DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3707

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

Cys to USBM and USGS.

This document has been recorded as

Exploration

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip

To:	600	Date	3/3/55
To:	Oper Com	Date	3-9-55
To:	Hopkins	Date	5/2/55
To:	COM	Date	4-17-56
To:	Oper Com	Date	6-13-56
To:	F.E. Johnson	Date	6-13-56
To:	" "	Date	8-3-56
To:	COM	Date	8-3-56
To:	Oper Com	Date	10-24-56
To:	Admr	Date	10-25-56
To:	M&T	Date	11-6-56
To:	Oper Com	Date	12-4-56
To:	F.E. Johnson	Date	12-7-56
To:	COM	Date	12-10-56
To:	130	Date	2-21-57
	110		2-25-57
	100		2-25-57
	220		2-26-57

DO NOT DETACH

CONTROLLED DOCUMENT

ASSIGNMENT OF AGREEMENT OF SALE

DATE: FEBRUARY 22, 1955

ASSIGNORS: D. W. JAQUAYS and EMERENE JAQUAYS, his wife.

ASSIGNEE: JAQUAYS MINING CORPORATION, an Arizona corporation.

RECITALS

Heretofore, to-wit, on February 1, 1955, D. W. Jaquays, as Seller, and Jaquays Mining Corporation, as Buyer entered into a certain Agreement of Sale covering those certain unpatented lode mining claims in the McMillan Mining District, Gila County, Arizona, known as the Regal Mine, the names of which and the book and page number of Records of Mines in the office of the County Recorder of Gila County, Arizona, in which the United States patent thereto is located being as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Jaquays No. 3	50	93
Jaquays No. 2 Amended to No. 4	9	480

It is the desire of ASSIGNORS herein to sell, transfer, set over and assign to the ASSIGNEE all their right, title and interest in and to said Agreement of Sale, as well as ASSIGNORS' interest and right and title in and to the above-described mining claims.

COVENANTS

Now, Therefore, for and in good consideration of the sum of TEN DOLLARS, and other good and valuable consideration,

paid by [illegible] to [illegible], the receipt whereof is hereby acknowledged, [illegible] do hereby sell, convey, and quit claim unto [illegible], the successors and assigns, all of their right, title and interest in and to [illegible] of the [illegible] hereby conveying, transferring and assigning, as well, to the [illegible], all of their right, title and interest in and to the aforesaid described mining claims.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year first above written.

[illegible]

Ethelyn Jaynes

[illegible]

[illegible] MINING CORPORATION

ARIZONA

By [illegible]

President

ATTEST:

Ethelyn Jaynes

Secretary

State of Arizona)

ss

County of Maricopa)

ON THIS, the 27th day of February, 1959, before me, the undersigned Notary Public, personally appeared E. V. Jaynes and Ethelyn Jaynes, who also known to me to be the persons whose names are subscribed to the within instrument as Attorney-in-fact, and who acknowledged themselves to be the President and Secretary, respectively, of [illegible] MINING CORPORATION, an Arizona corporation, [illegible], and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument on behalf of the [illegible] in the capacity therein stated and individually for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires My Commission Expires Dec. 8, 1959

Clair E. Hanna Notary Public

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/25	Houk	600
2/25	Kennedy	130
"	Johnson	110
	Mittendorf	100
2/26	C	220
		225

600

FEB 26 1957

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

Reference is made to your letter of February 12, 1957, to Mr. W. M. Traver, requesting withdrawal of the subject application.

The encouraging results obtained by your company in finding asbestos mineralization in the subordinated area and your reasons for not wishing to execute the proposed contract are understandable. We are, therefore, considering the application for exploration assistance as having been withdrawn.

Your original proposal under the subject application to extend the Navaho adit was carefully studied and at that time Government participation was not considered justified. After a careful study of all of the new information we reaffirm our decision at this time. Should you develop favorable data that indicate the Regal structure persists southward, the DMEA would be pleased to receive a new application on the proposed work from the Navaho adit.

We wish to thank you for your interest in the Defense Minerals Exploration Administration Program.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

LGHouk:gad 2/21/57
Copy to: Admr. R. File
Operating Committee
Field Team, Reg. III
Mr. Kiilsgaard, 5222
Mr. Kennedy, 3524
Mr. Houk

8623

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

224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	CODE
2-18	C	220
		600
		220

February 14, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 3707 (Asbestos), Jaquays Mining Corporation (Regal mine), Gila County, Arizona - Proposed Exploration Project Contract No. Idm-E1043

Enclosed are the original and five copies of proposed Exploration Project Contract No. Idm-E1043, which was forwarded by your letter of December 11, 1956, for signature by the Applicant after obtaining six copies of a Consent to Lien and Subordination Agreement properly executed by the lessors.

Also enclosed are the original and three copies of the Applicant's letter of February 12, 1957 advising that they do not wish to proceed with the exploration work under the DMEA Contract and request that the application be considered as having been withdrawn.

Your attention is especially directed to the last sentence in the Applicant's letter referring to the possibility of a DMEA program in conjunction with the Navaho tunnel.

We assume you will close the matter by considering the application as having been withdrawn. However, we will appreciate advice as to the final disposition.

W. M. Traver

W. M. Traver

Enclosures

Atlas Explosives

Gardner Denver Equipment

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	CODE

D. W. JAQUAYS & CO.
Mining & Contractors Equipment
1219 SOUTH 19th AVENUE
PHOENIX, ARIZONA

Feb. 12, 1957

DMEA
DEPARTMENT OF THE INTERIOR
FEB 14 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Defense Minerals Exploration Adminstration
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver:

In answer to your letter of January 15th concerning Docket DMEA 3707 for the exploration loan on the Regal Mine I have delayed making the final decision on this pending the results of a long hole drilling program which we have just completed. A drift was driven south along the E. 2075 line through the dike to the N. 4900 line. This point being about 100 feet ahead of the present face of the No. 3 Crosscut from which the DMEA project was supposed to start. Long hole drilling was done south and south east of the new drift face and ore was found in seven holes up to 80 feet from the new drift face.

With the above facts now on hand we can no longer call the DMEA project an exploration program as we would be going into a known ore area so we must withdraw the application as it now stands.

It may be of interest to you to know that the Navaho tunnel has just been started again to explore the area south of the N. 4400 line. You will note that I use the term explore here as this tunnel is going into an area of which we knownothing about and is being driven only on indicated trend of the ore some 500 feet north. If you would be interested in making a DMEA project out the Navaho tunnel or one driven east at about the center line of Jaquays No. 1 claim we will be glad to work up another application.

Very truly yours

D. W. Jaquays

D. W. Jaquays

Atlas Explosives

Gardner Denver Equipment

EXTRA COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	CODE

D. W. JAQUAYS & CO.
Mining & Contractors Equipment
1219 SOUTH 19th AVENUE
PHOENIX, ARIZONA

Feb. 12 1957

DMEA
DEPARTMENT OF THE INTERIOR
FEB 1 1 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Defense Minerals Exploration Adminstration
224 New Customhouse
Denver 2, Colorado

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Very truly yours

D. W. Jaquays

Atlas Explosives

Gardner Denver Equipment

EXTRA COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	COPY

D. W. JAQUAYS & CO.

Mining & Contractors Equipment

1219 SOUTH 19th AVENUE

PHOENIX, ARIZONA

Feb. 12, 1957

DMEA
DEPARTMENT OF THE INTERIOR
FEB 14 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver
Defense Minerals Exploration Adminstration
2A New Customhouse
Denver 2, Colorado

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Very truly yours

D. W. Jaquays

D. W. Jaquays

Government's copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm-E*	*County*	*State*
3707	Asbestos	1043	Gila	Arizona

It is agreed DEC 1 1 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jaquays Mining Corporation, an Arizona corporation

whose mailing address is 1219 South 19th Avenue
Phoenix, Arizona
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $26,400.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $19,800.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION
(Operator)

By O Mittendorf
Administrator, Defense Minerals
Exploration Administration

By .....

Title .....

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

Annex I

The land referred to in Article 2 of the Contract is located in Sec. 36, T. 6 N. and Sec. 1, T. 5 N., R.16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona, and is owned by the Asbestos Corporation of America. The Operator has the right to possession by virtue of a contract between said corporation and D. W. Jaquays, dated June 1, 1952, which contract was assigned by D. W. Jaquays and his wife to the Operator by assignment dated July 29, 1952. The Consent to Lien and Subordination Agreement of the Asbestos Corporation of America is attached hereto. The land included in this contract is described as follows:

Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. Coordinate, north of the 4000 N. Coordinate and east of the 1980 E. Coordinate line, same being marked in red on Figure 2.

Notices of location of the aforesaid unpatented claims are recorded in the Recorder's Office, Gila County, Globe, Arizona, as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Huntz No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
6.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50

Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
8.	Drill series of long holes with percussion drill at no cost to the Government	--------
9.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50
	Estimated total cost of project	$26,400.00
	Government participation @ 75%	$19,800.00

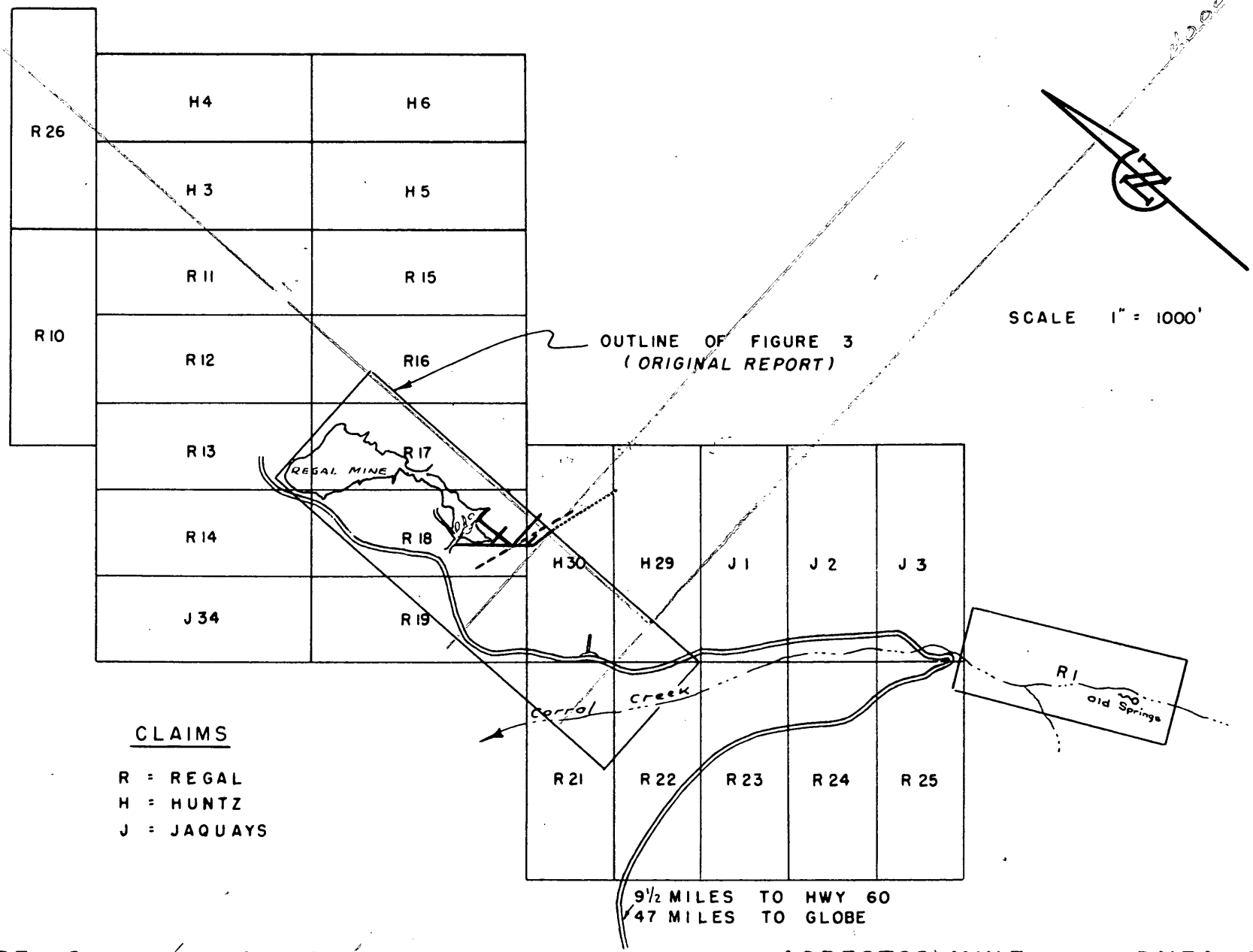

FIGURE 2. CLAIM MAP REGAL ASBESTOS MINE DMEA 3707

JAQUAYS MINING CORP. GILA COUNTY, ARIZONA

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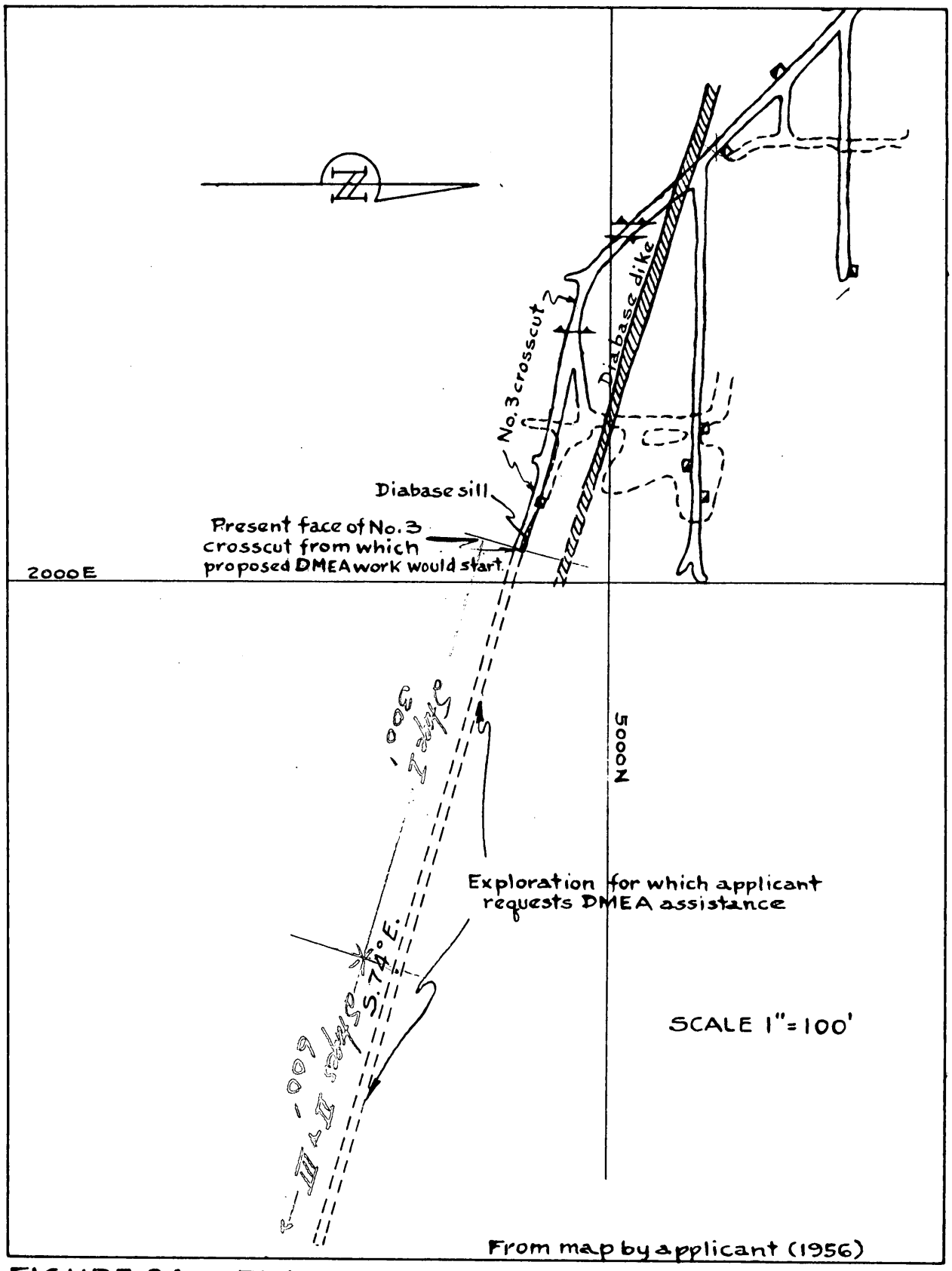

FIGURE 3A. - PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

Operator's copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
3707	Asbestos	1043	Gila	Arizona

It is agreed DEC 1 1 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jaquays Mining Corporation, an Arizona corporation

whose mailing address is 1219 South 19th Avenue
Phoenix, Arizona

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $26,400.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $19,800.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION

(Operator)

By O. J. Mitchendorf
Administrator, Defense Minerals
Exploration Administration

By .....

Title .....

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

Annex I

The land referred to in Article 2 of the Contract is located in Sec. 36, T. 6 N. and Sec. 1, T. 5 N., R.16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona, and is owned by the Asbestos Corporation of America. The Operator has the right to possession by virtue of a contract between said corporation and D. W. Jaquays, dated June 1, 1952, which contract was assigned by D. W. Jaquays and his wife to the Operator by assignment dated July 29, 1952. The Consent to Lien and Subordination Agreement of the Asbestos Corporation of America is attached hereto. The land included in this contract is described as follows:

Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. Coordinate, north of the 4000 N. Coordinate and east of the 1980 E. Coordinate line, same being marked in red on Figure 2.

Notices of location of the aforesaid unpatented claims are recorded in the Recorder's Office, Gila County, Globe, Arizona, as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Huntz No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
6.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50

Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
8.	Drill series of long holes with percussion drill at no cost to the Government	--------
9.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50
	Estimated total cost of project	$26,400.00
	Government participation @ 75%	$19,800.00

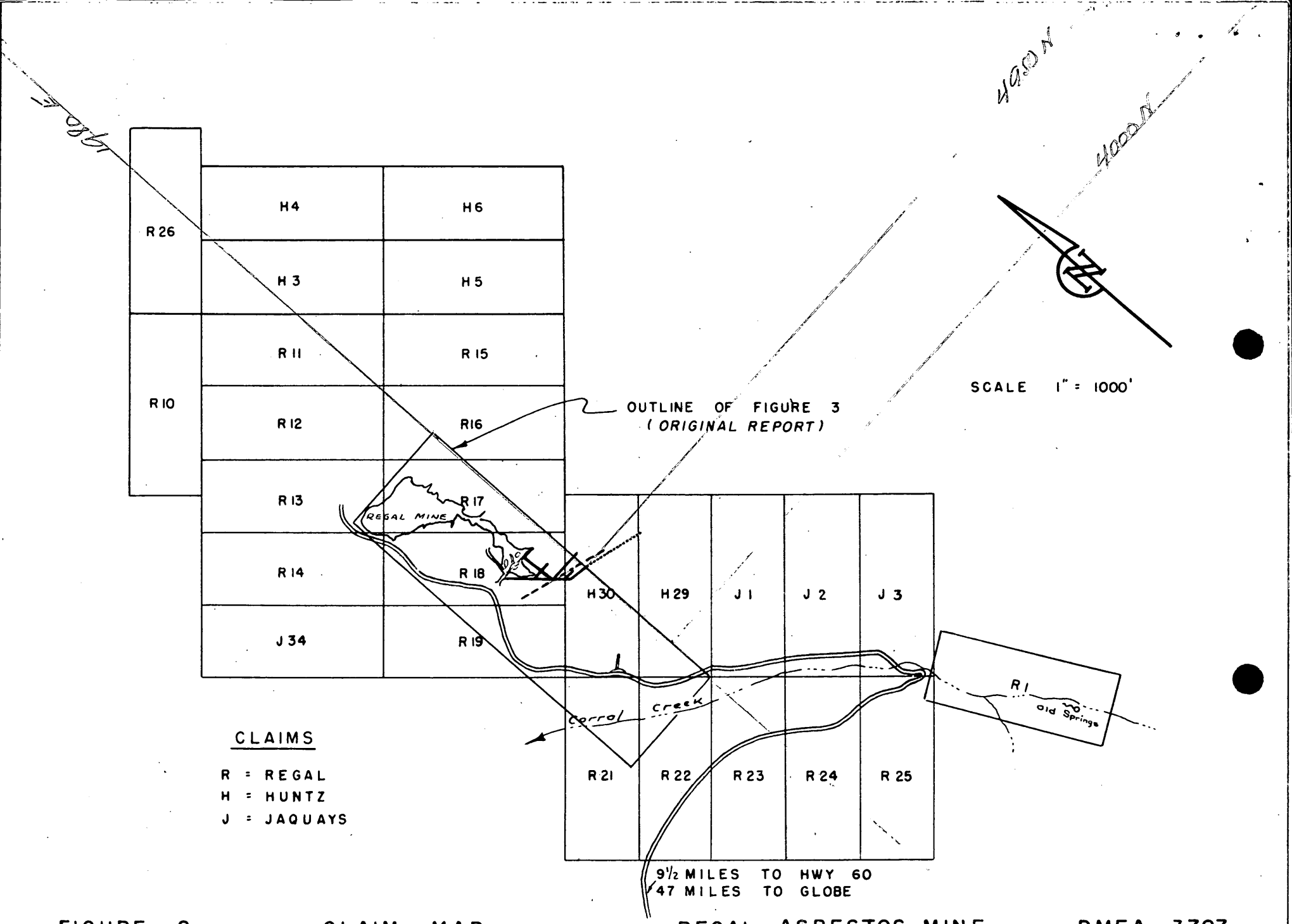

FIGURE 2. - CLAIM MAP

JAQUAYS MINING CORP.

