DEC 5 1961

Mr. Carl H. Peterson
4307 Tejon Street
Denver 11, Colorado

Re: DMEA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29
and
DMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Idm-E309

Dear Mr. Peterson:

Your November 28 letter requests copies of the invoices covering certain purchases of equipment under the referenced contracts. We regret that the original documents are not immediately available and, therefore, we are not in a position to satisfy your request.

According to our records, however, the July 1951 Operator's Monthly Progress Report under contract Idm-E29 included a $5,540.94 claim for equipment purchases. The items involved and the costs, as adjusted by subsequent audits, were a compressor @ $3,800.00, a tramaire @ $1,681.40, a power saw @ $138.72, and a welding outfit @ $142.49. Our records do not disclose the serial numbers or other identification of these items.

The July 1952 Operator's Monthly Report and Voucher under contract Idm-E309 included a $175.00 claim for a B. F. Sturtevant #5 fan with 15 HP Westinghouse motor, type CCL, serial 378142. The March 1953 Operator's Report and Voucher under the same contract included a $318.24 claim for an automatic grinding machine. Our records indicate no further identification on this grinder.

Sincerely yours,

George C. Selfridge

EDTalbert/ama 12-4-61

ACTING Director

cc:
Docket
Director's Reading File
CA & A Division - Idm-E29
Acting Field Officer, Region III (2)

4507 Tejon Street
Denver 11, Colorado

November 28, 1961

Mr. George Punich, Jr.,
Director, OMB
Department of the Interior
[redacted]

RE: DMA-606 Contract I-DMA-E-29
DMA-1870 Contract I-DMA-E-309

Dear Mr. Punich:

I would appreciate receiving a photostatic copy of an invoice that the Government participated in on the above mentioned contracts about May or June of 1951.

This is machinery that was stored at Glenwood Springs, Colorado. The owner was a party from Ohio.

I believe the amount of the invoice was about $5,000.

Then on the second contract, DMA-1870 Contract I-DMA-E-309, there was a fan which was purchased on a $57.00 monthly rental. Also a bench grinder which cost $60.81.

The reason that it is necessary that I get a list of these invoices is that all of this machinery has been stolen and I must have the serial number before I can turn it over to the Sheriff.

Thanking you in advance for giving this your immediate attention, I am

[redacted]

Very truly yours,

Carl H. Peterson.

The Fiscal Section states that, through error, these files were prematurely sent to the GSA Records Center. Mr. Aldridge and I agreed we shouldn't go to the trouble and expense of retrieving the files for the purpose of answering this letter. Talbert 12/4/61

C
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P
Y

H. C. SPRINKLE
Durham, North Carolina

Economist 30 September 1961 Industrialist

Mr. George Fumich, Jr.
U. S. DEPARTMENT OF INTERIOR
Mineral Explorations
Washington, 25, D. C.

Dear Mr. Fumich, Jr.:

Thank you for your letter of September 28, 1961, with reference to the Government's lien on mining property which I hold on tax certificates.

I own about 700 (approximately) patented claims, choice, selected, in the heart of the San Juan District.

I am planning on going back to Silverton in the summer of 62 and I believe there is some good qualified mining people that will be glad to get a loan and really pay it back. I would thank you for any information that you can give me as to how to get a loan, the conditions, etc. However, I guess the same conditions would apply as you have outlined in your letter?

And as for the lien against the property, I am to old to try and work it, however, I have been trying to lease some of my holdings to good qualified mining people. There has been no production.

Thanking you very much for your information, I am,

Yours truly,

H. C. Sprinkle by MR

H. C. Sprinkle

CC: U S Dept, of Interior
Denver, Colorado

SEP 28 1961

Mr. R. C. Sprinkle
P. O. Box 1839
Durham, North Carolina

Re: DMA-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29

Dear Mr. Sprinkle:

Your September 22 letter regarding the Government's lien on the nine patented mining claims on which you hold tax certificates has been referred to this office for reply.

The referenced contract provides for payment to the Government of a percentage royalty on all minerals produced from these claims until the Government's contribution to exploration costs is repaid, or until June 27, 1969, whichever occurs first. To secure the payment of this percentage royalty, the Government was granted a lien upon the claims and upon any production therefrom. The present repayable balance of the Government's contribution is $39,717.61.

