Building 20 - Federal Center
Denver 25, Colorado

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August 21, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-2843 (Copper)
Contract I4m-E615
Richard E. Chilson
(King-in-Exile Mine)
Pima County, Arizona
FINAL INSPECTION OF CERTIFIED PROJECT

A Report of Royalty Review dated November 2, 1962 shows as of October 7, 1962, that no royalty was due on production from the subject property. Production from the property subsequent to October 7, 1962 is confined to a few small samples of ore that were obtained during 1963 for metallurgical tests by the Banner Mining Co. The Banner Mining Co. present lessee of the property, has no plans for production from the property prior to September 28, 1963, the expiration date of Contract I4m-E615.

I recommend that the project accounts be closed as of September 28, 1963.

Original signed by

Hugh M. Connors

TMR

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-2811, Docket MMA-1943 (copper), dated September 28, 1953, with

Richard E. Chilson
P. O. Box 2728
Tucson, Arizona

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Ring-in-Rule Mine located in Pima County, Arizona, during the period September 28, 1953, through October 7, 1962.

A certification of discovery or development was issued on September 13, 1954, and, in accordance with Article 6 and Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated December 2, 1954, indicated accepted costs under the exploration contract amounting to $19,200.00 with the Government's contribution on a 50 percent basis being $5,100.00.

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

This review tentatively found the total sales subject to the Government's royalty for the period to be $45,141.43 and the royalty payable to the Government at the rates specified in the contract is $3,077.41.

As of October 7, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$3,077.41
Total Royalty Paid	3,077.41
Balance of Royalty Due	$ -0-

E. B. Talbert
E. B. Talbert, OME Auditor

November 2, 1962

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator, or his successor in interest, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of the unpatented Crown Prince claim, owned by the Operator, and the Broadtop and Exile claims, leased by the Operator, all located in sec. 24, T. 18 S., R. 15 E., Helvetia Mining District. In consideration of the contract Owner's Consents to Lien were executed on June 1, 1953, and June 9, 1953, respectively, by Eustace Seligman as surviving executor of the estate of Adolph Lewisohn (owner of an undivided 27½% interest) and Hermann Ascendorf as attorney-in-fact for Frederick Lewisohn (owner of an undivided 10% interest). An Owner's Consent to Lien could not be obtained from the Southern Arizona Bank & Trust Company as administrator of the estate of Leonard Lewisohn (owner of the remaining 62½% undivided interest). The contract contains the so-called "abandonment" clause.

Approved exploration work under the contract was completed during February 1954. No ore was produced from the property under the contract during the exploration period. Thereafter, the Operator performed additional work in the subordinated area but produced no ore up to October 12, 1955, when he assigned his lease and option to purchase to the Lewisohn Copper Corporation.

From April 1956 through December 1956 the Lewisohn Copper Corporation shipped 3,190.802 dry tons of ore to the Miami Plant of International Smelting & Refining Company and 322.9905 dry tons to the Magma Copper Company, Superior, Arizona. The proceeds as evidenced by smelter settlements aggregated $55,260.92, on which the proper royalty payable amounted to $2,538.39; however, a 5% royalty of $2,814.06 was paid on reported proceeds of $56,281.26 due to failure to take into account some allowable freight deductions and also lesser percentages of royalty applicable to some settlements. Accordingly, a $275.67 overpayment of royalty was made on these shipments.

By letters dated October 30, 1957, and July 21, 1958, the Lewisohn Copper Corporation (over the Operator's signature, as president) reported that: (1) shipments of ore from the subordinated area were commingled with other production during the first half of 1957 and a portion of the first half of 1958; (2) the proceeds subject to royalty, computed on the basis of mine cars of ore from the respective areas, aggregated $5,267.01, on which the royalty payable at

5% was $263.35; and (3) there was no production from the subordinated area between June 6, 1957, and April 27, 1958. The royalty of $263.35 was paid during September 1958.

Examinations of the mine on December 11, 1958, and January 12, 1959, by an OME regional representative disclosed that further production from the subordinated area had resulted in the stockpiling in a stope of 200 to 300 tons of 2 to 3% Cu ore and that shipment to the nearby McFarland & Hullinger mill at Sahuarita, Arizona, for concentration had begun on January 6, 1959. A subsequent examination of the mine on May 20, 1960, and inquiry of the Operator on May 23, 1960, found that the mine had shut down in May 1959 and that operations prior thereto had been confined to unsubordinated areas except for the shipment of the stockpiled ore to the concentrator.

Several requests during 1959 for advice as to the disposition of the stockpile and, also, as to the method of accounting for the 1957 and 1958 shipments were ignored by the Operator. However, in a December 15, 1958, memorandum the OME examining engineer stated in regard to the 1957 and 1958 shipments that "The grade of ore data probably will show that the best ore came from the unsubordinated area. This will indicate, if the ores are assigned equal values, that the operator's estimates of royalties due, and paid according to available records, are on the high side".

Furthermore, if the stockpile sales are computed on the basis of a maximum of 300 tons at an average value of $15.38 (the average of all reported sales) the proceeds would be $4,614.00 and the royalty, at the maximum rate of 5% would be $230.70. This is $44.97 less than the overpayment of royalty made on the 1956 shipments.

Accordingly, subject to future audit of the Operator's and the producer's records, if such is ever deemed in the Government's interests, this review accepts the royalty paid to date as being valid for all production up to the shutdown in May 1959. A summary of the above discussed production follows:

Basis	Tons	Proceeds	Royalty
1956 Smelter Settlements	3,513.7925	$55,240.92	$2,538.39
1957 - 1958 Reports	420.9749	5,267.01	263.35
1959 Stockpile	300.0000	4,614.00	230.70
1956 - 1959 Totals	4,234.7674	$65,141.93	$3,032.44
Royalty Paid			$3,077.41

Idm-E613 Richard E. Chilson [illegible]-2943

The claims under this contract (and also those under contract Idm-E1027, docket [illegible]A-4221, with the Lewisohn Copper Corporation) were included in a Contract of Sale and Purchase executed on April 1, 1961, between the Lewisohn Copper Corporation and Banner Mining Company, P. O. Box 5605, Tucson, Arizona. A May 1, 1961, Supplement to Escrow Agreement, relating to the Contract of Sale and Purchase, recognizes the Government's "lien against the production" from the claims under this contract (and also contract Idm-E1027).

On October 6, 1962, the Operator advised an OME regional representative that the property under this contract had been inactive since May 1959. Examination of the property on October 7, 1962, found no evidence of recent operations.

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

(1) The files indicate that all production has been reported or otherwise accounted for;

(2) The property has been inactive since May 1959; and

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

Building 20 - Federal Center
Denver 25, Colorado

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November 6, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: [illegible]-0543 (Copper)
Contract Ibm-N615
Richard E. Chilson
(King-in-Exile Mine)
Pima County, Arizona
and
[illegible]-4221 (Copper)
Contract Ibm-E1027
Lavinolm Copper Corporation
(Noah and Kigin Mines)
Pima County, Arizona

Attached is the original Report of Royalty Review dated November 2, 1962 on Contract Ibm-N615 covering the period September 28, 1955, through October 7, 1962 and on Contract Ibm-E1027 covering the period June 18, 1959, through October 7, 1962.

Original signed by
TMR
for
Hugh M. Connors

Attachments

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres N615
Royalty Corres E1027
Chron

TMR/lm

November 2, 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: [illegible]-2643 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract Idm-E615

and

[illegible]-4721 (Copper)
Lorraine Copper Corporation
Peach and Elgin Mines
Pima County, Arizona
Contract Idm-E1027

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

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

(b) One copy of each for your files.

These Reports of Royalty Review are made for record purposes only; therefore, no copies for the Operators are provided.

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

Enclosures

EDTalbert/sma 11-2-62

cc: Docket
Director's Reading File
SA & A Division - Idm-E615
Fiscal Section

Mr. A. B. Bowman
General Manager
Bonanza Mining Company
P. O. Box 1669
Tucson, Arizona

Re: WSHA-4221 (Copper)
Lavington Copper Corporation
Punch and Elgin Mines
Pima County, Arizona
Contract 14s-5[illegible]7
and
WSHA-2043 (Copper)
Richard K. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract 14s-5613

Dear Mr. Bowman:

We have our copy of your October 12 letter to Mr. Hugh M. Conner, with enclosure, relating to the referenced contracts.

For your information we enclose a copy of our October 26 letter to Mr. Chilson, which is self-explanatory.

May we express our appreciation for the cooperative attitude which your company has always shown toward the WSHA and OSE programs.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

WHGriswold/ms
10-30-62
cc: Director's Reading
OSHA Division
Docket WSHA-4221
Docket WSHA-2043
Region III (3)

Building 20 - Federal Center
Denver 25, Colorado

October 23, 1962

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Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: T. M. Russlo, Mining Engineer

Subject: Docket MMSA-2843 (Copper)
Contract Idm-E615
Richard R. Chilson
(King-in-Exile Mine)
Pima County, Arizona
ON-SITE INSPECTION OF CERTIFIED PROJECT

Mr. Richard R. Chilson, informed me over the telephone at Tucson, Arizona, October 6, 1962, that the subject property has been inactive since May 1959 and that his interest in the property reverted to the Lewisohn Copper Corporation, the owners, late in 1959.

I visited the property October 7, 1962, and found no evidence of recent operations. There was no equipment of any kind on the property, and the access mine road was in poor condition.

Mr. Al Bowman, General Manager, Banner Mining Company told me over the telephone October 8, 1962, that his company had acquired, by a Contract of Sale and Purchase dated April 1, 1961, numerous mining claims in the Helvitia and Rosemont districts. Also, that the claims acquired included the properties of the subject contract and contract Idm-E1027. He was sure the Government's interest in production from the two properties was provided for in the contract, and agreed to mail to Mr. Connors a copy of the document concerned with the Government's interest. During a visit to the Banner Mining Co.'s office, October 12, 1962, Mr. Bowman turned over to me a copy of the document and his covering letter to Mr. Connors, dated October 12, 1962. A copy of the letter and the document is attached. After my cursory inspection of the document, we mutually agreed that the quoted outstanding obligation under each contract furnished

by the Lewisohn Copper Corp. should be checked by the GMK. Mr. Bowman requested that the Bunker Mining Co. be informed of the GMK findings.

The GMK, in its letter to the Bunker Mining Co., should express its appreciation of Mr. Bowman's splendid cooperation in all matters pertaining to the GMK and NMSA programs.

Mr. Chilson did not inform me that the subject property is held by the Bunker Mining Co. After Mr. Bowman informed me about the status of property ownership, Mr. Chilson was not asked to furnish documentary evidence of the transfer because of his tendency to overlook such matters.

Original signed by

T. M. Rumsle

Enclosures

BANNER MINING COMPANY

P.O. BOX 5605 TUCSON, ARIZONA PHONE AXminister 4-1488

A. B. BOWMAN
VICE-PRES & GEN. MGR

L. L. TRAVIS, PRESIDENT

October 12, 1962

Mr. Hugh M. Connor
Acting Field Officer O.M.E.
Denver Federal Center
Building 20
Denver, Colorado

Dear Mr. Connor:

Mr. Marty Romslo of your office contacted me by phone last week regarding certain contracts the Government has with Richard E. Chilson and Lewisohn Copper Corp. both covering projects in Pima County, Arizona.

Banner Mining Company has entered into contracts with Lewisohn Copper Corp. and others in the Helvetia district of Pima County, Arizona to acquire several large groups of patented and unpatented mining claims. These contracts are in effect long term leases with options to purchase.

Mr. Romslo's question to me was about as follows: If Banner Mining Company produces from the claims which were under the IDM contracts, was provision made between Banner and Lewisohn Copper etc to protect the government's interest?

Our contract with Lewisohn Copper Corp. was dated April 1, 1961. A supplement to the Escrow Agreement under the above contract was signed on May 1, 1961, which specifically makes mention of the IDM contracts and sets up a method of paying the Government royalty in the event of production from the claims involved.

I am enclosing a conformed copy of this supplement for your information.

Yours very truly,

BANNER MINING COMPANY

A. B. Bowman

A. B. Bowman
General Manager

Tucson, Arizona

Dated: May 1, 1961

SUPPLEMENT TO ESCROW AGREEMENT

To:

SOUTHERN ARIZONA BANK AND TRUST COMPANY
Head Office
Tucson, Arizona

Gentlemen:

This is a Supplement to the Escrow Agreement dated May 1, 1961, between Lewisohn Copper Corp. and Banner Mining Company, relating to a Contract of Sale and Purchase, dated as of April 1, 1961, between said parties, covering one hundred one (101) unpatented mining claims, one (1) patented mining claim, and twenty-four (24) unpatented mill sites, described therein as the Lewisohn Group. Other contracts of sale and purchase with other parties cover other groups of mining claims described as the Rosemont Group, Blankenship Group and Tip Top Group in Exhibit "A" to the above mentioned Contract of Sale and Purchase.

By Contract No. Idm-E 615, executed September 28, 1953, DMEA Docket No. 2843 (copper), Richard E. Chilson entered into a production contract with the United States Government incurring an obligation in the sum of $5,100.00, on which there is an outstanding balance of $2,022.59. The rights of Richard E. Chilson have been assigned to Lewisohn Copper Corp., and this Contract [illegible] the outstanding obligation [illegible] against the production from certain patented [illegible] in the Rosemont Group and certain unpatented mining claims in the Lewisohn Group.

Also, by Contract No. Idm-K 1027, executed October 23, 1956 and terminated June 16, 1958, DMEA Docket No. 4221 (copper), Lewisohn Copper Corp. entered into a production contract with the United States Government incurring an outstanding obligation in the sum of $26,677.15, which is a lien against production from certain patented mining claims in the

Rosemont Group and certain unpatented mining claims in the Lewisohn Group. Lewisohn Copper Corp. states that there are no other production contracts with the United States Government entered into by it or assigned to it that are applicable to any of the mining claims in the Lewisohn Group, Rosemont Group, Blankenship Group or Tip Top Group.

Lewisohn Copper Corp. hereby agrees that as amounts become due under the above mentioned Contracts Nos. Idm-E 615 and Idm-K 1027, Banner Mining Company may (but does not obligate itself to) pay said amounts in behalf of Lewisohn Copper Corp. and will be allowed credit for said payments upon the next payments falling due under the above mentioned Contract of Sale and Purchase relating to the Lewisohn Group. Upon Banner Mining Company furnishing Southern Arizona Bank and Trust Company with satisfactory evidence of such payments, Southern Arizona Bank and Trust Company is hereby authorized to allow such credits.

In the absence of Lewisohn Copper Corp. and the United States Government agreeing on the amounts to be paid under the above mentioned contracts with the United States Government, Banner Mining Company is entitled to exercise its own judgment in determining amounts that may be due, and it shall be allowed credit by Southern Arizona Bank and Trust Company upon paying said amounts that are determined to be due under Contracts Nos. Idm-E 615 and Ldm-K 1027, although it is later determined that said amounts were, in fact, not due or were not owed the United States Government, or lesser amounts were due.

