DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

A. R. Floreen, George B. Dryden, L. N. Durrea
3003 Sheridan Road
Chicago, Illinois

pertaining to Exploration Project Contract Idm-E546, Docket No. DMEA 2858, including DMEA Notice of Termination dated October 1, 1953, covering a project for exploration of Tungsten, located in Yuma County, near McVay, Arizona, and known as the Three Musketeers Tungsten Mine, for the months of June to August, 1953.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of costs claimed with the contract and pertinent schedules, consultation 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 costs as Billed by Contractor		$5,762.5[illegible]
Exceptions:		
By DMEA Finance Officer	None	
Herewith	None	None
Total Accepted Cost		$5762.5[illegible]

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Four Thousand Three Hundred Twenty-One and 87/100 Dollars

-$4,321.87-

is considered valid and proper.

Dated: December 3, 1953

Donald T. Finch
Donald T. Finch, Auditor

800

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

October 15, 1953

Memorandum

To: Mr. J. L. Hoffland
Chief Counsel

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

Subject: Use of Termination Forms for Short Form Contracts

(E528) Please refer to your memorandum of October 14 in reply to mine of October 12, re use of prescribed termination forms for terminating agreed unit costs contracts.

Your first point that the form used by Mr. King was not an agreement form but was the notice-of-termination form is correct. The form, however, does have a provision for paying certain costs which it apparently authorizes.

Your second point that "There is nothing in this form which would indicate that the winding-up costs referred to therein 'may be billed to the Government.'" is negatived by your quotation from Mr. King's termination notice quoted as follows:

> "Any work prosecuted or costs incurred by you after the completion of Stage I, as cited above, shall be for your sole account except for (e) <u>such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment has contributed and in which the Government has an equity</u>." (Underscoring added by me.)

You further state that there are no items under the short form contract to the cost of which the Government makes a contribution. While this is true in most cases there are instances in which the Government makes contributions to buildings. This point, however, is secondary so far as I am concerned. My primary objection is item (b) of the form which provides for the payment of "the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract."

In your reply you make the following statement: "The short-form contract provides for no such costs, and therefore this exception is without any effect."

Please read Article 5 (b) of the short form contract. You will note that is in identical with Article 7 (b) of the long form contract. Since the Government agrees in terminating the contract to pay for such reports and since such reports are provided in the body of the contract, on what basis can we refuse to carry out such an agreement without breaking faith with the Operator?

JLChambers/wb 10-15-53 Copy to: Docket, Admr. Reading File, Mr. Chambers

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

October 14, 1953

Memorandum

To: Chief, Contract Administration and Audit Division

From: Chief Counsel

Subject: Use of termination forms provided for in DMEA Circular 22 in connection with short-form contracts (Floreen, et al, Docket No. DMEA-2858 Contract Idm-E528)

Reference is made to your memorandum to me of October 12 on the above subject.

In your memorandum you say:

"This Termination Agreement specifies costs of reports, accounts, and winding-up and settlement of actions, as well as necessary reasonable costs and expenses for taking care of equipment, etc., may be billed to the Government."

Although the termination forms attached to Circular 22 are not suitable without modification for use in connection with the short-form contract, yet I believe you are mistaken in thinking that such use of the form has the effect indicated in your memorandum. Specifically, I think that your statement is erroneous as follows:

1. The form used was not the agreement form but the notice-of-termination form.

2. There is nothing in this form which would indicate that the winding-up costs referred to therein "may be billed to the Government."

The form as used by Mr. King states:

"Any work prosecuted or costs incurred by you after the completion of Stage I, as cited above, shall be for your sole account except for (a) such necessary and reasonable costs and expenses as may be

incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity."

Under a short-form contract, there are no items "to the cost of which the Government has contributed and in which the Government has an equity," and therefore this exception is without any effect.

The second exception in the form as used by Mr. King is:

"(b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract."

The short-form contract provides for no such costs, and therefore this exception is without any effect.

The foregoing is not to say that your point is not well taken and that these termination forms should not be used in connection with short-form contracts except with suitable modifications, to avoid the ambiguities created by the use of the inapplicable exceptions contained in the form. Circular 22 was published at about the same time that the short form was devised, and makes no special reference to short-form contracts. The desirability of striking out the inapplicable exceptions when the termination forms are used in connection with short-form contracts, is apparent. However, as indicated above, I do not think that it would be possible to attach any liability to the Government by the use of these forms in connection with short-form contracts even without the modifications indicated.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

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

October 12, 1953

Memorandum

To: Mr. J. L. Hofflund
Chief Counsel

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

Subject: Docket No. DMEA-2858, Contract Idm-E528
A. R. Floreen, George B. Dryden and L. N. Duryea
Yuma County, Arizona (Tungsten)

Attached is a memorandum from Mr. W. H. King and copies of Termination Agreement on the above-cited project.

This is another case where Mr. King used the regular termination form for terminating a short form contract. This Termination Agreement specifies costs of reports, accounts, and winding-up and settlement of actions, as well as necessary reasonable costs and expenses for taking care of equipment, etc., may be billed to the Government. No provision is made in the contract for this type of expenditure.

Attachment

JLChambers/wh
October 12, 1953

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

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

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

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

Month of August, 1953 Docket No. DMEA 2858 Contract No. Idm-E528
Operator's Name A. R. Floresch Minerals Tungsten
Address 900 North Michigan Avenue, Chicago Il, Ill.
Contract Amount, $19,620.00 Government Participation: 75 % Amount, $14,715.00

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						
Bulldozing						
Crosscutting						
Drifting		5,175.	5,175.00			
Raising	587.50		587.50			
(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	587.50	5,175.	$5,762.50	587.50	5,175.	$5,762.50

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 9/23/53 *Payee A R Floresch

Per _____ Title _____

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

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:

$440.62

Signature _____
(Authorized Certifying Officer)

Date 11/12/54 Vou. No. DMA 54-71

(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 578 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date Sept 28, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature for W. H. King Title Executive Officer Date JAN 7 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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1953 Docket No. DMEA 2858 Contract No. Idm-2523
Operator's Name A. R. Floreen Minerals Tungsten
Address 900 North Michigan Avenue, Chicago 11, Ill.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	First Stage AUTHORIZED BY CONTRACT Units	Unit Costs
Drifting				5,175.00	150	34.50	150	34.50
Crosscutting								
Raising	feet	587.50	25	587.50	25	23.50	25	23.50
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		587.50	25	5,762.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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 9/23/53 Operator A R Floreen

Per _____ Title _____

REMARKS: This report covers work authorized under first stage of contract. Balance subject to approval engineers DMEA.

→ 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 14, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2858 (Tungsten), Contract No. Idm-E528, Three Musketeers Tungsten Prospect, Yuma County, Arizona.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of August 1953.

Also enclosed are two copies of a memorandum to Mr. T. A. Christensen, dated January 7, 1954, relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $440.62 has now been made in conformance with the Report of Review by the Contract Administration and Audit Division, dated December 3, 1953.

W. H. King

W. H. King

Enclosures

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received
JAN 18 1954

224 New Customhouse
Denver 2, Colorado

January 7, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2858 (Tungsten), Contract No. Idm-E526, Three Musketeers Tungsten Prospect, Yuma County, Arizona - Operator's Monthly Progress Report for the month of August 1953. **FINAL PAYMENT**

Enclosed are the original and four copies of Form MF-104 and MF-104A, Narrative Report and Engineer's Report for the above period, which constitutes the Operator's final accounting report under the terms of the contract.

Work has been accomplished as authorized in the contract and the Operator has complied with all requirements.

Final payment is recommended as follows, which is in conformance with the Report of Review by the Contract Administration and Audit Division, dated December 3, 1953, which was released to this office December 15, 1953.