The Government's royalty is 1½ percent of the gross proceeds not in excess of $8.00 per ton of production in the form sold (ore, concentrates, metal, or equivalent), plus ½ percent for each full $.50 by which such amounts exceed $8.00 per ton, but not in excess of 5 percent of such proceeds. Only charges shown on the buyer's settlement sheets for treatment processes, sampling and assaying, and freight paid by the buyer to a carrier, are allowable as deductions in determining the gross proceeds.

You should authorize and direct any purchaser of production to pay the royalty directly to the Government and furnish the Government with two copies of the settlement sheets. Royalty payments should be made in favor of the Office of Minerals Exploration and mailed with the copies of settlement sheets to the Field Officer, Office of Minerals Exploration, Region III, Building 20, Federal Center, Denver 25, Colorado.

EDTalbert/ama
September 28, 1961

Sincerely yours,

George Fumich, Jr.

Director

Copy to: Docket
Dir. Read. File
CA & A Division
Acting Field Officer,
Region III (2)

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-829, Docket DMA-606 (lead-zinc-copper), dated June 27, 1951, with

U. S. Metals Corporation
(formerly U. S. Oil and Development Corporation)
308 Mercantile Building
Denver 2, Colorado

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as the Henrietta Mine located in San Juan County, Colorado, during the period February 12, 1954, through September 15, 1961.

In accordance with Article 6 of Amendment No. 12 and Annex II, as amended by Amendment No. 13, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 14 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated April 9, 1956, indicated accepted costs under the exploration contract amounting to $78,175.06 with the Government's contribution, on a 50 percent basis, being $39,087.53; however, due to salvage value adjustments and uncollected overpayments, the total Government contribution repayable amounts to $41,240.31.

The status of the project, the scope of review, the reasons therefor, and an explanation of the adjusted royalty due, as reflected below, are stated on page 2.

This review found that there were no sales of ore or concentrates subsequent to the period covered by a prior Royalty Audit Report and Certificate, which established the sales subject to Government royalty through February 11, 1954, to be $75,095.48. The royalty account as of that date was:

Total Royalty Due	$3,578.37
Total Royalty Paid	1,522.70
Balance of Royalty Due	$2,055.67

After adjustment for uncollectible royalty, as of September 15, 1961, the royalty account of this project was found to be:

Total Royalty Due	$1,622.70
Total Royalty Paid	1,622.70
Balance of Royalty Due	$ -0-

September 18, 1961

E. D. Talbert, OME Auditor

Idm-E29 U. S. Metals Corporation DMA-606

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

The project property was closed down on December 17, 1953, and the last production was covered by a settlement dated February 11, 1954. This was the end of the period covered by a prior Royalty Audit Report and Certificate, which found a balance of $2,055.67 due the Government in royalty.

After unsuccessful attempts by the regional and Washington offices of DMEA to collect this delinquent royalty, plus certain other amounts for overpayments and equipment equities under both this and another contract, the matter of the Operator's total indebtedness was referred on April 2, 1956, to the Attorney General of the United States.

On January 3, 1957, the United States Attorney in Denver accepted an offer by Carl F. Peterson and Walter Falk, officers of the U. S. Metals Corporation, for settlement of the indebtedness by periodical payments. As the result of default under this agreement after the initial payment, none of which was applied to the royalty indebtedness, complaint for judgment was filed against Peterson and Falk during August 1958. During the following month the Corporation was declared defunct by the Colorado Secretary of State.

Default judgment was entered on February 20, 1959, against Peterson for $8,010.29, plus costs of $57.80, applicable to this and another contract with the same Operator as follows:

	Idm-E29 DMA-606	Idm-E509 DMEA-1870	Totals
Overpayments, etc.	$4,677.78	$633.96	$5,311.74
Royalty	2,055.67	-0-	2,055.67
Claim	$6,733.45	$633.96	$7,367.41
Interest			642.88
Judgment			$8,010.29

As judgment was not enforceable because of Peterson's lack of property at that time, a transcript was filed with the County Clerk and Recorder in Denver. Complaint against Falk was dismissed on June 19, 1959, because of inability to locate and serve him.