One of the considerations which induces Banner Mining Company to enter into the above Contract of Sale and Purchase with Lewisohn Copper Corp. relating to the Lewisohn Group is the simultaneous execution by [illegible] of this Supplement to Escrow Agreement, and it [illegible] understood that this Supplement to Escrow Agreement cannot be terminated by Lewisohn Copper Corp. unless Banner Mining Company terminates

the above mentioned Contract of Sale and Purchase.

This Supplement to Escrow Agreement shall be binding on the assignees and successors in interest of the partied hereto.

LEWISOHN COPPER CORP.

/s/ By Richard E. Chilson
President

ATTEST:

/s/ Boyd M. Morse
Secretary

BANNER MINING COMPANY

/s/ By A. B. Bowman
Vice President

ATTEST:

/s/ F. C. Prince
Assistant Secretary

[illegible] in the records of SOUTHERN ARIZONA BANK [illegible]son, Arizona, this 1st day of May, 1961.

/s/ Wm. Hughes
Escrow Agent

OCT 2 6 1962

Mr. Richard E. Chilson
President
Lucindale Copper Corp.
P. O. Box 3716
Tucson, Arizona

Re: MMA-4221 (Capped)
Lucindale Copper Corporation
Peach and Elgin Mines
Pima County, Arizona
Contract Ida-8487
and
MMA-5043 (Capped)
Richard E. Chilson
King-Ko-Mile Mine
Pima County, Arizona
Contract Ida-8615

Dear Mr. Chilson:

Thanks very much for your October 15 letter with the enclosed copy of agreement. The amount cited in the agreement coincide with our records; of course, you understand that the Ida-8615 contract royalty payments are subject to audit.

Permit us to wish that the drilling phase only being done will result more favorably both for your concern and for the Lucindale Company.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

WRGriswold/gla
10-25-62

cc Ref: Director's Reading File
Region III (2) w/2 cys incoming letter 10/15/62 w/o cy agreement
Chief Geologist
Contract MMA-5043
Contract MMA-4221
Code 300

JAN 5 1960

Memorandum

To: The Files

From: C. E. Fisher, OME Auditor
Contract Administration and Audit Division

Subject: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-E615

Referring to:

(1) Acting Director's letter to the Operator dated June 30, 1959, wherein request is made for information pertaining to production subject to Government royalty under terms of the subject contract; and

(2) Mr. Finch's memorandum dated July 8, 1959, wherein he states it is doubtful whether the additional royalty that might be disclosed to be due to the Government would justify the considerable expense of an on-site audit.

It is my opinion that any such audit at this time would disclose a net overpayment by the Operator rather than an amount of royalty due to the Government. This opinion is based on the following.

The estimated stockpile, all or some portion of which may have been disposed of, consists of 200-300 tons of 2% to 3% copper ore	300 tons
Average net smelter value per dry ton of ore sold by the Operator	$ 15.38
Estimated maximum value the stockpile	$4,614.00
Estimated maximum royalty due at 5%	$ 230.70
Overpayment of royalty computed by Mr. Finch	275.67
Estimated net overpayment of royalty	$ 44.97

This estimate of net overpayment of royalty is conservative for the following reasons:

1st. Actual sales probably are less than 300 tons.

2nd. The ore sold on which the average value of $15.38/ton was computed contained 4%-4½% copper rather than 2%-3% copper.

3rd. The net proceeds subject to royalty on the low-grade stockpile would undoubtedly be less than $11.50/ton in most instances and the royalty percentage would be less than 5%.

4th. Audit would undoubtedly disclose that the overpayment by the Operator is greater than the amount of $275.67 computed by Mr. Finch from the incomplete data in his possession. (Unsupported sales data indicated an average proceeds of $12.51/ton on which royalty was paid at 5%. Some of these sales undoubtedly were at rates of less than $11.50/ton on which royalty due would be less than 5%.)

The Operator has failed to furnish the information requested by Region III at various times and has not replied to the Acting Director's letter dated June 30, 1959.

It would appear that the only practical way this matter can be resolved would entail an on-site audit of the Operator's records. This would involve expense that cannot be justified by the Government's interest. I recommend that no further action be taken at this time. If, at some future date within the royalty repayment period, there should be production and sales subject to Government royalty the matter should again be reviewed and audit action taken at that time, if such action is then determined to be desirable.

CEFisher/ama
December 28, 1959

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

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

AUG 18 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. [illegible]-2543 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. I4m-2513

We have your memorandum of August 6 covering the cited project. We do not feel that any further action on your part is required at this time.

George C. Selfridge

WRGriswold/GMcC
August 18, 1959

cc: Docket
Director's Reading File
Operating Committee
A. D. McMahon, USBM
Harold Kirkemo, USGS

cc: CA & A Division
Chron.

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

Harold Kirkemo
Member, Geological Survey

Building 20 - Federal Center
Denver 25, Colorado

August 6, 1959

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Memorandum

TO: Chairman, Operating Committee, GME

From: Executive Officer, GME Field Team, Region III

Subject: Docket No. MSHA 2543 (Copper) Contract No. Ida-1615, Richard F. Chilson (Ming-in-Exile mine) Pima County, Arizona

This office has had no response to the Acting Director's letter to Mr. Chilson dated June 30, 1959.

Will you please advise if there is any further action required by this office in the matter.

Original signed by
J. W. TOWNSEND

J. W. Townsend

EMC:lm

cc: Finch
Reg. file, 1615
Chron.

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

OFFICIAL FILE COPY O. M. E. RECEIVED JUL 13 1959		
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July 8, 1959

Memorandum

TO: E. D. Talbert, Acting Chief
Contract Administration and Audit Division, OME

From: Donald T. Finch, OME Auditor, Region III

Subject: Lewisohn Copper Corporation, Assignee of Richard E. Chilson, Contract No. Idm-E615, Docket No. DMEA 2843 (Copper)

Pursuant to your instructions in memorandum dated June 25, 1959, the following summary of royalty status of this project is submitted:

(1) The contract is dated September 28, 1953. It involved a project for exploration of copper on a property commonly known as the King-In-Exile Mine, located in Pima County, Arizona. A Report of Review in lieu of final audit dated December 2, 1954, indicated accepted costs under the exploration contract amounting to $10,200.00, with the Government's contribution on a 50 percent basis being $5,100.00. A Certification of Discovery or Development was issued September 15, 1954, and accordingly royalty is due on all the production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract.

(2) On October 12, 1955, Richard E. Chilson assigned his lease on Broad Top and Exile claims to Lewisohn Corporation in which it is reported he is an officer. These two claims along with the Crown Prince claim were subject to the DMEA Contract. See copy of letter to Administrator from Associate Solicitor, Division of Mineral Resourses dated March 8, 1957. Note: Files do not indicate if Field Team determined the status of the Crown Prince claim as suggested in the last paragraph of the solicitor's letter.

(3) The Field Team's Semi-Annual Report of Certified Project for the period July 1, to December 31, 1955, contains this statement under other remarks:

> "No production from subordinated area, but 25 railroad carloads of ore produced from other parts of mine since termination of contract".

(4) The first reported production from the subordinated properties was sold to the Miami Plant of the International Smelting and Refining Co. on April 19, 1956, per Liquidation Settlement Sheet for Smelter Lot 938, dated April 25, 1956.

(5) Reported sales of production for the year 1956 from the subordinated land was supported by Liquidation Settlement Sheets from the International Smelting and Refining Company and from the Magma Copper Company. During the preparation of this analysis I recomputed and tabulated all of these liquidation settlement sheets. See enclosed summary of reported production. Also see enclosed schedule of indicated overpayments of royalty.

(6) The files indicate that production from the subordinated ground and that from exempt ground is commingled in a common ore bin. Reported production for the first $\frac{1}{2}$ of 1957 and first $\frac{1}{2}$ of 1958 was contained in letters to the examining engineer from Mr. Chilson on October 30, 1957, and July 21, 1958. Copies of these letters are enclosed herewith.

(7) The Field Team's Semi-Annual Report for the period July 1, 1958 thru December 31, 1958, shows estimated stockpile of low grade ore (2% to 3% Copper content) of 200 to 300 tons. It also states shipment of this stockpiled ore to the near-by McFarland-Hullinger Mill began January 6, 1959. In this connection see copy of examining engineer's letter to Executive Officer dated December 15, 1958, attached to copy of Field Team's letter to Chilson on March 18, 1958 - forwarded to Operating Committee. Mr. Romslo's letter indicates shipment to McFarland-Hullinger Mill was experimental. Rumor has it that McFarland-Hullinger Mill was closed some time in the spring of 1959.

(8) Available detail of production during the years 1957 to date are insufficient for the preparation of a Report of Royalty Review. In view of the indicated overpayment and the examining engineer's field reports it is, however, doubtful if additional royalty due that might be disclosed would justify the rather considerable expense of an on-site audit at this time.

Donald T. Finch

Donald T. Finch

CONTRACT NO. IDM-E615

DOCKET NO. DMEA 2843

LEWISOHN COPPER CORPORATION
ASSIGNEE OF RICHARD E. CHILSON
KING IN EXILE MINE

SUMMARY OF REPORTED PRODUCTION FOR THE PERIOD

September 28, 1953 to July 6, 1959

Sales To:	Miami Plant Internatl. S & R Co.	Magma Copper Company	Operator's Summary (No Support)	Total Reported
Period:	9-28-53 to 1-8-57	11-12-56 to 1-15-57	1-1-57 to 7-6-59	9-28-53 to 7-6-59
Total Dry Weight: Pounds	6,381,604	645,981	841,949	7,869,534
Total Dry Weight: Tons	3,190.8020	322.9905	420.9749	3,934.7674
Gross Value Net of Treatment Charge	$57,921.87	$5,905.92	$5,267.01	$69,094.80
Allowable Deductions				
Freight	$ 7,326.73	$ 748.96	No Data	$ 8,075.69
Transportation Tax	219.80	22.47	" "	242.27
Excess Treatment Charge		248.91	" "	248.91
Total Reported Deductions	$ 7,546.53	$ 1,020.34	No Data	$ 8,566.87
Net Smelter Value as Reported	$50,375.34	$ 4,885.58	$5,267.01	$60,527.93
Average Net Smelter Value Per Dry Ton	$ 15.79	$ 15.13	$ 12.51	$ 15.38
Total Royalty Paid	$ 2,518.79	$ 295.27	$ 263.35	$ 3,077.41
Total Royalty Due on Sales as Reported	2,305.92	232.47	263.35	2,801.74
Royalties Overpaid (Based on Available Data)	$ 212.87	$ 62.80	$ 0	$ 275.67

CONTRACT NO. IDM-E615 DOCKET NO. DMEA 2843

LEWISOHN COPPER CORPORATION
ASSIGNEE OF RICHARD E. CHILSON

SCHEDULE OF ROYALTIES OVERPAID BASED ON AVAILABLE DATA

Sales to International Smelting and Refining Co.

1956	Smelter No.	
10-18	1539	$ 7.62
10-25	1559	44.62
10-31	1572	25.61
11-5	1593	15.72
11-8	1611	14.27
11-8	1620	6.36
11-15	1630	12.13
11-26	1662	10.09
11-28	1670	11.75
11-29	1674	26.05
12-3	1682	17.02
12-6	1702	21.63

Difference between 5% paid and rate due.

Total Indicated Overpayment of Royalties on Sales to International Smelting and Refining Co. $212.87

Sales to Magma Copper Co.

1956		
11-12	M-59	$17.52
11-27	M-61	8.18
12-17	M-64	8.77
12-22	M-66	8.36
1957		
1-2	M-69	8.13
1-15	M-1	11.84

Due to failure to deduct freight and additional transport charges.

Total Indicated Overpayment of Royalties on Sales to Magma Copper Co. $ 62.80

Total Indicated Overpayment of Royalties Period September 28, 1953 to June 6, 1959 based on Available Data $275.67

JUN 30 1959

Mr. Richard E. Chilson
c/o Lewisohn Copper Corporation
P. O. Box 2728
Tucson, Arizona

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Idm-8615

Dear Mr. Chilson:

By letter dated September 7, 1958, you advised the Executive Officer, OME Field Team, Region III, Denver, Colorado, that a detailed description of your method of recording, accounting, and calculating royalties due the Government on production from property under the referenced contract would be furnished at the earliest possible time. Despite a lapse of almost ten months, further requests by the Executive Officer's letters of November 21, 1958, March 18, 1959, and May 22, 1959, and a telephone promise on December 15, 1958, to T. M. Romslo, a representative of the Field Team, the information has not been furnished.

The Executive Officer's letters dated March 18, 1959, and May 22, 1959, also requested advice as to whether or not any production subsequent to June 1958 had been shipped. These inquiries were based on a statement in your December 1, 1958, letter to the Executive Officer that work was being performed in the subordinated area and that some ore might be shipped within a few weeks, as well as Mr. Romslo's observation on his December 15 visit to the property that a few hundred tons of ore had been stored for possible future shipment. This information likewise has not been furnished.

The Office, as successor to the Defense Minerals Exploration Administration, is responsible for enforcing all the provisions of the exploration project contract including the collection of royalty due the Government under Article 6 and, if required, the determination of royalty liability in accordance with the last sentence of Article 7. Accordingly, the prompt submission of the requested information together with the payment of royalty due, if any, would be appreciated.

Sincerely yours,

Frank E. Johnson

Acting Director

EDTalbert/ama
June 29, 1959

Copy to: Docket
Director's Reading File
Mr. Johnson
CA & A Division
Operating Committee
Mr. Killgaard
Mr. McMahon
Field Team, Region III (2)

[redacted]

EXTRA COPY O. M. E. RECEIVED JUN 24 1959		
DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

June 22, 1959

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 2843 (Copper) Contract Idm-E615, Lewisohn * Copper Corporation (King-In-Exile mine) Pima County, Arizona

We have had no reply to our letters to the operator dated March 18, 1959 and May 22, 1959, copies of which have been forwarded you.

This operator has been most uneo-operative, and our promise to refer the matter to your office did not have the desired effect. Will you please take such action as you deem necessary in this matter.

Original signed by
J. W. TOWNSEND

J. W. Townsend

HMC:jy

cc: Roy. Corres. E615
Chron.

* Operated by Lewisohn Copper Corporation on Aug. 25, 1955.

EXTRA COPY O. M. E. RECEIVED MAY 25 1959		
DATE	INITIALS	CODE
		800

25th Nov Customhouse
Denver 2, Colorado

May 22, 1959

Mr. Richard E. Chilson
Lewisohn Copper Corporation
* P. O. Box 2738
Tucson, Arizona

Re: Docket DMSA 5543 (Copper)
Contract IDm-R615
(King-in-Exile mine)
Pima County, Arizona

Dear Mr. Chilson:

Your letter of September 7, 1958, stated that a detailed description of your method of recording, accounting and calculating DMSA requisition would be forthcoming at the earliest possible time. Surely nine months should be a sufficient time, but we have not received the information requested.

