch	2,000.00	
1- " - Station Wagon - 4 wh. dr. -	2,000.00	
1- 1950 Chevrolet 1-ton flat bed truck —	1,000.00	
All necessary office, Engineering + Surveying equipment	2,000.00	4,102.00
	41,020 or	24,178.00

$41,020 @ 1/60 th/mo, or $683.67 mo -

Insert (The ~~hourly~~ hourly rental cost noted herein includes ~~all~~ labor, supplies, fuel; maintenance and all other costs incidental to operation of the ~~[illegible]~~ equipment)

14 x days

Labor + Supervision (based on 24 day month, for 6 months)

(a) Operational

3 Drill operators	@ 1.25/hr ; total daily cost	30.00	6 mo	4,320=
4 Laborers.	@ 1.00/hr ; total daily cost	32.00	6 mo	4,608=
1 Tractor operator	@ 1.50/hr ; " " "	12.00	6 mo	1,728=
2 Samplers -	@ 1.25 ; " " "	20.00	6 mo	2,880=
1. Equipment foreman	@ 1.75 - - -	14.00	6 mo	2,016=
1. General Superintendent	@ ₱450/mo for 7 mo -			3,150
12				18,702

(b) Geological and general Staff.

1- Staff geologist	@ 400/mo	9 mo	~~2,400~~ 3,600
~~1- Stenographer~~			
1- Jr. geologist -	@ 300/mo	9 mo	~~1,800~~ 2,700
1 Stenographer -	175/mo	9 mo	~~1,050~~ 1,725
1 Bookkeeper	200 —	9	~~1,200~~ 1,800
4			9,825

(c) Consultant, mining + Geological + Mining

@ ₱90.00 per diem, including all expenses

but not to exceed the sum of ~~[illegible]~~

₱8000 during the 9 months hereof 8000=

8,000

~~[illegible]~~

36,527

diesel on 6 to 7
3 to 5 gal/hr

8 x 4 = 32 gal/day
144 days
128
64
32
.08

Rehabilitation + Repairs —
None

Material + supplies

Diesel fuel @ 50 gal/day diesel fuel @ 18¢ = 9.00 } 10.00/day
(for Diesel, Compressors) and 1 gal oil/day @ $1.00 } = 1,440 =

gasoline and oil - (2 - Jeeps) @ 50 mi/day ea
= 100 mi @ 2¢/mi = $2/day = 60.00/mo
9 mos = 540 =

Assaying = estimated $3/sample for 2000 samples = 6,000 =
Mn, Fe, P, Sulfide, Cu, Pb + Zn,
100#/day 140 days = 14000# @ 25.00/cwt, incl pulverizing = 3,500

Drill steel + bits — est. @ 35 ft/shift.
per drill — 105 ft @ 20¢ per ft = $21.00 per day
for 6 months (184 days) — 3,024 =

Drill hose, est requirements for project - 200 =

Tires + tubes; est requirement for project 100 =

Office supplies, est requirement 200 =

Blue printing + Engineering supplies — 250 =

Contingencies — 1,246

Total - ~~13,000~~
16,500

200 bits
by contractor
@ 6 bits/8 / day
@ $16 / bit —

2,2 2/2

use 3 bits
per 200 ft

Cost Recapitulation.

~~(in total)~~

Fixtures + Improvements —		~~None~~	None
Operating equipment.			
(a) Equipment Rented —	19,716		
(b) Equipment Purchased	360		
(c) Depreciation on owned Equipment	4,102		
			24,178.00
Labor + Supervision			
(a) Operational	~~18,702~~		
(b) Geological and general Staff —	9,825		~~28,527.00~~
(c) Consultant.	8,000		
			36,527.00
Rehabilitation + repairs			None
			16,500
Materials + Supplies. —			~~17,000.00~~
			~~1,705.00~~
~~Cost Recapitulation by Phases.~~		Total →	77,205.00

~~Phase 1 (initial 2 months) —~~

~~Prop~~

The project:-

The applicant proposes to investigate the extent and value of manganese occurrences on 192 located claims in _____ County, Arkansas by ~~surf~~ means of surface trenches (bulldozer), ~~for~~ ~~E~~xcavated trenches (~~[illegible]~~ ~~and to shallow depths by~~ (drilling + blasting) and to shallow depths by wagon drilling. ~~Sampling of~~ Samples are to be taken from the excavated trenches and from the wagon drill holes.