Subsequently, collection action for the $2,055.67 past due royalty was taken against Blue Bird Mining and Milling Company under the September 21, 1954, Owner's Consent to Lien on the nine patented

and five unpatented claims under the contract. Blue Bird's liability for royalty on past production was settled in full by the compromise acceptance of a $100.00 certified personal check dated November 10, 1960, from M. Max Jones, the Company's president. The compromise settlement was made because of the probable lack of an enforceable claim against the Blue Bird Mining and Milling Company. The Company had been incorporated on August 4, 1932, for a twenty-year term of existence, which had not been extended. Furthermore, it was declared defunct and inoperative by the Colorado Secretary of State during 1958.

During August 1961, the Treasurer of San Juan County, Colorado, advised the Acting Field Officer, OME Region III, that the nine patented claims under the exploration project contract had been sold for taxes but no mining operations were in process.

The present status of the account for this contract and the other contract, which were consolidated in the claim and judgment, follow:

	Idm-829	Idm-8309	Total
Royalty Expiration Dates	June 27, 1965	May 1, 1965	-
Net Government Contributions	$41,240.31	$1,808.42	$43,048.73
Royalty Payments	1,522.70	-0-	1,522.70
Repayable Balance	$39,717.61	$1,808.42	$41,526.03

The first $5,311.74 of collections, if any, under the judgment against Carl F. Petersen will reduce the above net Government contributions and collections, if any, in excess thereof up to $1,955.67 will increase the above royalty payments. In such event, the balance repayable by royalty on any future production will be reduced accordingly.

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

(1) The files disclose that there has been no production from the property other than that covered by the prior Audit Report and Certificate; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED SEP 1961
DATE | INITIALS | CODE
800

September 25, 1961

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: IMA-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
(formerly U. S. Oil and Development Corporation)
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29
and
IMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
(Formerly U. S. Oil and Development Corporation)
Joe and John Mine
San Juan County, Colorado
Amended Contract Idm-E309

Attached are the original and one copy each of the Report of Royalty Review on the subject properties dated September 18, 1961; Idm-E29 covering the period February 12, 1954, through September 15, 1961 and Idm-E309 for the period May 1, 1952, through September 15, 1961.

Original signed by

Hugh M. Conners

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm E29
Royalty Corres Idm E309
Chron

SEP 20 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMA-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
(formerly U. S. Oil and Development Corporation)
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29
and
DMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
(formerly U. S. Oil and Development Corporation)
Joe and John Mine
San Juan County, Colorado
Amended Contract Idm-E309

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

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

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

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

Attachments

EDTalbert/ama
September 20, 1961

Copy to: Docket
Director's Reading File
CA & A Division - Idm-E29
Mr. Rothrock

Building 20 - Federal Center
Denver 25, Colorado

September 18, 1961

EXTRA COPY O. M. E RECEIVED SEP 20 1961		
DATE	INITIALS	CODE
		800

H. C. Sprinkle
P. O. Box 1855
Durham, North Carolina

Re: BMSA-606 (Lead-Zinc)
Contract Nbr E29
U. S. Metals Corporation
(Henrietta Mine)
San Juan County, Colorado

Dear Mr. Sprinkle:

It has come to our attention that you hold tax certificates on all or parts of the following lode mining claims:

Claim	U.S. Survey No.	Claim	U.S. Survey No.
Henrietta	15526A	Mineral Queen	1682
Lizzie	15520	Narrow Gauge	15526A
Mineral King	2051	Prosperity	18621
Rushmit	15526A	La Cross	18620
Bear Run	15526A		

The Government holds a lien on the land and all production therefrom by virtue of the captioned contract. Royalty is due the Government on all production from this property until June 27, 1965 or until the amount the Government expended has been repaid, whichever occurs first.

In accordance with the terms of the contract, you are to report to this office any and all production from the captioned property.

Yours very truly,
Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region XIX

HMC/lm

cc Chief, Division of Field Operations, OME

Contract E29 Corres.
Chron

Building 20 - Federal Center
Denver 25, Colorado

September 11, 1961

Robert K. Wyman, Treasurer
San Juan County
Silverton, Colorado

Re: DMEA-666 (Lead-Zinc) and DMEA-1870 (Lead-Zinc)
Contract Idm-E29 — Contract Idm-E309
U. S. Metals Corporation — U. S. Metals Corporation
(Henrietta Mine) — (Joe and John Mine)
San Juan County, Colorado — San Juan County, Colorado

Dear Mr. Wyman:

Thank you for your letter of August 31, 1961. Further clarification as to the present status of the claims is needed because I wish to correspond with the present holders of the tax certificates.