REGAL ASBESTOS MINE

GILA COUNTY, ARIZONA

DMEA 3707

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OCT - 8 1956

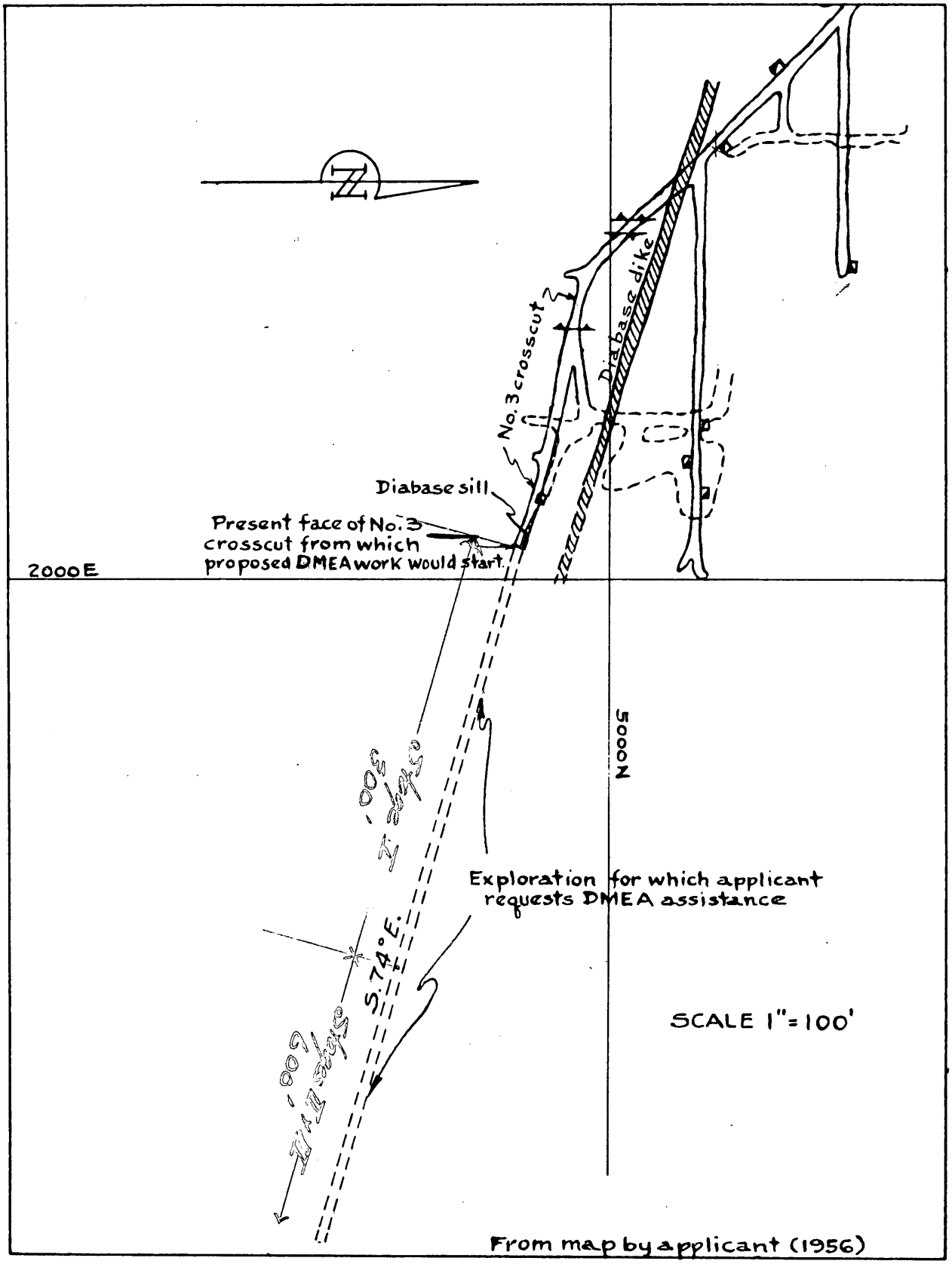

FIGURE 3A.- PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

Division copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
3707	Asbestos	1043	Gila	Arizona

It is agreed DEC 1 1 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jaquays Mining Corporation, an Arizona corporation

whose mailing address is 1219 South 19th Avenue
Phoenix, Arizona
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $26,400.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $19,800.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION
(Operator)

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

By .....

Title .....

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: 1956—O-383069

Initials 11/27/56
Dwyer
Appd. Sol. Off.
Hopkins
Chambers
Houck
Selfridge

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

Annex I

The land referred to in Article 2 of the Contract is located in Sec. 36, T. 6 N. and Sec. 1, T. 5 N., R.16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona, and is owned by the Asbestos Corporation of America. The Operator has the right to possession by virtue of a contract between said corporation and D. W. Jaquays, dated June 1, 1952, which contract was assigned by D. W. Jaquays and his wife to the Operator by assignment dated July 29, 1952. The Consent to Lien and Subordination Agreement of the Asbestos Corporation of America is attached hereto. The land included in this contract is described as follows:

Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. Coordinate, north of the 4000 N. Coordinate and east of the 1980 E. Coordinate line, same being marked in red on Figure 2.

Notices of location of the aforesaid unpatented claims are recorded in the Recorder's Office, Gila County, Globe, Arizona, as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Hunts No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
6.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50

Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
8.	Drill series of long holes with percussion drill at no cost to the Government	--------
9.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50
	Estimated total cost of project	$26,400.00
	Government participation @ 75%	$19,800.00

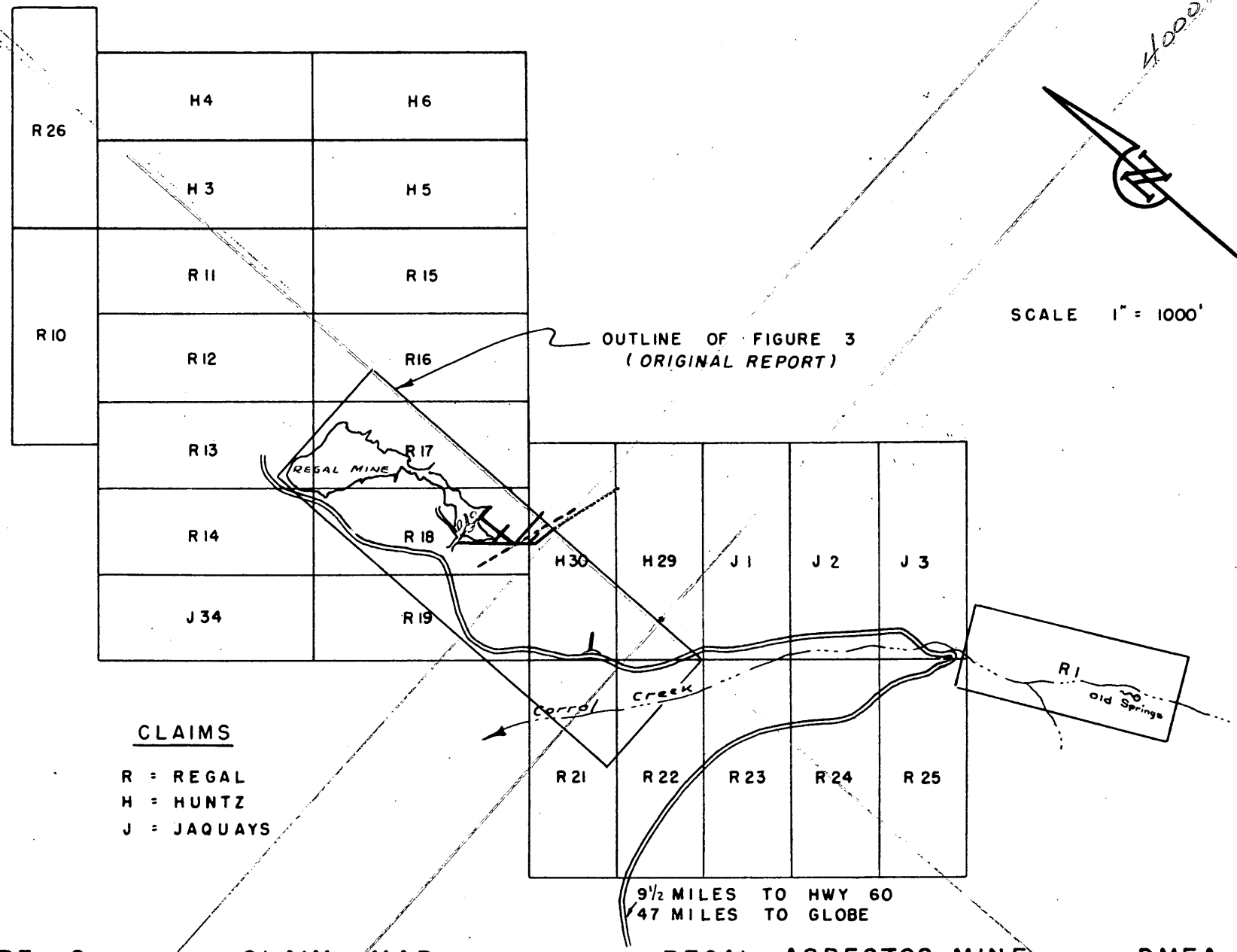

FIGURE 2. CLAIM MAP
JAQUAYS MINING CORP.

REGAL ASBESTOS MINE
GILA COUNTY, ARIZONA

DMEA 3707

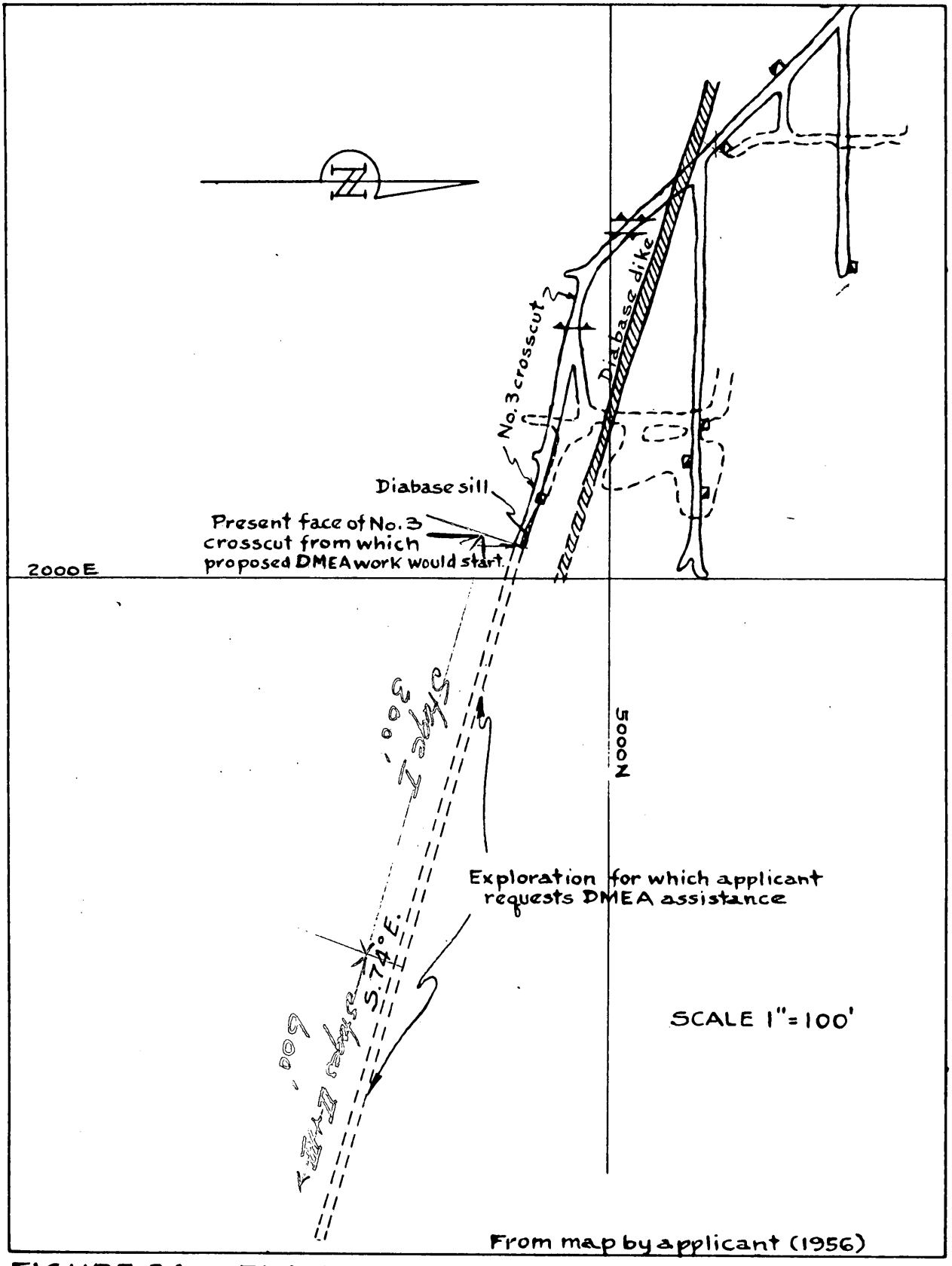

FIGURE 3A.- PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

Docket copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
3707	Asbestos	1043	Gila	Arizona

It is agreed DEC 1 1 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jaquays Mining Corporation, an Arizona corporation

whose mailing address is 1219 South 19th Avenue
Phoenix, Arizona
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $26,400.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $19,800.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

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

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION
(Operator)

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

By .....

Title .....

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: 1956—O-383069

Indexed 11/27/56
Lawyer
"Appd. Sol. Off."
Dopkin
Chambers
Houk
Selfridge
Hefelbower

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

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EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
6.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50

Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
8.	Drill series of long holes with percussion drill at no cost to the Government	--------
9.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50
	Estimated total cost of project	$26,400.00
	Government participation @ 75%	$19,800.00

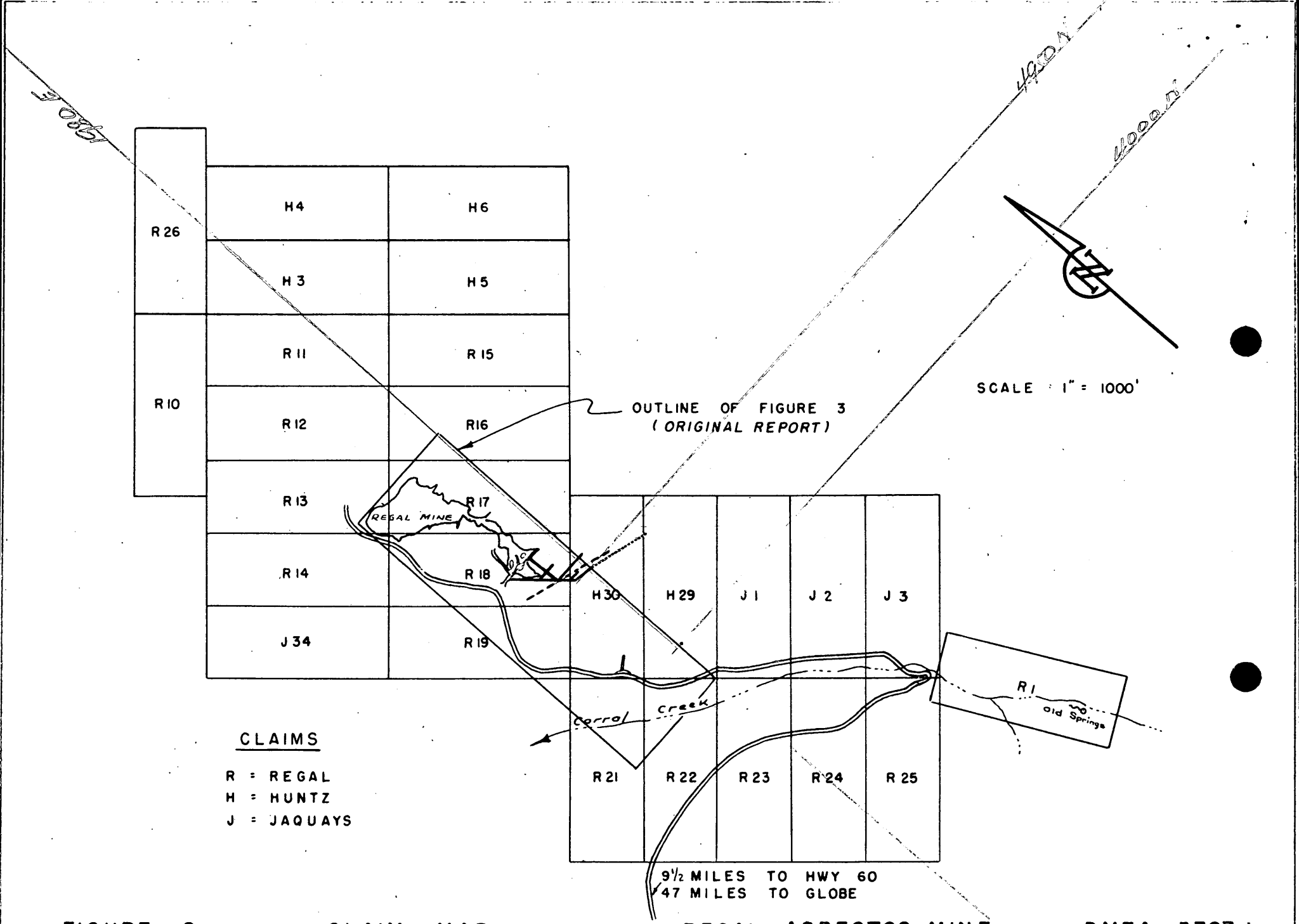

FIGURE 2. - CLAIM MAP

JAQUAYS MINING CORP.

REGAL ASBESTOS MINE

GILA COUNTY, ARIZONA

DMEA 3707

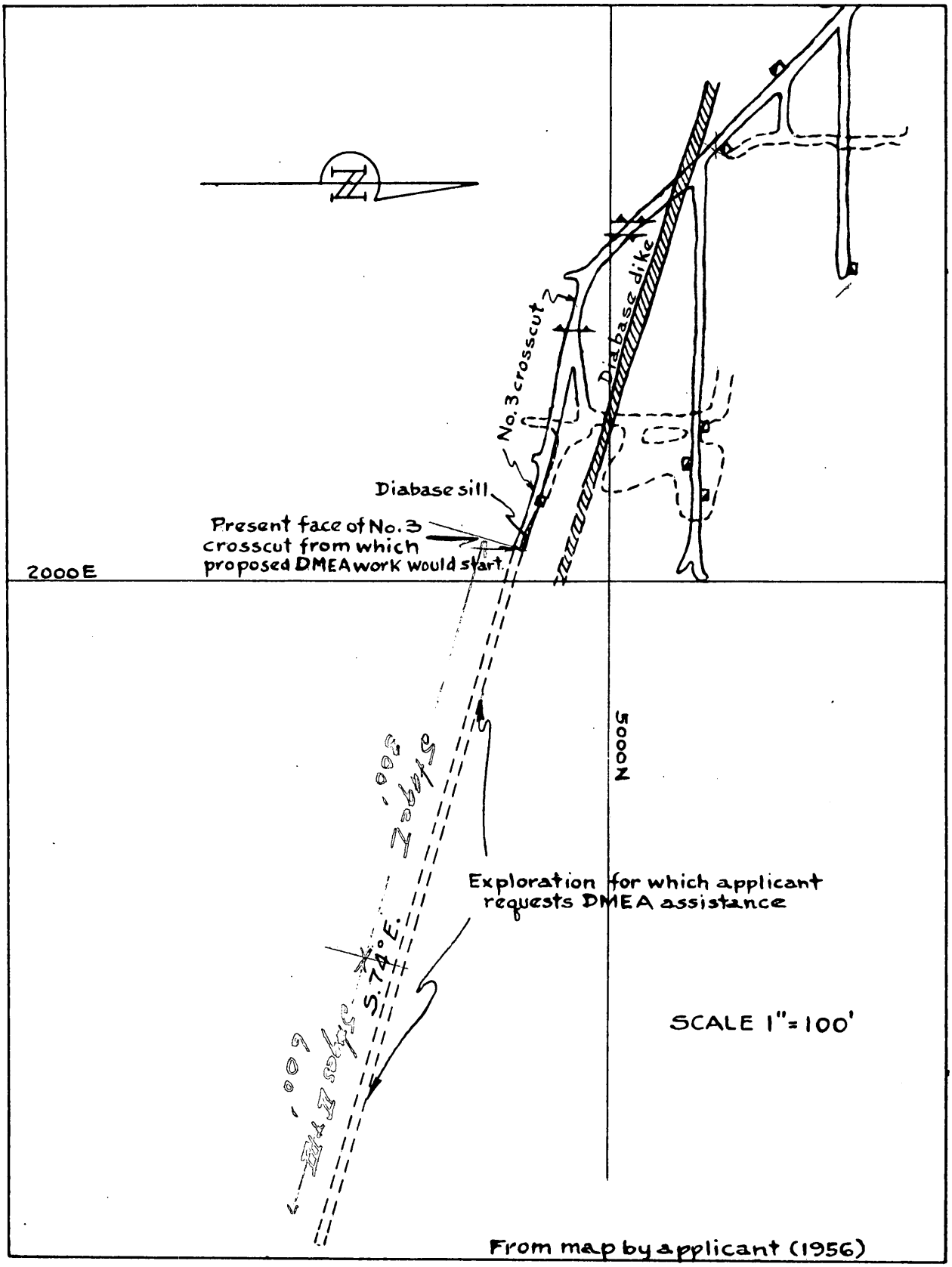

FIGURE 3A.- PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

Finance Office copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
3707	Asbestos	1043	Gila	Arizona

It is agreed DEC 1 1 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jaquays Mining Corporation, an Arizona corporation

whose mailing address is 1219 South 19th Avenue
Phoenix, Arizona
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $26,400.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $19,800.00, in accordance with the provisions of Articles 4 and 5.

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

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

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

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

.....

.....

.....

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.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION
(Operator)

By C J Mittendorf
Administrator, Defense Minerals
Exploration Administration

By .....

Title .....

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMRA-3707

Annex I

The land referred to in Article 2 of the Contract is located in Sec. 36, T. 6 N. and Sec. 1, T. 5 N., R.16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona, and is owned by the Asbestos Corporation of America. The Operator has the right to possession by virtue of a contract between said corporation and D. W. Jaquays, dated June 1, 1952, which contract was assigned by D. W. Jaquays and his wife to the Operator by assignment dated July 29, 1952. The Consent to Lien and Subordination Agreement of the Asbestos Corporation of America is attached hereto. The land included in this contract is described as follows:

Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. Coordinate, north of the 4000 N. Coordinate and east of the 1980 E. Coordinate line, same being marked in red on Figure 2.