The Manganese occurs as a replacement deposit at the junction of the ~~up~~ middle and upper portions of the Ouachita Novaculite. ~~[illegible]~~. Deposits are Geologically localized in ~~area~~ areas of fracture and ~~of~~ ~~[illegible]~~ folding, and, economically, ~~[illegible]~~ in areas where higher values are found at or near the existing land surface.

The applicant has selected six sites for initial investigation. Other sites are to be selected ~~and~~ as exploration is carried out on the initial six sites. These additional selections are to be approved by the Field Team for exploration as amendments to the contract herein. Maps and detailed cost estimates are to be prepared by the applicant and are to accompany each succeeding amendment.

Estimated cost of the Project

Fixtures and Improvements

Not applicable -

Operating equipment

To be rented

~~Not~~

✓ 1-250 Cu. ft/min diesel powered Joeger Portable air compressor at $650.00 per ~~month~~ month for 6 months — 3,900 —

1- "Chicago-Pneumatic" Wagon Drill at $260.00 per month, for 6 months — — — — 1,560 —

1.- International "TD-24" Crawler-type tractor with Bulldozer attachment. at $4.00 per hour rental, estimated ~~cost~~ time 176 hours per month, ~~for~~ for 6 months — 4,224 —

176
570/mo
6 mo
$4,224

9,684 —

To be Purchased

1- Jack hammer (New)
(wet-drilling type) — $360.00 — 360 —

To be Furnished by the Applicant

1- International "TD-24" crawler-type tractor with bulldozer attachment ---
Value $24,000.00 depreciation
400.00 per month, for 6 Months — 2400 —

1. 250-Cu-ft. per min. diesel powered "Joeger" portable air compressor, Value $6,700.00; depreciation $111.67 per month for 6 Months — 670 —

1. Chicago Pneumatic wagon drill complete, with necessary hoses, drills, hand tools, etc, value $2600.00; depreciation $43.33 per month, for 6 Months — 260 —

2. - Jack hammers, complete with necessary hoses, drills, etc
Value $720.00; depreciation
$12.00 per month, for 6 months — 72 —

1- "Jeep" pick-up truck, four wheel drive, front-mounted winch, Value $2000.00; depreciation $33.33 per month, for months — 200-

1- 1950 Chevrolet one-ton flat bed truck, Value $1,000.00; depreciation $16.67 per month, for months. — 100-

1- Complete and necessary office [redacted], surveying, and drafting equipment, including transits, calculators, typewriters, drafting equipment, etc, Value $2000.00; depreciation $33.33 per month, for months — 200-

~~Total forwarded to an Operation~~ 4262

(2)

Labor & Supervision

6 mo @ 22 shifts/mo = ~~176~~ shifts

2- Truck operators @ $12.00 per shift for 176 shifts	4224
3 ~~[illegible]~~ Drill Operators @ $10.00 per shift for 176 shifts	5280
8 ~~[illegible]~~ laborers @ $8.00 per shift for 176 shifts	11264
2 ~~[illegible]~~ Samplers @ $10.00 per shift for 176 shifts	3520
1 foreman (1) @ $14.00 per shift for 176 shifts	2464
	26752

1- Resident geologist (2)	@	$400.00 per month for 6 months	2400
1- assistant engineer	@	300.00 " " " " "	1800
1. Stenographer	@	175.00 " " " " "	1050
1. Book-keeper	@	200.00 " " " " "	1200

1- Consulting Geologist (2) @ $90.00 per diem, ~~[illegible]~~ fee, ~~[illegible]~~ (which sum shall include all traveling and ~~expenses~~ incidental expenses) ~~not~~ but not to exceed $450.00 per month, for 6 months - 2700