Will you please give me the names and addresses of the parties now holding tax sale certificates on all or any of the following claims.

Claim	U.S. Survey No.	Claim	U.S. Survey No.
Henrietta	15526A	Mineral Queen	1622
Dixie	15520	Narrow Gauge	15526A
Mineral King	2051	Prosperity	18621
Humbolt	15526A	La Cross	18620
Bunn Run	15526A		

On another DMEA contract, the Galena No. 1573, Mirdella No. 1524, and Blackstone No. 1553 were subordinated to the Government. Will you please advise the names and addresses of any parties holding tax sale certificates on these three claims.

I plan to see Guy Emerson Wednesday at the meeting of the Denver Mining Club and I will give him your best regards.

Yours very truly,

Hugh M. Connors
Acting Field Officer, GSM
Region III

C
O
P
Y

ROBERT K. WYMAN
Treasurer, County of San Juan
Silverton, Colorado

August 31, 1961

Hugh M. Connors,
Acting Field Officer, OME
Region III
United States Department of Interior
Office of Minerals Exploration,
Building 20--- Federal Center,
Denver 25, Colorado.

Dear Mr. Connors:

Thank you for your letter of August 29th-- and in reply to same the owner of the claims as listed in your letter is---- The Blue Bird Mining Company, c/o C.H. Groves, 722 Continental Oil Bldg. Denver 2, Colorado. These claims are now delinquent and the tax sale certificates have been sold to other parties. 1/2 of the Prosperity and the La Cross is assessed in the name of the U.S. Realty and Investment Company. --- Address-- 126 South Clarkson St. Denver 9, Colorado. The tax sale certificates on these two parcels were held by Mr. C. H. Groves. As of this date these two parcels are now delinquent, If you need additional information please let me know, we appreciate your visiting with us in the office, and hope that you will make it back to this area real soon. Again, please extend our best regards to Mr. Emerson.

Sincerely yours,

/s/ Bob Wyman

AUG 25 '96

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29
and
DMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Idm-E309

As suggested by your August 22 memorandum, a letter to the new owners of the claims under the subject contracts is definitely in order. Please notify them of the Government's lien on the land and upon any production therefrom.

W. R. Griscom

EDTalbert/ama
August 25, 1961

Copy to: Docket
Director's Reading File
CA & A Division - Idm-E29
Review Committee

Building 20 - Federal Center
Denver 25, Colorado

August 22, 1961

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMTA-[illegible] (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Ldn E29
and
DMTA-1370 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Ldn E309

I am advised by Robert Wynne, Treasurer of San Juan County, Colorado, that the claims enumerated to the Government by virtue of the above contracts have been sold for taxes but no mining operations are in process.

Will you please advise if I should notify the new owners of the claims, that any production on claims would be subject to payment of royalty to the Government.

Hugh M. Connors

JAN 1 0 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: MMA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Lbr-[illegible]
and
MMA-1570 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Lbr-[illegible]

On March 6, 1959, in a letter to Mr. Townsend, we listed the status of the accounts of the subject contracts. Since that time the Government accepted $100.00 from the Bluebird Mining and Milling Company as a compromise payment "in full" of the $2,653.67 unpaid royalty item under Docket No. MMA-606.

Please continue treating these two contracts as being active under their royalty agreements. Should there ever be any future production within the time limits set forth in the contracts, we probably would look to the Jensens for royalty payments. The judgment against Carl Peterson remains unsatisfied and we would look to him for satisfaction should he ever acquire such assets as to satisfy the judgment.

George C. Selfridge

GCSelfridge/hb (1/9/61)
Copy to: Docket MMA-606
Docket MMA-1570
Director's Reading File
Review Committee
G. C. Selfridge
Chron (300)
Ch & A Div. ✓

NOV 18 1960

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: 77-13-326
United States v. Carl H. Peterson, Civil No. 6167
and
United States v. W. S. Oil and Development Corp., now
U. S. Metals Corporation, Civil No. 6169
DMEA-606 (Lead-Zinc-Copper)
Henrietta Mine
San Juan County, Colorado
Contract 14m-K29

Reference is made to the November 10, 1960, letter from the United States Attorney at Denver to Mr. Hugh M. Conners, Acting Field Officer, OME, Region III, and attachment, and especially to the penultimate paragraph of the May 13, 1960, letter from the Solicitor to Mr. George Cochran Doub, Assistant Attorney General, Department of Justice, Washington 25, D. C.