Notices of location of the aforesaid unpatented claims are recorded in the Recorder's Office, Gila County, Globe, Arizona, as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Huntz No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
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Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
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9.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50
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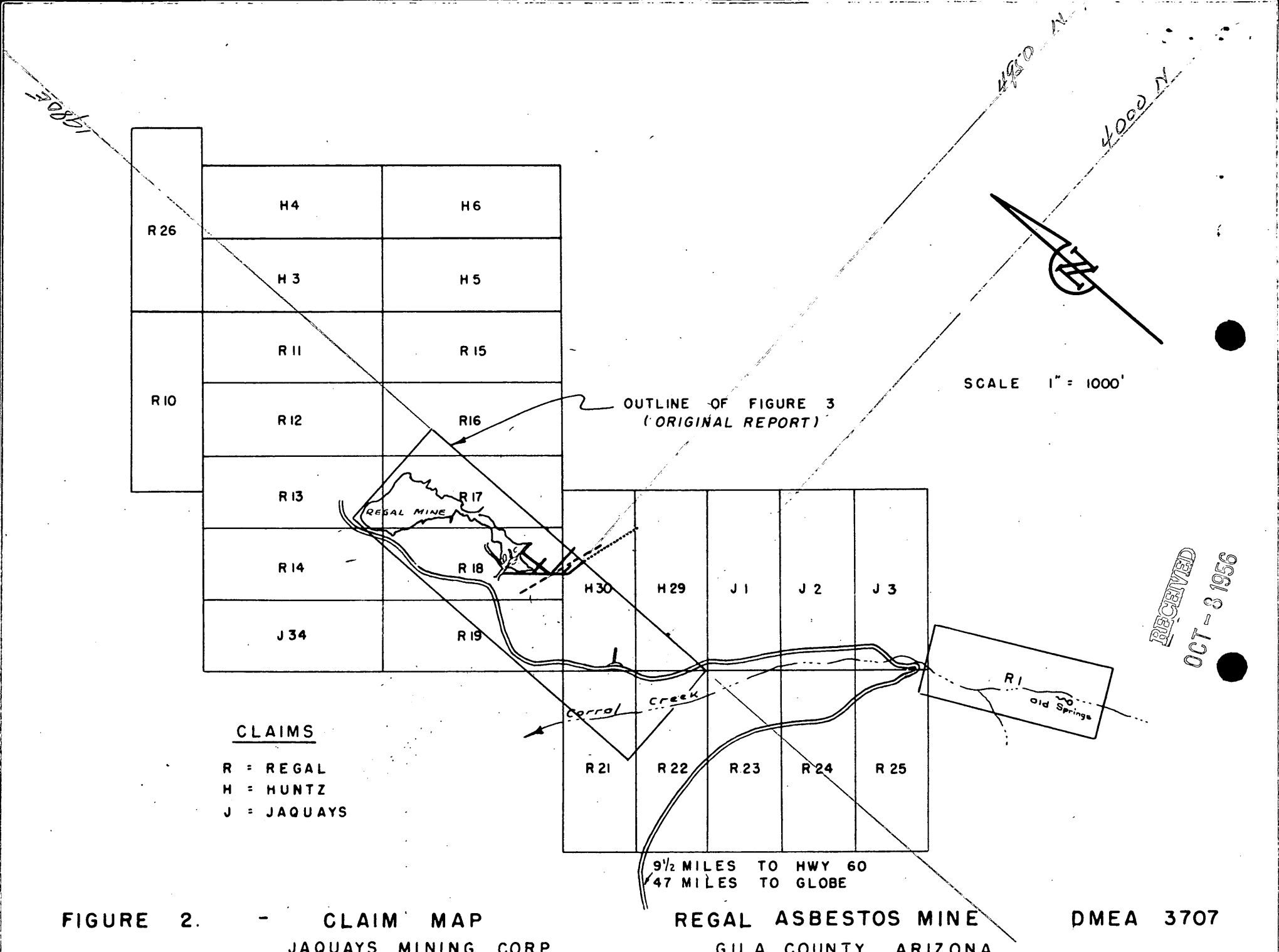

FIGURE 2. - CLAIM MAP
JAQUAYS MINING CORP.

REGAL ASBESTOS MINE
GILA COUNTY, ARIZONA

DMEA 3707

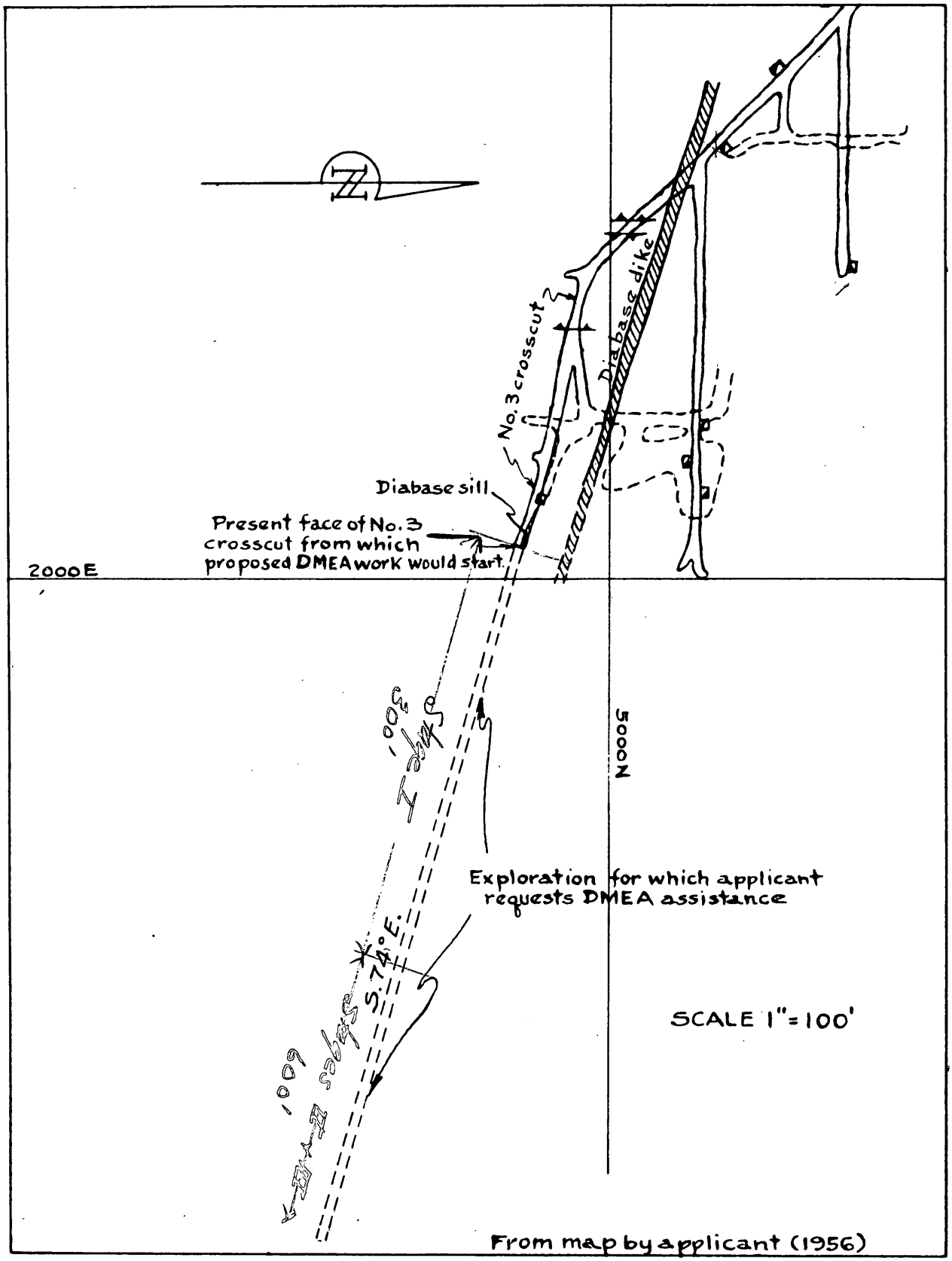

FIGURE 3A.- PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

Field Team copy

MF-200A
(Rev. April 1956)

DMEA
DEPARTMENT OF THE INTERIOR
DEC 13 1956
REGION III
DENVER, COLORADO

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

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3707	Asbestos	1043	Gila	Arizona

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

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in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

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

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

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

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

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

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

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

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

ARTICLE 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

JAQUAYS MINING CORPORATION
(Operator)

By C. F. Mittendorf
Administrator, Defense Minerals
Exploration Administration

By .....

Title .....

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

Annex I

The land referred to in Article 2 of the Contract is located in Sec. 36, T. 6 N. and Sec. 1, T. 5 N., R.16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona, and is owned by the Asbestos Corporation of America. The Operator has the right to possession by virtue of a contract between said corporation and D. W. Jaquays, dated June 1, 1952, which contract was assigned by D. W. Jaquays and his wife to the Operator by assignment dated July 29, 1952. The Consent to Lien and Subordination Agreement of the Asbestos Corporation of America is attached hereto. The land included in this contract is described as follows:

Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. Coordinate, north of the 4000 N. Coordinate and east of the 1980 E. Coordinate line, same being marked in red on Figure 2.

Notices of location of the aforesaid unpatented claims are recorded in the Recorder's Office, Gila County, Globe, Arizona, as follows:

Name	Book	Page
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Huntz No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

EXPLORATION PROJECT CONTRACT
JAQUAYS MINING CORPORATION
DOCKET NO. DMEA-3707

"EXHIBIT A"

Description of the Work

(a) The approximate location of the work is shown on the maps entitled, "Figure 2, Claim Map, Regal Asbestos Mine, DMEA 3707, Jaquays Mining Corp., Gila County, Arizona" and "Figure 3A - Plan of South Workings of Regal Mine and proposed project (DMEA 3707)", attached hereto and made a part hereof.

(b) The work shall be performed in three stages. The Operator shall perform all of Stage I and as much of Stage II and Stage III as may be approved by the Government in writing.

(c) Long-hole drilling, the cost of which shall be for the account of the Operator, shall be performed in each stage of the project concurrently with the crosscutting operations and the work and reports thereon shall be an integral part of the project.

(d) Regardless of any certification of discovery, the Operator, as principal if the Operator is the producer and as surety if the Operator is not the producer, shall pay to the Government royalty on all minerals transported or passed through any workings to the cost of which the Government contributes, as specified in this contract, irrespective of where the minerals came from. Such royalty shall be paid in the same manner and amount and for the full time and subject to the same conditions as provided in the contract.

(e) No work shall be performed within 100 feet of the end lines of the mining claims included in this contract.

(f) The location, direction, inclination and extent of all work are subject to the approval of the Government.

(g) All work shall be timbered as necessary.

(h) Crosscuts shall have minimum cross sectional dimension of 5 feet by 7 feet in the clear of timber.

(i) Raises shall have minimum cross sectional dimensions of 5 feet by 5 feet in the clear of timber.

Stage I

1. From the present face of No. 3 crosscut which is approximately 15 feet below the ore horizon at approximate coordinates N 4950, E 1980 in the Regal Mine, drive not more than 300 feet of crosscut on the approximate bearing of S 74° E.

2. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

3. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage I shall not exceed 45 feet.

Stage II

4. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

5. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

6. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage II shall not exceed 45 feet.

Stage III

7. Extend No. 3 crosscut a distance not to exceed 300 feet on a course approved by the Government.

8. At intervals of approximately 100 feet in the crosscut drill a series of long holes with a percussion drill to test the ore horizon for 100 feet on each side and for 100 feet ahead of the face of the crosscut.

9. At intervals of approximately 100 feet in the crosscut drive raises to the ore horizon when justified by drilling results. The total footage of raises in this Stage III shall not exceed 45 feet.

Fixed Unit Costs

Stage I

1.	Drive 300 feet of crosscut @ $24.75/foot	$7,425.00
2.	Drill series of long holes with percussion drill at no cost to the Government	--------
3.	Drive 3 raises totaling 45 feet @ $20.00/foot	900.00

Stage II

4.	Drive 300 feet of crosscut @ $26.25/foot	7,875.00
5.	Drill series of long holes with percussion drill at no cost to the Government	--------
6.	Drive 3 raises a total of 45 feet @ $22.50/foot	1,012.50

Stage III

7.	Drive 300 feet of crosscut @ $27.25/foot	8,175.00
8.	Drill series of long holes with percussion drill at no cost to the Government	--------
9.	Drive 3 raises a total of 45 feet @ $22.50/feet	1,012.50
	Estimated total cost of project	$26,400.00
	Government participation @ 75%	$19,800.00

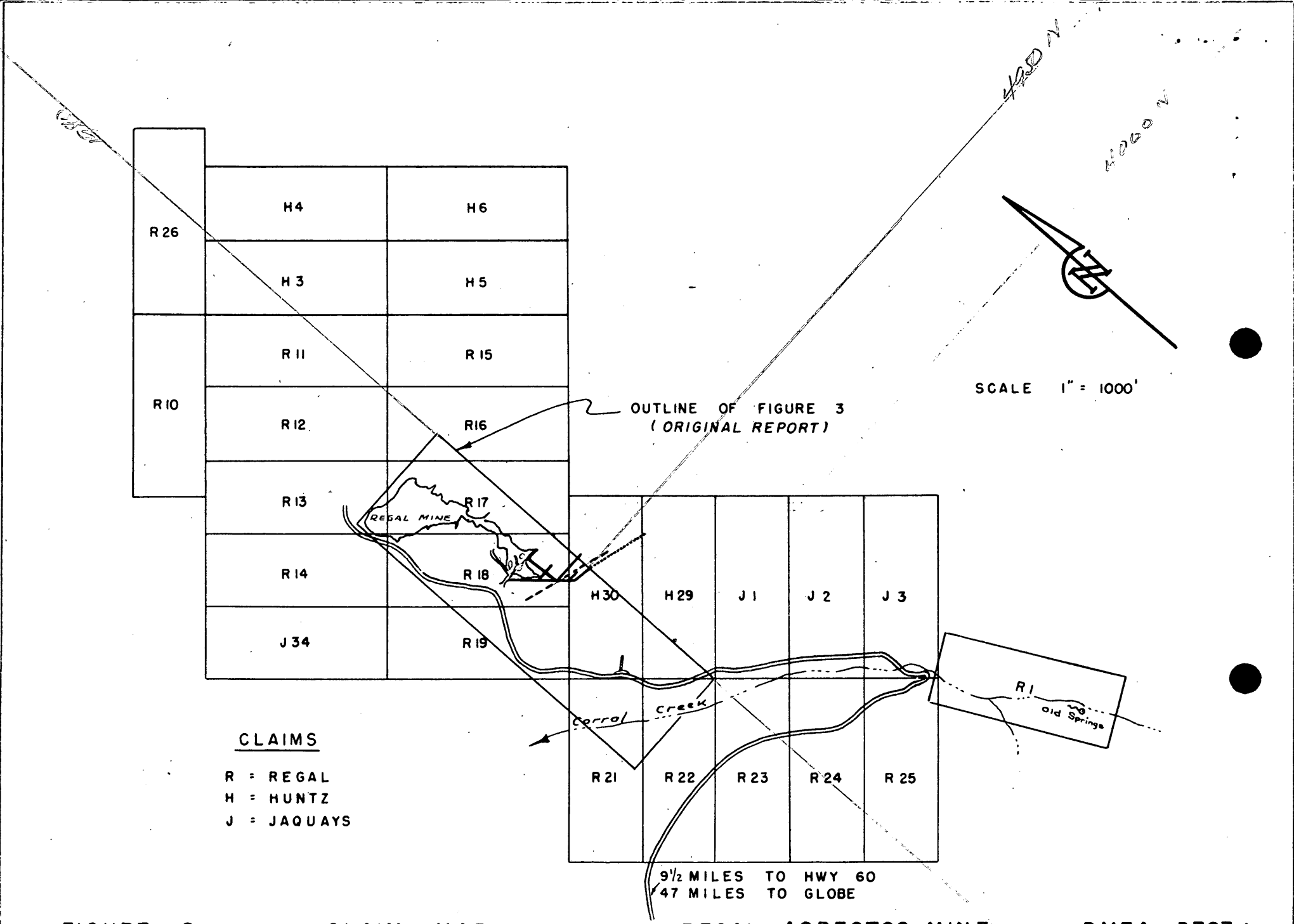

FIGURE 2. - CLAIM MAP

JAQUAYS MINING CORP.

REGAL ASBESTOS MINE

GILA COUNTY, ARIZONA

DMEA 3707

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

RECEIVED JAN 16 1957

DATE	INITIALS	CODE
1-18	C	220
1/23	LHH	600

224 New Customhouse
Denver 2, Colorado

January 15, 1957

Mr. D. W. Jaquays, President
Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket DMEA 3707 (Asbestos)
Jaquays Mining Corporation
(Regal Mine) Gila County,
Arizona. Proposed Exploration
Project Contract Idm-E1043

Dear Mr. Jaquays:

We have not as yet received a reply to our letter dated December 14, 1956, in which we informed you that we are holding in this office your proposed exploration contract.

We are not authorized to hold unexecuted copies of a contract indefinitely; and if we receive no reply from you before February 15, 1957, we will assume that you are no longer interested in the proposed exploration contract, and we will return all copies of the contract to the Washington Office, DMEA.

Yours very truly,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

HMC:ytl
cc
Sec. Op. Comm. (2)
Townsend
Harshman
Storms
Emerick
Docket 3707
Chron.

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

RECEIVED DEC 17 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

December 14, 1956

Mr. D. W. Jaquays, President
Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket DMEA 3707 (Asbestos)
Jaquays Mining Corporation
(Regal Mine) Gila County,
Arizona. Proposed Exploration Project Contract Idm-E-1043

Dear Mr. Jaquays:

We are holding in this office a proposed exploration contract which will be forwarded you for signature upon receipt of the properly executed copies, consisting of the original and five copies of the attached Consent to Lien. Two extra copies of the Consent to Lien are also enclosed, should you and the lessor wish to retain a copy.

In the event that Jaquays Mining Corporation has received title to the Huntz #29, Amended, and Huntz #30 claims. Proof of such title should be forwarded this office. In that case, the Consent-to-Lien is not required.

The land to be included is described in Annex 1 of the contract as follows:

> "Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. coordinate, north of the 4000 N. coordinate and east of 1980 E. coordinate line, same being marked in red on Figure 2."

A copy of Figure 2 referred to above is attached for your information.

Also attached is a photo copy of Exhibit A of the proposed exploration project contract. After you have perused all of the enclosed information, will you please promptly advise this office of your intentions regarding the proposed work.

Yours very truly,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

Enclosures

HMC:ytl
cc
Sec. Op. Comm. (2)
Townsend
Harshman
Storms
Emerick
Docket 3707
Chron.

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

224 New Customhouse
Denver 2, Colorado

December 14, 1956

RECEIVED
DEC 17 1956
D.M.E.A.

Mr. D. W. Jaquays, President
Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket DMEA 3707 (Asbestos)
Jaquays Mining Corporation
(Regal Mine) Gila County,
Arizona. Proposed Exploration Project Contract Idm-E-1043

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In the event that Jaquays Mining Corporation has received title to the Huntz #29, Amended, and Huntz #30 claims. Proof of such title should be forwarded this office. In that case, the Consent-to-Lien is not required.

The land to be included is described in Annex 1 of the contract as follows:

> "Those portions of certain unpatented lode mining claims, to wit: Huntz #29, Amended, Huntz #30, Jaquays #1 and Jaquays #2, which are south of 4950 N. coordinate, north of the 4000 N. coordinate and east of 1980 E. coordinate line, same being marked in red on Figure 2."

A copy of Figure 2 referred to above is attached for your information.

Also attached is a photo copy of Exhibit A of the proposed exploration project contract. After you have perused all of the enclosed information, will you please promptly advise this office of your intentions regarding the proposed work.

Yours very truly,

Original signed by
W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

Enclosures

HMC:ytl
cc
Sec. Op. Comm. (2)
Townsend
Harshman
Storms
Emerick
Docket 3707
Chron.

Docket Copy
Surname:

B

Hyden
Hook
Chambers
Selbridge
F. Johnson
McKendry

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

DEC 11 1956

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

Re: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed short-form contract signed by the Administrator for the Government. It consists of the form, Annex I (1 page), Exhibit A (3 pages), and two maps. Also enclosed are two extra copies of Annex I, Exhibit A and Figure 2, and one copy of Figure 3A for Field Team use.

If the proposed contract meets with your approval, present it to the Applicant for execution. Please explain to the Applicant that the contract is a firm commitment to complete the work outlined at the agreed cost. Copies of the executed contract are to be distributed in the usual manner.

If any part of this proposed contract does not have either your approval or that of the Applicant and cannot be amended within your delegated authority, then the original and all copies of the contract and the two extra copies of Annex I, Exhibit A and Figure 2, and the single copy of Figure 3A are to be returned to this office, together with the proposed changes for consideration.

Before presenting the contract to the Applicant for execution, please obtain six copies of a Consent to Lien and Subordination Agreement properly executed by the Lessor, the Asbestos Corporation of America, and attach to copies of the contract. If the Jaquays Mining Corporation has received legal title to the property, retype page 1 of the contract, substitute "owner" for "Interest of the landowner" in Article 2(a), and eliminate "Consent to Lien and Subordination Agreement of owner" in Article 2(b). Retype the first paragraph of Annex I to read substantially as follows:

R.S.S.

"The land referred to in Article 2 of the Contract is owned by the Jaquays Mining Corporation and is located in sec. 36, T. 6 N. and sec. 1, T. 5 N., R. 16 E., unsurveyed, Gila and Salt River Meridian, Gila County, Arizona. The land included in this contract is described as follows:"

Copies of memoranda dated November 20 and 21, 1956, by Mr. D. O. Kennedy, USBM, and Mr. N. E. Nelson, USGS, respectively, relating to the project are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

Frank D. Lamb (GCS)

Member, Bureau of Mines

N. E. Nelson (GCS)

Member, Geological Survey

Enclosures 12

JHopkins:gad 12/6/56

Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Kennedy, 3524
Mr. Houk

P.S. Please note that a change from crosscutting to drifting at any time during the project will require an amendment on recommendation of the Field Team.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
NOV 27 1956
D.M.E.A.

November 21, 1956

Re: DMEA 3707
Jacquays Mining Corporation
Regal Mine
Gila County, Arizona
$39,825.00 - Asbestos

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Supplemental Report of field examiners

Reference to the map (Fig. 3) which accompanies the supplemental report suggests the south orebody has practically come to an end and, like in at least three cases to the north, a new orebody must be looked for. That it may be 500 feet to the south of east of the known ore is not so patent, judging from the information at hand.