Sub (9150)

1. Manager - (Salary to be paid by Applicant) (total 35,902)

Compensation, O.A.B., F.U.I., estimated @ 12½% (or 75.30) per month, for 6 months. 4,518

(1) [illegible]

(2) [illegible] 10% 40 420

Rehabilitation and Repairs —

Repair of Equipment. ~~Estim~~

Estimated @ per month, for months

(5) Repair and maintenance items are to be charged against the project only as incurred and spent while the equipment is working on the project. ( )

Material and supplies

cost 50
cost 50
20 $24
120
204
220 gm
36
1100
540

Diesel fuel @ $24.00/day, $528.00/mo for 6 months 3168

Gasoline, (~~2 ton~~ Jeep and truck) $55/mo for months 330

Lubricating oil and Grease 88/mo " " 528

~~Explosives, Estimated $15 cwt, plus caps and fuse (~~$440.00 total~~) 6 projects~~

~~Equipment [illegible] @~~ 16 projects per month, for - months 200

Powder, caps and fuse, estimated @ $75.00 per project

Assay in 9, ~~estimated~~ including sample sacks and transportation estimated at $3.50 per sample, 100 samples per project, 3 projects per month, for 16 projects to be completed in 6 months ~~for months~~ 5600

Drill bits, estimated @ 30¢ per foot of hole drilled, 740 feet per project, 3 projects per month, for 16 projects $222 3552

to be completed in ~~for~~ 6 months

Drill steel, ~~and~~ hose, line oilers, estimated at $1225.00 for the entire 6 months period (1 yr)

Tires and tubes, estimated at $150 for the entire — months period — 150

Office supplies and blue printing, estimated at $375.00 for the entire — months period — 375

Rentals	9 68X
Purchases	360
Depreciation allowances	4 26
Labor	40 420
Material + Supplies	13 803 + 2,400

68,399 (8) less under Rentals

4 224

64,305 (✓)

16

4,020 per project

(f)

Hand tools, wrenches, loading sticks, etc,
estimated at $100 for the entire - months period — 100 =

Office space, utilities, etc, to be furnished by
the applicant at no cost. —

13,803

330

3) 1840

6 1610 holes @ 5'

5

101) 3050

~~100~~

30 holes

15 Cu ft

(102)

~~610~~ 102 ~~holes~~ holes @ 4' depth = ~~2400~~ 408

22 wagon drill holes @ 15' = 330'

steel 75 x 3 225

100 x 2 200

425

3 @ 100 - 300 } steel 700

200 - 400

100

5 - @ ~~200~~ - 100

1225

30 90 -

60

22 days) 2400 (10 kcy

20
198

19
28
38
38
418

8) 109 (12.75 hr rentas

24) 109 (4.40 / hr
96
49

24
7
168

28
176 hm

15 00

(3.00)

3 49 619 00

~~46,000~~

171,031

521,190

Rent(5)

128,648

7 48,169

25 hr
4 00 hr
2 00 hr

#1 "crew".

(a) 1 cat - 1 operator - 8 days

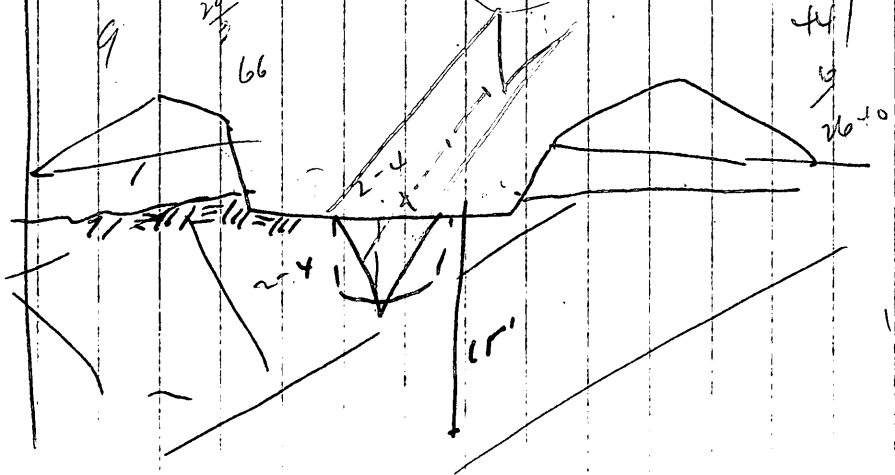
(b) 2 jackhammers
1 wagon drill - 2 operators } 16 days
4 laborers
1 carpenter