The November 10 letter does not discuss the compromise. The attachment to the letter is marked "in full." The photostat of the check indicates, although supposedly defunct, that the Blue Bird Mining and Milling Company is operating as such. Considering the Owner's Consent to Lien executed on September 23, 1954, by the Blue Bird Mining and Development Company and the November 10, 1960, letter and attachment, we are not sure just what the future royalty liability under the contract is. May we have your comment.

(signed) FRANK E. JOHNSON

GCSelfridge/fw-11/17/60
cc: Docket
Director's Reading File
Director's file
F.E.Johnson
G.C.Selfridge
E.Dallas Talbert
Chron.

For royalty compromise settlement of $100.00, dated November 14, 1960, see transmittal letter file.

United States Department of Justice

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
348 POST OFFICE BUILDING
DENVER 1, COLORADO

MAILING ADDRESS
P. O. BOX 1776
TELEPHONE KE 4-4151
EXT. 541

IN REPLY REFER TO
(8488) 6167
(9014) 6169
rpm/b

November 10, 1960

Mr. Hugh M. Connors
Acting Field Officer, OME
Region III
Department of the Interior
Building No. 20
Denver Federal Center
Denver 2, Colorado

OME
DEPARTMENT OF THE INTERIOR
NOV 14 1960
REGION III
DENVER COLORADO

Re: U. S. v. Carl H. Peterson,
Civil No. 6167 - DJ 77-13-326;
U. S. v. U. S. Metals Corp., formerly
U. S. Oil and Development,
Civil No. 6169 - DJ 90-1-18-323;
Your file: Docket DMA 606
(Lead-Zinc-Copper)
Contract I-DMA E-29
Henrietta Mine, San Juan Co., Colorado

Dear Mr. Connors:

Reference is made to telephone conversation with your office this afternoon in the above matter.

In accordance with your request, I am attaching hereto certified check made payable to the Treasurer of the United States in the sum of $100.00, covered by official receipt No. 202864, representing compromise offer accepted by the Department of Justice in settlement of the government's claim against the Blue Bird Mining & Milling Company, in their letter of August 31, 1960.

I understand that you will forward the money to the Department of the Interior in Washington.

Yours very truly,

DONALD G. BROTZMAN
United States Attorney

By: Richard P. Matsch

RICHARD P. MATSCH
Assistant U. S. Attorney

Deposited as "Royalty" per Reg. III abstract of Remittances no. 11-3, dated 11/14/60. Talbert

cc: Department of the Interior
Washington 25, D. C.
Attn: Solicitor

M. REX OR NAOMI H. JONES
126 SOUTH CLARKSON SA 2-1041
DENVER 9, COLORADO

For Blue Bird
Mining & Milling Co.

NATIONAL CITY BANK OF DENVER $100

No. N 1256

23-68
1020

PAY TO THE ORDER OF TREASURER OF THE UNITED STATES

DENVER, COLORADO November 10 1960

ONE HUNDRED & NO/100 - $100.00 DOLLARS

The NATIONAL CITY BANK of DENVER
DENVER, COLORADO

M. Rex Jones

141-207-4

Form No. USA-200
(Rev. 3-3-5[illegible])
Form [illegible]
Comp. Gen., U. S.

DEPARTMENT OF JUSTICE

Office of United States Attorney
District of COLORADO

Receipt No. 202864

(CHECKS ACCEPTED SUBJECT TO COLLECTION)

Claim Against
BLUE BIRD MINING & MILLING CO. (owner and lessor)
(U.S. Metals Corp. case) Henrietta Mine, San Juan County, Colo.
(Carl H. Peterson case)

U. S. Attorney's No. (8488) (9014)
Ct Docket No. 6167 6169

Amount Received
ONE HUNDRED DOLLARS

From M. Rex Jones, check No. N1256-Cert. on Natl. City Bk of Denver, Colo.

Agency & File No. Dept. of Interior, IMEA - BMA-606
Contract No. Idm-E29

($ 100.00)

Offer accepted in compromise settlement of government's claim against Blue Bird Mining & Milling Co. in connection with IMEA contract, per DJ ltr 8-31-60.