Basis for Final Payment

Total accepted costs by Report of Review	$5,762.50
Government participation at 75%	4,321.87
Total prior payments	3,881.25
Balance due the Operator	$440.62

Reconciliation with MF-104
Report to Aug. 1953

Gross amount of voucher	$587.50
Government participation at 75%	440.62
Amount due Operator	440.62

Date of Operator's report	September 22, 1953
Date report received in Field Office	September 24, 1953
Date report received in Region IV Office	October 1, 1953

Final payment to the Operator has been deferred pending receipt of the Operator's final report which was received today.

J W Townsend

J. W. Townsend
For W. H. King
Executive Officer
DMEA Field Team, Region IV

Enclosures

JWT:cwm

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

MINING DIVISION
REGION IV

September 28, 1953

Memorandum

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

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

Subject : August 1953 Progress Report, Contract Idm-E528, Docket DMEA-2858, Three Musketeers Tungsten Prospect, Yuma County, Ariz.

Enclosed in quintuplicate are:

(1) Bureau of Mines engineer's report with 2 maps;
(2) Sheet submitted by operator, showing east part of 65 level with raise. No narrative report was made as Floreen is in Chicago and the work was done by a contractor in Arizona;
(3) Forms MF-104 and MF-104A.

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

All work is in accordance with the terms of the contract. The Bureau of Mines DMEA representative, in a previous Interim Report, recommended that the contract be terminated because of a lack of ore. If the contract is terminated, the customary amount should be withheld until a final report has been received from the operator.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2858
DF

WRStorms:frj

MINING DIVISION
REGION IV

September 28, 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 August 1953, Docket DMEA-2858, Contract Idm-E528, A. R. Floreen & Partners, Three Musketeers Tungsten Prospect, Yuma County, Ariz.

The Three Musketeers Tungsten Prospect was visited on September 1 and 2, 1953 by John N. Faick, geologist, U. S. Geological Survey, and the undersigned engineer. A report already has been submitted by the undersigned which recommends that the Government participate in no further exploration at the location designated by the subject contract.

At the time the property was visited an attempt was made to contact Ike Kusisto in Wickenburg but he was not available. There was no one on the property. The mine was entered and the exploration raise measured and examined. The raise was found to be correctly located, and it measured 32 feet above the rail, or 25 feet above the back of the drift. Some additional crosscutting not provided for in the contract was completed.

The ore discovered was discussed in detail in an Interim report by the writer which recommended that the project be discontinued. The raise was started at a point where an assay, taken on a previous visit, indicated a tungsten content of 0.25 percent. At a height of approximately 15 feet in the raise the tungsten-bearing quartz feathered out against a basic dike. Two samples were taken as shown on the attached sketch. The tungsten content of the samples was 0.08 percent and 0.38 percent with an average of 0.23 percent tungsten. The extent of this quartz lens on each side of the crosscut is not known. However, at most, only a few tens of tons of ore could be expected.

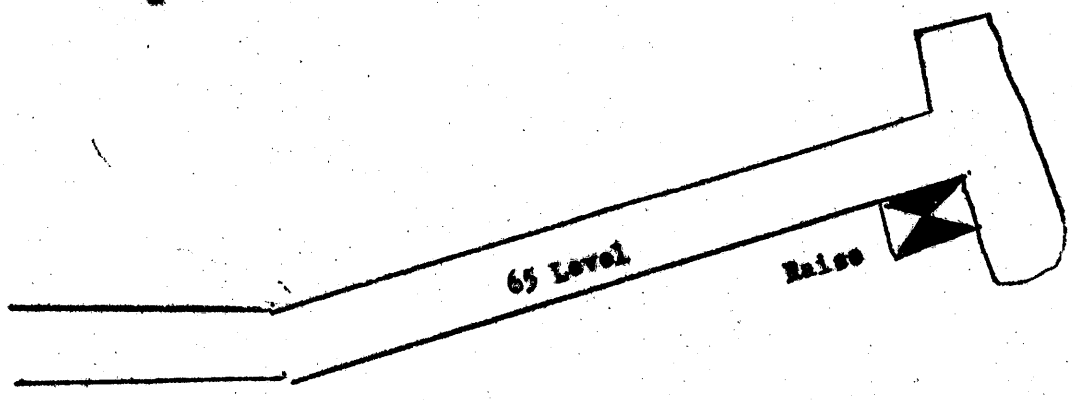
CC W. H. King (Orig. & 6)
DMEA-2858
DF

WRHardwick:frj

The 25 feet of raise completed in August is in accordance with the provisions of the contract and are approved. The contract provides for payment at an agreed estimated rate of $23.50 per foot. The total cost of the 25 feet would be $587.50 and the Government's agreed part of this is 75 percent, or $440.62. It is recommended that payment be withheld until a final report is submitted by the operator.

William R. Hardwick

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



25 feet raise at point indicated cut through a section of fairly good ore, about 6 feet above the 65 level drift.