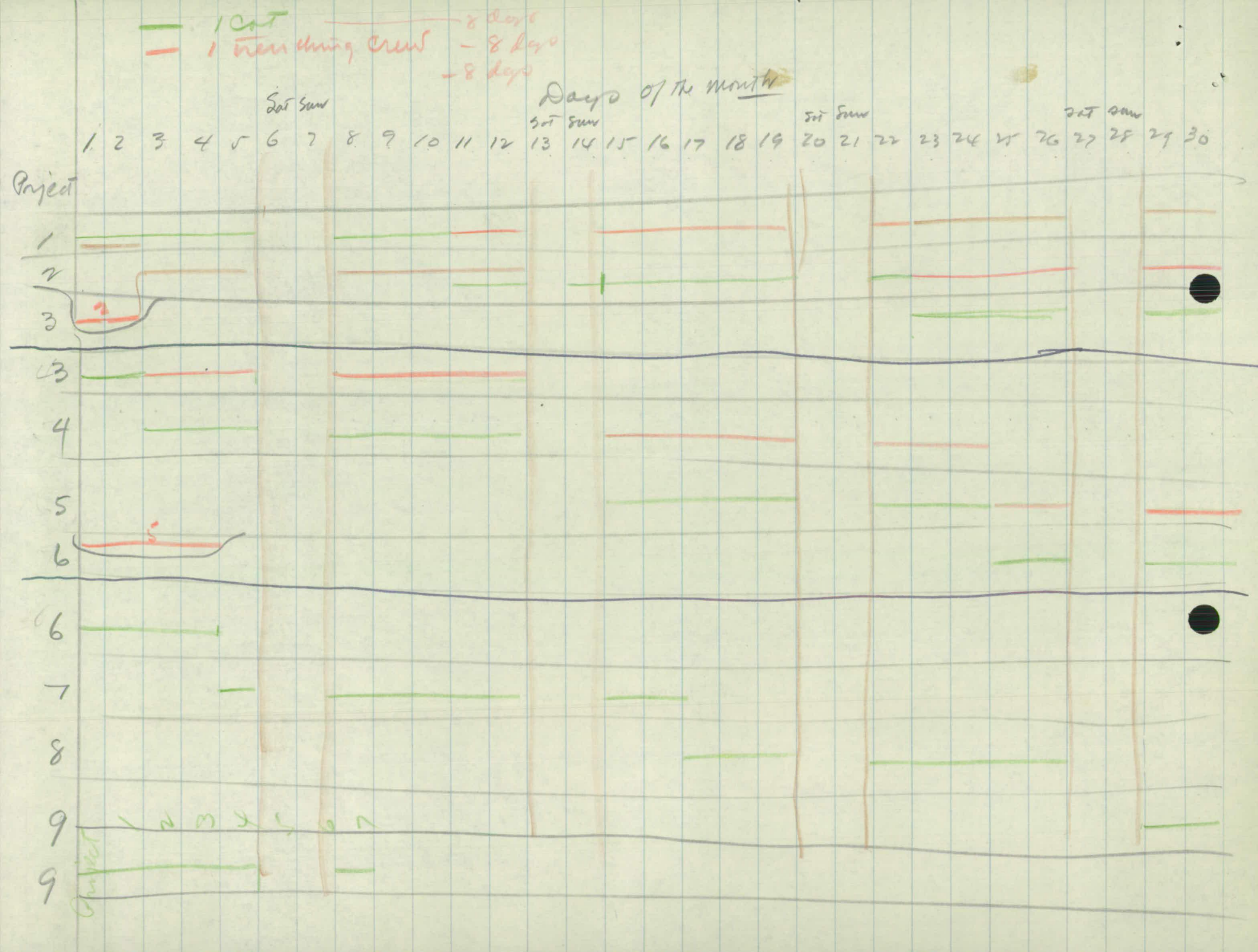
(c)