Type Claim IMEA contract
owner's consent to lien
[illegible]uted by BlueBird
[illegible]er contract

Amt. of Claim 2,055.67

DJ File No. 77-13-326 Govt. Cls. Section

XX Pre-judgment
( ) Judgment
XX Compromise in full
( ) Paid in full
( ) Partial Pay No.

Date Payment Received
November 10, 1960

By Helen Barkha for UNITED STATES ATTORNEY

Duplicate — With Remittance

DMEA

In reply refer to: 77-13-[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WA[illegible]

E-24

Mr. George Cochran Doub
Assistant Attorney General
Department of Justice
Washington 25, D. C.

Re: United States v. Carl H. Peterson Civil No. 6167, and United States v. U. S. Oil and Development Corp., now U. S. Metals Corp., Civil No. 6169

Dear Mr. Doub:

The Acting Assistant Attorney General, Civil Division, by letter of March 29, requested our views concerning the disposition of the claims against the United States Metals Corporation and the Blue Bird Mining and Milling Company reflected in the judgment in the above-entitled proceedings under DMEA Contracts Idm-[illegible] (Docket No. DMEA-606) and Idm-[illegible] (Docket No. DMEA-1870) with the Defense Minerals Exploration Administration, whose contracts are now administered by the Office of Minerals Exploration. Your reference number is GEL:MK-77-13-[illegible].

It is stated in a letter dated February 17 from the United States Attorney, Denver, Colorado, that the claim against Mr. Peterson is uncollectible; that the above corporations are defunct and that there is no chance of collecting from them the claims in question. In the circumstances, the United States Attorney requests authority to close the files in these cases. However, the Blue Bird Mining and Milling Company in a letter of January 14 to the Assistant United States Attorney has offered to pay $100.00 in full settlement of the claim against that company.

There is enclosed for your information a copy of a memorandum dated May 4 from the Acting Director, Office of Minerals Exploration, to this office concerning the claims in question. In that memorandum, it is suggested that you might wish to effect a compromise by accepting the $100.00 for royalties and other sums past due and

have the present owners of the claims and other parties in interest who had the authority to make the compromise offer agree to be liable for royalties on any future production from the mining properties for the unexpired terms of the project contracts. We concur in this recommendation.

Should you adopt a contrary view and decide that further prosecution of the claims will not be in the public interest, we will abide by your decision in the matter and furnish such assistance as you may request.

Sincerely yours,

George W. Abbott
Solicitor

Enclosure

JMHernon/jfg-5/11/60

CC: Secretary's Files
Solicitor's Docket
Acting Director, OME - Rm. 4460
Mr. Selfridge - Rm 4459
Mr. Seller
Mr. Hafflund
Mr. Hernon

Mr. Talbert

MAY 4 1960

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: 77-13-126
United States v. Carl H. Peterson, Civil No. 6167
and
United States v. U. S. Oil and Development Corp., and
U. S. Uranium Corporation, Civil No. 6169
[illegible]
Henrietta Mine
San Juan County, Colorado
Contract No. [illegible]

Reference is made to your memorandum of April 22, 1960, subject above. The case was referred to the Attorney General on April 2, 1954. In the letter of referral mention was made that in addition to other items $2,055.67 in back royalties were due on ore production from lands leased to the Operator by the Blue Bird Mining and Milling Company, c/o Charles H. Greves, Attorney, Colorado Fuel and Iron Company, Post Office Box 1930, Denver 1, Colorado, which signed a document titled "Owner's Consent to Lien." It was suggested that the Attorney General might wish to consider the matter of collecting not to exceed $2,055.67 by exercising the Government's lien provided for in the Owner's Consent to Lien.

On February 26, 1959, the United States Attorney at Denver informed the Washington Office of the Department of Justice that a default judgment was entered in the case against the defendant, Carl H. Peterson, on February 20, 1959, in the amount of $8,810.29, and that costs in the sum of $37.00 would be taxed against him. In addition, the letter stated that, in order to protect the Government's interest should Mr. Peterson acquire any property at some future time, a transcript of the judgment was being filed with the County Clerk and Recorder in Denver.