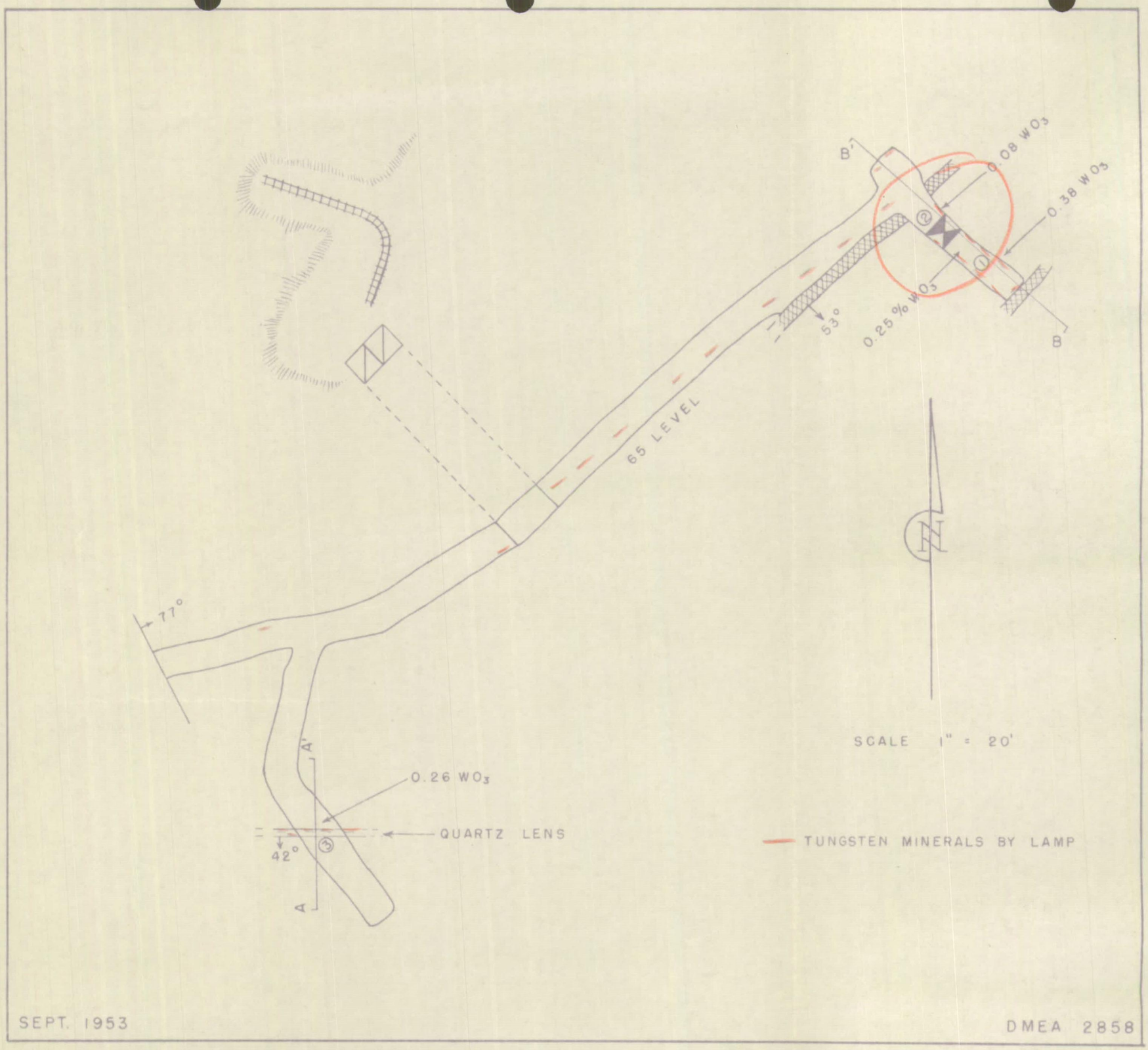
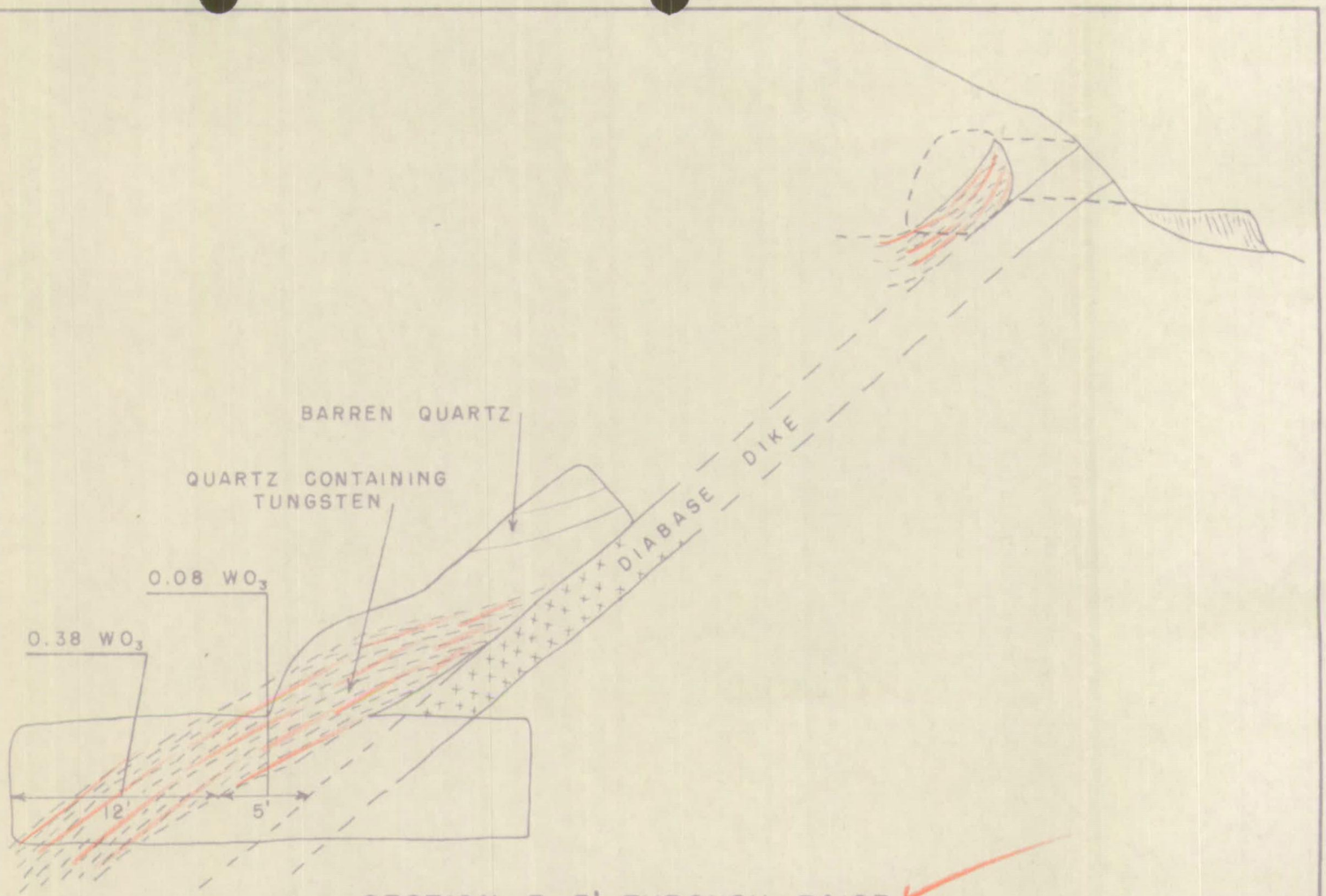
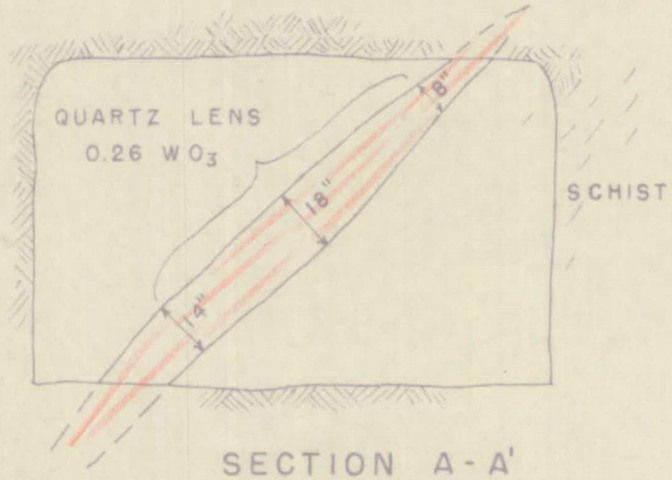


FIGURE 1. - PLAN OF 65 LEVEL - THREE MUSKETEERS TUNGSTEN PROSPECT
YUMA COUNTY, ARIZONA



SECTION B-B' THROUGH RAISE

SCALE 1" = 10'



SECTION A-A'

SCALE 1" = 4'

SEPT. 1953

DMEA 2858

FIGURE 2. - SECTIONS - THREE MUSKETEERS TUNGSTEN PROSPECT

YUMA COUNTY, ARIZONA

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

June 8,1953 thru

Month of July 31, 1953 Docket No. DMEA 2858 Contract No. Idm-2528

Operator's Name A. R. Floreen Minerals Tungsten

Address 900 North Michigan Avenue, Chicago 11, Ill.

Contract Amount, $ 19,620.00 Government Participation: 75% Amount, $ 14,715.00

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						
Bulldozing						
Crosscutting						
Drifting 150 ft.@ 34.50	5,175.	none	$5,175.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS				5,175.00	--	5,175.00

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

Date 8/4/53 *Payee A R Floreen

Per _____ Title _____

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

→ 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:

$ 3881.25

Signature _____ (Authorized Certifying Officer)

Date 8/24/53 Vou. No. 54-19

(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 521 in accordance with the terms of the contract.

Signature William R. Hardwick Title Mining Engineer Date 7/10/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date AUG 14 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
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 8,1953 thru July 31, 1953 Docket No. DMEA 2856 Contract No. Idm-2528

Operator's Name A. R. Floreen Minerals Tungsten

Address 900 North Michigan Avenue, Chicago 11, Ill.

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	150 ft.	$5,175.	150 ft.	$5,175.00	150 ft	$5,175.	150 ft.	$5,175.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$5,175.	150 ft.	$5,175.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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 8.4.53 Operator A R Floreen

Per _____ 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.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 3 - 1953

224 New Customhouse
Denver 2, Colorado

August 14, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2858, Contract Idm-E528 (Tungsten), A partnership consisting of A. R. Floreen, George B. Dryden, L. N. Duryea. Operator's Monthly Progress Report for the period from June 8, 1953 through July 31, 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 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Power of Attorney has been executed by Dryden and Duryea in favor of A. R. Floreen to act as their agent in matters pertaining to the DMEA project.

Date of Operator's Report	August 4, 1953.
Date Report received in Field Office	August 5, 1953.
Date Report received in Regional Office	August 14, 1953.

W. H. King
W. H. King

Enclosures

JWT:cwm

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

MINING DIVISION
REGION IV

August 10, 1953

Memorandum

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

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

Subject : Progress Report for period June 8 to July 31, 1953, Contract Idm-E528, BMKA-2858, Three Musketeers Tungsten Mine, Yuma 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.