Instead of taking the long bite, 500 feet, as recommended, it appears timely to ask the Operator to supply a section (or sections) as suggested in the P.S. of the Chairman's letter of October 25th. (Selfridge to Traver). Such sections might indicate that work should be done nearer the pinch out of the south orebody. A drill hole from the present face of the No. 2 crosscut should show whether the diabase sill is displaced as shown in Section B-B' and suggested by the fact that the 28-foot winze is 'in limestone to bottom'. If the displacing fault more or less holds its course to the south end of the mine rather than tending to swing into parallelism with the diabase dike, it might then be well to drill from the present face of the No. 3 crosscut in an effort to locate the fault south of the dike. Apparently there is little point in looking for the Regal structure east of the fault and in case the fault falls in line south of the dike most of the 500-foot crosscut would be prospecting.

The applicant may have the information necessary to make the sections and may know where the eastside fault is, but such information seems not to have been put on paper.

Further consideration of the geologic factors involved is recommended.

N. E. Nelson

N. E. Nelson

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

RECEIVED NOV 20 1956 D.M.E.A.

Date November 20, 1956

DMEA Docket No. 3707
DMEA Contract No.
Commodity Asbestos
Name of applicant D. W. Jaquays
Name of property Regal Mine
Location of property Gila County, Arizona
Estimated cost of project $39825

Memorandum

To: Lawrence G. Houk, Chief, Non-Metallic Minerals Division, Defense Minerals Exploration Administration

From: D. O. Kennedy, Commodity Specialist, Branch of Construction and Chemical Materials

Subject: Review of Memorandum from Field Team
(Application, Field Team Report, etc.)

1. Date of subject document: 11/7/56. 2. Date received by reviewer: 11/19/56.

3. Prior reports on this property known to reviewer: Yes [x], No [ ].

4. Prior reports on nearby properties known to reviewer: Yes [x], No [ ].

5. Information available on past production: Yes [x], No [ ].

6. Other pertinent factors known to reviewer: Yes [x], No [ ].

7. Explain items marked yes above: The 1955 geological report indicated a lack of any definite leads to follow in locating a possible extension of the ore body south of the dike. I believe field team is in the best position to advise action to be taken in this case.

8. Factors needing special consideration:
   a. Location [ ]
   b. Ownership [ ]
   c. Evidence of mineralization [ ]
   d. Geology [ ]
   e. Proposed exploration method [ ]
   f. Alternate exploration method [ ]
   g. Costs [ ]
   h. _____ [ ]

9. Action advised:
   a. Obtain information from applicant [ ]
   b. Refer to Field Team [ ]
   c. Denial [ ]
   d. Agree with Field Team [x]
   e. Disagree with Field Team [ ]
   f. Suggest alternate plan [ ]
   g. Request another examination [ ]
   h. Approval [x]
   i. Consult with Mr. _____ at _____ AEC office.

10. Remarks: (Use back of page if necessary)

Copy to: Mr. Thor H. Kiilsgaard, Room 5222
Geological Survey, Interior Bldg.
Mr. Frank D. Lamb, Room 3608
F I L E S
Div. of Min.
Br. of Const. & Chem. Mats.

D. O. Kennedy

RECEIVED
OCT - 8 1956

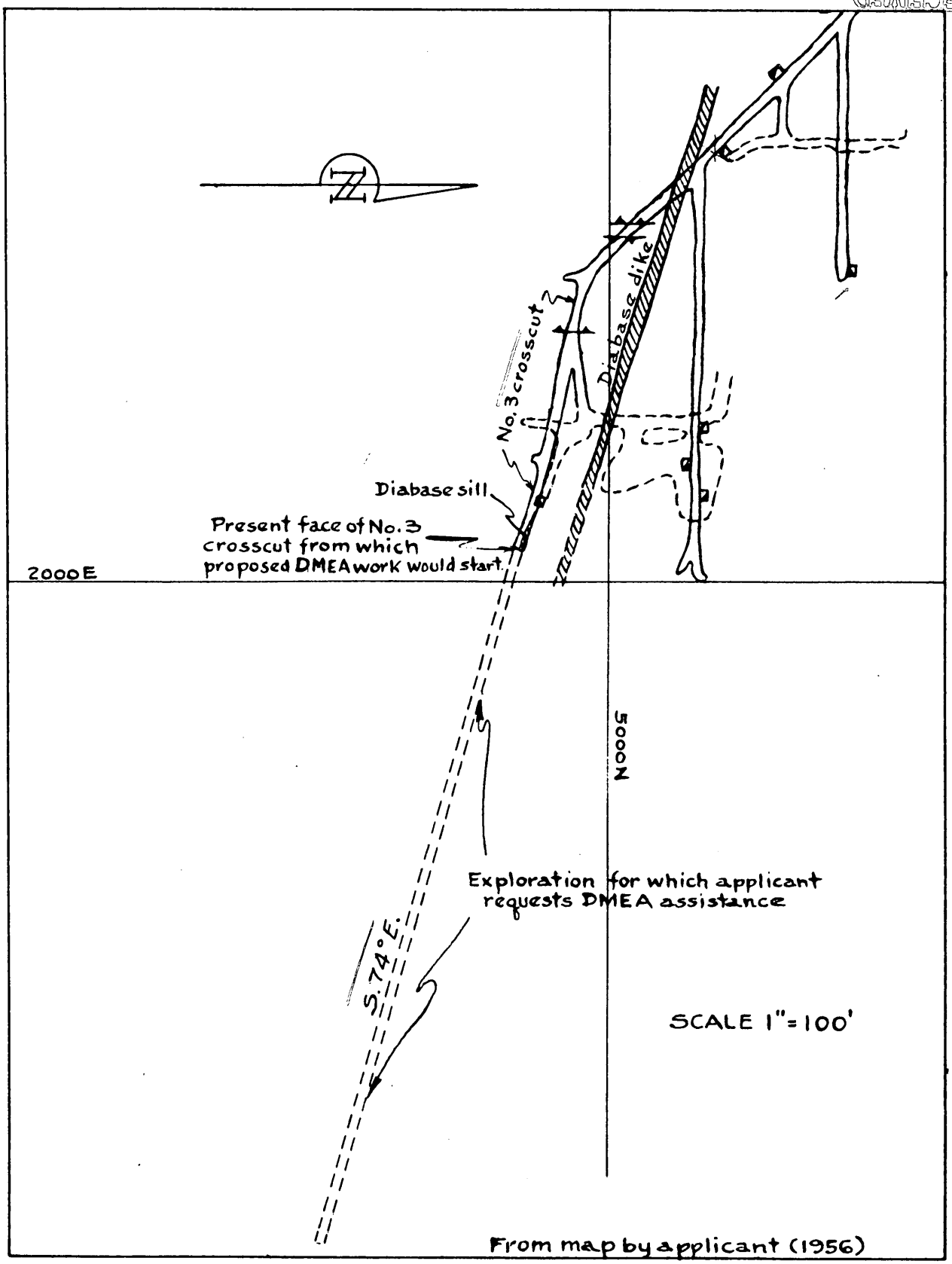


FIGURE 3A.- PLAN OF SOUTH WORKINGS OF REGAL MINE AND PROPOSED PROJECT (DMEA 3707).

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

RECEIVED NOV 16 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

November 14, 1956

Memorandum

To: Chairman, Operating Committee

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 3707 (Asbestos) Jaquays Mining Corporation (Regal Mine) Gila County, Arizona

Enclosed are the original and three copies of a joint memorandum on the subject docket, dated November 7, 1956, from T. M. Romslow and W. L. Emerick, which replies to your letter to the Executive Officer, Region III, dated October 25, 1956.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Reviewed by
DMEA OPERATING COMMITTEE
11-19-56
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
BOX 4097
TUCSON 5, ARIZONA

NOV 13 1956

REGION III
DENVER, COLORADO

RECEIVED NOV 16 1956 D.M.E.A.

November 7, 1956

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : T. M. Romslo
W. L. Emerick

Through: W. R. Storms WRS
E. N. Harshman ENH

Subject : Docket DMEA-3707 (Asbestos) Jaquays Mining Corp., (Regal Mine), Gila County, Arizona

In reply to W. M. Traver's memorandum, dated October 29, 1956, to W. R. Storms and W. L. Emerick on the above docket, requesting comments on certain questions raised by G. C. Selfridge in his letter of October 25, 1956, to W. M. Traver, the following comments are offered.

Mr. Jaquay's thesis that the Regal fault structure south of the diabase dike is three to four hundred feet southeastward from the present haulage-way heading may be correct. Projection indicates the structure, if the present trend persists for that distance, might cross the diabase dike 200 to 300 feet southeast of the No. 3 crosscut face, and the indicated width of the structure is from 100 to 200 feet. However, there is no certainty that the structure will cross the diabase dike or persist southeasterly from the dike.

In regard to the statement on page 5, "The belt of thrust-faulting is locally known as the Regal fault and is recognized to the south end of the mine." A small area of fiber was found south of the dike near the No. 3 crosscut raise, but the main ore horizon and fault structure north of the dike appears to be veering more in trend parallel to the dike.

The small fiber zone in the area of the No. 3 crosscut raise pinches out at southeast edge of the raise. A small amount of harsh fiber was mined from the area.

It is unknown if favorable mineralization exists in the ore horizon in the area around coordinates 5000 N and 2000 E. There are no established reserves in this area. Additional development and mining has taken place in the southeast end of the stope north of the dike since Mr. A. F. Shride's expression of misgivings under date of May 1955. At that time Mr. Shride thought the dike, representing a line of weakness, might interrupt the trend of the Regal structure. However, present mining shows the Regal structure persisting southeastward to the diabase dike. It would be speculative to predict how much farther this trend will continue.

Reviewed by
DMEA OPERATING COMMITTEE
11-19-56
(date)

Undulations in the potential ore horizon would make it impractical to drift along it.

A change in direction of the No. 3 crosscut, away from the diabase dike, as suggested by Mr. N. E. Nelson in his letter of October 12, 1956, would be contrary to objectives of the proposed exploration. It is believed that structural settings will be more favorable near the dike, and that driving the crosscut on a bearing parallel to the dike possibly improves the chances for crosscutting the strike extension of a favorable structure. Driving the crosscut more to the southeast might possibly parallel rather than crosscut favorable structure; therefore would be less effective exploration.

Long-hole drilling in the hands of an experienced operator has merit and is an effective and inexpensive tool for probing the ore horizon. Mr. Jaquays reports that he uses the method successfully. Exploration by drifting or crosscutting along the potential ore horizon is probably more widely used in the district, and its effectiveness can be increased if supplemented with long-hole drilling.

Owing to the cliff-like surface at the Regal mine, diamond-drilling would be costly because of the depth of the holes required to reach the ore horizon from the land surface above the mine.

Figure 3, Plan of Regal Mine and Proposed Exploration, submitted in connection with the W. R. Hardwick and L. Bryner field examination report on DMEA-3707 (May 1955), has been brought up to date and copies are enclosed. It is not possible at this time to extend the longitudinal Section A-A' south to the No. 3 crosscut owing to lack of sufficient information.

The reasons for the increased costs are explained on page 13 of the Engineering Report by William R. Hardwick. His acceptable per foot cost estimates for explorations from the Navajo adit, $23.00 for drifting and $20.00 for raising, are essentially the same as proposed in the application. For drifting from the present face as presently proposed, costs of tramming and ventilation increased the estimated costs to the currently proposed rates of $29.00 for drifting and $24.50 for raising. The additional costs were in line with Jaquay's estimates.

Although the applicant proposes to do the long-hole drilling at his own expense, it is recommended that the Government have some contractual participation in the drilling, for additional control and possible

certification purposes if a contract is awarded. Possibly the contract could specify that long-hole drilling be carried out concurrently with drifting operations.

T. M. Romslo
U. S. Bureau of Mines

W. L. Emerick
U. S. Geological Survey

Enclosures

cc. Traver (6)
Harshman
Storms
File

WLE and TMR:ms

Regal Mine *Globe Mill* *Canadian Mine*

JAQUAYS MINING CORP.

Producers of Fine Arizona Asbestos

1219 South 19th Avenue

PHOENIX, ARIZONA

RECEIVED NOV 13 1956 D.M.E.A.

Mr. Frank E. Johnson
Acting Adminstrator
D.M.E.A.
Washington 25, D. C.

Re: Docket No. D.M.E.A. 3707
Regal Mine
Gila Co., Arizona

Dear Mr. Johnson:

In answer to your letter of Nov. 6th the Jaquays Mining Corp. will be willing to subordinate all ground south of North 4950 coordinate and north of North 4000 coordinate and all ground East of the East 1980 line. We are sorry this misunderstanding occured concerning the East 2200 line but the above area will cover that to explored by the porposed D.M.E.A. drift.

Recently we have drilled a 114 foot test ahead of No. 3 X-cut at S. 74 E. and the hole cut the ore horizon in place about 17 feet above the X-cut level. The oscar was in place and a little fibre was found. The oscar and a little fibre show in the two raises to the ore level south of the dike from No. 3 X-cut.

The reason for staying with the north 4000 coordinate on the south is that any ore found anywhere south of this line will require the driving of the tunnel now started at the 4100 line. We are now strongly considering the driving of this tunnel due east on the 4200 line now so as long as your department will not consider this area as worthy of exploration I see no need to subordinate it. With the subordination of the area to the 4000 coordinate we are allowing ample ground to protect the area to be explored from No. 3 X-cut.

Very truly yours

D. W. Jaquays

D. W. Jaquays

Docket Copy
Surname:
Houk
Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

NOV - 6 1956

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

Reference is made to your letter of October 27, 1956, stating that it is your desire to subordinate only the land between the 4950 N. Coordinate line and the 4000 N. Coordinate line, and the land east of the 2200 E. Coordinate line.

We are unable to accept your proposal inasmuch as the DMEA does not participate in the costs of any work performed outside the contract area. It is not our desire to require you to subordinate established asbestos reserves but we cannot participate in the cost of driving approximately 230 feet of the crosscut to the 2200 E. Coordinate when this ground is not within the contract area. The diabase dike may not be used as the north boundary of the subordinated area because it may change direction or pinch out.

Driving below the ore zone may make accessible ores not within the subordinated area. If this is the case such ores may be subject to royalty repayment if hauled through DMEA openings.

Would a preliminary 150 foot hole drilled S. 74 E. from the crosscut face give valuable information on the attitude of the diabase and possible mineralization? Does the Oscar horizon exist in the two raises south of the dike?

The DMEA will continue to process your application if you indicate your willingness to subordinate all the land south of the 4950 N. Coordinate and north of the 3500 N. Coordinate, and all the land east of the 1980 E. Coordinate line.

Sincerely yours,

Frank E. Johnson
(857)

Frank E. Johnson
Acting Administrator

LGHouk:gad 11/6/56
Copy to: Admr. R. File
Docket
Field Team, Region III
Mr. Kiilsgaard, 5222
Mr. Kennedy, 3524
Mr. Houk

R.C.S.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE .....

REFERRED TO:

1. 600
2. .....
3. .....
4. .....

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS: .....

Check (X) before the items needing attention.

C

Initials of sender.

GPO 16—63815-1

All Land S. of 4950
All " E of 1980

Regal Mine Globe Mill Canadian Mine

JAQUAYS MINING CORP.
Producers of Fine Arizona Asbestos
1219 South 19th Avenue
PHOENIX, ARIZONA

RECEIVED OCT 31 1956 D.M.E.A.

Oct. 27, 1956

Mr. C. O. Mittendorf
U. S. Department of Interior
Defense Minerals Exploration Adminstration
Washington 25, D.C.

Re: Docket No. DMEA 3707
Regal Mine
Gila Co., Ariz.

Dear Mr. Mittendorf:

In answer to your letter of Oct. 24th concerning area to be subordinated at the Regal Mine we wish to have the north line left at North 4950 because we are now developing the area on our own account just north of the dike between the East coordinates 2000 and 2200. We will be willing to subordinate the area east of the 2200 coordinate and south of the north 4950 coordinate which area out of our present developed area. In addition to the above north and east limits on the subordinated area we wish to place the south limit at the 4000 north coordinate. The reason for the south limit is that we just now starting a deep drilling program about 3000 feet south of the present workings. This work will include the drilling of several 300' to 400' holes and if anything is found the driving of an 800 foot crosscut to tap the ore zone.

All of the proposed work will be about 15 feet below the ore horizon and 30 to 100 feet south of the diabase dike. This 70 feet leeway in the location of the drift south of the dike will permit us to move away from the dike in event bad ground is encountered.

Very truly yours

D. W. Jaquays

Docket Copy
Surname:
Hoch
Selfridge
Mittendorf

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

600

OCT 25 1956

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

Subject: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Reference is made to the field examination report on the subject property.

We are hesitant about writing a contract on the subject mine without additional information. Some questions that come to mind are:

The field examination report does not comment on Mr. Jaquays thesis that the Regal fault structure south of the diabase dike is three to four hundred feet southeastward from the present haulage-way heading. Is the Field Team in agreement with Mr. Jaquays?

The statement on page 5, "The belt of thrust-faulting is locally known as the Regal fault and is recognized to the south end of the mine". Does the south end of the mine mean south of the diabase dike?

The statement on page 6, "Stratigraphically, the sill on the crosscut level lies about 19 feet below the lower fiber zone", indicates that a fiber zone exists in the raise. Is such the case?

Does the area around Coordinates 5000 North and 2000 East show good asbestos mineralization? Are there established reserves in this area? Mr. Nelson, in his memorandum to the Nonmetallic Minerals Division, dated July 30, 1956, which was forwarded to you, points out that Mr. Skride appears to have had misgivings as to the continuity of the Regal structure south of the diabase dike. Please comment on this. Inasmuch as the sill appears to be raising in the last 30 feet of the crosscut what about the possibility of drifting along the potential ore zone instead of below it.

R.G.S.

Please comment on Mr. N. E. Nelson's memorandum, dated October 12, 1956, two copies of which are enclosed, particularly on the proposal to change the direction of the crosscut. Two copies of a memorandum from Mr. D. O. Kennedy, USBM, dated October 18, 1956, are also enclosed.

Please comment on the long-hole drilling as an effective tool for probing the ore horizon. The angle of intersection would be very acute at 150 feet on either side of the drift and possibly the hole would be diverted at that distance. Would surface diamond drilling be effective in locating the Regal fault structure?

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

Frank D. Lamb (JHB)

Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)

Member, Geological Survey

Enclosures 4

LGHouk:gad 10/24/56

Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. D. O. Kennedy, 3524
Mr. Hopkins
Mr. Houk

P.S. Would it be possible to bring up to date Figure 3, Plan of Regal Mine and Proposed Exploration, submitted in connection with the W. R. Hardwick and L. Bryner report, field examination report on DMEA-3707, (May 1955)? The projection of longitudinal Section AA' south to the No. 3 crosscut haulage way would be most helpful also.

Since Mr. Jaquays offers to do the work for $24.00 for drifting and $20.00 for raising in his letter of July (?) 1956, will the examining engineers justify the increased costs recommended by them?

Docket Copy
Surname:
Hook
Selfridge.

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

OCT 24 1956

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

Reference is made to the supplemental information to the subject application providing for drifting approximately 30 feet south of the diabase dike.

We note that you propose to subordinate only the land lying south of the diabase dike or 4950 North Coordinate. Since the proposed long-hole drilling northward from the proposed drift will extend into land beyond the diabase dike, we will require that this area be included in the Subordination Agreement. Please indicate if you are agreeable to subordinating all of the production from the area lying east of the 2000 East and south of the 5000 North Coordinates.

Are we correct in our assumption that all of the proposed work shall be about 15 feet below the ore horizon?

Upon receipt of the above information we will continue processing your application.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 10/22/56
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region III
Mr. Kiilsgaard, 5222
Mr. Kennedy, 3524
Mr. Houk

R.C.K.

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

RECEIVED
OCT 19 1956

Date October 18, 1956

DMEA Docket No. 3707
DMEA Contract No. -
Commodity Asbestos
Name of applicant Jaquays Mining Corporation
Name of property Regal Mine
Location of property Gila County, Arizona
Estimated cost of project $39,825

Memorandum

To: Lawrence G. Houk, Chief, Non-Metallic Minerals Division, Defense Minerals Exploration Administration

From: D. O. Kennedy, Commodity Specialist, Branch of Construction and Chemical Materials

Subject: Review of Field Team Report (1956 report)
(Application, Field Team Report, etc.)

1. Date of subject document: _____. 2. Date received by reviewer: _____.

3. Prior reports on this property known to reviewer: Yes [x], No [ ].

4. Prior reports on nearby properties known to reviewer: Yes [x], No [ ].

5. Information available on past production: Yes [x], No [ ].

6. Other pertinent factors known to reviewer: Yes [ ], No [ ].

7. Explain items marked yes above:

Former field team report (1955)
Bureau reports of production from Regal Mine

8. Factors needing special consideration:

a. Location [ ]
b. Ownership [ ]
c. Evidence of mineralization [ ]
d. Geology [ ]
e. Proposed exploration method [ ]
f. Alternate exploration method [ ]
g. Costs [ ]
h. _____ [ ]

9. Action advised:

a. Obtain information from applicant [ ]
b. Refer to Field Team [ ]
c. Denial [ ]
d. Agree with Field Team [x]
e. Disagree with Field Team [ ]
f. Suggest alternate plan [ ]
g. Request another examination [ ]
h. Approval [x]
i. Consult with Mr. _____ at _____ AEC office.

10. Remarks: (Use back of page if necessary)

DOKennedy

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
OCT 16 1956

October 12, 1956

Re: DMEA 3707
Jaquays Mining Corp.
Regal Mine
Gila Co., Ariz.
Asbestos

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report.

The applicant now requests assistance in doing exploratory work in an area in which, in 1955, he refused to do work with Government participation. At the time he sought assistance in exploring an area of which little was known. That application was denied.

The applicant, without DMEA assistance, has driven about 240 feet of drifts and crosscuts, and a raise of unstated height south of the diabase dike since the 1955 application was denied and the present application covers work beyond that which the applicant has done, i. e.,

Stage I.	
500 feet of drifts @ $29.00	$14,500.00
75 feet of raises @ $24.50	1,837.50
Total Stage I	$16,337.50
Stage II.	
750 feet of drifts and crosscuts @$29.00	$21,750.00
75 feet of raises @ $24.50	1,837.50
Total Stage II	$23,587.50
Total Stages I and II	$39,825.00

The applicant offers to do unassisted long-hole drilling.

The examiner and the Field Team recommend approval of the application.

Inasmuch as the work already done within 80 to 150 feet north and 60 feet south of the diabase dike has failed to reveal a commercial asbestos-bearing structure, where such was to be expected, I would head the recommended drift more southeasterly away from the dike rather than parallel and relatively close to it.