Your letter of December 1, 1958, informed us that you had done some more work in the DMSA area and would have some ore to ship in a few weeks. Was the ore shipped?

You have not replied to our letter of March 18, 1959, in which we requested advice as to whether or not shipments have been or are being made from the previously stockpiled ore or current production.

If we do not receive the requested information from you before June 10, 1959, we will have no alternative but to refer the matter to the Washington Office for such action as they deem necessary.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC:jy

cc: Chm. Op. Comm. (2)
Roy. Corres. file R615
Chron.

* various addresses, also: P.O. Box 2739
1070 North Warren Ave.
125 North Stimson Ave.
} all Tucson

224 New Customhouse
Denver 2, Colorado

March 18, 1959

RECEIVED
MAR 23 1959
800

Mr. Richard B. Chilson
Lewisohn Copper Corporation
P. O. Box 2728
Tucson, Arizona

Re: Docket DMEA 2845 (Copper)
Contract Ida-E615
Lewisohn Copper Corporation
(King-In-Hole mine)
Pima County, Arizona

Dear Mr. Chilson:

It was stated in your letter of December 1, 1958 that exploration work was being done in the DMEA area and that you might have some ore to ship in a few weeks.

An inspection of the property early in December 1958 by T. M. Romslo disclosed that work was being conducted in the area subordinated under Contract Ida-E615, and that a few hundred tons of copper ore had been mined and garaged into a small stope where it was being stored for possible future shipment.

Please advise as to whether or not shipments have been or are being made from the previously stockpiled ore or current production.

Accurate records must be kept by you relative to production from the subordinated area; therefore, please forward information as to the type of records you are maintaining of the tonnage and grade of ore mined from the subordinated area, both as to that stockpiled and/or shipped.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC/ff

cc: Chmn. Op. Comm.(2)
/w/copy of Romslo's memorandum of Dec. 15, 1958.
Royalty file, E615
Romslo
Emerick
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

SOUTHWEST
EXPERIMENT STATION

P. O. BOX 4097
UNIVERSITY STATION
TUCSON, ARIZONA

OME
DEPARTMENT OF THE INTERIOR
DEC 17 1958
REGION III
DENVER, COLORADO

December 15, 1958

Memorandum

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

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

Subject: Docket No. DMEA-2843 (Copper) Contract No. Idm-E615, Lewisohn Copper Corporation (King-in-Exile Mine), Pima County, Arizona.

As requested in your memorandum of December 8, 1958, I made the on site inspection of the King-in-Exile mine December 11 and obtained the following information regarding operations subsequent to my semi-annual inspection of the project on July 2, 1958.

Prior to entering the mine, I obtained the following information from Ralph Soto, day-shift mine foreman. Operation of the mine has been essentially continuous since its reopening during the latter part of 1957. At the present time, the mine is operating 2 shifts daily with a 11-man day shift crew and 5 men on the night shift. Of the 16 men, 14 are mining about 25 tons of 6 - 7 percent copper ore per day. Shipments of this ore to A.S.& R. Co's El Paso smelter approximate 1 railroad car each 2 days. The other 2 men are irregularily employed one shift daily in the subordinated area. They are following a narrow and sporadically mineralized zone of a type along which small deposits of shipping grade ore have been found. Since the latter part of June 1958, a few hundred tons of material containing possibly 2 percent copper has been mined from this zone and scraped to a small stope where it is stored for possible future shipment.

The underground inspection included a visit to both areas. In the unsubordinated area, I did not enter the productive zones which are about 100 feet above the adit level as they were not readily accessible. However, I did note that mine-car lots of ore from these zones contained copper ore of a grade similar to that reported by Mr. Soto. In the pertinent subordinated area, I found that operations since July 2, 1958 had been confined to the zone described by Mr. Soto and that little or none of the drilled and blasted material had been removed from the mine. These findings substantiate the statements made by Richard E. Chilson in his letter to you December 1, 1958.

Mr. Chilson told me during a telephone conversation on December 15, that the information furnished me by his mine foreman was correct and supplied me with the following additional information. He is trying to complete arrangements with McFarland and Hollinger, owners of the concentrator at nearby Sahuarita, Ariz. that was formerly owned by Eagle Pitcher, for trial runs on the low-grade material stored in the subordinated area. If the trial runs are made and the results are satisfactory, additional shipments of this material will be made and mining operations in the subordinated area will be continued. Otherwise, all operations in this area will be suspended.

During the aforementioned telephone conversation, I asked Mr. Chilson if he would soon furnish the detailed description of his method of recording, accounting and calculating royalties that he promised in his letter to you of September 7, 1958. He first denied having promised the material and said that the request was unreasonable. After I made reference to the letter and explained that other operators willingly furnished material of this type in accordance with regulations, he said he would comply with the request but would not say when the material would be sent to you. I understand from statements he made that the production from each area will include a detailed record of tonnage by mine-car counts but that very little factual data will be furnished as to the grade of the ores. The grade of ore data probably will show that the best ore came from the unsubordinated area. This will indicate, if the ores

are assigned equal values, that the operator's estimates of royalties due, and paid according to available records, are on the high side. The only information I have that would indicate that this conclusion is valid is that during a few inspections I found the highest grade ore was being produced from the unsubordinated area.

T. M. Romslo

T. M. Romslo

CC: J. W. Townsend (orig. & 8)
Royalty & Certified Projects (1 each)
DF

TMROMSLO/rg

224 New Customhouse
Denver 2, Colorado

December 8, 1958

EXTRA COPY O. M. E. RECEIVED DEC 11 1958		
DATE	INITIALS	CODE
		800

Memorandum

To: T. M. Romslo

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 2843 (Copper) Contract No. Idm-E615
Lewisohn Copper Corporation, (King-in-Exile Mine)
Pima County, Arizona

Attached is a copy of a letter from Richard E. Chilson dated November 1, 1958.

You will see from a review of your file on this contract that the Operator is not cooperative. Please investigate the new exploration work in the DMEA area by an on site inspection and render a report regarding the Operator's statement.

You will note that the Operator's letter dated September 7, 1958 promised a detailed description of his method of recording, accounting and calculating royalties due the Government. However, we have not received this information.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JMC/ff
cc: Chm. Op. Comm. (2)
Chambers
Royalty File E615
Harshman
OME/TUC
Emerick
Chron.

LEWISOHN COPPER CORP.
P. O. BOX 2728
TUCSON, ARIZONA

DEC 5 - 1958
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E.
RECEIVED DEC 11 1958

DATE	INITIALS	CODE

December 1, 1958

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 2843 (Copper)
Contract Idm-E615
Lewisohn Copper Corporation
(King-in-Exile Mine)
Pima County, Arizona

Dear Mr. Townsend:

In reply to your letter of November 21st, no production has been made from the subordinated area of the King Mine since June 16, 1958.

Regular shipments are being made from unsubordinated area of the King mine but the subordinated area is in a different structure and has been much lower grade and production of shipping ore from this area only sporadic.

We have lately been doing some more exploration work in the DMEA area and may have some ore to ship in a few weeks. We will try to keep this ore separate and ship it in separate lots in order to simplify the DMEA royalty. Previous production has been mixed and the royalty calculated on the basis of mine car count from the different production faces.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

P.S. Please change our address in your files.

OFFICIAL FILE COPY O. M. E. RECEIVED NOV 24 1958		
DATE	INITIALS	CODE
		800

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

November 21, 1958

Mr. Richard E. Chilson
Levinson Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Permit EMEA 2613 (Copper)
Contract IBM-2615
Levinson Copper Corporation
(King-In-Exile mine)
Pima County, Arizona

Dear Mr. Chilson:

It has been brought to our attention, through a press release, that you are employing a crew of 8 to 10 men in stoping operations at the King-In-Exile mine.

In accordance with the contract, this office must be furnished with three copies of settlement sheets for each lot of ore shipped to the smelter, together with a check for the amount of royalty due on each lot shipped.

Your letter of September 7, 1958 stated that you would make a complete report at the earliest possible time, but more than two months have elapsed, and we have had no further word from you. Please advise by return mail the date on or before which we will receive the requested information, together with the amount of royalty due.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT:jy
cc: Chm. Op. Comm. (2)
Chambers
Royalty file 2615
Barnhart
OME, TUC
Beserick
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment), Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

9/11/58 (Date sent)

42 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

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

(3) The Sum of $ 1,812.55

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 1,812.55		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)

14-23-040
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Donald M. Park
(Authorized signature)

SEP 1 1 1958
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-939	San Jacinta	$1,426.99
E-615	Richard E. Chilson (2)	58.52
		204.83
E-1095	Modern Movies	122.21
		$1,812.55

B M C A
RECEIVED SEP 16 1958

DATE	INITIALS	CODE
9/16	H. G.	225
		800

224 New Customhouse
Denver 2, Colorado

September 10, 1958

800

VIA AIR MAIL

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 2843 (Copper), Contract No. 1dm-E615
Lewisohn Copper Corporation (King-in-Exile Copper Mines)
Pima County, Arizona

Enclosed are two photo copies of a letter dated September 7, 1958, from Richard E. Chilson, which is self-explanatory.

In view of Mr. Chilson's letter, please disregard our memorandum of August 27, 1958, which requested that your office write the Operator and demand royalties on past production.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Encls.

MHM:bh
cc: Royalty File E-615) w/copy
Semiannual File) of
Romslo, DMEA/TUC) Chilson's
Emerick) letter
Chron.

LEWISOHN COPPER CORP.
P. O. BOX 2728
TUCSON, ARIZONA

DMEA
DEPARTMENT OF THE INTERIOR
SEP 10 1958
REGION III
DENVER, COLORADO

September 7, 1958

Mr. J. W. Townsend
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Townsend:

In answer to your letter of July 11, 1958 with reference to Docket DMEA-2843 (Copper), Contract Idm-E615 please find enclosed check No. 4 on theSuburban Trust Co., Plainfield, New Jersey in the amount of $204.83 covering the DMEA royalty to which reference is made in this letter.

Enclosed also is Lewisohn Copper check No. 2305 in the amount of $58.52 in payment of DMEA royalty generated by production from the DMEA subordinated area of the King mine in the first half of 1958. Details of this production were reported to the Bureau of Mines (Mr. T. M. Romslo) on July 21, 1958.

I understand that you would appreciate a detailed description of our method of recording, accounting and calculating these royalties. I will try to make a complete report for your files at the earliest possible time.

No production is being made of DMEA subordinated ore from the King Mine at this time.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

PHOTOCY TO
CHAIR CDR COMM - 2
SARF - E 615
ROMSLO - DMEA/TUC
EMERICK

Rem. File E 615

SEP 9 1958

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Docket No. DMEA-2843 (Copper)
Lewisohn Copper Corporation
Contract No. Idm-2615

Dear Mr. Chilson:

With a letter dated January 24, 1957, your company furnished the DMEA Executive Officer, Denver, Colorado, four copies of each settlement sheet covering production from land subject to DMEA royalty under the subject contract during 1956. Royalty amounting to $3,614.96 was paid. Royalty has not been paid on any subsequent production.

By letters dated October 30, 1957, and July 21, 1958, you advised Mr. Remale of certain production subsequent to 1956 on which royalty would be due to DMEA. The Executive Officer has written several letters to you requesting a description of the method whereby record is maintained of production subject to DMEA royalty and production not subordinated, as well as copies of settlement sheets and payment of any royalty due on production since 1956.

This Administration is charged with the responsibility of enforcing all the provisions of exploration project contracts including the collection of any royalty receivable under Article 6 of this contract. Therefore, it would be appreciated if you would furnish the requested information, together with payment of the royalty, or a proposal for the orderly liquidation of the past-due royalty.

If the number of settlement sheets involved is so large as to result in an undue burden in reproducing them and you will lend your file copies, this office will arrange for the preparation of those necessary for our purpose and will promptly return yours.

Signed for by Richard E. Chilson
on 9-16-58. Certified No. 824358.

Please reply to this letter as soon as possible.

Sincerely yours,

C. C. Wimendorf

Administrator

CEFisher/GMcC
September 4, 1958

cc: Docket
Admr. Reading File
Field Team, Region III (2)
Mr. Chambers

224 Erv Customhouse
Denver 2, Colorado

August 27, 1958

800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Desert DMEA 2243 (Copper) Contract Idm-E615, Levisohn Copper Corporation (King-in-Exile Copper Mines) Pima County, Ariz.

By letter, dated February 28, 1958, certified letter, dated July 11, 1958, and certified letter, dated August 7, 1958, the Operator was requested to submit royalties and sales data on production made during the first half of 1957 and the first half of 1958. Copies of these letters were previously furnished to your office. Although the postal receipts show that the certified letters were delivered to Mr. Chilson, to date no reply has been received by this office.

Since our efforts have not been successful, it is requested that your office write the Operator in an attempt to obtain the previously requested royalties and sales data.

Original signed by
J. W. TOWNSEND

J. W. Townsend

MHM:jy

cc: Royalty File E615
Semiannual File
Romslo, DMEA/TUC
Emerick
Chron.

		CODE
		600

224 New Customhouse
Denver 2, Colorado
August 7, 1958

CERTIFIED MAIL

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Docket DMEA-2843 (Copper)
Contract Idm-E615
Lewisohn Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

By letter, dated July 21, 1958, you advised Mr. T. M. Romalo of the Tucson Office, DMEA, that production having a value of $4,847.60 was produced during the first half of 1958, which is subject to DMEA royalty. You further indicated that royalties of $58.52 were due the Government.

Please provide this office by return mail with three copies of the settlement sheets covering this production, with check in the amount of royalty due.

With the mentioned settlement sheets and royalty, please also enclose the sales data on production and royalties which were requested by our letter of July 11, 1958.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

MHM:jy
cc: Sec. Op. Comm. (2) } w/copy of Oper's.
Royalty File } ltr. dtd. 7/21/58.
Emerick }
Semiannual File
DMEA,TUC
Chron.

LEWISOHN COPPER CORP.

P. O. BOX 2728
TUCSON, ARIZONA

EXTRA COPY
DMEA
RECEIVED AUG 11 1958

DATE	INITIALS	CODE

July 21, 1958

Mr. T. M. Romslo
U. S. Bureau of Mines
University of Arizona
Tucson, Arizona

Re: King Mine DMEA copper ore production

Dear Mr. Romslo:

Herewith the relevant figures on the production of ore from the King Mine during the first half of 1958. No ore was produced from the King between June 6th, 1957 and January 1st 1958. Although four carloads were shipped during the months of January and March, 1958, no production was made from the DMEA subordinated area until April 28th. Between the 28th of April and the end of June, 1958, seven carloads were shipped including 122 mine cars from the subordinated area.