To the best of my knowledge and belief all work is in accordance with the terms of the contract. Our engineer is recommending one 25-foot raise from the 65-foot level northeast drift. If this raise gives negative or poor results, he will recommend that the contract be terminated without completing Stage II. As we do not know whether the operator will consent to 25 feet of raising, I recommend that at least 10 percent of the Government's share of the June 8 -July 31 costs be withheld and the remainder paid to the operator. If the operator consents to the raise program, then the entire June 8-July 31 Government's share may be paid.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
BMKA-2858
DF

WR terms:frj

MINING DIVISION
REGION IV

August 10, 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 Period, June 8 - July 31, 1953, Docket DMEA-2858, Contract Idm-E528, A. R. Flereen & Partners, Three Musketeers Tungsten Prospect, Yuma County, Ariz.

The Three Musketeers tungsten prospect was visited on August 6, 1953. Mr. John Bosco, owner, accompanied the undersigned engineer to the property and assisted in measuring the progress. In the northeast direction on the 65-foot level, a drift had been advanced along a fractured scheelite-bearing zone for a distance of 85 feet. At this point a crosscut had been driven 16 feet southeast at the operator's expense. The highest mineralization was encountered at the end of this crosscut. In the southwest direction, a drift had been driven along a fractured zone for 65 feet. At a point approximately forty feet from the shaft, a crosscut had been driven southward for a distance of 20 feet at the operator's expense.

No appreciable amount of Tungsten mineralization was exposed. The work to the southwest exposed very little quartz and almost no scheelite. The drift to the northeast exposed small amounts of quartz and scheelite along its entire length. The end of the crosscut from the northeast drift was stopped in what appears to be a quartz lens. The mineral lamp showed the best scheelite mineralization encountered during the month at this point. A sample was taken at the face of the crosscut.

The operator has presented a voucher claiming reimbursement for 150 feet of drifting. This drifting is in accordance with the provisions of the contract which provides for a total of 150 feet of drifting at $34.50 per foot. The total cost of the 150 feet of drifting

CC W. H. King (orig. & 6)
DMEA-2858
DF
WRHardwick:frj
~~WRHxxxxx~~

is $5,175.00 of which the Government's agreed part is 75 percent, or $3,881.25.

Only a short raise remains to be completed in order to finish Stage I of the contract. The ore discovered to date has not been encouraging. The operator has not yet indicated that he will drive the recommended raise. It is recommended that a part of the $3,881.25 be paid to the operator and that at least 10 percent be withheld until an adequate final engineering report is submitted.

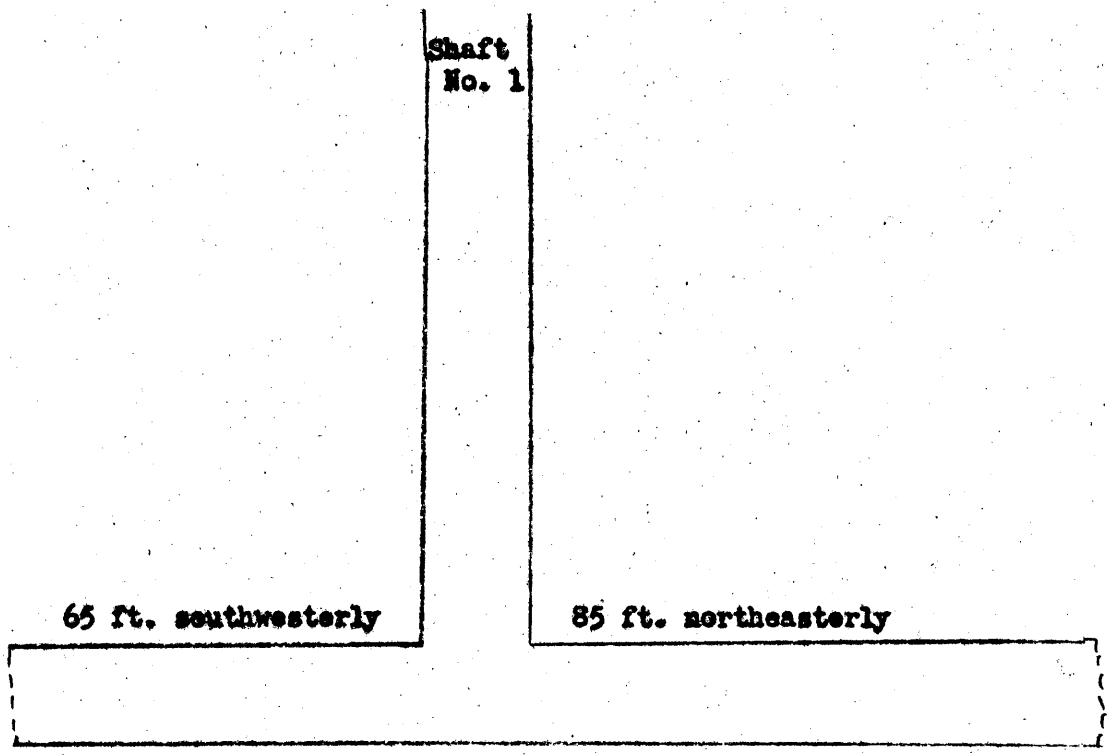
William R Hardwick

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

NARRATIVE REPORT AND SKETCH OF WORK COMPLETED THROUGH
JULY 31st, 1953

WORK MAP IN SHAFT NO. 1 - THREE MUSKETEERS MINE - -
DOCKET NMEA 2858

Stage No. 1. Work completed from the shaft on the 65 foot level a distance of 85 feet, drifting northeasterly and 65 feet southwesterly. Both drifts are in vein matter showing some scheelite values. The end of the 65 foot drift is in what may be a fault.



8/4/53 OD Glover

c
o
p.
y

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

February 5, 1954

Mr. A. R. Floreen
3000 Sheridan Road
Chicago, Illinois

Re: Exploration Project Contract
No. Idm-E528
Docket No. DMEA-2858 (Tungsten)
Three Musketeers Mine
Yuma County, Arizona

Dear Mr. Floreen:

A final audit of contract expenditures, and the final reports of the Operator and of the Field Team have been received and accepted by this Administration. The agreed, estimated total cost of the project was $19,620.00. The total accepted cost of the work performed was $5,762.50, 75 percent of which, or $4,321.87, represented the Government's share. The exploration work performed was satisfactory.

As the results of the exploration were unfavorable, it is not our intention to make a Certification of Discovery or Development, which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. However, your attention is called to Article 5(d) of the contract which requires the Operator to "keep and preserve said records for at least 3 years after the completion of the project or the termination of the contract".

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

Sincerely yours,

/s/ C. O. Mittendorf

Administrator

JHopkins/HCRubin/emd
1/29/54
Copy to: Docket
Adm. R. File
Op. Comm.
R.W.Geehan, USBM
T. P. Thayer, USGS
Field Team, Reg. IV (2)
W. S. Martin
H. C. Rubin
J. D. Hofflund
Chron.
Pending

GOVERNMENT COPY

NOTICE OF TERMINATION OF EXPLORATION PROJECT CONTRACT, UNDER THE TERMS OF THE CONTRACT, BEFORE THE COMPLETION OF THE WORK

To: Messrs. A. R. Floreen, George B. Dryden, and L. N. Duryea
208 South LaSalle Street
Chicago 90, Illinois

Operator under Exploration Project Contract ~~Idm-2528~~,
Docket No. DMEA-~~2558~~, dated May 21, 1953.
2858

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, under the terms of the above mentioned contract, hereby terminates the contract, at the completion of work under Stage I of the contract as authorized and approved by the Government, on the following grounds:

> In the opinion of the Government, operations up to the time of this notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified.

Upon receipt of this notice, as provided in said contract, you are required to dispose of any remaining materials, supplies, facilities, buildings, fixtures, equipment, or other items, in which the Government has an interest, for the joint account of yourself and the Government; and to render to the Government a full and final accounting of your operations under the contract and of your expenditures of money on account thereof.