Writing in May 1955, A. F. Shride (Shride to Harshman) said:

> "Furthermore, the diabase dike and associated phenomena observed by Bryner in the southernmost workings give some cause for concern in geologic prediction. Throughout the asbestos district lines of weakness, such as that represented by the dike, are lines along which the structural environment favorable to asbestos localization changed abruptly. For example, the low-angle faulting essential to asbestos localization may terminate against such dikes; vice-versa, the low-angle faulting may have existed in even greater degree across such dikes. The information now available does not allow a sound prediction in this case. However, the fact that little fiber has been found just north of the dike, and no fiber found in the drill hole 20 feet south of the dike could be significant. Bryner notes (page 3) that the limestone beds are folded adjacent to the dike; asbestos generally would be found in greater than ordinary quantities in such a structural setting unless other favorable factors were also modified. It is possible also that the trend of the structures favorable to asbestos have changed direction abruptly in the vicinity of the dike."

The untoward features already revealed by work near the dike, indicate the drift should be turned southeasterly, S. 45°E, and I so recommend. Otherwise I concur with the recommendation of the examiner and the Field Team.

N. E. Nelson

N. E. Nelson

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

RECEIVED
OCT - 8 1956

224 New Customhouse
Denver 2, Colorado

October 4, 1956

Memorandum

To: Secretary to the Operating Committee

From: DMEA Field Team, Region III

Subject: Joint Report of Examination DMEA Docket 3707 (Asbestos) Jaquays Mining Corporation (Regal Mine) Gila County, Arizona

Enclosed are the original and three copies of a joint engineering and geologic report on the subject property.

The examiners recommend a two-stage exploration program consisting of drifting, raising, and crosscutting, at a total estimated cost of $39,925.00, Government participation $29,943.75.

We concur with their conclusion that the exploration is warranted, provided the Applicant will subordinate enough ground to protect the Government's interest. Mr. E. N. Harshman's memorandum, dated October 1, 1956, which accompanies the report of examination, shows the inadequacy of ground which the Applicant wishes to subordinate.

We recommend that the Applicant be requested to subordinate additional ground, particularly to the east of co-ordinate 2000E (Figure 3A of the report of examination). Should he be unwilling to extend the ground subordinated to the Government, we recommend that the application be denied.

It is noted that the subject Applicant, on DMEA Docket 2867, Contract Idm-E589, subordinated the entire property to the Government. He has repaid in full $3,780.00 which was the Government's contribution to that project, so the Government at this time has no ground subordinated under the old contract.

Enclosed are 9 copies each of Figures 2 and 3A for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Reviewed by
DMEA OPERATING COMMITTEE
10-12-56
(date)

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

RECEIVED
AUG 13 1956

224 New Customhouse
Denver 2, Colorado

August 10, 1956

Memorandum

To: W. R. Storms)
W. L. Emerick) with enclosures

From: Field Team, Region III

Subject: Docket DMEA 3707 (Asbestos) Jaquays Mining Corporation (Regal mine) Gila County, Arizona

Enclosed are the following:

1. Copy of additional information from the applicant in reply to Mr. Lawrence G. Houk's letter of July 9, 1956, copy of which was forwarded you July 11, 1956.
2. Copy of a letter from the Acting Chairman, Operating Committee, to the Executive Officer, Region III, dated August 6, 1956.
3. Copy of a review of the applicant's revised application by Mr. N. E. Nelson and Mr. D. O. Kennedy.

Mr. W. R. Storms' memorandum to the Executive Officer, Region III, dated June 21, 1956, states in part:

"Romslo and J. N. Faick of the Geological Survey believe that they now have enough information to submit a memorandum report without revisiting the Regal mine."

In view of this, another field examination may not be necessary, but a suitable supplemental report is requested.

DMEA Field Team, Region III

W. M. TRAVER

By W. M. Traver
Executive Officer

Enclosures
HMC:jy
cc: Docket 3707
Sec. Op. Comm. (2)
Harshman Chron.

DOCKET COPY
Surname:

Hopkins
Houk
Nelson
Martin
J.E. Johnson

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

600

AUG - 6 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
United States Bureau of Mines
224 New Customhouse Building
Denver, 2, Colorado

Re: Docket No. DMEA-3707-asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Please review the enclosed supplementary information to the subject application that has been furnished by the applicant and arrange for a field examination if you deem it necessary.

Copies of memoranda dated July 30 and 31, 1956, by Mr. N. E. Nelson, USGS, and Mr. D. O. Kennedy, USBM, respectively, relating to the project are enclosed.

Sincerely yours,

W. S. Martin
By ls

ACTING Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan By ls
Member, Bureau of Mines

N. E. Nelson By ls
Member, Geological Survey

Enclosures: 8

JHopkins:ms 8/2/56
Copy to: Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. D. O. Kennedy, 3524
Mr. Houk
Admr. R. File

RCH.

DOCKET COPY
Surname:

Hopkins
Houk
Nelson
Kuhen
Martin
H. C. Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

AUG - 6 1956

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

The undated supplementary information to your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, United States Bureau of Mines, 224 New Customhouse Building, Denver, 2, Colorado, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance you may give the members of the Field Team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

JHopkins:ms 8/1/56
Copy to: Docket
Operating Committee
Field Team, Region III
Mr. Kiilsgaard, 5222
Mr. D. O. Kennedy, 3524
Mr. Houk
Admr. R. File

R.C.P.

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

RECEIVED
AUG - 3 1956

224 New Customhouse
Denver 2, Colorado

August 1, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 3707 (Asbestos) Jaquays Mining Corporation (Regal mine) Gila County, Arizona

Reference is made to Lawrence G. Houk's letter to the subject applicant dated July 9, 1956. Since the applicant appears to have lost interest in the proposed exploration program, we suggest that you again write him giving him a dead line to submit the supplementary information Mr. Houk requested.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
JUL 3 1 1956

July 30, 1956

Re: DMEA 3707
Jaquays Mining Corp.
Regal Mine
Gila Co., Arizona
$33,000 - Asbestos

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of revised application.

In February 1955, the applicant requested assistance in exploring the projected southerly extension of the Regal structure by extending the Navajo adit.

Opinions differed as to where the work should be done and the area to be subordinated. No contract was awarded. No up-to-date map is available, but it appears that some of the work recommended by the geologist has been done in the meantime, perhaps with unfavorable results, inasmuch as the applicant now proposes work considerably to the west of that proposed in the original application. The applicant also is now willing to subordinate an area which the geologist believed should be subordinated.

Another Field Team report appears desirable. If there has been a large shift in the axis of the Regal structure a report outlining the results of work in Crosscut #3 should be made available. Mr. Shride appears to have had misgivings as to the continuity of the Regal structure south of the diabase dike, the area of the proposed exploration.

Referral of the matter to the Field Team for an up-to-date opinion is recommended.

N. E. Nelson

N. E. Nelson

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

RECEIVED
JUL 31 1956

July 31, 1956

Memorandum

To: Lawrence G. Houk, Chief, Non-Metallic Minerals Division, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Construction and Chemical Materials

Subject: Docket No. DMEA 3707 - Asbestos, Jaquays Mining Corp., Regal Mine, Gila County, Arizona

In 1955 Mr. Jaquays proposed to do some 800 feet of development south of a diabase dike at his own expense. The asbestos ore body apparently has terminated just north of this dike. In addition to this exploratory work just south of the dike, additional crosscutting and drifting was proposed still further to the south, and application was made at that time for DMEA assistance with this additional work. It was the opinion of all that the work he proposed to do at his own expense was worth while, but considerable doubt was expressed regarding the work proposed to be done with DMEA funds.

Since that time Mr. Jaquays has done about 250 feet of crosscutting south of the dike and has submitted a revised exploration program for DMEA assistance. The present program consists of 1250 feet of crosscuts and drifts in an horizon about 15 feet below the probable ore level with 150 feet of raises to explore the ore horizon in the area where last year he proposed to explore without financial assistance.

The estimates of costs submitted last year are unchanged - $31,750 for 1250 feet of exploration drifts and crosscuts and 150 feet of raises - and appear to be reasonable.

Based on the reports of the examining engineer and geologist submitted last year, it is recommended that this application be approved.

D. O. Kennedy

D. O. Kennedy

Regal Mine Globe Mill Canadian Mine

JAQUAYS MINING CORP.

Producers of Fine Arizona Asbestos

1219 South 19th Avenue

PHOENIX, ARIZONA

RECEIVED

JUL 23 1956

Mr. Lawerence G. Houk
Nonmetallic Minerals Dividion
United States Department of the Interior
Washington 25, D. C.

Dear Mr. Houk:

The following will be the additional information required for our revised exploration program at the Regal Mine:

Item 5 (b) The new work will be in our No. 3 Cross-Cut and starting at a point located at about North 4940 and East 2000 as shown on the mine maps. The cross-cut will be driven South 74 degrees East on the south side and parralell to a Diabase Dike which appears to extend for some distance through the property. From the information gathered in recent development to the north of the dike it is indicated that the Regal ore making structure will cross the dike 300 to 400 feet from the present face of No. 3 cross-cut.

The area to be obligated under this exploration program will be everything south of the Diabase Dike or south of the North 4950 coordinate as shown on the mine map.

The work is to consist of 5000feet of drifting on bearing of South 74 degrees east from the present face of No. 3 crosscut. In addition to the original 500 feet of cross-cut it is desired that an additional 750 feet of drifting be set up with the location of the work to be decided after the first 500 feet of work is completed.

As all of the above desired work is about 15 feet below the ore level it is desired that 150 feet of raising also be included in this program. The company will furnish the equipment and costs of long hole test work where necessary to check the ore level. The advantage of exploring for asbestos from below the ore horizon is that it is possible to test drill an area 150 feet on each side of the new drift whereas on the ore level the inspection area is limited to the small area of the face.

A total of 1400 feet of exploration work is desired which includes 1250 feet of drifts and cross-cuts and 150 feet of raises.

JAQUAYS MINING CORP.
Producers of Fine Arizona Asbestos
1219 South 19th Avenue
PHOENIX, ARIZONA

Item 5 (C) The work can be started within ten days and the first phase of 500 feet of cross-cut can be completed in six months. The balance of the work if started can be completed within eight months making a total of 14 months for the entire program.

Item 6 Estimated Costs of the above program will be the same as set up in our original application.

We trust that the above information is that desired and in event further information is needed it will be gladly submited.

Very truly yours

D. W. Jaquays

Jaquays Mining Corp.
D. W. Jaquays Pres.

Regal Mine Globe Mill Canadian Mine

JAQUAYS MINING CORP.

Producers of Fine Arizona Asbestos

1210 South 19th Avenue
PHOENIX, ARIZONA

[illegible] Department of Mineral Resources
[illegible] Department of Conservation
[illegible]

[illegible]

[illegible] information [illegible] the Regal Mine [illegible]

The [illegible] work will be in Our No. 2 [illegible] located at about [illegible] East and [illegible] on the nine meter [illegible] 70 degrees East on [illegible] Dike which [illegible] through the [illegible] gathered in recent [illegible] it is indicated [illegible] will cross [illegible] present face of [illegible]

[illegible] under this [illegible] of the Diabase [illegible] coordinate [illegible]

[illegible] of 500 feet [illegible] 70 degrees East from the [illegible] face [illegible] In addition to the original [illegible] feet [illegible] it is desired that an additional [illegible] foot [illegible] to set up with the location of [illegible] first 500 feet of [illegible]

At all of the above desired work is about [illegible] below the ore level it is desired that 150 feet of [illegible] also be included in this program. The company will furnish the equipment and costs of long hole test work [illegible] to check the ore level. The advantages of exploring for asbestos from below the ore horizon is that it is possible to test drill an area 150 feet [illegible] side of the new drift whereas on the ore level the exploration area is limited to the small area of the face.

A total of 1400 feet of exploration work is desired which includes 1250 feet of drifts and cross-cuts and 150 feet of raises.

JAQUAYS MINING CORP.
Producers of Fine Arizona Asbestos
1219 South 19th Avenue
PHOENIX, ARIZONA

Item 5 (C) The work can be started within ten days and the first phase of 500 feet of cross-cut can be complet in six months. The balance of the work if started be completed within eight months making a total of 14 months for the entire program.

Item 6 Estimated Costs of the above program will be the same as set up in our original application.

We trust that the above information is that desired and in ever further information is needed it will be gladly submited.

Very truly yours

Jaquays Mining Corp.
D. W. Jaquays Pres.

DOCKET COPY
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

JUL 9 - 1956

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

Reference is made to your letter dated April 25, 1956, and our reply dated April 27, 1956, regarding a revised proposal for exploration assistance at the Regal Mine.

Since you have conferred with Mr. T. M. Romslo, Bureau of Mines engineer, Tucson, Arizona, we will be pleased to receive supplementary information to your application, as requested in items Nos. 5 (b), (c), and 6 of the enclosed Form MF-103.

Sincerely yours,

SIGNED
Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Enclosure

JHopkins:ms 7/9/56
Copy to: Docket
Field Team, Region III
Mr. Kiilsgaard, 5222
Mr. D. O. Kennedy, 3524
Mr. Houk
Admr. R. File

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

RECEIVED
JUN 28 1956

June 26, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 3707 (Asbestos) Jaquays Mining Corporation, (Regal Mine), Gila County, Arizona

Enclosed are two copies of a memorandum dated June 21, 1956 from Walter R. Storms regarding the subject application in reply to our memorandum to him dated June 18, 1956.

Please refer to Mr. Lawrence G. Houk's letter to the Applicant dated April 27, 1956 requesting a revised proposal for exploration assistance at the Regal mine and Mr. Martin's letter to W. M. Traver dated June 13, 1956 which states that the application is in active status pending submittal of a revised application.

Will you please advise the Applicant if you desire him to submit a revised application or an Amendment to his present application.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

RECEIVED

JUN 23 1955

June 21, 1955

Memorandum

To : W. M. Traver, Executive Officer, DMEA Field Team, Region III

From : Superintendent, Southwest Experiment Station

Subject : Docket DMEA-3707 (Asbestos), Jaquays Mining Corp. (Regal Mine), Gila County, Ariz.

In answer to your memorandum of June 15 with attached correspondence regarding the old application of Jaquays Mining Corp. for exploration assistance at the Regal mine, T. M. Rosale of the Bureau of Mines conferred with D. W. Jaquays on June 7 and obtained a map showing the new proposed work. Jaquays also explained to Rosale just what he wanted to do. We doubt if Jaquays will submit a written revised application as requested in Martin's letter of June 7 to you (date on copy of his letter is not legible), as Jaquays probably thinks that his discussion with Rosale was enough. If you believe that he should submit a revised written application, please write and tell him so.

Rosale and J. N. Faick of the Geological Survey believe that they now have enough information to submit a memorandum report without revisiting the Regal mine, recommending DMEA participation in a revised exploration program. However, they do not know when they will be able to do so.

Faick is writing a report on a Texas mercury deposit that he recently examined for DMEA so will not be free for some time. Rosale is trying to complete field examination reports on Dockets DMEA-4221 and 4246. He then will make contract progress inspections during the first two weeks of July. Then about 4 weeks will be required to check certified projects and write semi-annual reports on same. At the present time we also have 3 more field examinations to make, Dockets DMEA-4274, 4303 and one on the Killian manganese property in Luna County, N. Mex. So it now seems that it might be near the end of August before Rosale will have any time to spend on Jaquays application.

Signed by Walter R. Storms

Walter R. Storms

CC W. M. Traver (8)
J. N. Faick
DMEA-3707
DF

WRStorms:frj

DOCKET COPY
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Houk
Martin
Jackson
McAteadorf

JUN 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Bureau of Mines
224 New Customhouse Building
Denver, 2, Colorado

Re: Docket No. DMEA-3707-asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Reference is made to your memorandum of June 6, 1956, requesting a copy of the applicant's letter dated April 25, 1956.

Enclosed herewith are two copies of this letter for your files. Since the applicant has requested a review of his application, we will consider it as being in active status pending submittal of a revised application after he has conferred with the examining engineers.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (WS)

Approved:

/s/ Robert W. Geehan (RWG)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

JHopkins:ms 6/12/56
Copy to: Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. D. O. Kennedy, 3524
Mr. Houk
Admr. R. File

Enclosures:2

R.C.S.

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

RECEIVED
JUN - 8 1956

June 6, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: DMEA Docket 3707 (Asbestos) Jaquays Mining Corporation, (Regal Mine), Gila County, Arizona

The latest information we have regarding the subject docket is a copy of a letter to the Applicant dated April 27, 1956 from Lawrence G. Houk, Chief, Nonmetallic Minerals Division.

May we have a copy of the Applicant's letter dated April 25 which was probably in reply to C. O. Mittendorf's letter to the Applicant dated April 18, 1956.

Will you please advise if we should retain this docket in our active file.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer, DMEA

Docket Copy
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

APR 27 1956

Mr. D. W. Jaquays
President, Jaquays Mining Corporation
1219 South 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707 - Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Jaquays:

Reference is made to your letter of April 25, 1956, requesting deferment of action on the subject application for exploration assistance for asbestos in Gila County, Arizona.

After you have conferred with the examining engineers, we will be pleased to receive a revised proposal for exploration assistance at the Regal Mine.

Your interest in the Defense Minerals Exploration Administration program is appreciated.

Sincerely yours,

SIGNED
Lawrence G. Houk, Chief
Nonmetallic Minerals Division

LGHouk:gad 4/27/56
Copy to: Admr. R. File
Docket
Field Team, Region III
Mr. Kiilsgaard, 5222
Dr. Bowles, 3516
Mr. Houk

Regal Mine Globe Mill Canadian Mine

JAQUAYS MINING CORP.
Producers of Fine Arizona Asbestos
1219 South 19th Avenue
PHOENIX, ARIZONA

RECEIVED
APR 27 1956

April 25, 1956

Re: Docket No. D.M.E.A. -3707

Defense Minerals Exploration Adminstration
Washington 25, D. C.

Gentlemen:

In view of the results of exploration carried out by our company we would like to have our application for D.M.E.A. loan No. 3707 Asbestos reviewed again for possible approval of a revised program . We would prefer to wait on submitting the revised program until we have had a chance to confer with your examining engineer.

Very truly yours
Jaquays Mining Corp.

D. W. Jaquays Pres.

Docket Copy
Surname:

Hook
Selfridge
Fleman
Mottendorf

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

600 APR 20 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Subject: Docket No. DMEA-2867
Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona
Contract No. Idm-E589

Docket No. DMEA-3707
Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Reference is made to the subject Semi-Annual Report of Certified Project for the period July 1, 1955, through December 31, 1955, by T. M. Romslo, and Docket No. DMEA-3707.

The Semi-Annual Report on the subject property is essentially complete in many details; however, a number of points should be expanded to give this office a better picture of the net effect of the program and its encouragement to Jaquays Mining Corporation to develop this property. Our plans to revise the ore reserve estimates cannot be made effectively unless the reporting under the outline is complete and in detail. The use of "Other remarks" on the second page of the report to answer specific questions should be avoided. The second page of the report integrated with "Other remarks" contains some of the essential information, but here again it would be well to follow the suggested outline.

Our prime objective is to have an up-to-date ore reserve figure for the amount of ore remaining in the ground as of the date of the report. Production remarks should include, if possible, such information as number of men employed at the mine, at the mill, average monthly production, efficiency of management, sales problems (the effect of filling the stockpile quota for the Domestic Arizona Buying Program), and potential commercial markets that may be available. It is noted under "Other remarks" that approximately 3,000 feet of drifting have been performed by the Jaquays Mining Corporation. Can we convert this to a dollar value of say $100,000? Would this represent the total expenditure by the Jaquays Mining Corporation or have additional funds been

A.C.4.

expended for mine plant and facilities? The note on the second page of the outline which refers to but is not confined to uranium projects is applicable in this case. The reporting engineer should check with the Buying Depot at Globe or with the Regional Office at San Francisco and determine the amount of asbestos of grades #1, #2, and #3 sold by the Operator to the depot, the value of each grade and, if possible, the amount of the material that is eligible to go into the National Stockpile. It would be interesting to know the relative proportion of his asbestos that is going into the Arizona Asbestos Stockpile and that which has been sold to industry as filter fiber or other grades.

No mention is made in the Semi-Annual Report of Docket No. DMEA-3707 which, at the present time, is in the pending category awaiting information from the Applicant. On June 30, 1955, we wrote Mr. Jaquays asking him to supply us with the results of his exploration work on the near target area. No reply has been received. On April 18, 1956 we sent Mr. Jaquays a 30-day letter in order to finalize DMEA-3707.

It is understood that Mr. C. R. Neal of the Metate Asbestos Corp., Inc., has made a sizable discovery at the Apache Mine (DMEA-2005). While our work there did not result in a discovery we would appreciate any information you could supply us on the size of the orebody, development expenditures, etc. This need not be a formal report.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

LGHouk:gad 4/19/56

Copy to: Admr. R. File
Docket (2)
Operating Committee
Mr. Kiilsgaard, 5222
Dr. Bowles, 3516
Mr. Houk (2)
Mr. Chambers

Docket Copy
Surname:

Houk
H. Johnson.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

APR 18 1956

Jaquays Mining Corporation
1219 S. 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707-Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Gentlemen:

Reference is made to our letter dated June 30, 1955, advising that your application would be held in abeyance pending results of your company's exploration program. To date we have not received any information regarding the success or failure of this program.

We wish to cooperate with you in allowing ample time to submit the requested information. However, if the needed data have not been received by May 20, 1956 we will assume you are no longer interested and will consider your application as being withdrawn.

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:gad 4/18/56
Copy to: Admr. R. File
Docket
Field Team, Region III
Mr. Kiilsgaard, 5222
Dr. Bowles, 3516
Mr. Houk
Mr. Hopkins

R.C.J.

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

RECEIVED
APR 13 1956

224 New Customhouse
Denver 2, Colorado

April 12, 1956

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3707 (Asbestos) Jaquays Mining Corporation, (Regal mine), Gila County, Arizona

Reference is made to the Administrator's letter of June 30, 1955 to the subject applicant which is the last correspondence we have in our file with reference to the docket. The following is quoted in part from that letter:

> "Since your company plans to explore the near favorable target area we would be pleased to receive any information on the results of this work. Processing of your application, therefore, will be held in abeyance until the results of the company's program are received."

It is our understanding that it is not DMEA policy to hold applications in abeyance indefinitely. Therefore, in this case, we recommended that another attempt be made to obtain the information requested in the cited letter and if it is not forthcoming that the docket be closed.

W. M. Traver

W. M. Traver

Docket Copy
Surname:
Houk
Hedges
Kiilsgaard
Selfridge
Fitzpatrick

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

600

JUN 30 1955

Jaquays Mining Corporation
1219 S. 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707 - Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Gentlemen:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

A careful study of your proposed plan to extend the Navajo adit and drift northward toward your present orebody does not, in our opinion, justify Government participation at this time. Since your company plans to explore the near favorable target area we would be pleased to receive any information on the results of this work. Processing of your application, therefore, will be held in abeyance until the results of the company's program are received.