R. R. Carloads shipped (4-28 to 6-30-58)	7
Dry tons	389.24
Average copper assay	5.57%
Gross Return (Net smelter plus property royalty)	$4847.60
Total mine cars delivered to ore bin	485
Mine cars from unsubordinated area	363
Mine cars from subordinated area	122
Percentage of production from subordinated area	25.15%
Subordinated portion of gross return	$1170.34
Subordinated gross return @ 5%	$58.52

The apparent discrepancy in the above figures is due to the fact that the subordinated percentage is not actually distributed evenly over the gross return but is calculated separately for each carload and then totaled.

While we are able to mine and ship only higher grade ore under present conditions, we find a relatively large percentage of 1½ to 3% ore in this DMEA area which we call the Exile. We intend instituting a considerable diamond drilling program here in the near future to see if enough ore can be developed to warrant a small treatment plant which would make ore out of a great deal more of this mineralization.

DMEA
DEPARTMENT OF THE INTERIOR
AUG 4 - 1958
REGION III
DENVER, COLORADO

With best regards, I am

Very truly yours,

Richard E. Chilson

EXTRA COPY
DMEA
RECEIVED JUL 16 1958

DATE	INITIALS	CODE
		900

CERTIFIED MAIL

208 New Customhouse
Denver 2, Colorado

July 11, 1958

Mr. Richard E. Chilson
Louisiana Copper Corporation
1676 E. Warren Avenue
Tucson, Arizona

In: Contract DMEA-[illegible] (Copper)
Contract Ins-[illegible]
Louisiana Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

Enclosed is a photo copy of our letter, dated February 28, 1958, for which we have received no reply.

We have deferred writing you until this date under the impression that you were in contact with our Tucson Office, DMEA, and that delinquent royalties and a satisfactory proposal for reporting production subject to Government royalty could be expected to be received at an early date.

It is believed that a sufficient time has now elapsed for this purpose; therefore, you are requested to submit within ten days from the date of this letter all royalties due, suitable evidence of sales of production thereafter, and proposal for reporting production subject to DMEA royalty. Should this office not receive the requested royalties and information at the end of such period, we will have no recourse but to refer the matter to the Washington Office, DMEA, for whatever action is indicated to protect the interests of the Government.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

Enclosure
MEM:jr
cc: Backstamped Rpt. File
Royalty File DMLS
Sec. Op. Comm. (2)
DMEA,TUC - w/copy of our ltr.
Rourick dtd. 2/28 to Oper.
Chron.

EXTRA COPY
DMEA
RECEIVED

DATE		CODE
		800

224 New Customhouse
Denver 2, Colorado

February 28, 1958

Mr. Richard E. Chilson
Lewisohn Copper Corporation
1070 N. Warren Avenue
Tucson, Arizona

Re: Docket DMEA-2843 (Copper)
Contract Idm-E615
Lewisohn Copper Corp.
(King-in-Exile Copper Mines)
Pima County, Arizona

Dear Mr. Chilson:

By letter dated October 30, 1957, you advised Mr. T. M. Romalo of the Tucson Office, DMEA, that production having a value of $4,096.67 was produced during the first half of 1957, which is subject to DMEA royalty. You further indicated that royalties of $204.83 were due the Government.

Considerable time has elapsed without our having received the indicated royalties and evidence of sales. We will appreciate your attention to the payment of these delinquent royalties for this and all other previously unreported production.

At the same time, we will appreciate receiving from you a description of the method whereby record is maintained of production subject to DMEA royalty and production not subordinated. The method of counting mine cars of ore produced from each area, as explained to Mr. Romalo, seems quite satisfactory. We would, however, appreciate your making an explanation of the method employed to this office so that the Washington Office, DMEA may rule on its acceptability.

Very truly yours,

Original signed by
W. H. KING

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

MHM:jy
cc: Semiannual Rpt. file E615
Royalty file
Sec. Op. Comm. (2)
DMEA, TUC
Emerick
Chron.

MAR 21 1957

Mr. E. K. Harshman
Acting Executive Officer
DMEA Field Team, Region XIII
924 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in Exile Mine
Pima County, Arizona
Contract No. Idm-3615

Dear Mr. Harshman:

With reference to your February 20 letter covering legal instruments pertaining to the cited contract, we are enclosing two copies of a self-explanatory memorandum from the Associate Solicitor.

The Operator's proposal concerning future royalty payments appears to be satisfactory.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

WRGriswold/er 3/18/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. McMahon, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chamber, DMEA
Chron.

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

For Certificate of Deposit No. 104, dated February 5, 1957, giving royalty payment of $2,314.06, see E-395.

E-615

For Certificate of Deposit No. 97, dated January 22, 1957, giving royalty payment of $500.00, see E-54.

500

OCT 31 1956

Mr. W. N. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract No. Ida-8615

Dear Mr. Travers:

We have your memorandum dated October 24, with enclosures, covering royalty matters under the cited contract.

Obviously, we cannot accept the 2½ per cent arrangement suggested by Mr. Korer. A reasonable approximation, based upon a car count and grab sampling, as outlined by you, seems the logical solution.

You may accept the sum of $500.00 tendered by the Operator as payment on the royalty account; such account to be subject to a later royalty audit.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:
Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 10/30/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Pennington, USBM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers, DMEA
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

pertaining to Exploration Project Contract No. Idm-E615, Docket No. DMEA 2843, including Amendment No. 1 and Termination Agreement dated July 23, 1954, for the months of October 1953 to February 1954, inclusive, covering a project for the exploration of copper on property, known as King in Exile Mine, located in Pima County, Arizona, 16 miles east of Sahuarita.

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

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

The contract provides for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total cost as billed by Contractor:		$10,200.00
Exceptions		
By DMEA Finance Officer	None	
Herewith	None	None
Total Accepted Cost		$10,200.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five Thousand One Hundred and no/100ths Dollars

- $5,100.00 -

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Date: December 2, 1954

Donald T. Finch
Donald T. Finch
Auditor

Form MF-106 (Rev.)
(April 1952)

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

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

MAR 31 1955

Month of February 1954, 195____ Docket No. DMEA 2843 Contract No. Idm-2615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson, Arizona
Contract Amount, $ 27,150 Government Participation: 50 % Amount, $13,575.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	$685.00	$1715.00	$2400.00			
Bulldozing						
Crosscutting		7800.00	7800.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$685.00	$9515.00	$10,200.00	685.00	9515.00	10200.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 8, 1954 *Payee Richard E. Chilson

Per Same Title Operator

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

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

(Instructions on reverse)

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

$ 342.50

Signature [illegible]
(Authorized Certifying Officer)

Date 3/23/55 Vou. No. DMA 55-74
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm. E 61 S in accordance with the terms of the contract.

Signature William R. Hardinge WRH Title Mining Engineer Date 4/2/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Fraser Title Executive Officer Date MAR 22 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 31 1954

Month of February, 1954 Docket No. DMEA 2843 Contract No. Idm-1615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting				$7800.00				
Raising								
Shafts								
Winzes					470		600	
Drilling: Core	Feet	$685.00	137	$2400.00	~~580~~	$5.00	~~1,000~~	5.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$685.00		$10,200.00				

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

Date March 8, 1954 Operator Richard E. Chilson

Per Same Title Operator

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 31 1955

224 New Customhouse
Denver 2, Colorado

March 22, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 2843 (Copper), Contract Idm-E615, Richard E. Chilson, Pima County, Arizona - Operator's Monthly Progress Report for the month of February, 1954 - FINAL PAYMENT

The enclosed original and four copies of Forms MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period constitutes the operator's final accounting report under the terms of the contract.

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made on the following basis which is in conformance with the Report of Review of contract expenditures by the Contract Administration and Audit Division dated December 2, 1954:

Basis for Final Payment

Total accepted cost.....	$10,200.00
Government participation at 50%.....	5,100.00
Total prior payments.....	4,757.50
Balance due the operator.....	$ 342.50

Processing of the February report has been deferred pending receipt of the operator's final narrative report which was received in this office March 18, 1955.

W. M. Traver

W. M. Traver

Enclosures
JWT:sr
cc Sec. to Op. Comm. (2)
Storms
Townsend
Subject
Chron

Minerals Administration
RECEIVED
APR 31 1954

April 5, 1954

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : February 1954 Progress Report, Contract Ida-2615, Docket BMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed in quintuplicate are

(1) Bureau of Mines engineer's report;
(2) Operator's narrative report with map;
(3) Forms MF-104 and MF-104A.

Also enclosed are 2 extra copies of our engineer's report.

The 137 feet of drill hole are in accordance with the terms of the contract. However, as the operator has requested that the contract be terminated, I recommend that the customary amount be withheld until a final report has been received.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
BMEA-2843
RF

WRStorms:frj

April 2, 1954

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for February 1954, Docket DMEA 2843, Contract Idm-2615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile copper mine was visited on March 5, 1954. The operator, Mr. R. E. Chilson, was not at the mine but the findings of the visit were discussed with him later.

During February the operator drilled a diamond drill hole northward at an angle of minus 40 degrees to intercept the favorable contact at a greater depth and below the point in the crosscut where some copper minerals were found. The hole was drilled to a depth of 137 feet. The core from the hole was examined and no significant mineralization was evident. The hole started in monzonite at the drill station, 186 feet south of the start of the contract crosscut, and entered garnet and tactite at 50 feet. At 117 the hole entered relatively unaltered limestone which continued to the bottom.

The 137 feet of drill hole are in accordance with the provisions of the contract which provides for participation by the Government to the extent of 50 percent of an agreed estimated cost of $5.00 per foot. The cost of 137 feet was $685.00 and the Government's part is $342.50.

The operator has requested termination in his narrative report. This subject will be discussed in a separate memorandum report at an early date when the recent work by the operator has been examined and mapped. The operator has been unable or unwilling to do the necessary work to present an accurate map with his reports.

CC W. H. King (Orig. & 6)
DMEA-2843
RF

WRHardwick:frj

No ore has been discovered.

It is recommended that payment of the Government's part of the above work be withheld until a satisfactory completion report is submitted by the operator or until the contract is amended to permit additional work.

William R. Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

March 8, 1954

THE MINERAL
Stock Administration
RECEIVED
MAR 8 1954

Mr. M. H. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: DMEA 2843
Contract : Idm-1515

Dear Mr. King:

Herewith my fifth monthly report on the above contract. During the month of February, 1954, we drilled DD hole No. 3 from the DD station "A" on a bearing of North 7 deg. west at a dip of about -40 deg. This hole cut the contact from the monzonite into the metamorphic formation at fifty feet and continued in garnet and lime silicates to 117 feet where the unaltered lime came in without any significant mineralization. The hole was driven 20 feet into the footwall and bottomed in lime at 137'.

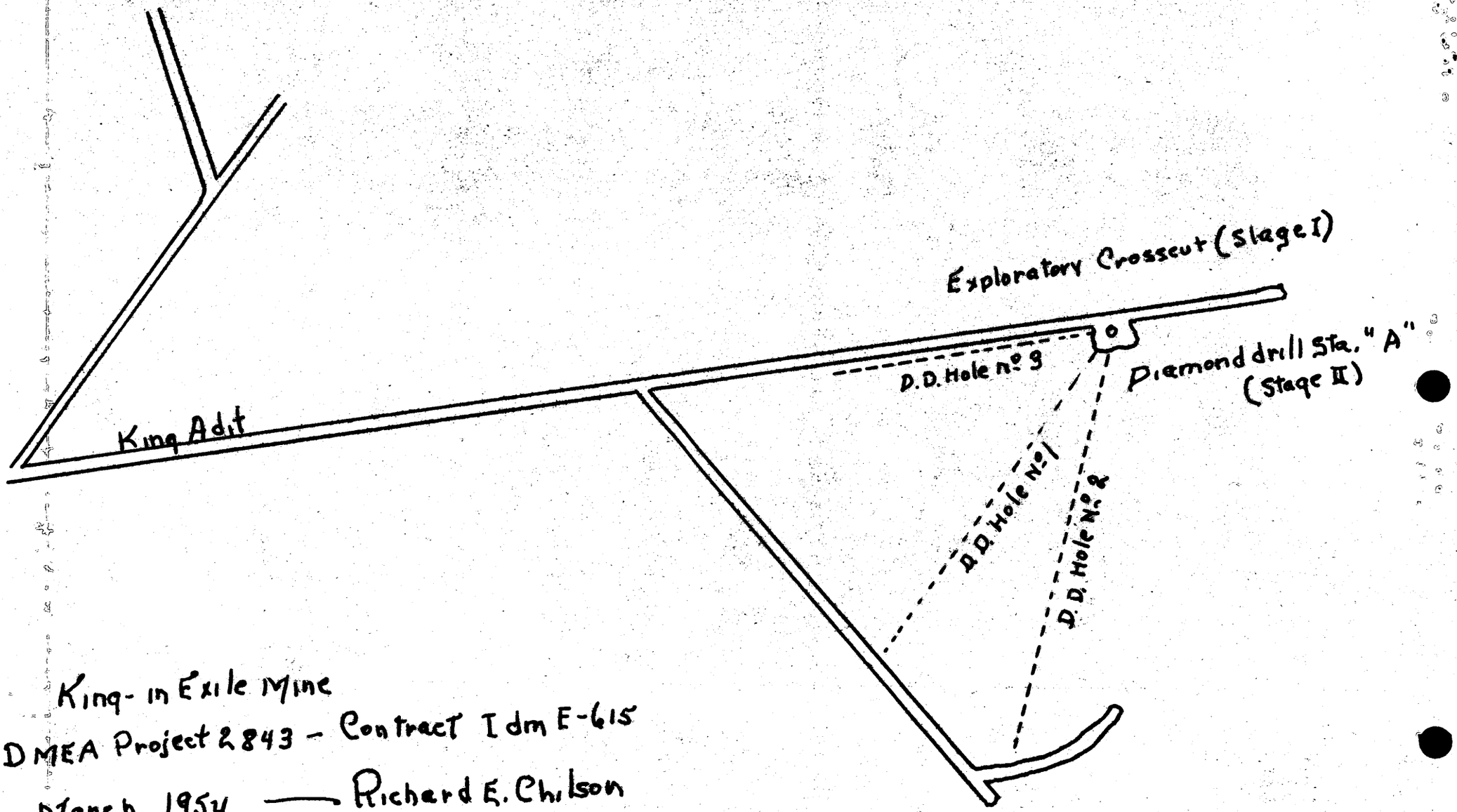
During this month the government representatives have steadfastly refused to recommend government participation in further work under the contract on the grounds that the odds are against the finding of a significant ore deposit and that there is a cheaper way of exploring the structure. Their judgment might seem to have been vindicated by the fact that I have drifted the two hundred feet along the formation at my own expense and cut about fifty feet of crosscut without finding any ore yet. However, as I am not smart enough to know when I am licked, I am going to do a little more exploration in this area before I will be satisfied. I feel that we may be too high on the structure and that a couple of hundred feet down dip would be better country. Also further yet to the southwest, in the vicinity of the broadtop fault.