#2 cat

1 cat 9.00

		Bulldozer Trail	Bulldozer Trenching	Excavator Trenches in BR	Bulk Samples	Wagon Drill holes (15'ea)	Drill hole Samples	Bulldozer stripping 4800 sqft to 4' depth
Site 1 - Pl 1	Sugartree group	1500'	600' 9	300' 7½	30	25 8	75	
Site 1 Pl 2	Cobbo Group		8@50' 400' 7	250'	16	16 5	48	
Site 2 Pl 3	American group		400' 8	330' 12	22	25 8	75	4800 sq ft ~500 Cu yds ✓
Site 3	"		700' 7	360' 10	20	20 8	75	
Site 4 Pl 4	"		600' 8	300 7½	20	20 8	75	
Site 5	"		500' 7	300 7½	20	20 7	60	
Total		1500' 14	320 lin ft 8	1840 lin ft 8	128 @3 $384	161.6 15 ft 805 161 2415 ft	408 $3 $1224	




1 Cat
1 trenching crew
8 days
8 days
8 days
Days of the month
Sat Sun
Sat Sun
Sat Sun
Sat Sun
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Project
1
2
3
3
4
5
6
6
7
8
9
9
Project 1 2 3 4 5 6 7

(5a) Pros
Fe
Co: mm
general ✓

✓ Designate a metals to be analyzed for!

Designate carry-over of funds.

Designate over-lapping of work on projects. (Preface or footnote?

✓ Keep logs of wagon drill holes; ✓✓

Concentration tests (?)

Method of progress

~~There will be two units complete units employed.~~

~~Unit No. will ...~~

Each unit will be composed of ~~two~~ two crews; a Bulldozer crew and a drilling crew.

For the first 8 days the Bulldozer and operator will clear ~~site on~~ project 1, then move to project 2 for 8 days thence to project 3, and so, on

After the first 8 days the jack hammer and wagon drill crew will start on project 1 and will ~~work~~ wagon drill continuously for ~~16~~ 8 days, then jack hammer drill for 8 days, thence moving to project 3, which should have been just completed by the bulldozer crew.

After the first 16 days a second jack hammer and wagon drill crew will start on project 2 and work continuously (as above), for 16 days, thence move to project 4 which should have been just completed by the bulldozer crew.

~~Since, it is~~

Note:- the ~~[illegible]~~ 220 cu. ft. per minute compressor can handle only 1 wagon drill or 2 jack hammers, but not both at once, hence the work with this equipment is limited to the use of one item of equipment at one time. Advantage of ~~[illegible]~~ a night ~~afternoon~~ shift might be taken, to speed the work but this will require additional labor and supervision.

(X2)

The above program would logically complete 3 projects per month or 16 during the six months period (the last two not being started or they could not be completed on time)

3756

C
O
P
Y

January 30, 1951

3299

Mr. Cecil Chenoweth
523 Republic Bank Building
Dallas, Texas

Dear Mr. Chenoweth:

Your letter of January 16, 1951, addressed to Mr. Robert H. Ridgway, regarding manganese, has been referred to me for reply.

I regret that, due to the many requests for field examinations, the Bureau of Mines does not have the people to make specific field investigations except those for which specific proposals for production have been received. Consequently, I have given your letter and Mr. Huntington's report to the Defense Minerals Administration with the understanding that these documents represent a preliminary proposal for the sale of 25,000 tons of manganese concentrates per year to the United States Government at a price of $1.50 per long ton unit of contained manganese. The records of the Bureau of Mines and Geological Survey will be reviewed to determine the advisability of producing this quantity of ore from your properties. If it appears necessary to have government engineers visit the properties, you will be contacted in advance so that specific plans can be made. If I can furnish additional information, please let me know.