We wish to thank you for your interest in the Defense Minerals Exploration Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 6/27/55
Copy to: Admr. R. File
Docket
Operating Committee
Dr. Bowles, 3516
Mr. Kiilsgaard, 5222
Field Team, Region III
Mr. Houk

RCS

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

RECEIVED
JUN 27 1955

June 24, 1955

Memorandum

To: Lawrence G. Houk, Chief, Non-Metallic Minerals Division, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Construction and Chemical Materials

Subject: Review of field examination reports on DMEA 3707, Jaquays Mining Corp., Gila County, Ariz.

I have reviewed the two viewpoints expressed in the Hardwick and Bryner reports and recognize that there are valid arguments for each recommendation. Conditions existing in the most southerly drifts of the present mine are, I believe, factors of major importance in reaching a decision as to which recommendation should be followed. The Hardwick report contains no specific information on this subject except for certain notations on figure 3 to the effect that the most southerly drift south of the large diabase dike shows no fiber, and that drill holes in the floor a short distance north of the dike revealed no fiber. The Bryner report is more specific. It states (page 5) "in the extreme south end of the mine the failure of several drill holes and a raise (fig. 3) to find ore in the favorable zones indicates that either the south limit of the deposit has been reached or that there is a barren zone in the deposit near the south end of the present workings." This uncertainty as to the continuation southward of commercial fiber zones creates a hazard of some magnitude in the program of exploration in an area 700 or 800 feet south of the present mine workings as proposed in DMEA 3707.

In view of these uncertainties it would seem desirable to withhold Government assistance requested in DMEA 3707 until applicant has made some progress in his own program of exploration of the area lying between the present mine workings and the area covered by DMEA 3707. If commercial fiber veins are found by the applicant a reconsideration of Government assistance would be in order.

I recommend, therefore, that the application be denied without prejudice, subject to reconsideration at a later time on the basis of results obtained by the applicant in his proposed exploratory work south of the present mine workings.

Oliver Bowles

Oliver Bowles

Copy to: Files
Div. of Minerals
Br. of Const. & Chem. Mats.
Dr. Bowles

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
JUN 16 1955

June 15, 1955

Re: DMEA-3707
Jaquays Mining Corp.
Regal Mine
Gila Co., Arizona
Asbestos

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of field examination reports

Two reports with opposing recommendations are the subjects of this review.

The writers of the two reports agree on most of the facts, but disagree on the inferences to be drawn from those facts.

As shown on Fig. 3, used by both reporters, the mine is in trouble, may even be bottomed. In keeping with the best practice in such circumstances, the applicant proposes to work from known conditions toward the unknown. For reasons not so apparent, the applicant proposes doing some 860 feet (see Fig. 3 Engineer's report) of drifting and crosscutting at its own expense ahead of the present openings and is ready to subordinate nearly all of the area so explored. Such work with 75 feet of raising would cost about:

Drifting	-- 860 feet at $29.00 --	$24,940.00
Raising	-- 100 feet at $24.50 --	2,450.00
		$27,390.00

(See engineer's report page 14 for unit cost figures.) The geologist's Fig. 3 shows only 460 feet of drifting to be done by the applicant. The cost, allowing for 100 feet of raising in one case and 40 feet in the other is:

Geologist's map	-- 460 feet at $29.00 --	$13,340.00
	40 feet at $24.50 --	1,080.00
		$14,420.00
Engineer's map		$27,390.00

The difference in footage shown may be explained as below.

At any rate the applicant appears ready to affect the not-to-be-expected subordination in return for:

1250 feet of drifting at	$36,250.00	or	$28,750.00
150 feet of raising at	3,675.00	or	3,000.00
	$39,925.00	or	$31,750.00

The difference depending on whether the work is done from the mine workings or the Navajo adit.* The footage figures of the engineer's report page 14, agree with Fig. 3 of the geologist's report, and the difference may be due to a mistake in coloring of the proposed drifts on Fig. 3 of the engineer's report.

Conclusions

If the applicant shows good faith and does the practical work it says it intends doing (the work may be partly done by now) much information will have been obtained. In case the inferences of the geologist, based on possible untoward conditions in the as yet barren bottom area are correct, the additional information may be of much value, and could change the layout of work from the Navajo adit.

Time seems not to be too critical an element in this case, so I concur with the recommendation of denial without prejudice of this application for work from the Navajo adit. A later application should receive due consideration, based on results of exploration done in the meantime.

N. E. Nelson

N. E. Nelson

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
MAR 15 1955

March 14, 1955

Re: DMEA-3707
Jaquays Mining Corp.
(Regal Mine)
Gila Co., Arizona
$33,000 - Asbestos

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Recommendation for a Field Team examination

The operator has proposed a project consisting of 1400 feet of underground work to explore a favorable area about 1,000 feet south of the existing Regal workings. The proposed drifting and crosscutting appear to be suitable exploration; however, although the proposed raising is a small item of work it is development as presently planned.

I noted that the applicant has completed DMEA exploration on the Canadian mine and that a certificate of discovery was issued by DMEA.

The Regal mine is currently in production and the present reserves have been estimated by the applicant to be about 1,000 tons.

We do not have any recent data on this mine. Unpublished material prepared in 1944 by the Survey states that remaining reserves are primarily in large pillars and all of the asbestos ore body has been well outlined by development work. Undoubtedly additional reserves have been developed in recent years.

As the mine workings are accessible for examination and the Regal mine is in a known favorable area, I recommend this application be referred to the Field Team for their recommendations and an examination report.

E. L. Newcomb

E. L. Newcomb

Docket Copy
Surname:
Houk
Hedges
Kiilsgaard
Selfridge
H. J. Simon

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 600
WASHINGTON 25, D. C.

MAR 1 0 1955

Jaquays Mining Corporation
1219 S. 19th Avenue
Phoenix, Arizona

Re: Docket No. DMEA-3707 - Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Gentlemen:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Bureau of Mines, 224 New Customhouse Building, Denver 2, Colorado, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance that you may give the members of the field team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 3/9/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region III
Mr. Kiilsgaard, 5222
Dr. Bowles, 3516
Mr. Houk

RCH.

Docket Copy
Surname:
Houk
Selfridge
J.E. Brown

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 600
WASHINGTON 25, D. C.

MAR 10 1955

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Bureau of Mines
224 New Customhouse Bldg.
Denver 2, Colorado

Subject: Docket No. DMEA-3707 - Asbestos
Jaquays Mining Corporation
Regal Mine
Gila County, Arizona

Dear Mr. Traver:

Please review the subject application and arrange for a field examination if you deem it necessary.

Two copies of a memorandum from the Bureau of Mines, dated March 7, 1955, are enclosed for your information.

The Owner's Consent to Lien forms should be executed by the Arizona Chrysotile Asbestos Company if a contract is recommended.

The area for repayment suggested by the Operator may be inadequate for the purposes of an exploration contract. Please comment on the possibilities of exploring the target area from the present workings.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Enclosures 2

LGHouk:gad 3/9/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.H.

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

March 7, 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 8 - 1955

Memorandum

To: Mr. Lawrence G. Houk, Chief, Non-Metallic Minerals Division, Defense Minerals Exploration Administration

From: Commodity Specialist, Branch of Construction and Chemical Materials

Subject: DMEA No. 3707, Jaquays Mining Corp.

The plan and scope of the proposed exploration appear to be logical. The cost figures for drifting ($24 per foot) and raising ($20 per foot) are probably not excessive. The geologic conditions appear to be favorable for asbestos occurrences. It would be desirable to have a report from the field team before reaching a decision regarding approval of this application.

Oliver Bowles

Oliver Bowles

Copy to: Files
Div. of Minerals
Br. of Const. & Chem. Mats.
Dr. Bowles

March 3, 1955
Subject: DMEA 3707
Re: Exploration Assistance
Regal Mine

Jaquays Mining Corporation
1219 S. 19th Avenue
Phoenix, Arizona

Gentlemen:

The receipt of your application dated February 22, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3707 and referred to the Nonmetallic Minerals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

March 3, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA- 3707 Jaquays Mining Corporation

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

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

224 New Customhouse
Denver 2, Colorado

February 28, 1955

Memorandum

To: Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA assistance (Asbestos), Jaquays Mining Corporation, Regal Mine, Gila County, Arizona

Enclosed are three copies of the subject application in the amount of $33,000.00. A fourth copy of the application is being retained in our files.

W. M. Traver

Enclosures

W. M. Traver

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

224 New Customhouse
Denver 2, Colorado

February 28, 1955

Memorandum

To: Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA assistance (Asbestos), Jaquays Mining Corporation, Regal Mine, Gila County, Arizona

Enclosed are three copies of the subject application in the amount of $33,000.00. A fourth copy of the application is being retained in our files.

W. M. TRAVER

Enclosures

W. M. Traver

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DMEA
Date Rec'd
FEB 28 1955
BUREAU OF MINES
Denver, Colorado

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 3707
Metal or Mineral Asbestos
Date Received 3-3-55
Estimated Cost $33,000
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Jaquays Min Corporation (An Arizona Corporation)
1219 E. 19th Avenue
Phoenix, Arizona

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See attached sheets

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it See attached sheets

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you will explore .....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within 10 days and be completed within 14 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper. See Accompanying Sheets

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated February 25, 195-- 6

Jamaica Mining Corporation
(Applicant)

By D. H. Jagnaux
President

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.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

JAQUAYS MINING CORPORATION APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, TO ACCOMPANY FORM MF 103

Bureau of Mines Mineral Administration RECEIVED MAR 3 - 1955

Item 1 (a) Name of Applicant: Jaquays Mining Corporation
1219 S. 19th Avenue
Phoenix, Arizona

(b) Jaquays Mining Corporation, An Arizona Corporation

(c) D. W. Jaquays, President & Manager- 1219 S. 19th Ave. Phoenix, Arizona

Ethelyn Jaquays, Secretary- 132 W. Granada Rd. Phoenix, Arizona

G. A. Jaquays, Vice-President - 3011 E. Saginaw Street Lansing, Michigan

(d) DNA

Item 2 - General

Item 3 (a) The Regal Mine property is being purchased under contract from the Arizona Crysotile Asbestos Company, 204 Twenty-First Ave., Paterson 3, New Jersey. A copy of the contract attached.

(b) This mine has always been known as the Regal Mine.

(c) The Regal Mine is being purchased under contract by the Jaquays Mining Corporation from the Arizona Chrysotile Asbestos Company.

(d) A copy of the contract between D. W. Jaquays and Arizona Chrysotile Asbestos Company attached with assignment of D. W. Jaquays contract to the Jaquays Mining Corporation.

(e) D.N.A.

(f) The location of the Regal Mine is shown on Map 3. The book and page numbers of the Regal Group of mining Claims are as follows:

The Regal Mine property consists of 27 unpatented

mining claims as shown on Map 1 attached; all recorded at the Gila County Recorder, Globe, Arizona, as follows:

Name	Book	Page
Regal No. 1	43	87
Regal No. 10	35	436
Regal No. 11	35	437
Regal No. 12	35	438
Regal No. 13	35	439
Regal No. 14	35	440
Regal No. 15	35	441
Regal No. 16	35	442
Regal No. 17	35	443
Regal No. 18	35	444
Regal No. 19	35	445
Regal No. 21	35	447
Regal No. 22	35	448
Regal No. 23	35	449
Regal No. 24	35	450
Regal No. 25	35	451
Jaquays No. 1	50	91
Jaquays No. 2	50	92
Jaquays No. 3	50	93
Jaquays No. 4	50	490
Jaquays No. 34	50	94
Huntz No. 3	41	500
Huntz No. 4-	41	500
Huntz No. 5	41	501

Name	Book	Page
Huntz No. 6	41	501
Huntz No. 29	41	491
Amended	41	502
Huntz No. 30	41	491

Note: The following claims are to be obligated under the exploration program applied for:

Huntz No. 29

Huntz No. 30

Item 4 (a) The Regal Mine has been developed by some 5,000 feet of drifting over the past 35 years. The main haulage drifts and stope drifts are kept in good repair and are now being used for production from the area located on the south end of the workings. All of the active working places are open and accessable for examination. The mine workings are shown on Map 2 attached.

(b) Production since 1918 is estimated to be about $4,000,000.00 in all grades of Chrysotile asbestos. The ore reserves at present are estimated at about 1000 tons of asbestos fibre located in the southern end of the present workings.

(c) The principal asbestos bearing zone at the Regal Mine occurs in the Nescal Limestone and about 10 to 15 feet above the Diabase. The ore occurs in a more or less horizontal plane with slight folds and some faults raising or lowering the ore zone from the plane shown on the accompanying map. Favorable areas for asbestos formation are found to be on the slight folds and along the Regal fault which passes through the entire length

Item 4 (c) continued:

of the present workings.

The area to be explored and for which D.M.E.Aassistance is desired is located some 400 to 1200 feet south of the present workings and along the strike of the Regal Fault. Past experience has shown that it is reasonable to expect good ore in a zone at least 100 feet each side of the Regal Fault, and fold structure. This condition exists in the south end of the present workings where excellent ore is now being found.

(d) The Regal Mine is accessible over a U. S. Forest Service road turning off U. S. Highway 60 at a point 37 miles north of Globe, Arizona. It is nine miles over the Forest Service Road to the Regal Mine from Highway 60. Ore is being trucked over this road daily to the company's mill at Globe, Arizona.

All ore is hauled to Globe, Arizona for milling and the finished product is shipped by rail from Globe, Arizona. Supplies are hauled to the mine by truck from either Globe or Phoenix, Arizona.

The company has ample housing on the property for the present crew and if necessary, will supply additional housing should the crew be increased.

(e) Ample manpower is available for the projects planned. All supplies, material and equipment are in good supply. Water required for drilling and domestic use is available on the property.

Power for compressed air is supplied by diesel fueled

compressors. The diesel fuel is hauled to the mine by the dealer in Globe, Arizona.

Item 5 (a) The mineral for which the D.M.E. A. Exploration assistance is planned is Chrysotile asbestos of low iron spinning grade.

(b) The tunnel site for which the D.M.E.A. exploration assistance is desired is located approximately 1000 feet south of the present workings of the Regal Mine, and the area is situated entirely on claim Huntz No. 30. The exploration program which is planned would consist of driving a x-cut which has already advanced 126 feet in a Northeasterly direction from cooridnates N-4137.19, E-1585.52. It is desired to continue this x-cut 220 feet at N45°E to the 1800E. coordinate. At this point the advancement should be at or near the continuation of the trend of the Regal ore body and the desired exploration drift would then advance north along the 1800E. coordinate for 430 feet. At intervals of approximately 200 feet along this North-South drift it is desired to drive 3 x-cuts 200 feet long to cross the most favorable zone for an ore body.

Although the adit level was started on the serpentinized marker which indicates the ore horizon, it is expected that flexures in the strata asobserved in Regal Mine will cause the ore strata to be above the tunnel level within the mine. Therefore, it is desired that 150 feet of raises be included in the project so that the ore horizon may be tapped along the x-cuts approximately at

50 foot intervals. As the flexures in the rock are slight it is doubtful if any of the raises will be over 15 feet above the cross cuts.

A total footage of 1400 feet of exploration work is desired which includes 1250 feet of drifts and cross cuts and 150 feet of raises.

(c) The work will start within 10 days and be completed within 14 months from the date of the exploration project contract.

(d) Operating experience and background of applicant;

D. W. Jaquays, the President and Manager of the Jaquays Mining Corporation is as follows:

Born September 27, 1909, Pellston, Michigan

Graduated BSC Metallurgy Michigan College of Mines 1931

1931-1933- Sampler Machine man and Shift boss at Lake Shore Mine, Kirkland Lake, Ontario

1934-1936- Shift Boss in 500-ton-a-day cyanide plant, Lamaque Gold Mines, Bourlamaque, Quebec.

1937 Property Examination for Michigan interests in Colorado, Montana, Nevada, and Arizona.

1938-1939- Sampler, Engineer and Shift Boss at Miami Copper Co., Miami, Arizona.

1940-1942- Manager Park View Gold Mine, Phoenix, Arizona

1942-1945- Engineer with Mineral Production Security Division of U. S. Bureau of Mines- Stationed at Phoenix, Arizona.

1946 to date	Owner and operator of D. W. Jaquays Co. Dealers in Mining Machinery and Supplies and Diamond Drilling Contractors, Registered Arizona Mining Engineer.
1947-1950	Engineer and Manager for Arizona Chrysotile Asbestos Co., Globe, Arizona
1951- date	Operator and Manager Regal Asbestos Mine later taken over by Jaquays Mining Corp.

Item 6 The estimated costs of the above project are as follows:

	Cost per day	
1 Machine Man	12.00	
2 Muckers	20.00	
½ Supervision	12.00	
Overtime, 2 days in 12	4.00	
	48.00	
Insurance, O. A. B. - 15% -	15.00	
Total to Labor		55.00
Fuel- one shift	5.00	
Bits & steel .06/ft/x 100	6.00	
*Drills and Hose (Rental)	3.00	
*Compressors (Rental)	10.00	
Carbide & Oil	1.00	
Pipe and Rail	6.00	
Camp & Trucking Expense	2.00	
Engineering	4.00	
		37.00
Miscellaneous Expense		4.00
Total Mine Expense per Day		96.00

* Furnished by company

It is estimated that an average advance of 4 ft. per day will be attained bringing cost to 24.00 per foot drifting. Raising will cost about 20.00 per foot.

The total cost of the project will be as follows:

1250 ft. of drifts and cross cuts	@ 24.00-	30,000.00
150 ft. of raises	@ 20.00-	3,000.00
Total Cost		33,000.00

(a) There will be no independent contracts.

(b) The wage scale for labor at the Regal Mine is as follows:

Machineman	$1.50 per hour
Muckers and Slushermen	1.25 " "
Trammers	1.12½ " "
Mine Foreman	Salary 600.00 month

There will be no consultants and engineering will be done by the applicant. The engineering charge of $4.00 per day or $100.00 per month is charged against the Exploration project for part of the time devoted to the above project by the management.

(c) Operating Supplies and Costs:

Explosives	$21.10/c
Fuse Caps	2.25/c
Fuse	13.10/m
Diesel Oil	.20/gal.

Drill Steel approximately 1.00 per foot for new steel.

Bits (Carbide)	13.50/each

(d) Operating Equipment Required:

1-210 CFM Compressor	240.00/month
2-55 lb. Wet Hammers& Hose owned	72.00/month
1- Stoper "	No Charge
2-1 ton mine cars "	" "
Slusher Loading Ramp	165.00/month

(e) No rehabilitation or repairs required to start the above project.

(f) No new buildings or structures required.

(g) Miscellaneous. No repairs required on operators equipment. Any accounting work connected with the above project will be absorbed by the operator. The Workmen's Compensation rate for the above type of work is $9.35 per $100.00 of payroll and the Arizona Unemployment charges are 2.7% of the payroll. Old Age Benefits charges are 1.5% of the payroll making a total of 13.55% charges on all payroll expenses on the mine.

(h) Contingencies. A miscellaneous charge was set up of $4.00 per day or about $100.00 per month to cover unforeseen charges. Any additional unforeseen charges that may come up will be absorbed by the operator.

Item 7 (a) The operator of the Jaquays Mining Corporation is prepared to furnish either in the form of cash or equipment rentals, the required 25% of the above project.

(b) The operator, Jaquays Mining Corporation, Will supply one 210 CFM compressor at $240.00 per month and the necessary drilling equipment at $72.00 per month for a total of equipment supplied of $312.00 a month, any additional value required will be made up in the form of carrying the required amount of expenses through cash payments.

Signed D. W. Jaquays

D. W. Jaquays, President
Jaquays Mining Corporation

AGREEMENT OF SALE

THIS AGREEMENT, entered into as of the 1st day of June, 1952, between ASBESTOS CORPORATION OF AMERICA, an Arizona corporation, (formerly Arizona Chrysotile Asbestos Company), herein termed Seller, and D. W. JAQUAYS, herein termed Buyer,

W I T N E S S E T H :

1. Property. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, on and subject to the terms and conditions hereinafter set forth, the following described property:

(a) Regal Mine. Those certain unpatented lode mining claims in the McMillan Mining District, Gila County, Arizona, known as the Regal Mine, the names of which and the book and page number of Records of Mines in the office of the County Recorder of Gila County, Arizona, in which the United States patent thereto is located being as follows:

Name	Book	Page
Regal #1	43	87
Regal #10	35	436
Regal #11	35	437
Regal #12	35	438
Regal #13	35	439
Regal #14	35	440
Regal #15	35	441
Regal #16	35	442
Regal #17	35	443
Regal #18	35	444
Regal #19	35	445
Regal #21	35	447
Regal #22	35	448
Regal #23	35	449
Regal #24	35	450
Regal #25	35	451
Huntz #3	41	500
Huntz #4	41	500
Huntz #5	41	501
Huntz #6	41	501
Huntz #29	41	491
Amended	41	502
Huntz #30	41	491

together with all improvements, buildings, structures, fixtures, machinery, equipment and tools thereon.

DWJ 6-2-52
CEH 6-6-52

(b) Mill. That certain asbestos milling property known as the Globe Mill and described as follows:

All and singular that certain tract of land situated, lying and being in the Northeast quarter of the Northwest quarter of Section Thirty-four (34), Township One (1) North of Range Fifteen and one-half (15 1/2), East of the Gila and Salt River Base and Meridian, Gila County, State of Arizona, and more particularly described as follows, to wit:

Beginning at a point on the East side line of said Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section Thirty-four (34), Township One (1) North of Range Fifteen and one-half (15 1/2) East of the Gila and Salt River Base and Meridian, Gila County, Arizona, which lies South 00° 03' East a distance of Four Hundred Fifty-eight and Sixty-seven Hundredths (458.67) feet from the North quarter corner of said Section Thirty-four (34) and at the intersection of the previous centerline of U. S. Highway 70, as shown on the map of said Highway on file in the office of the State Engineer of the Arizona State Highway Department; thence South 00 3' East 465.64 feet; thence North 89° 51' West 379.70 feet; thence North 49° 40' West 490 feet; thence North 40° 20' East 600 feet; thence South 49° 40' East 478.74 feet along the said centerline of U. S. Highway 70 to point of beginning, containing 8.28 acres more or less,

subject to the easements for rights-of-way of all public roads and highways of record,

together with all improvements, buildings, structures, fixtures, machinery tools and equipment thereon.