In any event, under the circumstances, I wish to request that this contract be terminated and I will make a new application for exploration assistance in the vicinity of the broadtop fault as suggested by Mr. Falk and Mr. Bartlick. I might point out that this work was proposed as part I of my original application for the project which we are now terminating, but got lost in the shuffle.

Very truly yours,

Richard E. Chilson

Richard E. Chilson



King-in Exile Mine
DMEA Project 2843 - Contract I dm E-615
March, 1954 — Richard E. Chilson

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

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

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

Month of January, 1954 Docket No. DMEA 2843 Contract No. Idm-3615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson, Arizona
Contract Amount, $ 27,150.00 Government Participation: 50 % Amount, $ 13,575.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	$940	$775	$1715			
Bulldozing						
Crosscutting	—	$7,800	$7,800			
Drifting ($3,000)	~~$3,000~~	—	$3,000	00	00	00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
	940		9,515			
TOTALS	~~$3,940~~	$8,575.00	~~$12,515.00~~	940.00	8,575.00	9,515.00

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

Date Jan. 31, 1954 Payee Richard E. Chilson

Per Same Title Operator

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

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

(Instructions on reverse)

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

$ 470.00

Signature [illegible]
(Authorized Certifying Officer)

Date 2/26/54 Vou. No. DMA 54-83

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEA 61 in accordance with the terms of the contract.

Signature William P. Hardwick Title Mining Engineer Date 2/12/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.A.B.

Signature W S King Title Executive Officer Date FEB 19 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1954 Docket No. DMEA 2943 Contract No. 11-9615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2329, Tucson, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	3000	$3,000	100	$3,000	100	$30.00	300	$30.00
Crosscutting	Feet	—	—	2,880	360	30.00	300	30.00
Raising								
Shafts								
Winzes								
Drilling: Core	Feet	9500	100	1,715	343	55.00	1,000	55.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS								
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
		940		9,515				
TOTAL COSTS		$3,940		$39,515				$37,350

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

Date Jan. 31, 1954 Operator Richard E. Chilson

Per Same Title Operator

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

Administrative Audit Difference Statement

Date: Febr. 23, 1954
Payee's
Reference: Progress Report
January, 1954

Richard E. Chilson
P O Box 2729
Tucson, Arizona
Idn-1615

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

Amount Claimed $ 3,940.00

Difference $ 3,000.00

Amount Approved $ 940.00

The reason for the difference was due to:

$3000.00 is disallowed. It is claimed in payment for 100 feet of drifting at $30.00 per foot. Written permission for Stage III work was not received prior to the work being done as required by Contract.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

February 19, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2843 (Copper), Contract Idm-E615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Arizona. Operator's Monthly Progress Report for the period January 1954.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

The amount of $3,000.00 claimed for 100 feet of drifting at $30.00 per foot is to be disallowed as this is Stage III work and prior written permission for Stage III work was not received as required by Contract Idm-E615.

Remarks:

Date of Report	January 31, 1954.
Date Received in Field Office	February 11, 1954.
Date Received in Region Office	February 17, 1954.

W. H. King

W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WRStorms
Chron.

February 15, 1954

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : January 1954 Progress Report, Contract Idm-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

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

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

Also enclosed are 2 extra copies of our engineer's report.

The operator is asking for reimbursement for 100 feet of drifting. This work under Stage III was done without prior approval of the field examiners or the DMEA Field Team, so should not be allowed. The 188 feet of diamond drilling were in accordance with the terms of the contract, so I recommend that the Government's share of the cost of this drilling be paid.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2843
DF

WRStorms:frj

February 12, 1954

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for January 1954, Docket DMEA-2843, Contract Idm-E615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile copper mine was visited on February 4, 1954 by John N. Faick, Geologist, U. S. Geological Survey, and the undersigned engineer. Mr. Richard E. Chilson was at the mine and assisted in measuring the progress for January.

During the month of January the operator started to drill a second Diamond Drill hole from the drill station located 188 feet south of the contract starting point in crosscut "B". This hole was drilled on a bearing of South 75° West and dipped at 23° from the horizontal, but was lost at a depth of 13 feet. A second attempt was made on a bearing of North 80° West and on inclination of 24 degrees. This hole reached a depth of 175 feet. The total distance drilled during the month was 188 feet, including the 13 feet which was lost.

In addition to the diamond drilling, the operator has started a drift at a point 11 feet south of the starting point of the contract in crosscut "B", and bearing South 68° West. This drift had been driven 140 feet when measured on February 4, 1954.

The operator has submitted a log for drill hole Nos. 1 and 2. These logs show a series of three thin ore zones in drill hole No. 1 at a depth of 144 feet, and a lense of ore at a depth of 107 to 115 feet in drill hole No. 2. In addition the drift, which the operator has driven, exposed strongly mineralized ground at a distance of 123 feet from its starting point.

The operator presented a request for permission to start stage III of the contract which includes the 140 feet of drifting mentioned above. Denial of this request was recommended, and the

CC W. H. King (orig. & 6)
DMEA-2843
DF

WRHardwick:frj

request was denied. The project is being re-examined and an interim report will be submitted. It is too early to state definitely but it appears now that stage III will not be recommended and that termination of the contract will be recommended at the end of Stage II.

The operator has presented a MF-104 voucher claiming reimbursement for the Government's agreed part of the costs of 100 feet of drifting (a part of Stage III of the contract), which he states were completed in January. Permission to start stage III of the contract has not been recommended nor granted, therefore it is recommended that this part of the operator's request for payment be denied.

The operator has also requested payment for 188 feet of diamond drill hole that were completed in January. The 188 feet of drill holes are in accordance with the contract which provides for reimbursement by the Government of 50 percent of the operator's agreed estimated costs of $5.00 per feet. The cost of the 188 feet of drill hole is $940.00 and the Government's agreed part is $470.00. It is recommended that the operator be paid this amount.

William R. Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

January 31, 1954

Mr. W. H. King
Executive Officer, DMEA
Field Term, Region IV
324 New Custom House
Denver 2, Colorado

Re: DMEA 2843
Contract IDM-2615

Dear Mr. King:

Herewith my fourth monthly report on the above contract. At the beginning of this month, having proven the presence of shipping grade ore in the structure to the west of our initial exploratory crosscut with a horizontal drill hole as reported in my report of December, we were preparing to drift along this structure. At the same time a drill hole was started to probe farther west and down dip from the line of the drift.

Due to shearing off a core barrel at thirteen feet, we lost our first attempt at Hole No. 2 but on the second try we drove through the formation to 175'. The contact between the monzonite and the lime metamorphic formation was cut at 35' in this hole. From 35' to 87' lime silicate and garnet rock carried a constant trace of pyrite and chalcopyrite up to about 1% copper. From 87' to 100' this material assayed 1.15% copper. From 100' to 107': 1.35% copper and 107 to 115 feet, ten percent copper.

From 115' to 160' was a fairly uniformly mineralized garnet running about 1%. The lime footwall was cut at 160' and the grey lime continued to the bottom of the hole at 175' with one 1" streak of chalcopyrite cut in the lime at 165'.

It is my opinion that the results of this hole strongly confirm the probability of finding commercial ore in this area. Hole No. 2 was drilled on a bearin 71 deg. west at an inclination of -30 degrees. We are now preparing to drill Hole No. 3 on a north bearing at about -45 degrees. If we have as good luck in this hole I think we should drill one vertically.

Our drift face, meanwhile, after about sixty feet of mixed lime and garnet along the footwall of the formation, began running into bunches of ore and we sent about 35 tons to the sorting bin for shipment. An assay of the round broken at the 100' mark, however only assayed 1.58% copper and 0.8 Oz. Ag.

Very truly yours,

Richard E. Chilson

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

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

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

Month of December, 1953 Docket No. DMEA 2843 Contract No. P-615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729 Tucson, Arizona
Contract Amount, $ 27,150.00 Government Participation: 50 % Amount, $ 13,575.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	$775.00		$775.00			
Bulldozing						
Crosscutting	$	$7,800.00	$7800.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$775.00	$7,800.00	$8,575.00	775.00	7,800.00	8,575.00

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

Date Dec. 29, 1953 *Payee Richard E. Chilson

Per Same Title Operator

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

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

(Instructions on reverse)

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

$ 387.50

Signature [illegible]
(Authorized Certifying Officer)

Date 1/20/54 Vou. No. DMA 54-72
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMF 615 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date 11/15/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R. D.

Signature John F. Shea for W. H. King Title Executive Officer Date JAN 8 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 3 195 Docket No. DMEA 2843 Contract No. E-615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729 Tucson, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Feet						300	$30.00
Crosscutting	Feet			$7,800.00	260	$30.00	380	30.00
Raising								
Shafts								
Winzes								
Drilling: Core	Feet	$775.00	155	$775	155	$5.00	1000	$5.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$775.00		$8575.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$775.00		$8575.00				

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

Date December 29, 1953 Operator Richard E. Chilson

Per Same Title

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

January 8, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2843 (Copper), Contract Idm-E615, Richard C. Chilson's King-in-Exile Copper Mine, Pima County, Arizona. Operator's Monthly Progress Report for the period December 1953.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	December 29, 1953.
Date Received in Field Office	January 4, 1954.
Date Received in Region Office	January 6, 1954.

John F. Shaw
For W. H. King
Executive Officer
DMEA Field Team, Region IV

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WRStorms
Chron.

January 5, 1954

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : December 1953 Progress Report, Contract Idm-E613, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

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

Also enclosed are 2 extra copies of our engineer's report.

Stage I has been completed and the operator now is drilling under Stage II of the contract. Permission was granted by the Field Team to start Stage II as of December 1.

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

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2843
MF

WRStorms:frj

MINING DIVISION
REGION IV

January 5, 1954

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Arizona

Subject : Progress Report for December 1953, Docket DMEA-2843, Contract Idm-E615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile copper mine was visited on December 22, 1953. Richard E. Chilson was not at the mine. The core from Diamond Drill hole No. 1 was examined and the hole was found to be 155 feet deep at that time.

The core recovery was very good after the hole left the monzonite and entered the tactite border zone. The core shows good chalcopyrite mineralization in several places. The Operator in his narrative report has stated that he does not see how assays would be significant. This point was discussed with him on January 4, 1954 and he has agreed to assay the parts of the core which he believes to be ore.

The 155 feet of drill hole that were completed in December were in accordance with the provisions of the contract and were authorized as provided in the contract by a letter to Richard E. Chilson on December 21, 1953, from the DMEA Field Team. The contract provides for Government aid to the extent of 50 percent of an agreed estimated cost of $5.00 per foot. The total cost for 155 feet was $775.00 and the Government's part would be $387.50. It is recommended that the Operator be paid this amount.

The Operator has presented a narrative report which is adequate, and has agreed to furnish assays. While he has not furnished a drill log he has discussed the findings of the drill hole rather completely in his narrative report.

William R. Hardwick
William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

CC W. H. King (Orig. & 6)
DMEA-2843
DF

WRHardwick:frj

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 29, 1953

Mr. W. H. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: DMEA 2843
Contract Idn 2-615

Dear Mr. King:

Herewith my third monthly report on the above contract. Stag having driven through the first porphry contact in stage I as reported last month and gone as far as it seemed there was any possibility of picking up a second lime bedding without finding any sign of it at this level, we cut out a diamond drill station as proposed in my report of December 3rd and shown on the accompanying sketch and drilled a hole to cut the contact which we did cross, at a point about 125 feet west of the first crossing in the crosscut.

It was intended to cut the formation at right angles and it appears we did fairly well on this. The hole was pointed back towards the northwest at 47 degrees from the line of the crosscut and at an inclination of minus 6 degrees to keep water in the hole for better drilling. The quartz monzonite through which the hole passed for seventy feet was extremely hard on the diamond bits and very friable so that most of the core was recovered as rubble. Panning of the sludges and examination of the core showed occasional chalcopyrite mineralization on the fractures similar to that observed along the crosscut, about on the order of 1/10 of one percent copper.

From seventy to eighty-five feet very little core was recovered from a soft gouge material of grey to black mud with mica, pyroxene minerals and pyrite cubes and copper mineralization between one and two percent. From eighty-five to 131 feet this gouge solidified to a hard siliceous metamorphic with intervals of white lime silicate and a yellowish garnet, all of which contained traces of chalchopyrite and pyrite cubes. The copper content of this section was less than one percent. At 131 feet a fracture was encountered which had to be cemented. From 131 to 136 was the same material, but at 136 an eight inch cavity drained off our water and we were unable to recover any more sludge thereafter.

Between 140 and 155 feet, three intervals of copper ore were cut, aggregating about five feet of seven percent ore. These intervals were 142 to 144, 148 to 150 and 154 to 155 feet. I do not submit assays on this core for the reason that I do not see how assays would be significant.

Jim!

If I were to assay selected parts of the cores I could get 12 inches or so of 12% copper ore which would not be commercial; orm I could average the fifteen feet at less than 3% copper which would not be commercial either. Yet, with my experience at the King Mine, I feel that this is a very substantial indication of commercial ore which well deserves prospecting.

Because of the extreme irregularity of the ore in the King we find that diamond drilling is particularly valuable for determining the location and relationship of ore zones rather than in measuring or evaluating the probable production. For instance, a thickness of fifteen feet of ore cut in a diamond drill hole is not proportionately more important or significant than five feet of ore over a width of fifteen feet. Although much more exciting, I admit. This is because of the habit of the ore to lie in every conceivable attitude within the structure, readily dipping toward the footwall or striking locally across the bedding. Also, no known occurrence of ore of one to two feet in thickness has yet failed to have at least one and usually two dimensions of fifteen feet in some direction and conversely, our largest orebodies always have their two foot sections or fingers within ten to twenty feet of the heart of the greatest mass. Certainly it would be disastrous to judge this ore by the standards of fissure veins or of porphry deposits.

It is therefore more often by grain and texture and gangue minerals and the relation of the ore zone to the lime footwall and the monzonite hanging that we use to formulate our opinions as to the value of a drill hole indication. And in this instance I am well encouraged by our indication in this hole.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
DEC - 8 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1953, 195..... Docket No. DMEA 2843 Contract No. [illegible]
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729 Tucson, Arizona
Contract Amount, $ 13,575.00 Government Participation: 50 % Amount, $ 27,150.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
~~Drilling~~ Trenching	$3,900.00	$3,900.00	$7,800.00			
Bulldozing						
Crosscutting *						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3,900.00	$3,900.00	$7,800.00	3,900.00	3,900.00	7,800.00

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

Date Dec. 1, 1953 *Payee Richard E. Chilson

Per None Title Owner

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

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

(Instructions on reverse)

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

$ 1950.00

Signature [illegible]
(Authorized Certifying Officer)

Date 12/1/53 Vou. No. DMA 54-61

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dmE 615 in accordance with the terms of the contract.