Very truly yours,

Norwood B. Melcher
Ferrous Metals and Alloys Branch

NBMelcher:lds

Copy: Mr. Bradley
Mr. Williston
Mr. Ridgway
Mr. Melcher
Files

C
O
P
Y

January 16, 1951

Mr. Robert H. Ridgeway
Chief - Ferrous Metals and Alloys Branch
Room 3618 - Department of the Interior
Washington 25, D. C.

Dear Mr. Ridgeway:

In accordance with your suggestions during our conversation last Friday, January 12, I am attaching a copy of Mr. Morgan G. Huntington's report concerning our properties near Mena, Arkansas. This report has been substantiated by the Denver Equipment Company, of Denver, Colorado. The Southwest Engineering Company, of 4800 Santa Fe Avenue, Los Angeles, California, has performed numerous ore dressing tests in order to check Mr. Huntington's data, along the same lines as the Denver Equipment Company did.

Since this report was compiled on October 23, 1950, my associates and I have filed additional mining claims in this area under the direction of Mr. Huntington. Also, we have purchased from individuals various mining claims which they had previously filed and we have leased other properties in this aame area. All of this work hasbeen done under the direction of Mr. Huntington.

These claims have been surveyed and properly marked and filed with the Recorder of Polk County, Arkansas. While doing this, we have had competent legal advice.

According to Mr. Huntington, we now own, or control, sufficient properties to supply a manganese ore concentrator at the rate of 2,000 tons of raw ore daily for a period exceeding ten years. The proposed plant will supply 50,000 tons per annum of a manganese concentrate in the form of a sinter and will contain a minimum of 46% of manganese; a maximum of 8% of iron, silica plus alumina 12%; phosphorus 0.15% maximum and lead plus zinc plus copper 1% maximum. This sinter will contain less than 5% of material passing a 20-mesh screen.

Whether or not this project is put into operation by us depends entirely upon the reaction and the answer to the request we are making of your Bureau, as follows:

1. We respectfully request that you have the proper individual, or individuals, from your Bureau and/or the U.S. Geological Survey, to observe our properties in person.

COPY

2. We also respectfully request that you then advise the Special Services Administration and/or the Defense Minerals Administration whether or not we should be awarded a contract to supply the national stockpile with 25,000 tons of manganese concentrate per annum at $1.50 per contained long ton unit of manganese.

As I mentioned to you in our conversation of last Friday, in order to facilitate this requested procedure, and in order to save time on the parts of all concerned, we are holding a private plane and pilot in readiness to transport from any point the man or men you may designate to our properties in Arkansas, and to return them to their points of departure. Also, we will furnish whatever labor may be required to take samples, in the event your organization would like to make its own ore dressing tests.

The writer appreciates very much the time you and others have granted us - and we stand ready to do everything within our power to expedite this matter. I shall remain at the Statler Hotel until I hear from you regarding our request that a competent person or persons be made available to investigate our properties.

Very sincerely yours,

/s/

Cecil Chenowith
523 Republic Bank Building
Dallas, Texas
Phone - Riverside 4484

D.R.W. WAGER-SMITH
531 North Hermosa Avenue
Albuquerque, New Mexico

September 29, 1951

Mr. Cecil B. Chenoweth,
Vice President, Inland Mining Corp.,
515 DeQueen Street, Mena, Arkansas.

Dear Mr. Chenoweth:

Following are the costs incurred in surveying and monumenting the American manganese group of lode mining claims, during August, 1951:

Brushing claim lines ----------	$ 928.60
Transit survey of boundaries ----	1,895.83
Marking lines and monumenting ---	150.50
Total ---------	$2,974.93

These costs, including my fees, have been paid by the Inland Mining Corporation.

An additional amount of approximately $450 will need to be spent on brushing claim lines and monumenting corners.