2. Purchase Price. The agreed purchase price for said property shall be Forty-five Thousand Dollars ($45,000.00), plus the amount of the unpaid principals of the mortgage on the aforesaid Globe Mill and the conditional sales contract on certain of the equipment thereon, together with all interest accrued thereon until such principals are paid, payable as follows: Five thousand dollars ($5,000.00) upon execution of this agreement, ten thousand dollars ($10,000.00) on or before sixty (60) days from the date of this Agreement, and the balance of said $45,000.00 in six (6) equal semi-annual installments of Five Thousand Dollars ($5,000.00) each, to be paid on or before the expiration of each six (6) month period from and after the date of this Agreement, and the amount of all principal and interest payments to be made in installments determined by the installments due under said mortgage and conditional sales contract and made thirty (30) days prior to the due date of such installments under said mortgage and conditional sales contract. All payments on the purchase price shall be made by

DWJ 6-2-52
CEA 6-6-52

Buyer, at Paterson, New Jersey.

3. Possession. Buyer shall be entitled to possession of said property upon making the initial payment on the purchase price and shall be entitled to hold and retain possession so long as Buyer fully performs all and singular the terms and conditions of this Agreement.

4. Covenants of Buyer. Buyer, from and after the date upon which he shall take possession of said property, shall do and perform the following:

(a) Perform all annual assessment work required upon said mining claims during each assessment year and file all affidavits provided by law to establish proof of performance of such work.

(b) Pay all ad valorem taxes becoming a lien on said property or any thereof from and after January 1, 1952.

(c) Maintain all improvements, buildings, structures, fixtures, machinery and equipment on said property in as good condition as the same is now in, reasonable wear and loss by fire and windstorm excepted.

(d) Maintain fire and windstorm insurance on all improvements, buildings, structures, fixtures, machinery, equipment, and tools located on said property in the full insurable value thereof and with an insurance carrier acceptable to Seller, the insurance to be payable to the parties hereto as their interests may appear, any insurance so paid to Seller to be applied against aforesaid purchase price.

(e) Pay before delinquent to the General Service Administration all amounts becoming due on the mortgage covering the mill property and the conditional sales contract covering the machinery, equipment and tools.

(f) Pay all costs for labor and materials used or expended on the property and post and maintain on the property, in the manner provided by law, notice of non-liability on the part of Seller for such labor and material.

(g) Perform all mining and milling operations in a good and workmanlike manner and in accordance with good mining and milling practice.

(h) Allow Seller access to the property at all times for the purpose of inspection.

DWJ 6-2-52
CEH 6-6-52

(i) Hold Seller harmless from any and all obligations and liabilities of whatsoever nature arising out of or by virtue of Buyer's operations or acts hereunder.

5. Asbestos Supply. Buyer, during a period not longer than six and one-half (6 1/2) years from and after the date of this Agreement, will furnish and deliver to Seller, such quantity or quantities of asbestos fiber as Seller ~~may~~ will DWJ 6-2-52 CCH 6-6-52 from time to time designate in writing, but not to exceed a total of six hundr ed and fifty (650) tons during said period of 6 1/2 years, Seller to be obligated to purchase not less than 100 tons in any annual period from and after the date hereof. Said asbestos fiber shall be clean white soft fiber testing 0-0-14-2 by Canadian shake test standards. Seller shall pay Buyer for all asbestos fiber furnished and delivered to Seller hereunder at the rate of Three Hundred Fifty Dollars ($350.00) per ton, f. o. b. railroad cars, Globe, Arizona, payment to be made either in cash within ten (10) days after delivery, or by crediting the amount of such payment upon the next installment becoming due from Buyer to Seller on the purchase price of the property.

6. Transfer of Title . Upon payment in full of the purchase price for said property, and the full performance by Buyer of his obligations under paragraph 5 hereof, Seller will execute and deliver to Buyer good and sufficient instruments of conveyance of the purpose of transferring title to the property described in Clause 1 hereof, free and clear of all liens, charges and encumbrances, subject only to the paramount title of the United States in and to the mining claims; the balance, if any, remaining due the United States (General Services Administration) on the mortgage covering the mill property and the conditional sales contract covering the machinery, equipment and tools located on said mill property; any liens, charges or encumbrances resulting from acts or omissions of Buyer; and easements and rights of way of record.

7. Covenants of Seller. Seller warrants, covenants and agrees as follows:

DWJ 6-2-52
CCH 6-6-52

(a) That it is the owner of said property and has full right, power and authority to sell the same.

(b) That it will indemnify and hold harmless Buyer, and the interest of Buyer in the property covered hereby, from any claims, demands, liens, charges or encumbrances arising from any past act of Seller, except only the lien of the aforementioned mortgage and conditional sales contract.

(c) That the principal balance of the mortgage held by the United States (General Services Administration) covering the mill property is $10,950.70 with interest from April 30, 1952, and the principal balance of the conditional sales contract is $4,049.45, with interest from April 30, 1952.

8. Default It is fully understood that time is of the essence of this Agreement and that in the event Buyer shall default in the prompt and complete performance of any term, covenant and provision of this Agreement, Seller, at its option and without notice, may declare the full balance of the purchase price immediately due and payable. If seller exercises its option under this paragraph Buyer shall also pay Seller an amount equal to 10% of the gross proceeds received by Buyer from the sale of fiber sold by Buyer during his operation hereunder, provided however, the Buyer shall not pay said 10% upon the amount of fiber sold and supplied under paragraph 5 hereof.

IN WITNESS WHEREOF, the parties have executed these presents as of the date first herein written.

ASBESTOS CORPORATION OF AMERICA

By) Chas E Huzikes
Its PRESIDENT

SELLER

D W Jeffrey
BUYER

State of New Jersey)
) ss.
County of Passaic)

On this, the 23rd day of May, 1952 before me, Joseph Gaito, Jr., the undersigned officer, personally appeared Chas. E. Hunziker, who acknowledged himself to be the President of Asbestos Corporation of America, an Arizona corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Joseph Gaito Jr.
Notary Public

My commission expires _____

State of Arizona)
Maricopa) ss.
County of ~~Gila~~)

On this, the 2nd day of June, 1952, before me, Alice J. Fitch, the undersigned officer, personally appeared D. W. Jaquays, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Alice J. Fitch
Notary Public

My commission expires March 4, 1956.

ASSIGNMENT OF AGREEMENT OF SALE

DATE: JULY 29, 1952.

ASSIGNORS: D. W. JAQUAYS and ETHELYN JAQUAYS, his wife.

ASSIGNEE: JAQUAYS' MINING CORPORATION, an Arizona corporation.

RECITALS

Heretofore, to-wit, on June 1, 1952, ASBESTOS CORPORATION OF AMERICA, an Arizona corporation (formerly Arizona Chrysotile Asbestos Company), as Seller, and D. W. JAQUAYS, one of ASSIGNORS herein, as Buyer entered into a certain Agreement of Sale covering those certain unpatented lode mining claims in the McMILLAN MINING DISTRICT, Gila County, Arizona, known as the REGAL MINE, the names of which and the book and page number of Records of Mines in the office of the County Recorder of Gila County, Arizona, in which the United States patent thereto is located being as follows:

NAME:	BOOK:	PAGE:
Regal #1	43	87
Regal #10	35	436
Regal #11	35	437
Regal #12	35	438
Regal #13	35	439
Regal #14	35	440
Regal #15	35	441
Regal #16	35	442
Regal #17	35	443
Regal #18	35	444
Regal #19	35	445
Regal #21	35	447
Regal #22	35	448
Regal #23	35	449
Regal #24	35	450
Regal #25	35	451
Huntz #3	41	500
Huntz #4	41	500

NAME:	BOOK:	PAGE:
Huntz #5	41	501
Huntz #6	41	501
Huntz #29	41	491
(Amended)	41	502
Huntz #30	41	491

together with all improvements, buildings, structures, fixtures, machinery, equipment and tools thereon, and the GLOBE MILL described as follows:

> All and singular that certain tract of land situated, lying and being in the Northeast Quarter of the Northwest Quarter of Section Thirty-four (34), Township One (1) North of Range Fifteen and one-half (15½) East of the Gila and Salt River Base and Meridian, Gila County, State of Arizona, and more particularly described as follows, to-wit:
>
> Beginning at a point on the East side line of said Northeast Quarter of the Northwest Quarter (NE¼NW¼) of Section Thirty-four (34), Township One (1) North of Range Fifteen and one-half (15½) East of the Gila and Salt River Base and Meridian, Gila County, Arizona, which lies South 00 degrees 03 minutes East a distance of four hundred fifty-eight and sixty-seven hundredths (458.67) feet from the North Quarter corner of said Section Thirty-four (34) and at the intersection of the previous centerline of U. S. Highway 70, as shown on the map of said Highway on file in the Office of the State Engineer of the Arizona State Highway Department; thence South 00 degrees 3 minutes East 465.64 feet; thence North 89 degrees 51 minutes West 379.70 feet; thence North 49 degrees 40 minutes West 490 feet; thence North 40 degrees 20 minutes East 600 feet; thence South 49 degrees 40 minutes East 478.74 feet along the said centerline of U. S. Highway 70 to the point of beginning, containing 8.28 acres, more or less; SUBJECT to the easements for rights-of-way of all public roads and highways of record, together with all improvements, buildings, structures, fixtures, machinery tools and equipment thereon.

It is the desire of ASSIGNORS herein to sell, transfer, set over and assign to the ASSIGNEE all of their right, title and interest in and to said Agreement of Sale, as well as ASSIGNORS' interest and right and title in and to the above-described mining claims and millsite.

COVENANTS

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS, and other good and valuable consideration, paid by ASSIGNEE to ASSIGNORS, the receipt whereof is hereby acknowledged, ASSIGNORS do hereby sell, transfer, set over and assign to ASSIGNEE, its successors and assigns, all of their right, title and interest in and to said Agreement of Sale, the ASSIGNORS hereby selling, transferring and assigning, as well, to the ASSIGNEE, all of their right, title and interest in and to the aforedescribed mining claims and millsite.

IT IS UNDERSTOOD AND AGREED by and between the ASSIGNORS and the ASSIGNEE that the ASSIGNEE assumes and agrees to pay the unpaid balance of the purchase price of FORTY-FIVE THOUSAND DOLLARS, plus any amount of the unpaid principals of the mortgage on the aforedescribed millsite and the conditional sales contract on certain of the equipment thereon, together with all interest accrued thereon until such principals are paid, ASSIGNEE assuming as well all other obligations according to the terms and conditions of the above-mentioned Agreement of Sale.

AND THE ASSIGNORS fully authorize and empower the ASSIGNEE, upon performance of the said conditions and covenants, to demand and receive of the said ASBESTOS CORPORATION OF AMERICA, an Arizona corporation (formerly ARIZONA CHRYSOTILE ASBESTOS COMPANY), the deed covenanted to be given in the said Agreement of Sale, and all preceding deeds or conveyances necessary to complete title in the ASSIGNORS, in the same manner to all intents and purposes as the ASSIGNORS might or could do, were these presents not executed.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year first above written.

D. W. Jaquays

Ethelyn Jaquays

ASSIGNORS

JAQUAYS' MINING CORPORATION
ASSIGNEE

By D. W. Jaquays
President

ATTEST:

Ethelyn Jaquays
Secretary

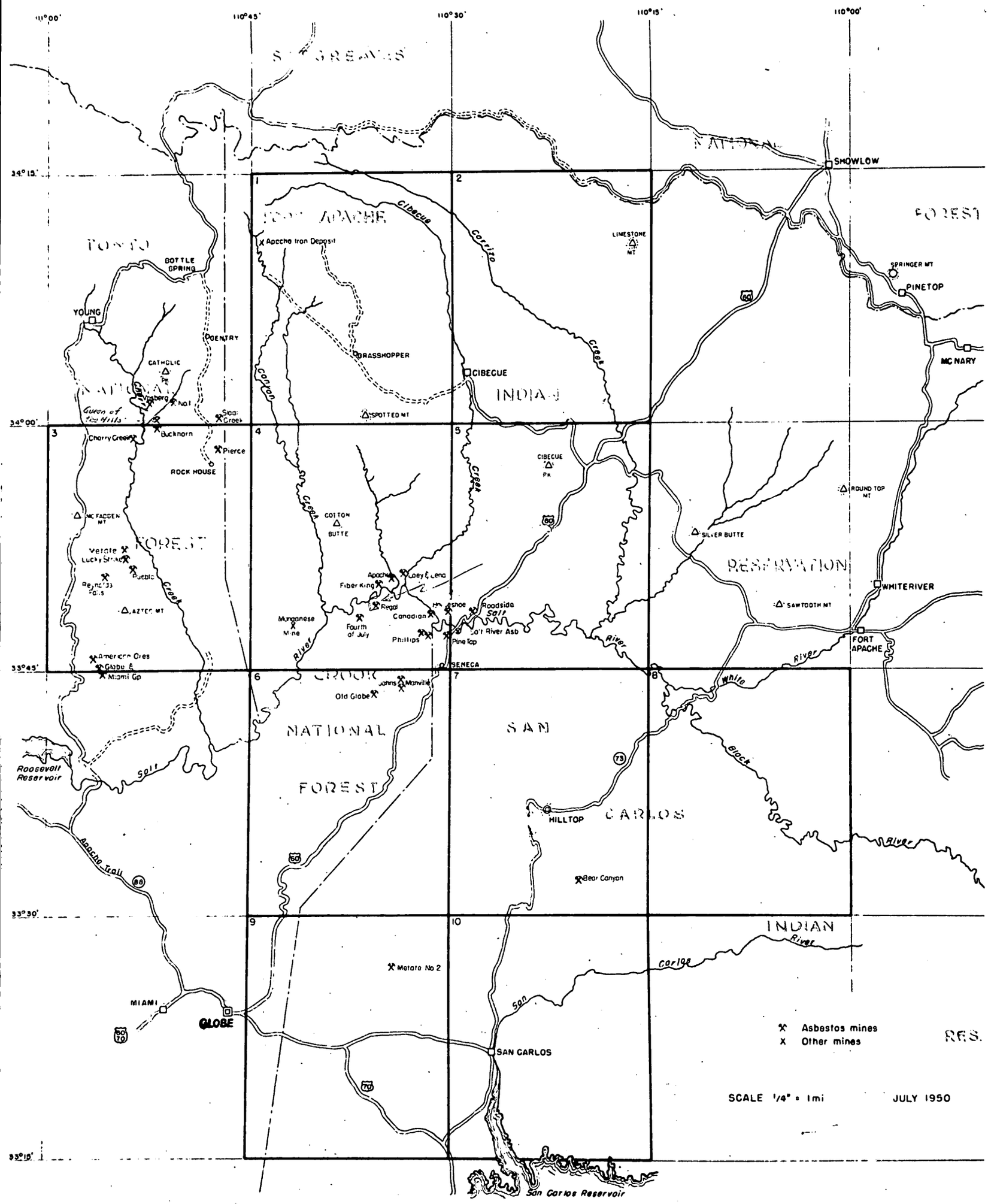
STATE OF ARIZONA)
SS.
COUNTY OF MARICOPA)

ON THIS, the 29th day of July, 1952, before me, the undersigned Notary Public, personally appeared D. W. JAQUAYS and ETHELYN JAQUAYS, his wife, known to me to be the persons whose names are subscribed to the within instrument as ASSIGNORS, and who acknowledged themselves to be the President and Secretary, respectively, of JAQUAYS' MINING CORPORATION, an Arizona corporation, ASSIGNEE, and that they, as such President and Secretary, being authorized so to do, executed the foregoing instrument on behalf of the ASSIGNEE in the capacity therein stated and individually for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires: MY COMMISSION EXPIRES JUNE 13, 1954

Ethelyn G. [illegible]
NOTARY PUBLIC



Location map, Asbestos Deposits, Gila County, Arizona. (Index map of aerial photo sheets)

JAQUAYS MINING CORP.
MAP No 4

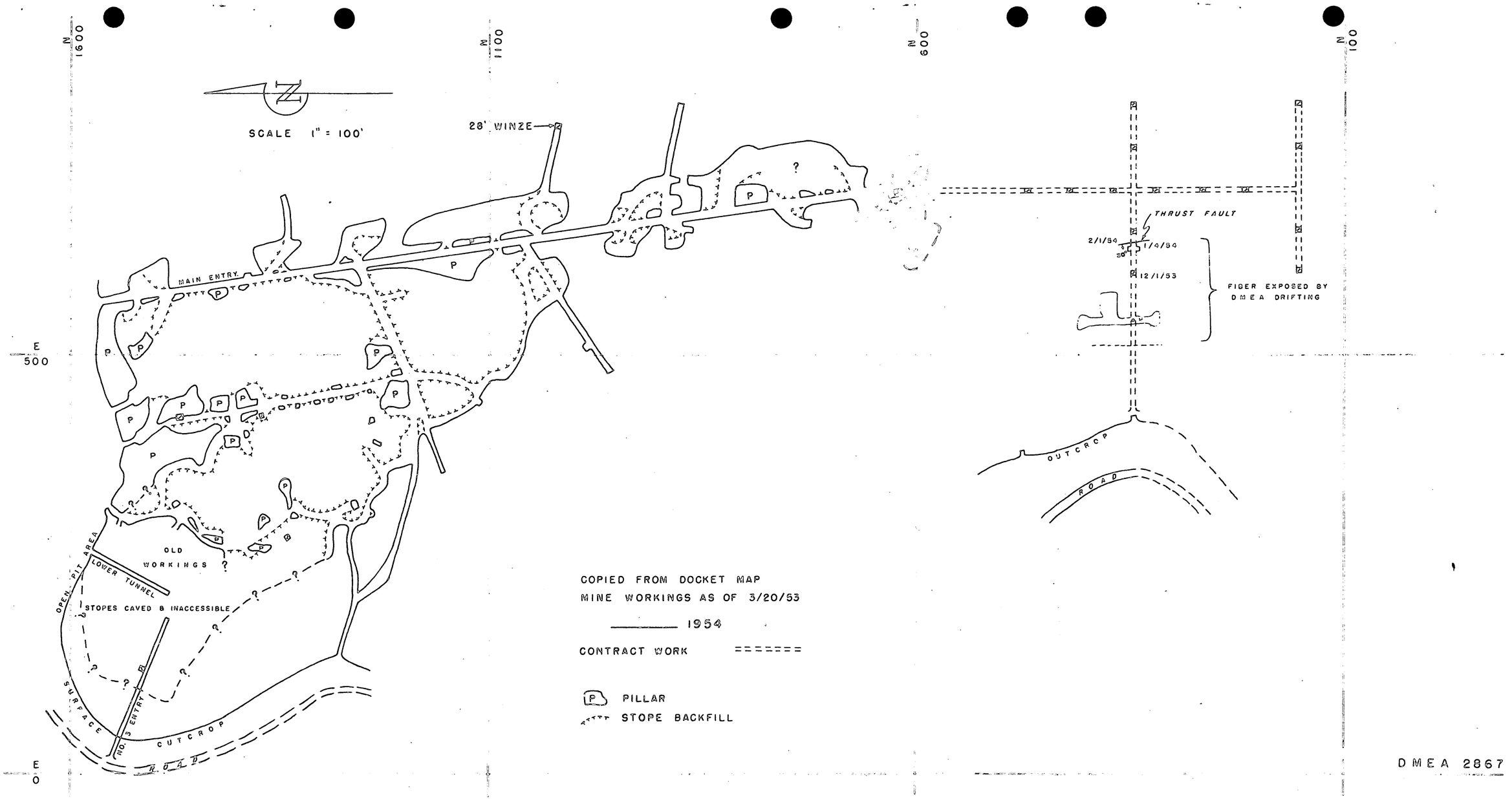
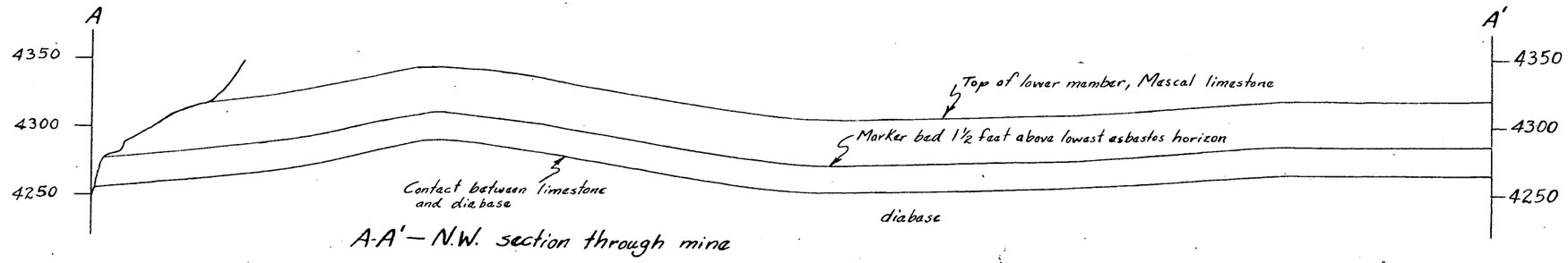
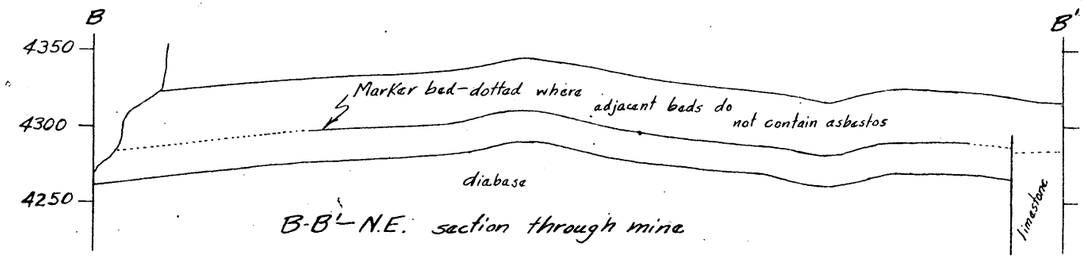


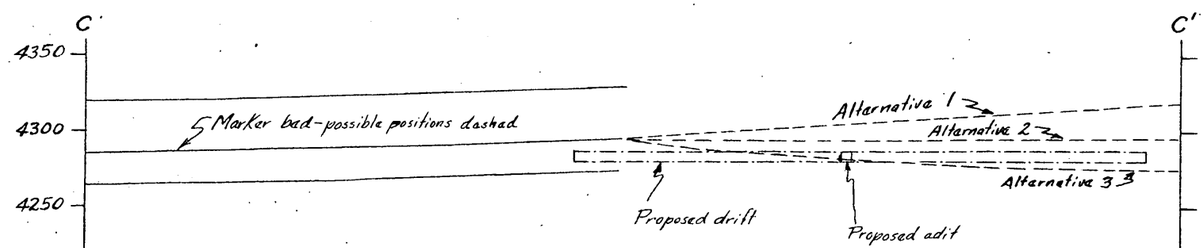
FIGURE 3. - MAP OF REGAL MINE, JAQUAYS MINING CORP., GILA COUNTY, ARIZONA



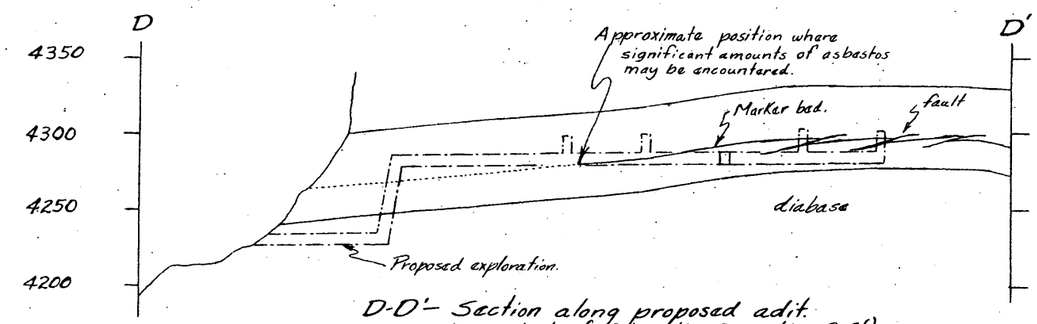
A-A' — N.W. section through mine



B-B' — N.E. section through mine



C-C' — N.-S. section along proposed drift, showing possible positions of "Marker Bed." (Alternative 2 most likely)



D-D' — Section along proposed adit.
(Equivalent of Alternative 2 section C-C')

FIGURE 5.—GEOLOGIC SECTIONS THROUGH REGAL MINE

0 50 100 200 300 Feet

Note: Sections A-A' and B-B' are typical sections through exploited orebody and show structure that might be expected in area to be explored. Existing mine workings not shown. Low angle faults are not shown except on Section D-D'.