Signature William R. Hardinge WRH Title Mining Engineer Date 12/3/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.D.B.

Signature W H King Title Executive Officer Date DEC 8 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

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

Month of November 195 3 Docket No. DMEA 2843 Contract No. [illegible]
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729 Reno, Nevada

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Feet	$3,900.00	130	$7,800.00	260	$30.00		
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3,900.00		$7,800.00				

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

Date Dec. 1, 1953 Operator Richard E. Chilson

Per Same Title Operator

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

December 9, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2843 (Copper), Contract Idm-E615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Arizona - Operator's Monthly Progress Report, for the period November 1953

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	December 1, 1953
Date Received in Field Office	December 2, 1953
Date Received in Region Office	December 7, 1953

Transmitted Jan 4 54

W. H. King

Enclosures

RDB:fwo

cc Sec.Oper.Comm. (2)
WRStorms
Contract
Chron

MINING DIVISION
REGION IV

December 3, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : November 1953 Progress Report, Contract Idm-2613, Docket DMEA-2046, Richard K. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report;

(2) Operator's narrative report with map;

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

Also enclosed are 2 extra copies of our engineer's report.

On the operator's map, please note that Drill Station "A" is incorrectly located. We have added arrows to show its correct position and also have shown crosscut face as of December 1. I also believe that the contact as shown in crosscut "B" actually is farther to the south.

As the 138 feet of crosscutting are in accordance with the terms of the contract, I recommend that the Government's share of the costs be paid.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2043
RF

WRStorms:fr

MINING DIVISION
, REGION IV

December 3, 1953

Memorandum

To : Walter R. Stearns, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for November 1953, Docket DMEA-2846, Contract Idm-5613, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Arizona.

The King-in-Exile copper mine was visited on December 1, 1953 and the progress was measured. Mr. Chilson was at the mine and assisted in measuring the advance. From the initial measuring point, the face of the crosscut now measures 272 feet. The starting point of the contract was 12 feet from this point, thus the total advance of the crosscut is 260 feet and the advance for November was 130 feet.

The operator now has stopped advancing the crosscut and is cutting a diamond drill station at a point 188 feet from the starting point. He plans to drill some diamond core drill holes under Stage II to explore the contact.

The crosscut was in monzonite for the entire 130 feet of advance during November. The operator had expected to pass through a contact zone, then through a thin monzonite sill and into limestone beds, and finally through a second contact zone and into a thick monzonite sill. However, only one contact zone was discovered. Ore minerals were very scanty although some pyrite was observed. Near the end of the crosscut, sulfides increased and some pyrite was coated with a black stain which may be chalcocite. No ore has been discovered by work under the contract so far.

The operator has presented a narrative report for November which is considered adequate. He has claimed reimbursement for the 130 feet of crosscutting that were completed in November. This work was in accordance with the terms of the contract which provides for Government participation at 50 percent of an agreed estimated cost of $30.00 per foot. The total cost of the work completed in November is $3,900.00 and the Government's agreed part is $1,950.00. It is recommended that the operator be paid this amount.

William R. Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

CC W. H. King (Orig. & 6)
DMEA-2846
DF

WRHardwick:frj

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

December 1, 1953

Mr. G. H. King,
Executive Officer, DMA
Field Team, Region IV
224 Sec Const Bldg
Denver 2, Colorado

Re: DMA 2843
Contract Ida-2015

Dear Mr. King:

Herewith my second monthly report on the above contract. We have driven another 130 feet of crosscut and I believe we have completed phase "1" of this contract since it appears that the second ore showing on the surface did not extend down to the adit level and driving further will not serve any useful purpose.

From the appearance of the contact there as crossed it as shown on the accompanying sketch it is my opinion that there is a strong possibility of ore within reach of diamond drill holes to the west or below the adit level and I am proposed to set up at a point about 188 feet from the face at the beginning of this contract and to drill some holes to crosscut the contact to explore this possibility.

Except that the station is not at the extreme face of the exploration crosscut, I believe this falls within the scope of our contract. However, I would also like to drill one hole from a station 90' as shown on the sketch so directed as to explore the first contact above the adit level and to probe for the second contact at a point about a hundred feet below its outcrop. A careful survey would first be made to determine the location and course of this hole.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

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

Budget Bureau No. 42-R103.4
Approval expires 6-30-53.

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

Month of October 1953 Docket No. DMEA 2843 Contract No. Idm-E615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson, Ariz.
Contract Amount, $ 27,150.00 Government Participation: 50 % Amount, $ 13,575.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	$3,900.00	none	$3,900.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3,900.00	None	$3,900.00	3,900.00	--	3,900.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date November 2, 1953 Payee Richard E. Chilson
Per Same Title Operator

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

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

(Instructions on reverse)

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

$1950.00

Signature [signature]
(Authorized Certifying Officer)
Date 11/18/53 Voucher DMA 54-50
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEA-615 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date 11/12/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: CDB.

Signature W. H. KING Title Executive Officer Date NOV 16 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 3 Docket No. DMEA 2843 Contract No. Idm-E615
Operator's Name Richard E. Chilson Minerals Copper
Address P. O. Box 2729, Tucson, Arizona

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Feet	$3,900.00	130	$3,900.00	130	$30.00	280	$30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3,900.00		$3,900.00				$27,150.00

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

Date November 2, 1953 Operator Richard E. Chilson

Per Same Title Operator

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

204 New Customhouse
Denver 2, Colorado

November 16, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2043, Contract DMe-2615 (Copper), Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Arizona. Operator's Monthly Progress Report for the period October 1953.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	November 2, 1953.
Date Received in Field Office	Unknown
Date Received in Region Office	November 16, 1953.

John F. Shaw
John F. Shaw
For W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WRStorms
Chron.

MINING DIVISION
REGION IV

November 18, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : October 1953 Progress Report, Contract Idm-8615, Docket DMEA-2043, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed in quintuplicate are the following:

(1) Bureau of Mines engineer's report with map;

(2) Operator's narrative report;

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

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

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

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2043
MF

WRStorms:frj

MINING DIVISION
REGION IV

November 12, 1953

Memorandum

To : Walter R. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Progress Report for October 1953, DMEA Docket 2843, Contract Idm-8615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile copper mine was visited on November 6, 1953. Mr. Chilson was not present at the time of the visit but his employees were operating the mine.

Stage I of the contract consists of driving crosscut B 200 feet south to cut through the contact zone and into the overlying monzonite porphyry. The propert was visited on October 1 and at that time the face of crosscut B was at a point 12 feet south of a drill hole which was used as a measuring point. When the property was visited on November 6, the crosscut had been advanced to a point 142 feet south of this same measuring point for an advance of 130 feet. Mr. Chilson stated that 130 feet were completed in October.

At the point where the contract was started the rock consisted of relatively unaltered limestone. When the crosscut had advanced approximately 27 feet a zone of marbleized lime, garnet, and granite was encountered. This zone was highly fractured and fairly well mineralized. It has not yet been sampled. On November 6 the face of the drift was in a granite-type rock and the mineralization was very spotty.

The 130 feet of crosscut reported by the operator are in accordance with the provisions of the contract which provides that the Government will participate to the extent of 50 percent of an agreed estimated cost of $30.00 per foot. The total cost of the 130 feet that were completed in October is $3,900.00, and the Government's agreed part is $1,950.00. It is recommended that the operator be paid this amount.

William R. Hardwick
William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

CC W. H. King (orig. & 6)
DMEA-2843
MF

WRHardwick:frj

RICHARD E. CHILSON
ENGINEERING AND MINING
P. O. BOX 2729
TUCSON, ARIZONA

November 1, 1953

Mr. W. H. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: DMEA 2843
Contract Idm-E615

Dear Mr. King:

This is the narrative portion of the first monthly report on the above captioned contract.

Contract was received from your office on the 2nd of October and on that same day engineers from the Tucson office of the Bureau of Mines examined the property to establish a point of reference to keep track of progress.

Work has been pressed on a two and three shift basis since that time resulting in about five feet of advance per day.

The face on the 2nd was completely barren unaltered limestone. At 27' a recent monzonite was encountered containing scattered mineralization with flecters of garnet.

This monzonite, cut with many slips and gouge seams, some carrying stron mineralization, continued to 125 ' where the last ro nd of the month contained a large percentage of limestone metamorphics and apparently increasing mineralization on the fractures.

None of this formation has been assayed as the copper content would be of the nature of .25% and assaying would only confirm the traces which are evident to the eye.

Very truly yours,

Richard E. Chilson

Richard E. Chilson

October 11, 1963

Memorandum

To: The File

From: Acting Chief, Division of Minerals

Subject: DMEA-2843 (Copper)
Richard E. Chilson
King-in-Exile Mine
Pima County, Arizona
Contract Idm-E615

The royalty period under the terms of the subject contract and the certification of discovery or development issued on September 15, 1954, expired on September 28, 1963.

According to a Region III memorandum dated August 21, 1963, there has been no production from the property since the period covered by the Report of Royalty Review dated November 2, 1962.

This memorandum serves as a release of the Government lien in lieu of a letter to the Operator.

EMMurphy/mm
cc: Director's Reading File
Region III
CAAA Division
Docket
Code 500

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Pursuant to the provisions of Exploration Project Contract No. Idm-E615, dated September 28, 1953, Docket No. DMEA-2843, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Work of crosscutting on crosscut "B" level and diamond drilling downward from this level have shown the existence of copper ores within a contact zone between monzonite and limestone rocks.

Dated SEP 1 5 1954

WRGriswold/bjl (9/2/54)
Copy to: Docket
Irving Gumbel, Br., MD, EPS
Mr. Hedges (4604)
Mr. Kiilsgaard, Rm. 5227
Admr. R. File
Op. Committee
Base Metals
Cont. Adm. & Audit Div.
Finance Office
Region IV (2)
F. E. Johnson
W. R. Griswold
2 — The Southern Arizona Bank & Trust Co.
Chron.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

2

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

Base Metals
The Southern Arizona Bank & Trust Co.
(Lessor)

Mr. Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

SEP 1 6 1954

Re: Docket No. DMEA-2043 (Copper)
Richard E. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-8615

Chron.

Dear Mr. Chilson:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-8615, dated September 28, 1953, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all production from the land described in the contract after September 28, 1953, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until September 28, 1963, whichever occurs first.

Payments should be made to Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the Defense Minerals Exploration Administration. The purchaser should be advised to deduct royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period please notify Mr. King at six-month intervals that such is the case.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

Mr. Killegaard, Rm. 5227
Admr. R. File
Op. Committee
Cont. Adm. & Audit Div.
F. E. Johnson
W. R. Griswold

WRGriswold/bjl (92/54)

Copy to: Docket
Mr. Gambel, Dr., HD, EPS
Mr. Hedges, Rm 1604
Finance Office
Region IV(2)

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

500

SEP 16 1954

Mr. Irving Gunbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMEA-2843 (Copper)
Richard N. Chilson
King-In-Exile Mine
Pima County, Arizona
Contract No. Idm-2615

My dear Mr. Gunbel:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-2615.

The contract was dated September 28, 1953, with the Government participating to the extent of 50 percent in an exploration project estimated to cost $27,150.00. Actual expenditures (subject to audit) were $9,515.00, with the Government's share being half of such amount, or $4,757.50.

The total amount of work provided for under the contract consisted of 405 feet of crosscutting, 300 feet of drifting and 1,200 feet of diamond drilling. Work actually done consisted of 260 feet of crosscutting and 342 feet of diamond drilling.

The discovery consisted of copper ores occurring within a contact zone between monzonite and limestone rocks. Due to the limited amount of work which was done, it would not be possible to calculate an ore reserve tonnage resulting from such work of exploration.

Sincerely yours,

Frank E. Johnson
ACTING Administrator

Enclosure

WRGriswold/bjl (9/2/54)
Copy to: Docket
Cont.Adm.&Audit Div.
Region IV (2)
Base Metals
Admr. R. Files
Op. Committee
Mr. Hedges (4604)
Mr. Kiilsgaard, R. 5227
F. E. Johnson
W. R. Griswold
Chron.

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

OCT 28 1954

Mr. Richard E. Chilson
P. O. Box 8/8,
Tucson, Arizona

Re: Docket No. DMEA-2043 (Copper)
King-in-Exile Mine
Pima County, Arizona
Contract Idm-2615

Dear Mr. Chilson:

The Government has not approved and hereby notifies you that it will not approve of any work under the subject contract provided for under Stage III and Stage IV. The Field Team has previously notified you of this determination.

In these circumstances the contract work is to be treated as fully performed and the work terminated as far as further contribution to costs by the Government is concerned.

You have heretofore been notified of the Government's Certification of Discovery of Development.

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference. The contract also requires you to provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves resulting from the exploration work; and to render the Government a final account and statement of work performed. Any work prosecuted or costs incurred by you beyond the work described in Stages I and II of the contract will be for your sole account, without contribution by the Government.

Sincerely yours,

C. O. Mittendorf
Administrator

JLHoffland/mmd
10/14/54
Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Comm.
W. R. Griswold (2)
C. H. Johnson, USBM
Mr. Killagnard, USGS
Field Team, Reg. IV
Contract Adm. & Audit Div.
J. L. Hoffland chron. pending

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

224 U.S. Customhouse
Denver 2, Colorado

December 21, 1953

Mr. Richard A. Ohlson
P. O. Box 2729
Tucson, Arizona

Re: Docket No. DMEA 2043
Contract DMm-1015

Dear Mr. Ohlson:

Effective December 1, 1953, you are hereby authorized to perform the work described under "Stage II" of Exhibit "A" attached to Exploration Project Contract Form DF-200 (), in conformance with stipulations cited thereunder, contingent on the following conditions:

1. The location, direction, and extent of all holes drilled will be determined as the work progresses subject to mutual agreement between you and DMEA. Reimbursement to you under the terms of the contract will constitute the Government's final approval of the work performed.

2. If conditions encountered in the progress of the work indicate that an up-hole is desirable, a portion of the 400 feet of drilling may be used for that purpose in lieu of drilling all holes downward.

3. This authorization shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution or any item of allowable cost which is expressly designated "allowable maximum."

Yours very truly,

W. H. King
W. H. King

E. N. Hawkman
for W. H. Koschmann

DMEA Field Room
Region IV

JWT:fwo
cc COMittendorf (3) w/cys of all data
WRStorms " " "
AFShride " " "
AHKoschmann (2) " " "
RegIV-Contr File " " "
Reg IV-Amdmt File " " "
Ron
Townsend

MINING DIVISION
REGION IV

December 2, 1953

Memorandum

Air Mail

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Stage II of Contract Idn-E615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

This morning for the first time, I had a chance to discuss the work under contract Idn-E615 with the operator, Richard E. Chilson. At the present time, all Chilson wants is permission to start Stage II under this contract. He is cutting a diamond drill station in Crosscut B about 180 feet south of the point where contract work in this crosscut originally started in October. He plans to drill at least 3 down holes from this station to try to pick up the mineralized contact between the limestone and the monzonite. The contract provides for a maximum of 5 diamond drill holes at a maximum footage of 650 feet.