Any work prosecuted or costs incurred by you after the completion of work under Stage I, as cited above, shall be for your sole account, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

Dated this 1st day of October, 1953.

UNITED STATES OF AMERICA

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

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

COPY

224 New Customhouse
Denver 2, Colorado

October 2, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-~~2558~~ 2858 (Tungsten), Contract Idm-E528, a partnership consisting of A. R. Floreen, George B. Dryden, and L. N. Duryea, Three Busketeers Tungsten Prospect, Yuma County, Arizona

Enclosed are three copies of "Notice of Termination of Exploration Project Contract, Under the Terms of the Contract, Before the Completion of the Work" which has been executed by this office in conformance with authority contained in a teletype from the Chairman of the Operating Committee dated September 30, 1953.

Also enclosed are the original and three copies of a memorandum report from William R. Hardwick, Tucson, Arizona, dated September 18, 1953, and transmittal thereof from the Chief, Mining Methods Branch, Mining Division, Region IV, of the same date, which are relevant to the termination of the contract.

The original notice has been sent to the operators, a copy has been given to the Fiscal Officer, Region IV, and a copy retained for our files.

/s/ W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1953

MINING DIVISION
REGION IV

September 18, 1953

Memorandum

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

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

Subject : Interim Report, Contract Idm-E528, Docket DMEA-2858, A. R. Floreen & Partners, Three Musketeers Tungsten Prospect, Ellsworth Mining District, Yuma County, Ariz.

Enclosed are original and 6 copies of an interim report on the above property by W. R. Hardwick of the Bureau of Mines. He and John Faick of the Geological Survey visited the prospect on September 1 and 2 after the raise, which we authorized the operator to drive, was completed.

Hardwick recommends that no further work be done and that the contract be terminated. Stage I has been completed. Stage II would be to sink the shaft 75 feet, then drift on the 140-foot level. However, Hardwick believes that additional exploration work is not justified.

From the small amount of scheelite uncovered by this work under Stage I, it seems to me that work under Stage II is not justified, so I recommend that you so notify the operator.

Walter R. Storms

Walter R. Storms

CC W. H. King (6)
DMEA-2858
DF

WRStorms:frj

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 6 1953

MINING DIVISION
REGION IV

September 18, 1953

Memorandum

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

From : William R. Hardwick, Tucson, Ariz.

Subject : Interim Report, Docket DMEA-2858 (Tungsten), Contract Idm-E528, A. R. Floreen & Partners, Three Musketeers Tungsten Prospect, Yuma County, Ariz.

John N. Faick, geologist, U. S. Geological Survey, and the undersigned engineer visited the Three Musketeers tungsten prospect on September 1 and 2, 1953. An unsuccessful attempt was made to contact Ike Kusisto, Floreen's contractor, by phone in Wickenburg. There was no one on the property.

The operator had worked in three places during the month of August, as follows:

First, the Operator had extended the crosscut which bears southeast from the northern end of the northeast drift. At a distance of 26 feet from the drift a second basic dike was encountered. The crosscut did not penetrate this dike. One sample was taken at the face of this crosscut on August 6. Two additional samples were taken along the sides. These samples are shown on Figure 1.

Second, the operator had driven a raise 25 feet above the back of the crosscut at the approximate position suggested by the undersigned on August 6. This raise was started in the back of the crosscut near the point where the sample taken on August 6 gave a value of 0.25 percent WO_3. The tungsten-bearing quartz did not continue upward along the dike but tailed out at a height of about 15 feet and the top of the raise showed barren quartz with no visible tungsten under a mineral light. An approximate section through this raise is shown in Figure 2, Sec. B B'.

Third, the Operator had extended the crosscut which bears south from the southwest drift. This crosscut was turned to bear in a direction normal to the strike of the foliation in order to crosscut possible mineralized lenses of quartz. In this crosscut, one quartz

CC W. H. King (Orig. & 6)
DMEA-2858
DF

WRHardwick:frj

lens showed scheelite under the mineral light. The location of this lens is shown on Figure 1 and a normal section is shown in Figure 2, Sec. A A'. A chip sample, taken across this lens at three places, gave 0.26 percent WO_3.

Only the work in the raise was authorized under the terms of the DMEA contract. The other work was performed at the expense of the operator.

In addition to the samples taken on the 65 level, a chip sample was cut across the back of the quartz lens in the small adit southwest of the shaft from which high-grade ore is reported to have been taken. This sample was for a width of 5 feet, which included the narrow streak of high-grade on the footwall. This sample contained 0.49 percent WO_3.

A total of 267 feet of drift and raise has been driven on the 65 level in favorable formations. Much of this work was in quartz, but only about 15 feet contained an abundant showing of scheelite under a mineral lamp. The average of the samples taken in this area was 0.25 percent WO_3. No high-grade ore has been discovered.

Based on the above observations, the following conclusions are drawn:

1. The exact size of the ore body discovered is not known but will probably not total more than a few tens of tons.

2. The tungsten content of the ore discovered will be approximately 0.25 percent WO_3.

3. The discovery of a small body of high-grade ore is possible but not probable, and the cost of searching for such ore is not justified.

4. There is no apparent continuity to the tungsten bearing quartz that can be followed.

Based on the above conclusions it is recommended that the contract be terminated.

William R. Hardwick

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

Docke[redacted]o. [illegible]

Commodity [illegible]

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

[illegible]

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 [illegible]

Date of Contract or Amendment: [illegible] May 21, 1959

Name and Address of Operator:

A. [illegible] Florom, Geo. Dryden and L. H. Duryea
Chicago, Illinois

Amount of Government participation ____ $ 24,715.00

Percent of Government participation ____ 75%

Region: IV State: Arizona

NOTE: Please reference (10,359.12) Advice Contract Administration and Audit Division

[illegible]
(Name)

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

Date Delivered to Bureau of Mines, Washington. 12/16/60

13908

Docket No. [illegible]

Commodity [illegible]

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 [illegible]

Date of Contract or Amendment: May 21, 1953

Name and Address of Operator:
A. B. [illegible], George B. [illegible] and
L. B. [illegible],
[illegible], [illegible]

Amount of Government
participation ____ $ [illegible]

Percent of Government
participation [illegible] %

Region: [illegible] State: [illegible]

(Name)
[illegible],
[illegible] Contract Administration and
Audit Division

(Title)
May 22, 1953

Date Delivered to Bureau of Mines, Washington.

13908

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2858

COMMODITY Tungsten

Idm-E528

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 21st day of May, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] a partnership consisting of
A.R. Floreen, 3000 Sheridan Road, Chicago, Illinois
George B. Dryden, 208 South LaSalle Street, Chicago, Illinois
L.N. Duryea, 130 North Campbell Avenue, Chicago, Illinois

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Arizona, County of Yuma, described as follows:[3] Unpatented lode mining claims located in Section 24, T. 6 N., R. 1 W. and recorded in the office of the County Recorder in Yuma, Yuma County, Arizona, as follows:
See Annex #1

the Operator represents and undertakes:[4]

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

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

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

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

in or upon the described land; and shall bring the project to completion within a period of 14 (fourteen) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 (seventy-five) 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 $14,715.00, which is 75 percent of $19,620.00, 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:

(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.

L. N. Dunyea
O. O. Lorenz
G. R. Dunyea
(Operator)

By _____

THE UNITED STATES OF AMERICA

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

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

_____ [CORPORATE SEAL]

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

Annex #1

Name of Claim	Date of Location	Date of Recording	Book	Page
3 Musketeers	11/30/51	12/2/51	44	437
That part of 3 Musketeers No. 3 in conflict with 3 Musketeers	11/12/51	11/14/51	45	41

See Figure 2

EXHIBIT "A"

Description of the Work

The entire exploration work will be conducted through the No. 1 shaft located on the Three Musketeers Claim, and will be divided into two stages, Stage 1 and Stage 2. The area and tentative location of the work is shown in Figure 2 and Figure 4 which are attached and made a part of Exhibit "A".