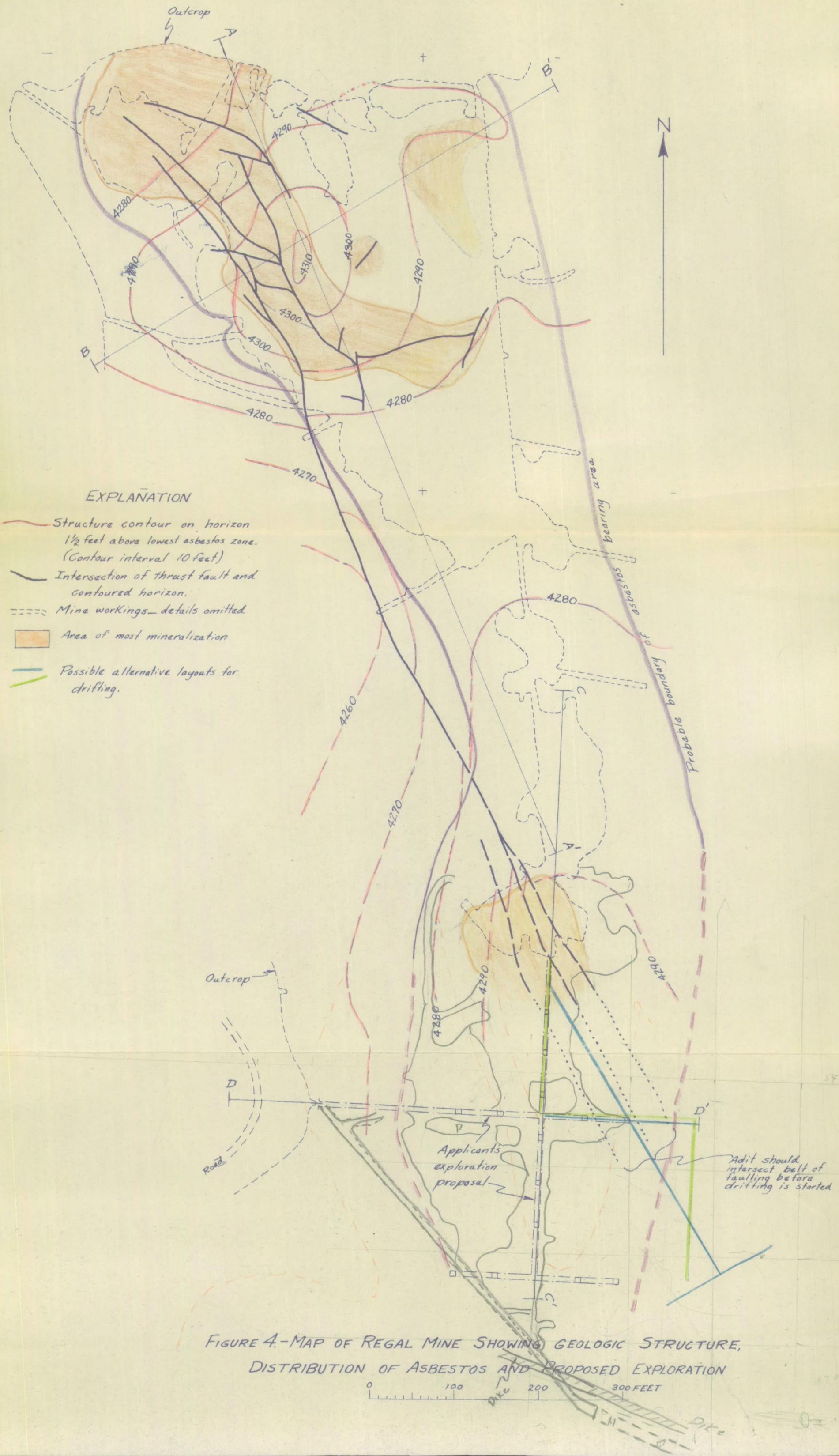
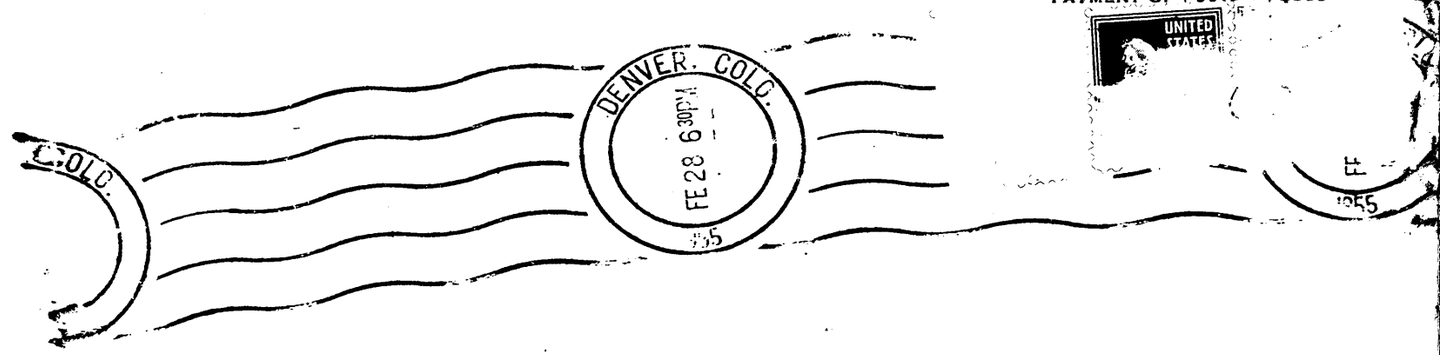


FIGURE 4.-MAP OF REGAL MINE SHOWING GEOLOGIC STRUCTURE, DISTRIBUTION OF ASBESTOS AND PROPOSED EXPLORATION

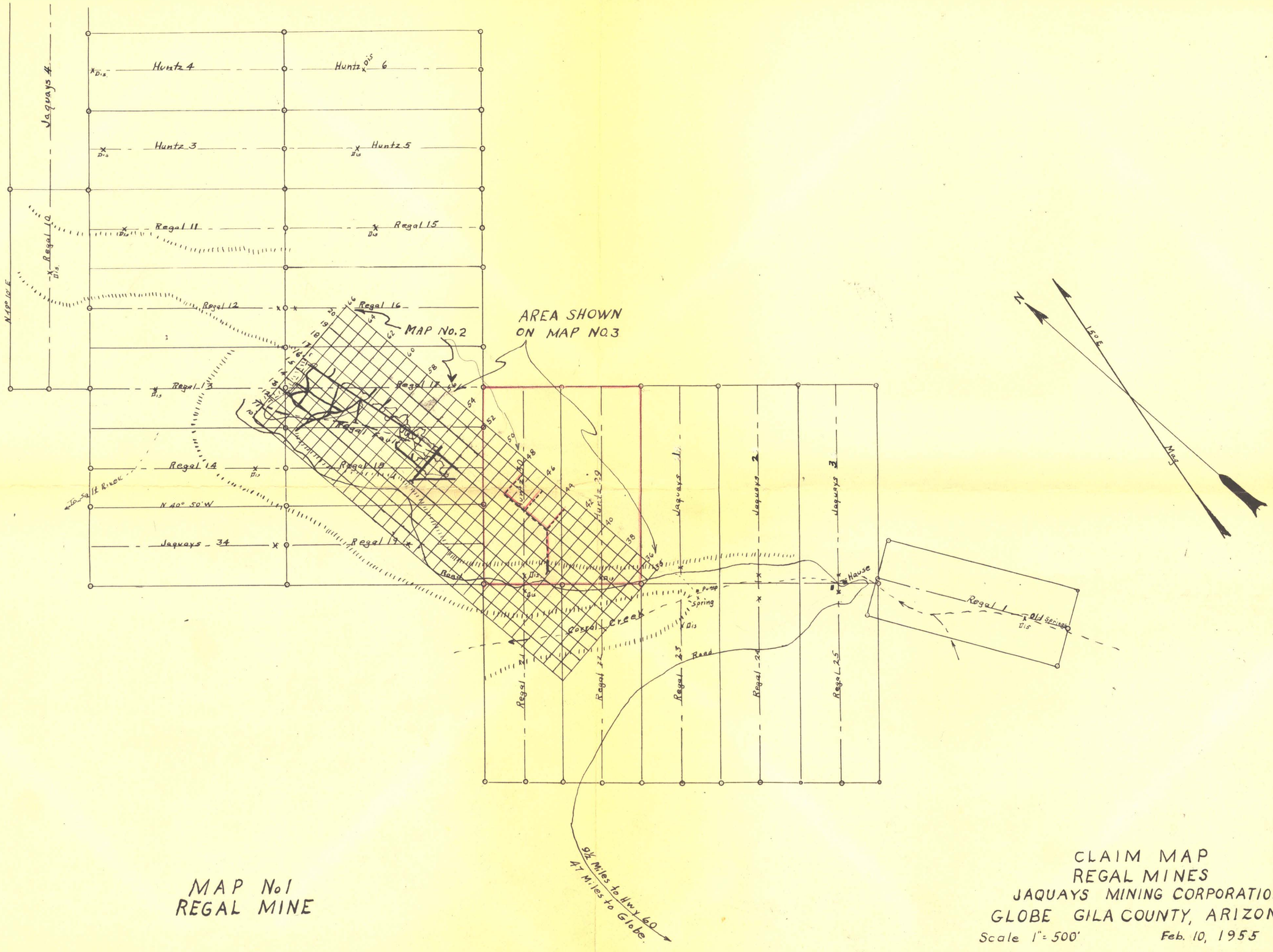
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300



~~Defense Minerals Exploration Administration~~
~~U. S. Dept. of the Interior~~
~~Interior Building~~
~~Washington 25, D. C.~~



MAP No 1
REGAL MINE

CLAIM MAP
REGAL MINES
JAQUAYS MINING CORPORATION
GLOBE GILA COUNTY, ARIZONA
Scale 1" = 500' Feb. 10, 1955
By D.W. Jaquays Registered Mining Engineer

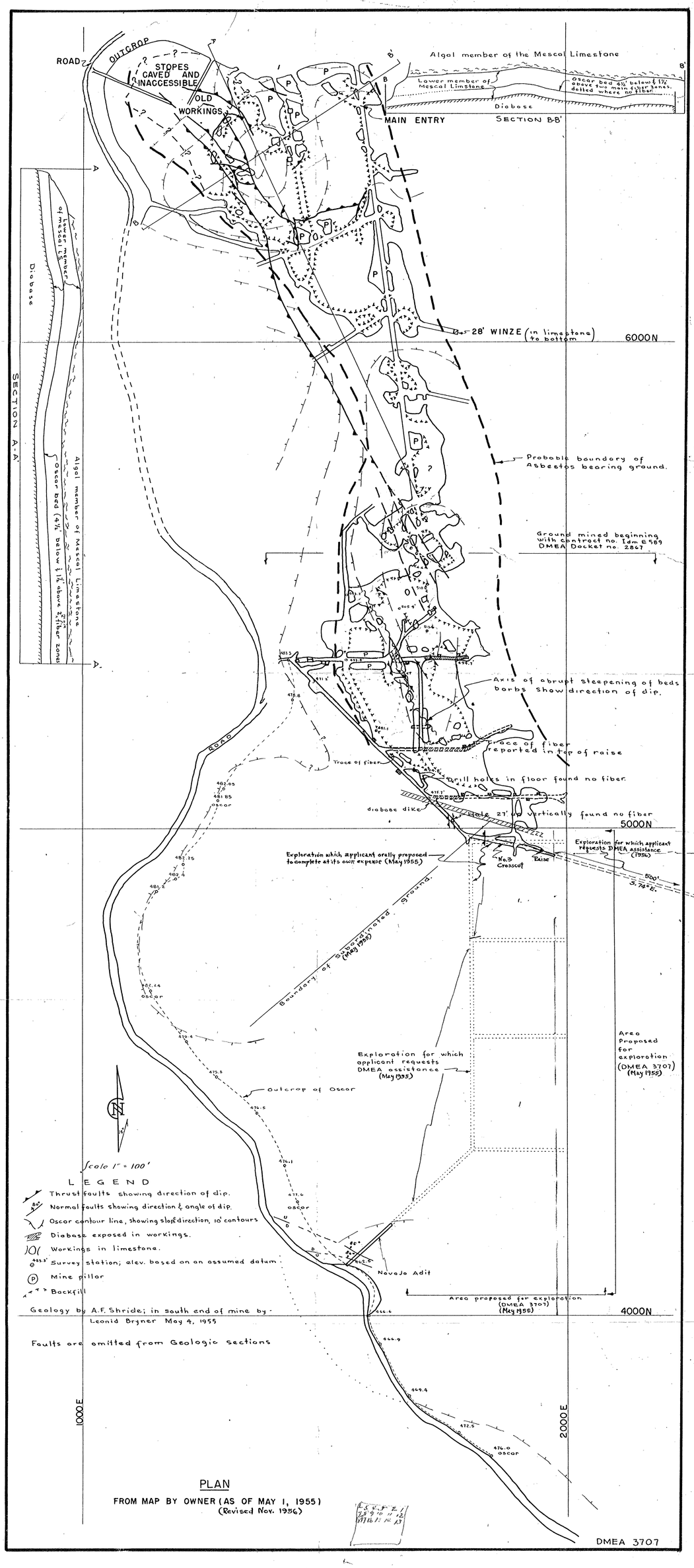


FIGURE 3 PLAN OF REGAL MINE AND PROPOSED PROJECT

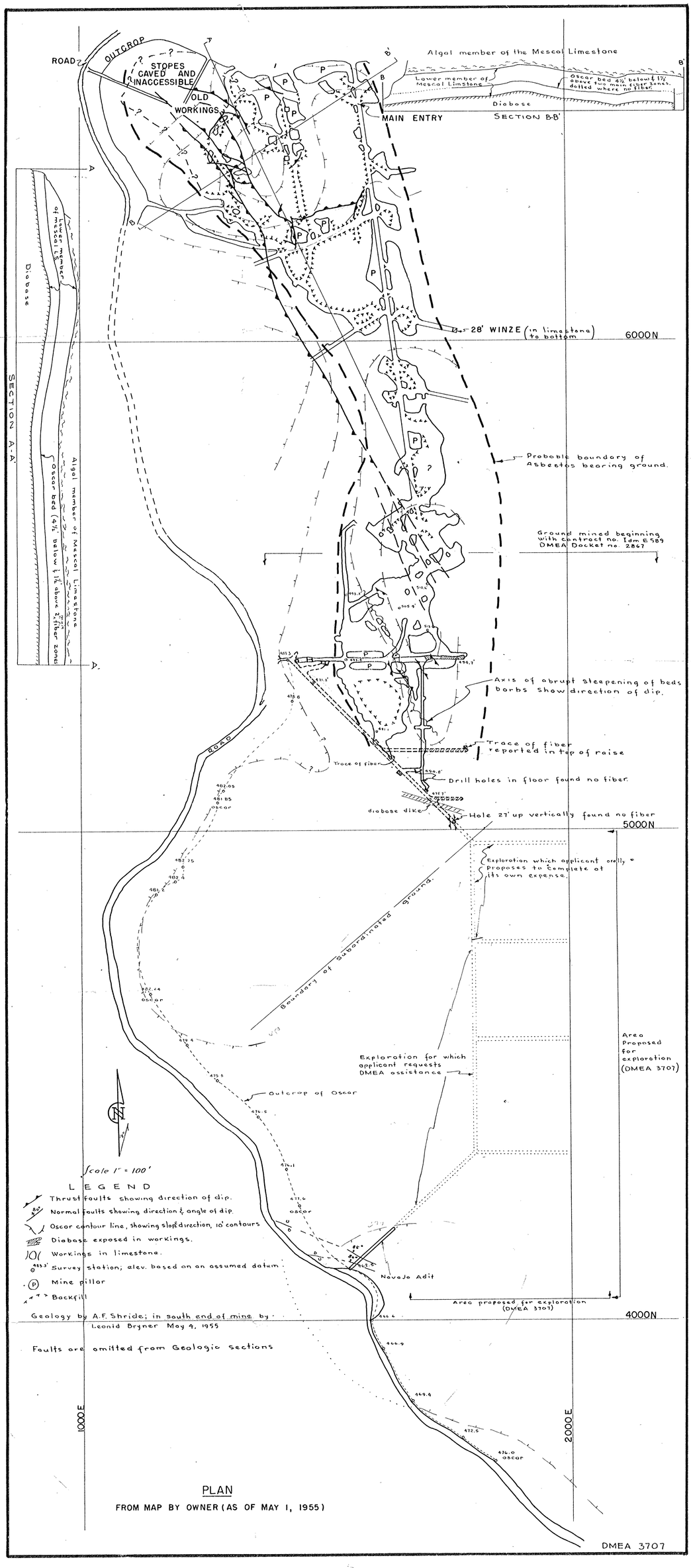


FIGURE 3 PLAN OF REGAL MINE AND PROPOSED PROJECT

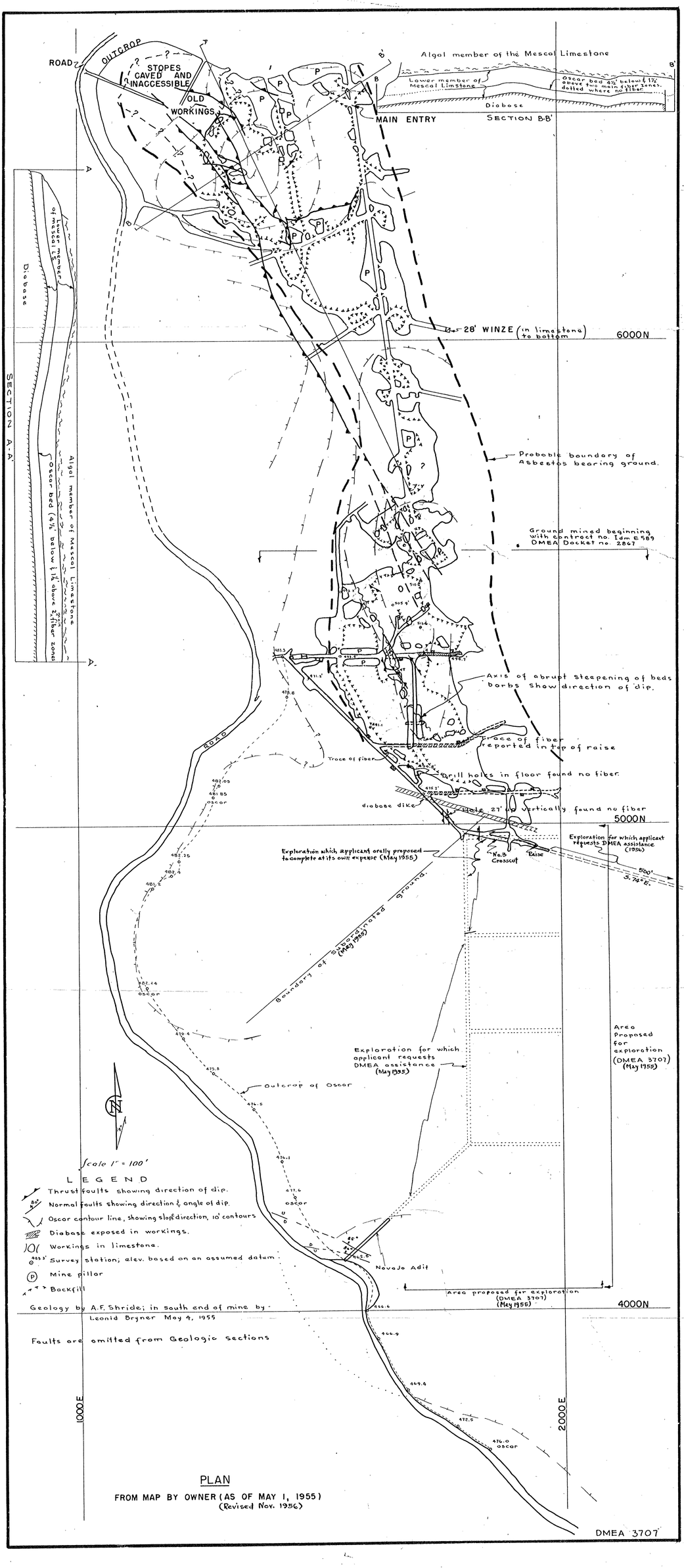


FIGURE 3 PLAN OF REGAL MINE AND PROPOSED PROJECT