As both A. F. Shride of the Geological Survey and W. R. Hardwick of the Bureau of Mines have recommended this work, I recommend that the Field Team give Chilson written permission to start Stage II. The location, direction, and length of all holes should be left to the discretion of the Survey and Bureau representatives in Tucson as definite hole lengths cannot be predicted at this time. The bearing and inclination of holes 2, 3, 4 and 5 probably will depend upon information found in Hole 1. According to the contract the holes must be drilled down "to cut the downward extension of any mineralization cut in crosscut B."

Figures 3 and 4 of the contract indicate that the holes should be drilled from near the end of crosscut B, which is supposed to have been extended 200 feet under Stage I. However, the operator continued to drive this crosscut at his own expense between the time the DMEA examiners originally visited the property and wrote their report, and the time the contract work actually started, so 200 feet is not necessary. He has driven 260 feet but plans to cut the drill station some 72 feet north of the present end of Crosscut B and not at the face.

Hardwick in his memorandum of November 17 recommends an effective date for starting Stage II as November 13, or later. That date probably is all right as the operator only recently started cutting a drill station.

CC W. H. King (6)
A. F. Shride
DMEA-2843
MF

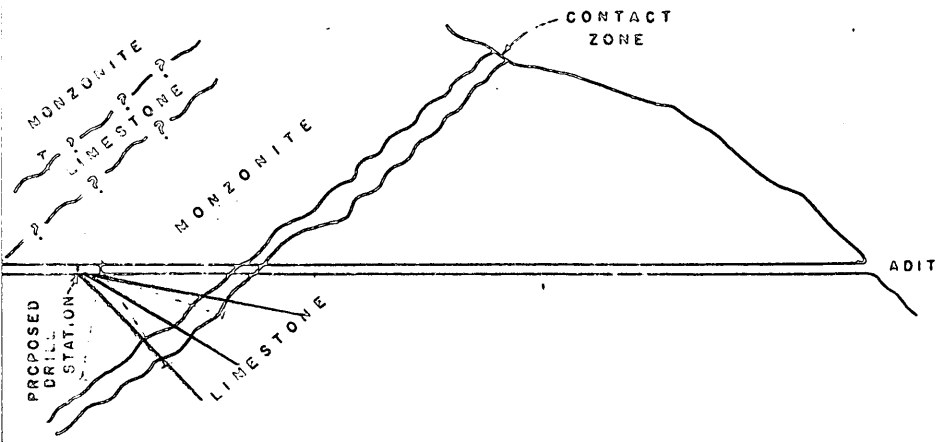
WHSterns:frj

Nine copies of the map from Sheridan's report are enclosed. These have been brought up to date with Chilson's proposed holes shown in blue.

Chilson plans to ask for an amendment at a later date so he can drill an up-hole from Crescent 2 to pick up the contact above the Crescent. However, he will send in a request for such an amendment later.

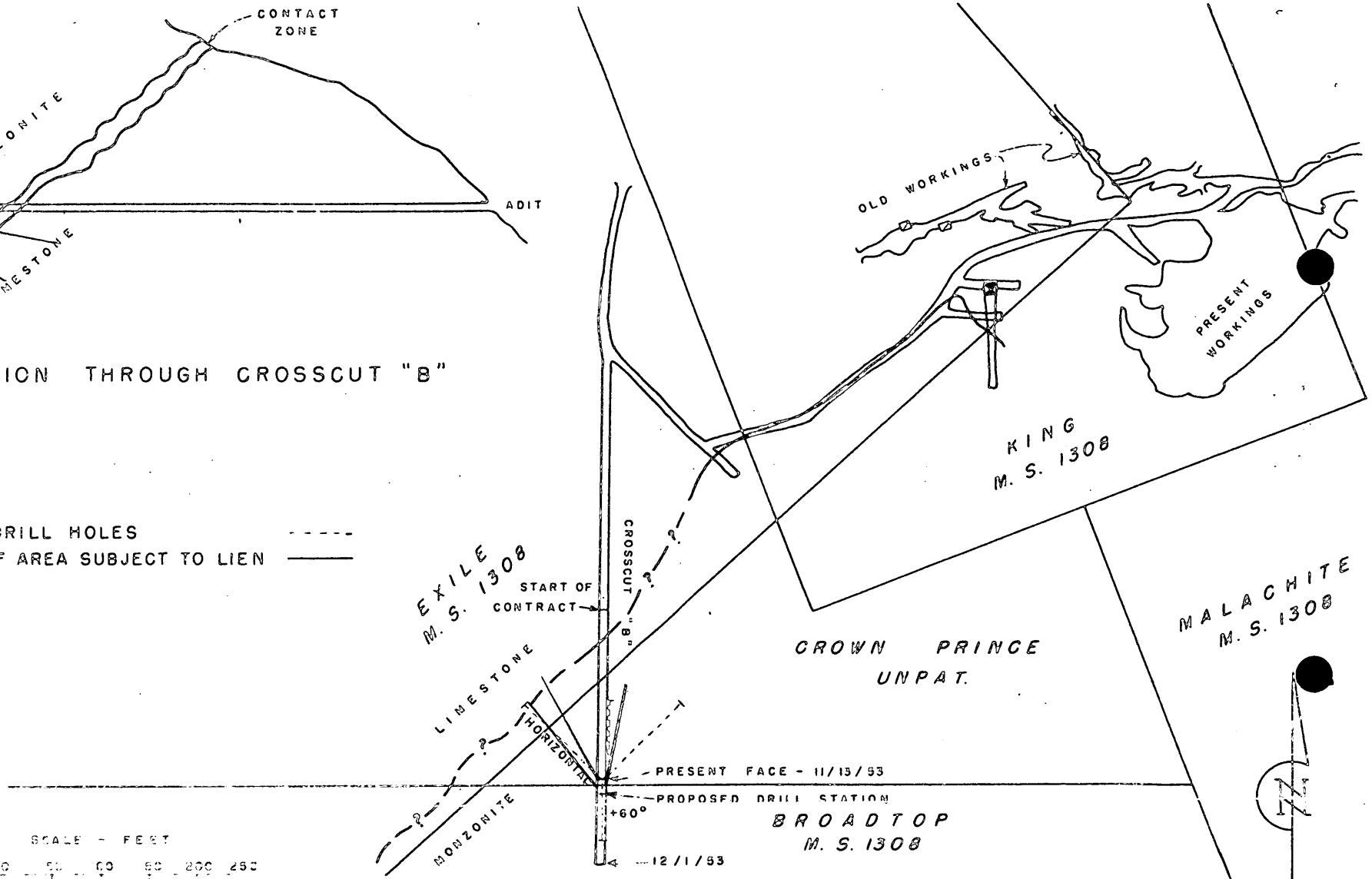
Walter R. Storms

Walter R. Storms



SECTION THROUGH CROSSCUT "B"

DIAMOND DRILL HOLES - - - - -
OUTLINE OF AREA SUBJECT TO LIEN ———



SCALE - FEET

50 0 50 100 150 200 250

DATA COMPILED FROM APPLICAT'S MAP

DMEA 2843, Idm.-E 615 NOV. 17, 1953

CLAIM MAP AND EXPLORATION RECOMMENDED FOR STAGE 2

KING-IN-EXILE WORKINGS HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA

MINING DIVISION
REGION IV

December 2, 1953

Memorandum

To : Walter H. Stones, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Ariz.

Subject : Interim Report, Project MMA-2043, Contract IDas-2413, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Richard E. Chilson's King-in-Exile copper mine was visited on November 13, 1953 by A. F. Shride and the undersigned, and in them was recommended that Stage II be authorized to allow diamond drilling to test the mineralized content at several points. No written request was received from the operator so the property again was visited on December 1, 1953 by the writer.

On December 1, the operator had stopped advancing the crosscut and was cutting a station at a distance of 100 feet from the starting point of the crosscut. At this point he expects to fan drill holes downward to cut the mineralized contact at points other than where the crosscut penetrated the same. Mr. Chilson was requested to submit a written plan for this work as soon as possible, and told that after this was submitted he should receive written authorization before starting work.

The drilling as proposed by Chilson was along the lines discussed on November 13 with Shride and myself and is as recommended.

William R. Hardwick
William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

CC W. H. King (Orig. & 4)
A. F. Shride
MMA-2043
MF

WRHardwick:fr

MINING DIVISION
REGION IV

November 30, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Proposed Amendment No. 2, Contract Idm-8615, Docket DMEA-2843, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

Enclosed are original and five copies of a memorandum report by W. R. Hardwick of the Bureau of Mines, recommending that Stage II of Contract Idm-8615 be approved, with an amendment if necessary to allow one up-hole (Stage II provides for diamond drilling). I concur with his recommendations.

A. F. Shride of the Geological Survey sent in similar recommendations on November 17. Hardwick had been waiting for a written request from the operator for an amendment, but is sending in his recommendation now as there seems to have been some misunderstanding between Shride, Chilson and Hardwick about the method of obtaining approval for drilling under Stage II.

Walter R. Storms

Walter R. Storms

CC W. H. King (5)
DMEA-2843
DF

WRStorms:frj

MINING DIVISION
REGION IV

November 17, 1953

Memorandum

To : Walter H. Storms, Chief, Mining Methods Br., Mining Div., Region IV, Tucson, Ariz.

From : William R. Hardwick, Mining Engineer, Tucson, Arizona

Subject : Proposed Amendment No. 2 to Docket RMRA-2843, Contract Ldm-8615, Richard E. Chilson's King-in-Exile Copper Mine, Pima County, Ariz.

The King-in-Exile Copper Mine was visited by A. F. Shride, U. S. Geological Survey, and the undersigned engineer on November 13, 1953. Richard E. Chilson was at the mine.

The first stage of the proposed work under the contract consisted of extending crosscut "B" for 200 feet south to cut through the contact zone into the overlying monzonite porphyry. On November 13 the crosscut had been advanced to a point 135 feet beyond the monzonite contact, and had passed through a contact zone which was only slightly mineralized.

Mr. Chilson stated that he had expected to pass through a relatively thin monzonite sill then into limestone beds, a tactite zone which was mineralized, and finally into the main monzonite mass. The structure postulated by Mr. Chilson was interpreted from surface indications. It now appears that there is no monzonite sill and that the face of the crosscut is now in the main monzonite intrusion.

Mr. Chilson now proposes to stop the drift and to diamond drill holes winging out on each side to cut the contact and determine whether the contact is more highly mineralized at other points than where the crosscut passed through it. He also proposes to drill an "up hole" normal to the direction in which he believes the second contact should be.

CC W. H. King (Original & 5)
A. F. Shride
RMRA-2843
DF

WRHardwick:frj

The contract provides in Stage II for drill holes to cut the downward extension of any mineralization cut in crosscut "B", and this is interpreted by the undersigned to be applicable to the wing holes, provided they are slightly downward. However, there is a question as to whether the up hole is authorized.

It is believed that the drill holes requested by the operator are justified and it is recommended that he be authorized in writing, as provided by the contract, to drill these holes and that the contract be amended, if necessary, to allow the up hole with an effective date for the amendment of November 13, 1953.

William R. Hardwick

William R. Hardwick, Mining Engineer
Mining Methods Branch
Mining Division, Region IV

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey
P. O. Box 4126, University Station
Tucson 5, Arizona

November 17, 1953.

Memorandum

To: A. H. Koschmann

From: A. F. Shride

Subject: Memorandum on Stage 2, Contract Idm-E615, R. E. Chilson.

Immediate action is warranted on the attached memo. As Messrs. King and Shaw are available in Tucson, and Hardwick of the Bureau and I are in complete agreement on this problem, I have taken the liberty to turn over 2 copies of the memo to them in order to expedite handling.

I assume that you would agree to this procedure.

/s/ Andy
A. F. Shride

This memo was held for inclusion of an illustration. The illustration will now be transmitted with the engineering report.

A.F.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box [illegible], University Station
Tucson 5, Arizona

November 17, 1953

Memorandum

To: Field Team, Region IV
Through: A. H. Koschmann

From: A. F. Shride

Subject: Suggested modifications in exploration plan, Contract Ide-[illegible]5 ([illegible]-[illegible]3), Chilson's King-in-Exile mine, Pima County, Arizona

Stage 1 of the above contract, which involved cross-cutting through an easterly-dipping contact between limestone and overlying monzonite (see illustrations with contract) is essentially completed. The contact zone is sparsely mineralized and the results of exploration to date are disappointing; so little of the project has been completed that these results should not yet be considered detrimental to the project. The geometry of the geologic units is considerably more complex than outlined in the report on which this contract is based. Therefore, the exploration plan should be modified at this time and probably again in the future after more information is developed by exploration.

The geologic relations shown on the attached sketch, which should be compared with figure 4 of the contract, are very generalized because of lack of data. The trends of the contacts as shown are believed, however, to be more likely than the relations shown in the original report.

It will be noted that an ore-bearing limestone block, between two monzonite intrusions, possibly exists at some unknown distance south and above the end of the cross-cut. It is conceivable that the limestones favorable to ore localization in the stoped area are in such a block. This would be one explanation for the lack of ore in the contact zone penetrated by the cross-cut. The writer, Mr. Hardrick of the Bureau of Mines, and the operator are agreed the possibility is remote that another limestone exists in this area. However, the possibility should not be overlooked. A diamond drill hole inclined upward at approximately 60° in a southerly direction would be a much more economical method of testing for such an ore zone than continuation at this time of the cross-cut. Such a hole need not be more than 125 feet and might be as little as 75 feet in length. It is recommended that such a drill hole be allowed as a part of Stage 2. Depending on interpretation of the contract such work may require an amendment.

The strike of the monzonite-limestone contact west of the crescent is speculative; the southeast strike shown on the attached sketch is considered the most likely. A drill hole approximately horizontal and having westerly bearing would be worthwhile to determine the location of this contact and the mineral content of the limestone. This hole probably does not require an amendment. Depending on the results from this drill hole other like holes should be drilled, and/or additional down holes as outlined under Stage 2 of the contract can be drilled. Therefore it is recommended that Stage 2 be authorized, including such amendments as are required. It would benefit the government to act on this proposal immediately. The operator, Mr. Hardrick, and the writer are agreed on this proposal.

Determination of the plan, if any, for Stage 3 must be held in abeyance. Quick action, when data from the drilling is available, may be necessary in processing a Stage 3 plan.

It is worth noting that Mr. Shilson's conduct of the exploration has been excellent and that he is constantly appraising the results of his exploration. Therefore he may again suggest worthwhile modifications which should be seriously considered.