Stage 1 consists of drifting on the vein northeasterly from the shaft on the 65-foot level a distance of 85 feet and drifting southwesterly from the shaft on the 65-foot level a distance of 65 feet. Upon the completion of a part or all of the drifting on the 65-foot level, a total of 50 feet of raising may be authorized at a point or points acceptable to the DMEA representative. This work will complete Stage 1, and Stage 2 may be started only with the written consent of the DMEA representative.

Stage 2 consists of sinking the No. 1 shaft 75 feet, drifting northeasterly on the 140-foot level 85 feet, and drifting southwesterly on the 140-foot level 65 feet. Upon the completion of part or all of the drifting on the 140-foot level, a total of 70 feet of raising may be done at a point or points acceptable to the DMEA representative.

Estimated Costs of the Work

Stage 1.

Drift northeasterly on 65-foot level 85 feet @ $34.50 per foot	$ 2,932.50
Drift southwesterly on 65-foot level 65 feet @ $34.50 per foot	2,242.50
Raising above 65-foot level 50 feet @ $23.50 per foot	1,175.00
Total Cost Stage 1	$6,350.00
Government Participation Stage 1 at 75%	$4,762.50

Stage 2.

Sink No. 1 shaft 75 feet @ $86.00 per foot	$6,450.00
Drift northeasterly on the 140-foot level 85 feet @ $34.50 per foot	2,932.50
Drift southwesterly on the 140-foot level 65 feet @ $34.50 per foot	2,242.50
Raising above the 140-foot level 70 feet @ $23.50 per foot	1,645.00
Total Cost Stage 2	$13,270.00
Government Participation Stage 2 at 75%	$ 9,952.50
Total Cost Stage 1 plus Stage 2	$19,620.00
Government Participation Stage 1 plus Stage 2 at 75%	$14,715.00

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 Yuma, described as follows:1/

J.P.B. L.N. J.P.B. L.N.

3 Musketeers ~~No. 0~~, recorded in Book 44, Page 437, and that part of 3 Musketeers No. 3 in conflict with 3 Musketeers ~~No. 0~~ recorded in Book 45, Page 41 in the official records of Yuma County.

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 a partnership 2/ consisting of A. R. Floreen, 3000 Sheridan Road, Chicago, Illinois

George B. Dryden, 208 South IaSalle Street, Chicago, Illinois

L. N. Duryea, 130 North Campbell Avenue, Chicago, Illinois

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/$ 14,715.00, 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 15 day of April, 195 3.

L. N. Duryea [Seal]

John P. Bruns [Seal]

John H. Wood [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.

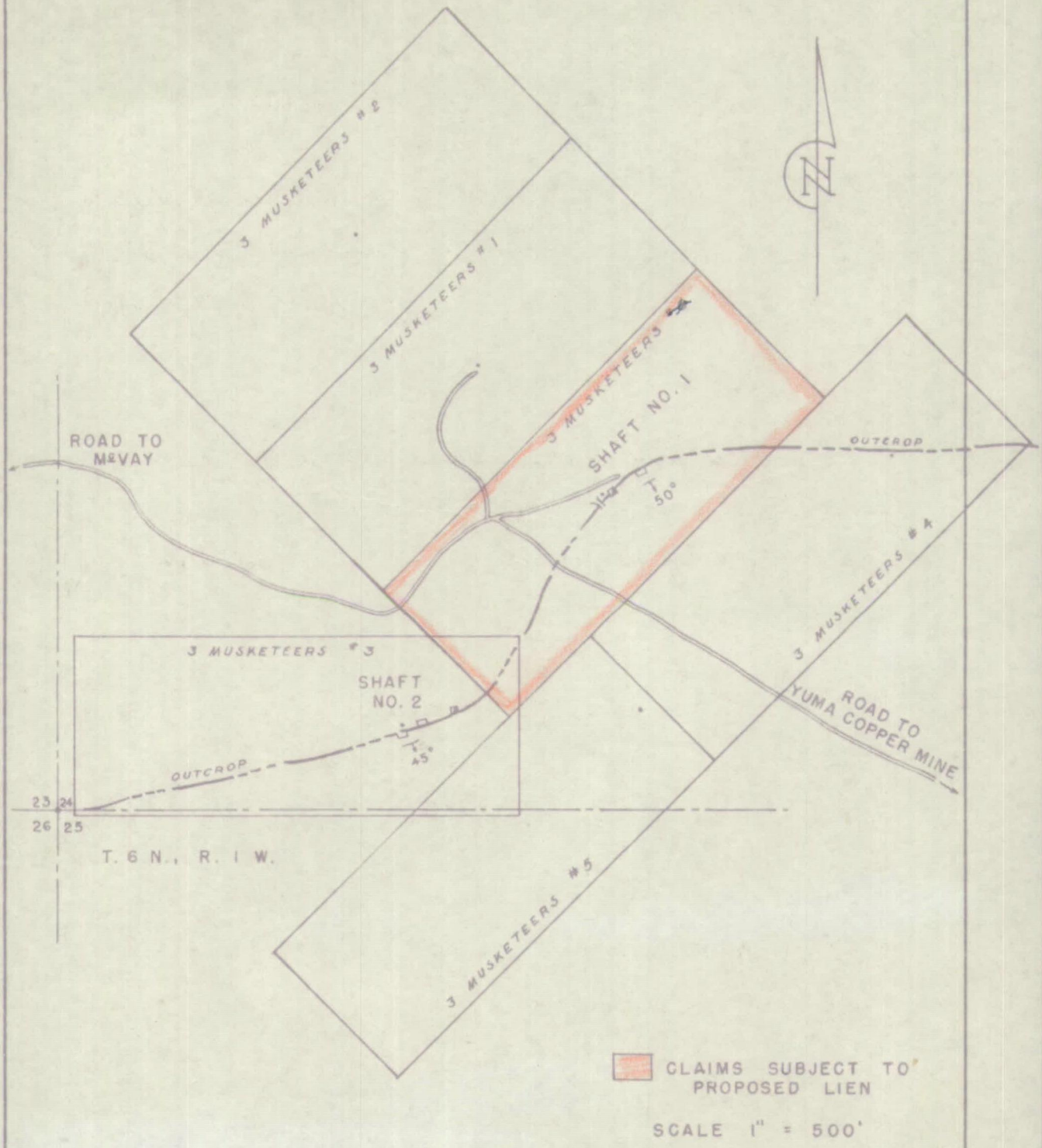


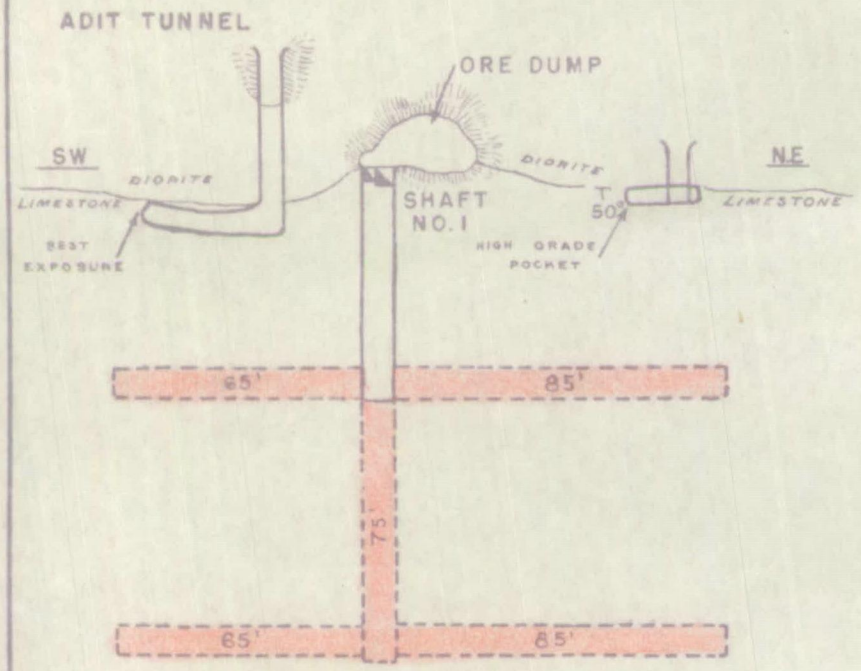
FIGURE 2. - CLAIM MAP, THREE MUSKETEERS MINE