All of the above work is essential in order to comply with Revised Statutes, Sec. 2324 (30 U.S.C. Sec. 28) which states in part "the location must be distinctly marked upon the ground so that its boundaries can be readily traced."

As pointed out by your attorneys, House, Moses and Holmes, the validity of title to an unpatented mining claim is very largely dependent upon strict compliance with all Federal statutes governing the location of mining claims.

Yours very truly,

/s/ D.R.W. WAGER-SMITH
Consulting Engineer, Lands

W-S
cd

PROJECT No. DMEA 2299 INLAND
POLK COUNTY, ARKANSAS.
MANGANESE

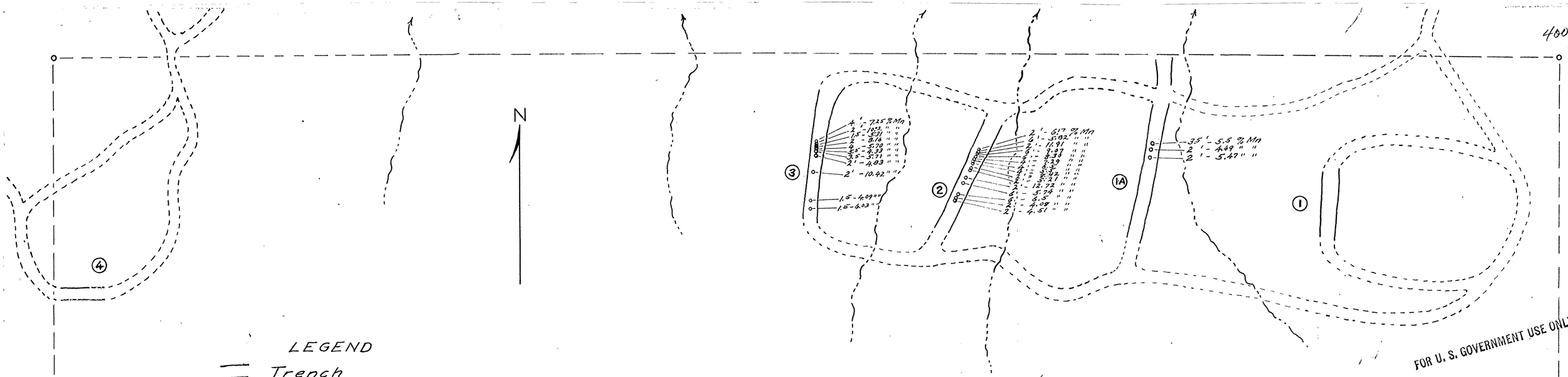
CONTRACT E280
$100,000
2 AMENDMENTS

RECORD OF PERFORMANCE

		BULLDOZER TRAIL FT.	BULLDOZER TRENCH FT.	HAND TRENCH FT.	JACKHAMMER HOLES NO.	JACKHAMMER HOLES FEET	JACKHAMMER HOLES No. SAMPLES
APRIL 1952		11250	2535	494	63	374	187
MAY		18700	6820			171	304

		LABOR COST	% OF TOTAL	EQUIPMENT PURCHASE	EQUIPMENT RENTAL	EQUIPMENT FURNISHED BY OPERATOR	SUPPLIES
	STAGE 1 27,000.00						
APRIL 1952 MAY	GEOLOGY	224684	3009				13111
APRIL 1952	ENGINEER	43394	581			6666	10500
APRIL 1952	SUPERVISION	44527	596				4085
APRIL 1952	TRENCHING	38501	5516			41667	19641
APRIL 1952	DRILLING & SAMPLING	59164	792	35000	23333	20033	117239
APRIL 1952	OFFICE, BOOKKEEPING ETC	38307	513				6863
	%			350.00	233.33	683.66	1714.39
	TOTAL 7467.15 27.66	248577					

400 file
2099



LEGEND

- Trench
- Bulldozer Trail
- Drainage
- Trench Number
- Claim Corner
- Drill Hole

FOR U. S. GOVERNMENT USE ONLY

No. 2 Sugar Tree Claim
(Approximate Location)