A. F. Shride

A. F. Shride
Acting District Supervisor
Arizona - New Mexico

No. 1

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

AMENDMENT OF CONTRACT: No. Idm-E615

Contract Docket No. DMEA 2843, dated September 28, 1953, between the United States of America and Richard E. Chilson is hereby amended as follows, effective as of the date of said Contract:

> Referring to "Article 3. Exploration Project" of Exploration Project Contract Form MF-200(A) (February, 1952), in the space following the words "within a period of" insert "sixteen (16) months".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Dated OCT 26 1953

By Richard E. Chilson
Richard E. Chilson

UNITED STATES OF AMERICA

By W. H. King
W. H. King, Executive Officer
DMEA Field Team, Region IV

Docket No. 2043

Commodity Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 615

Date of Contract or Amendment: Sept. 28, 1953

Name and Address of Operator:
Richard E. Chilson
P.O. Box 2729

Amount of Government participation $13,575.00

Percent of Government participation 50 %

Region: IV State: Arizona

Please release $8,475.00: Advice Contract Administratio & Audit Div.

J.J. Chambers, Chief
Contract Administration & Audit Div.
(Name)

(Title)

Date Delivered to Bureau of Mines, Washington. 12/8

54458

Dock[redacted]No. DEA 2843

Commodity Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 615

Date of Contract: September 28, 1953

Name and Address of Operator:

Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

Amount of Government participation $ 13,575.00

Percent of Government participation 50 %

Region: IV State: Arizona

Jay L Chambers
(Name)

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

Date Delivered to Bureau of Mines, Washington. 9/29/53 13808

MF-200 (A)
(February 1952)

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

DOCKET NO. DMEA 2843

COMMODITY Copper

Idm-E615

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 28th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

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

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Arizona, County of Pima, described as follows:[3]
Two patented lode mining claims and one unpatented lode mining fractional claim located in the Helvetia Mining District in Sec. 24, T. 18 S., R. 15 E. See Annex I which is attached.

the Operator represents and undertakes:[4]

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

and two copies of Owner's Consent to Lien are attached.

(*b*) That the Operator is a lessee, in possession and entitled to possession, ~~and the Owner's Consent to Lien is attached.~~
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 (sixty) days from the date of this contract shall commence work on a project of exploration for[5] Copper

in or upon the described land; and shall bring the project to completion within a period of 16 mos. per Amend. #1. from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 (fifty) percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $13,575.00, which is 50 percent of $27,150.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

x Richard E. Chilson
(Operator)

By W. H. King
Executive Officer, DMEA
Field Team, Region IV

By _____

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

Richard E. Chilson [CORPORATE SEAL]

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

ANNEX I

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

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

ANNEX II

Patented Broadtop lode mining claim M.S. 1309, that part of the Exile lode mining claim M.S. 1308 which lies south and west of the King lode mining claim M.S. 1308 and the unpatented Crown Prince claim which is recorded in Book 77, Page 457 in the records of the County Clerk and Recorder's Office of Pima County, Arizona. Figure 4 attached shows the location of these claims.

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Arizona, County of Pima, described as follows:1/

Broadtop Lode Mining claim M.S. 1308 and that portion of the Exile Lode Mining claim M.S. 1308 which lies south and west of the King Lode Mining claim M.S. 1308.

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

2/ Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 13,575.00, or ten years have elapsed from the date of the contract.

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

Dated this 1st day of June, 195 3.

ESTATE OF ADOLPH LEWISOHN, DEC'D [Seal]

Eustace Selygman [Seal]
Surviving Executor

[Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

KA

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Arizona, County of Lima, described as follows:1/

Broadtop Lode Mining claim M.S. 1308 and that portion of the Exile Lode Mining claim M.S. 1308 which lies south and west of the King Lode Mining claim M.S. 1308.

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

2/ Richard E. Chilson
P. O. Box 2729
Tucson, Arizona

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 13,575.00, or ten years have elapsed from the date of the contract.

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

Dated this 9th day of June, 1953.

FREDERICK LEWISOHN [Seal]

by [signature] [Seal]
His Attorney in Fact

[Seal]

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

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

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

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

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

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

EXHIBIT "A"

Description of the Work

The work is divided into four stages. The location of the proposed work is shown on Figure 3 and Figure 4, which are attached and made a part of this Exhibit.

STAGE I

Extend crosscut B 250 feet south to cut through the contact zone into the overlying monzonite porphyry.

If in the opinion of the DMEA representative the results of Stage I indicate that the contact zone should be explored at depth, Stage II will be authorized. Work on Stage II must not be started without prior written authorization from the DMEA representative.

STAGE II

Drill a maximum of five diamond drill holes to cut the downward extension of any mineralization cut in crosscut B. Diamond drill holes must not be smaller than EX size. The maximum amount of drilling authorized under Stage II is 600 feet. The location, depth, and direction of the drill holes will be determined after Stage I is completed, and the drilling must have prior written approval of the DMEA representative.

If in the opinion of the DMEA representative the results of the work performed under Stage I and Stage II indicate that the contact zone should be explored at the elevation of crosscut B, Stage III will be authorized. Work under Stage III must not be started without prior written authorization from the DMEA representative.

STAGE III

Drive a drift 100 feet east and 200 feet west of crosscut B in the contact zone. The location of the drift with reference to the walls of the contact zone will be determined after a study of the geologic conditions encountered, and must be acceptable to the DMEA representative.

If in the opinion of the DMEA representative the results of Stage III indicate that the contact zone should be explored at depth, Stage IV will be authorized. Work under Stage IV must not be started without prior written authorization of the DMEA representative.

STAGE IV

Drive a crosscut 125 feet south from the west end of the drift authorized in Stage III.

Drill a maximum of five diamond drill holes having a maximum total depth of 600 feet. The location, depth and direction of the drill holes will be determined after the crosscut is completed and the drilling must have prior written approval of the DMEA representative. Diamond drill holes must not be smaller than EX size.

A certified drill log must accompany the monthly progress reports.

Estimated Costs of the Work

STAGE I

Crosscutting 280 feet at $30.00 per foot	$8,400.00
Total Cost Stage I	8,400.00
Government's participation Stage I at 50%	4,200.00

STAGE II

Diamond drilling 600 feet at $5.00 per foot	3,000.00
Total Cost Stage II	3,000.00
Government's participation Stage II at 50%	1,500.00

STAGE III

Drifting 300 feet at $30.00 per foot	9,000.00
Total Cost Stage III	9,000.00
Government's participation Stage III at 50%	4,500.00

STAGE IV

Crosscutting 125 feet at $30.00 per foot	3,750.00
Diamond drilling 600 feet at $5.00 per foot	3,000.00
Total Cost Stage IV	6,750.00
Government's participation Stage IV at 50%	3,375.00
Total Cost of Project	27,150.00
Total Amount of Govt. Participation	13,575.00

The above unit drilling costs include preparation of diamond drill stations, supervision, sampling, splitting and storage of diamond drill cores, and all other costs necessary for completion of the work.

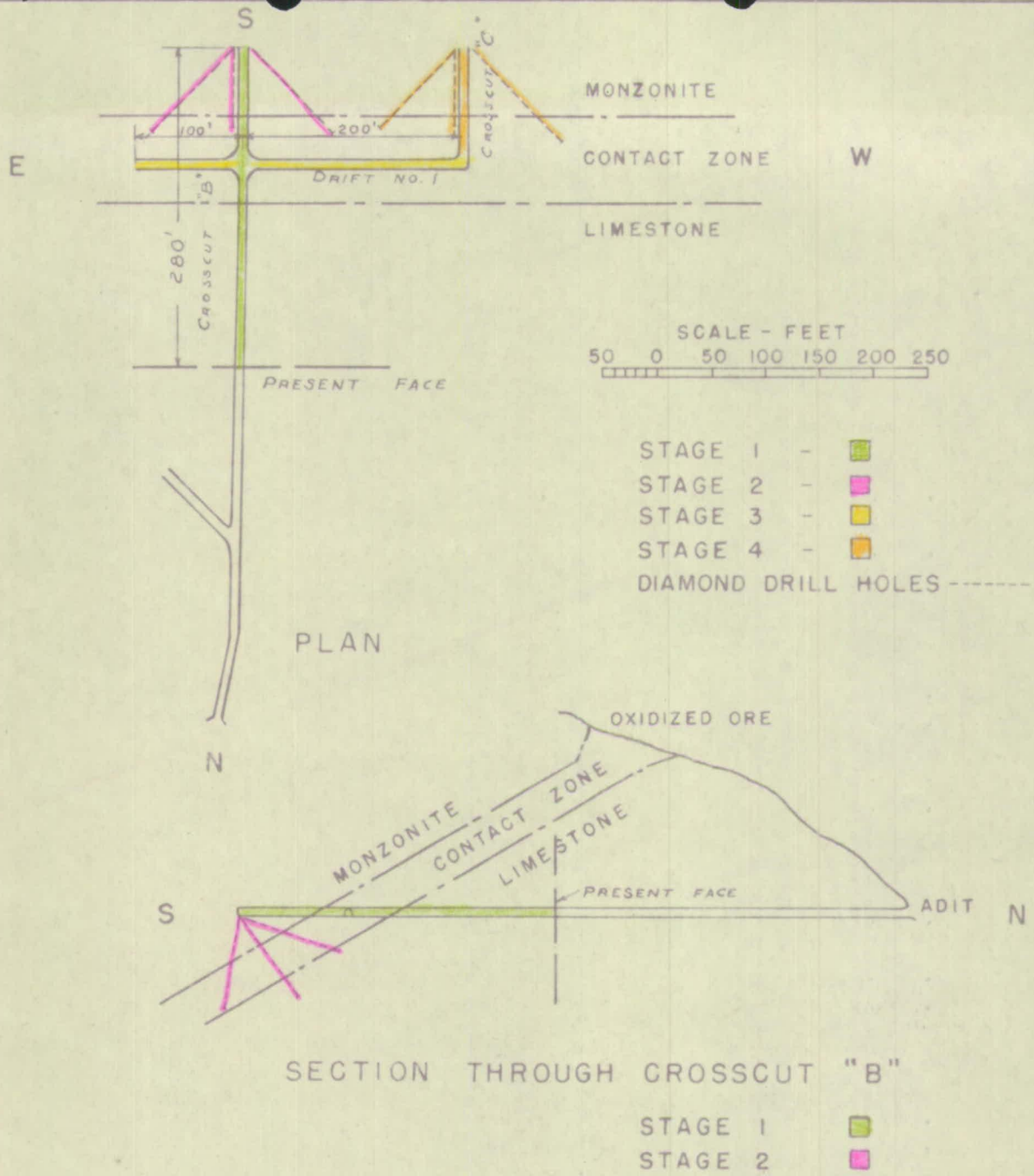


FIGURE 3. - PLAN AND SECTION OF PROPOSED EXPLORATION
KING-IN-EXILE MINE
HELVETIA MINING DISTRICT
PIMA COUNTY, ARIZONA

DMEA 2843 JAN. 6, 1953

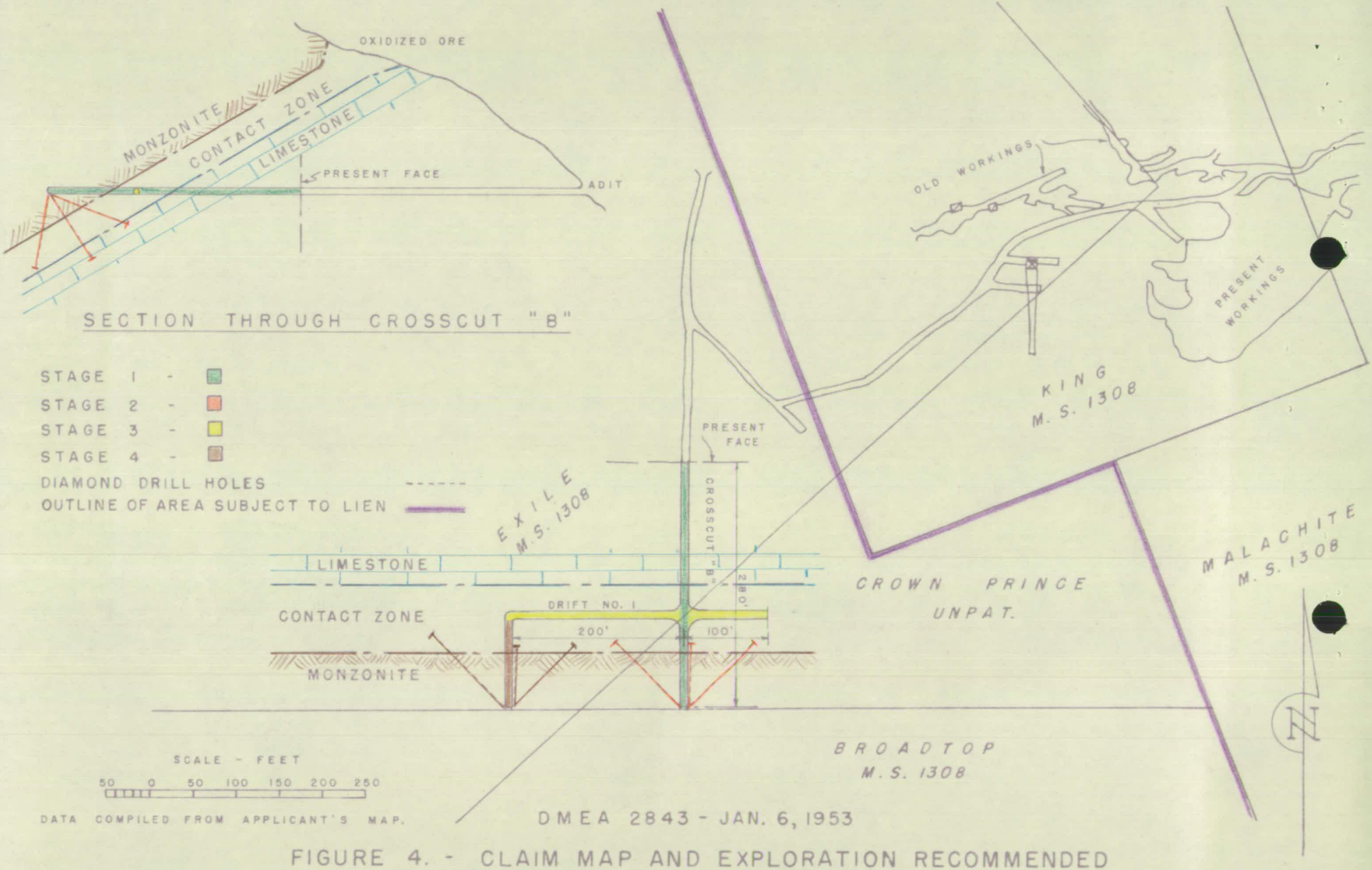


FIGURE 4. - CLAIM MAP AND EXPLORATION RECOMMENDED

KING-IN-EXILE WORKINGS HELVETIA MINING DISTRICT PIMA COUNTY, ARIZONA