ELLSWORTH MINING DISTRICT

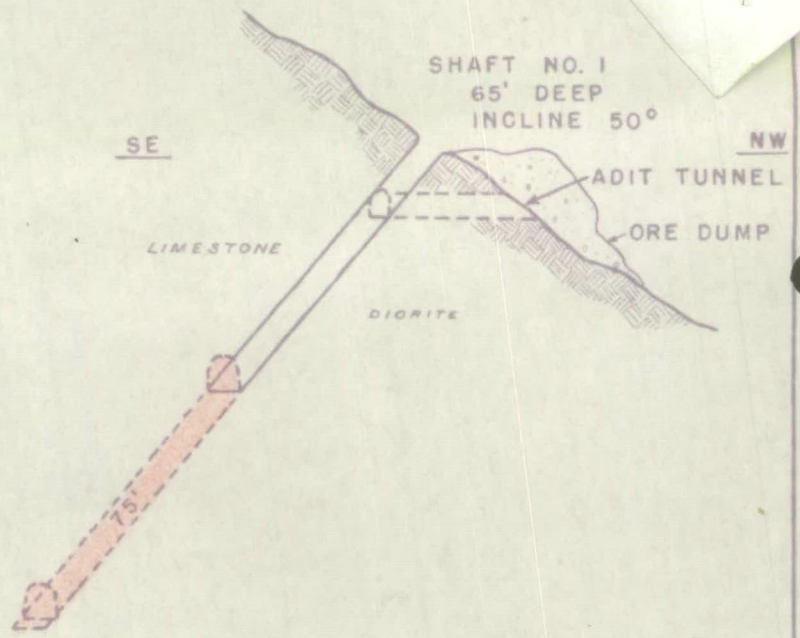
YUMA COUNTY, ARIZONA

MARCH 9, 1953 DMEA 2858

DATA COMPILED FROM MAP FURNISHED BY APPLICANT



PLAN



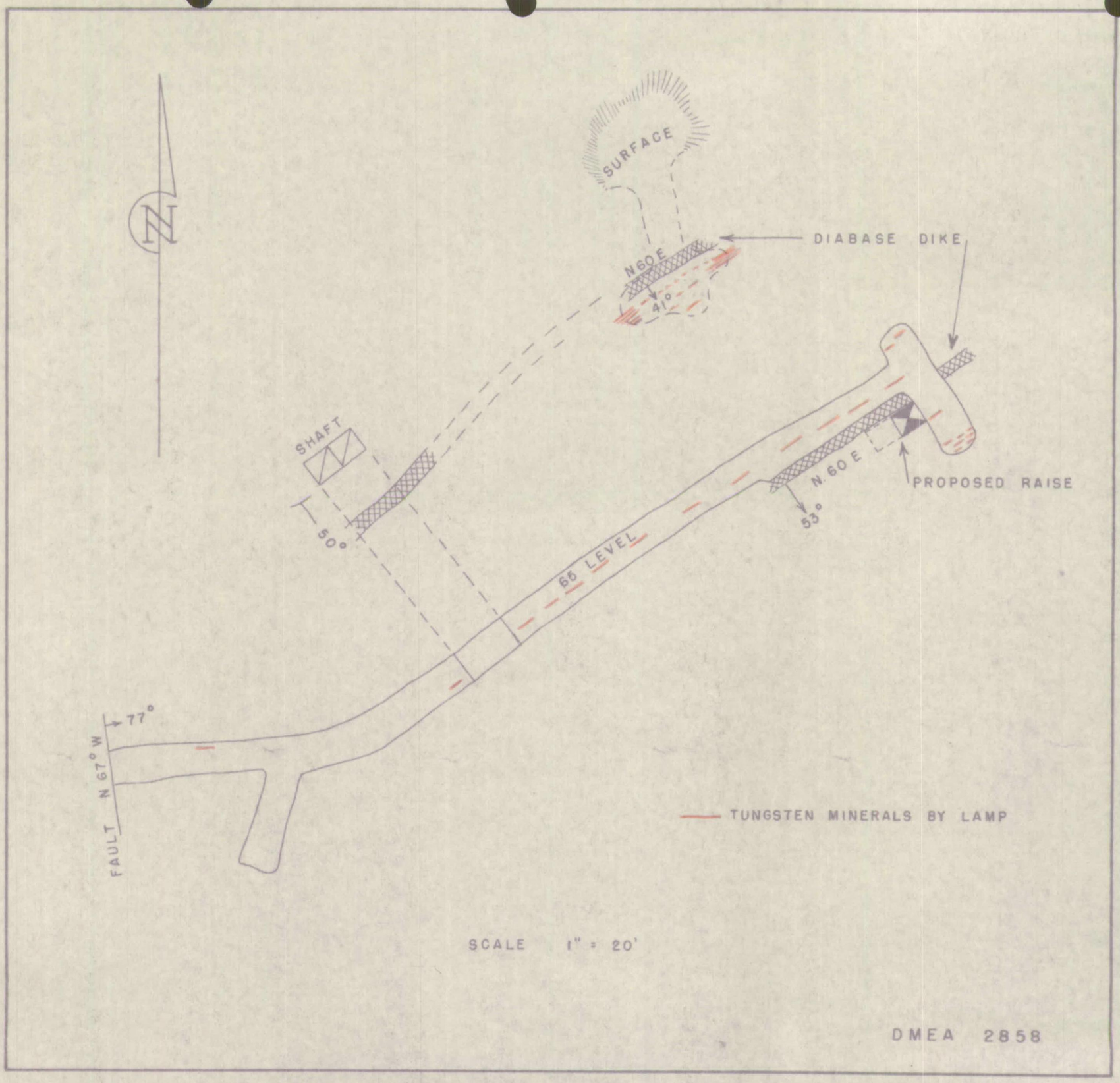
CROSS SECTION

MODIFIED EXPLORATION PLAN
SCALE 1" = 40'