FOR U. S. GOVERNMENT USE ONLY

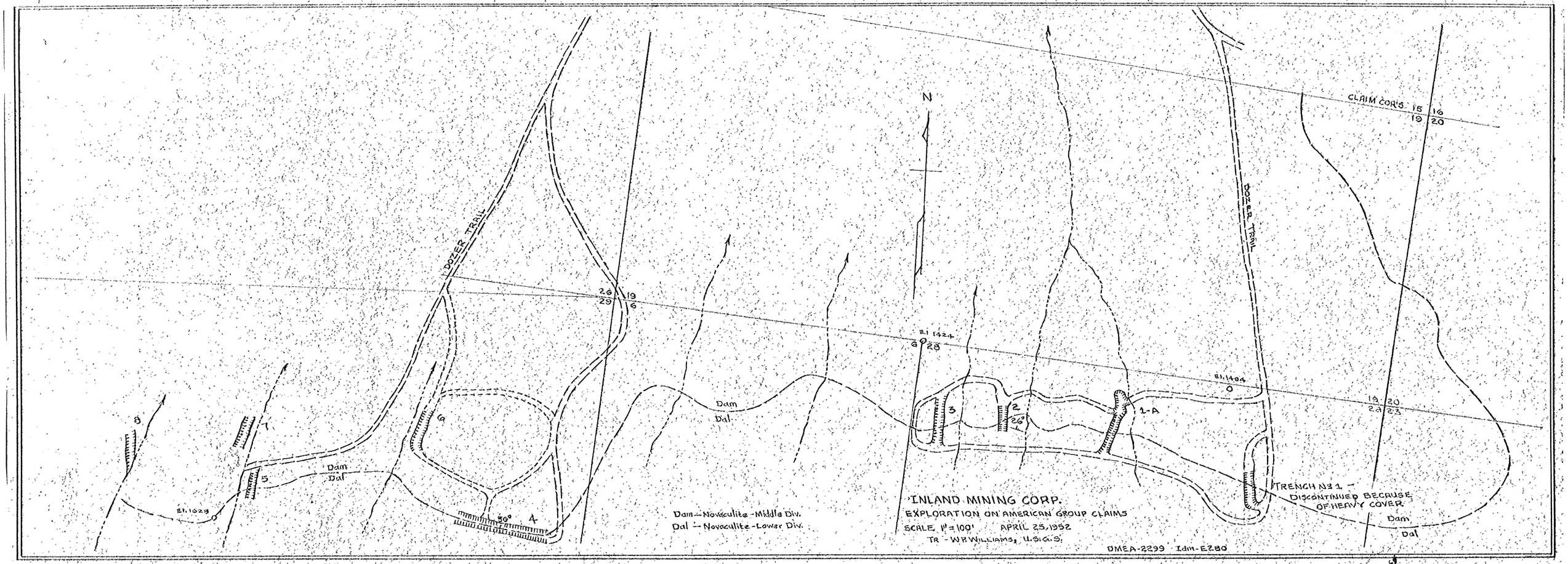
FOR U. S. GOVERNMENT USE ONLY

Map showing Trenching and Sampling on No. 2 Sugar Tree Claim Polk County, Arkansas

Scale

0 100 200

S.P.H.
9.15.55


N
CLAIM COR'S 15 16
19 20
DOZER TRAIL
DOZER TRAIL
26
29
19
6
El. 1424
6
28
El. 1424
0
19 20
24 23
3
2
28
1-A
8
7
5
6
4
50°
El. 1029
Dam
Dal
Dam
Dal
Dam
Dal
TRENCH No 1 –
DISCONTINUED BECAUSE
OF HEAVY COVER
Dam – Novaculite - Middle Div.
Dal – Novaculite - Lower Div.
INLAND MINING CORP.
EXPLORATION ON AMERICAN GROUP CLAIMS
SCALE 1" = 100'
APRIL 25, 1952
TR - W.P. WILLIAMS, U.S.G.S.
DMEA-2299 Idm-E280