FIGURE 4.- PLAN AND CROSS SECTION, SHAFT NO. 1 – THREE MUSKETEERS MINE

ELLSWORTH MINING DISTRICT YUMA COUNTY, ARIZONA

MARCH 9, 1953 DATA COMPILED FROM MAP FURNISHED BY APPLICANT DMEA 2858



THREE MUSKETEERS TUNGSTEN PROSPECT
YUMA COUNTY, ARIZONA

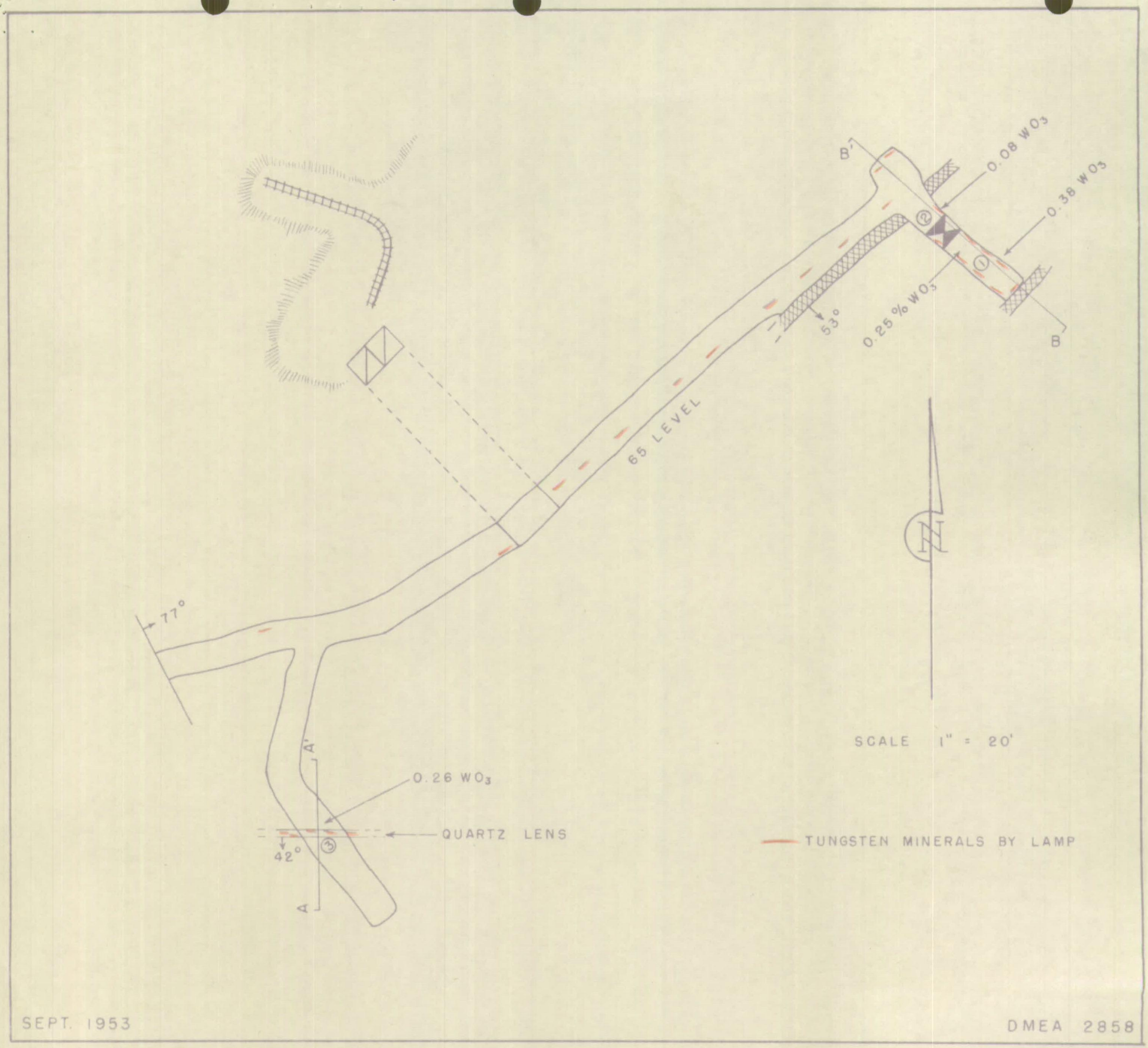
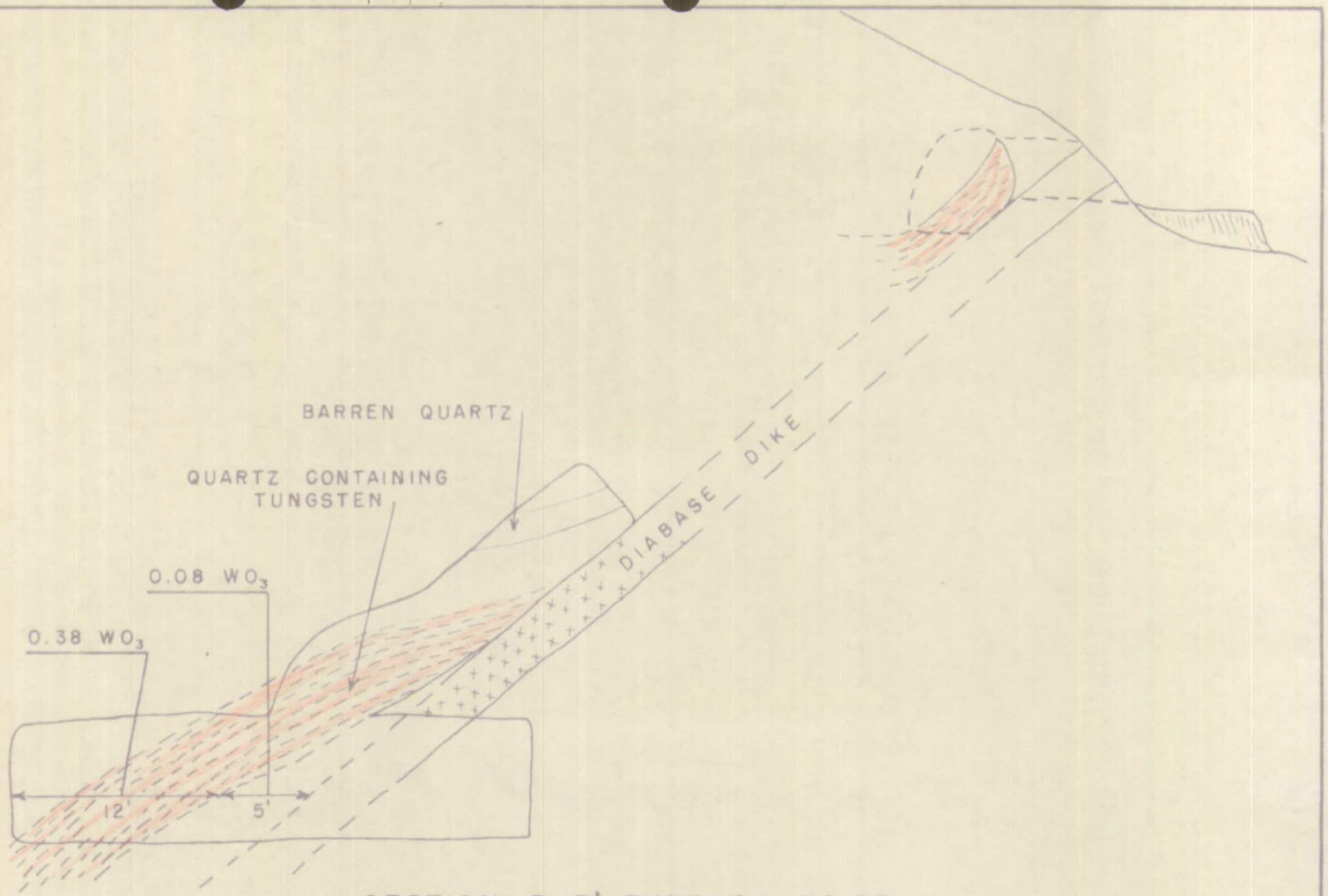
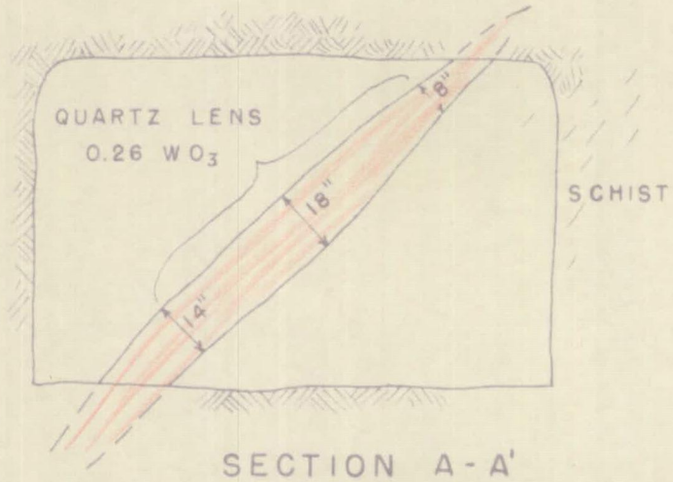


FIGURE 1. - PLAN OF 65 LEVEL - THREE MUSKETEERS TUNGSTEN PROSPECT
YUMA COUNTY, ARIZONA



SECTION B-B' THROUGH RAISE

SCALE 1" = 10'



SECTION A-A'

SCALE 1" = 4'

SEPT. 1953

DMEA 2858

FIGURE 2. - SECTIONS - THREE MUSKETEERS TUNGSTEN PROSPECT

YUMA COUNTY, ARIZONA