Subsequently, the royalty matter was taken up with representatives of the Blue Bird Mining and Milling Company, which in a letter to Mr. Richard F. Matsch, Assistant United States Attorney, dated January 14, 1960, offered the Government a nominal payment in the amount of $100.00 in full settlement of the claim. The offer seemingly applied only to the $2,055.67.

From recent conversations with your office, we understand that acceptance of the $100.00 offer not only cancels the past royalties due but also may claim that the Government might have on royalties from future production from the subject land within the time limits of the contracts. Neither the WSSA Administrator nor the GAO Director have ever had the authority to cancel a certification entitling the Government royalty on production from the land in an exploration contract. I believe that past procedure is well explained in the Operating Committee letter of March 6, 1952, to Mr. J. V. Townsend, Executive Officer, GAO Field Team, Region III, the last two paragraphs of which are as follows:

> "Files on claims referred to the Department of Justice are closed as unmailectible only upon advice from the Attorney General to that effect. Even though such advice should be received on the subject claim, the project accounts may not be closed until the payment periods for royalty payment and liens for payment thereof, provided for in the contracts, expired or the net amounts contributed by the Government have been repaid.
>
> "The present status ..... Payments, if any, resulting from the judgment will either reduce the above net Government contributions or increase the royalty payments, thereby reducing the balance repayable by royalty on any future production from the subcontracted land under the contracts."

In a letter of February 17, 1960, from Donald S. Stratton, United States Attorney, to the Washington Office of the Department of Justice, mention is made that authorization to close the file as uncollectible was given relating to the judgment for $6,848.00 against Mr. Carl E. Patterson.

The history of the Blue Bird Mining and Milling Company is also given in this letter, and it is pointed out that the Corporation's term of existence had already expired at the time of the signing of the Owner's Consent to Lien. The next paragraph states:

> "Under these circumstances it does not appear to us that we have an enforceable claim against Blue Bird Mining and Milling Company. Please advise us as to what reply we should make to the other in response."

The last paragraph of the letter follows:

> "In this connection, we have also checked the records of the Colorado Secretary of State with reference to W. E. Hemple Corporation and have found that the corporation was declared defunct in September 1954. Therefore, we do not

believe that there is any chance of collecting the judgment against the U. S. Metals Corporation, which judgment was entered April 3, 1939, in the sum of $2,101.10, together with court costs of $37.00. Accordingly, we request authority to close our files on Blue Bird Mining & Milling Company and U. S. Metals Corporation as presently uncollectible."

The date of April 3, 1939, and the sum of $2,101.10 are not clear as to what would happen if most of this time is to have the chance of the land because of possible future production therefrom. Seemingly, it is still held by the company or by individuals who are acting for the defunct company. The Bonds' & Gessner's idea, which has the Blue Bird Mining and Milling Company and on it, provides that the agreement shall be binding upon the heirs, successors, administrators, assignees, and assigns of the undersigned. Regarding the punitive paragraph of the February 17, 1948, letter mentioned above, which is to be helpful in offer of a compromise that we accept the $2,101.10 for back royalties and other sums and have the present leaseholder or holders, who seemingly hold the authority to collect the $2,101.10, agree to be liable for royalties on any future production which may take place within the remaining life of the contracts. Otherwise, it would seem that only the Attorney General could make the decision that past royalties and other sums and any future royalties are not would be uncollectible because of the cost of both the collection involved and futures.

(Signed) FRANK E. JOHNSON

Acting Director

Attachment

GCSelfridge/hb (5/1/48)
Copy to: Director's File
Director's Reading File
Frank E. Johnson
C. C. Selfridge
E. Rollins Tolbert
Docket

8488 - 6167
RFM/b

February 17, 1960

RECEIVED
DATE INI

(COPY)

Department of Justice
Civil Division
Washington 25, D. C.

Attention: George F. Foley, Chief
Government Claims Section

Re: United States v. Carl H. Peterson
Civil Action No. 6167
D.J. No. 77-13-326, GCD:RK; and
United States v. U. S. Oil and Development Corp., now U. S. Metals Corporation,
Civil Action No. 6169
D.J. No. 90-1-18-323, REM:JWM

E 29

Gentlemen:

Reference is made to the above case in which judgment was entered against Mr. Carl R. Peterson, Civil No. 6167, on February 20, 1959, in the amount of $8,010.29, together with court costs in the amount of $37.80. Nothing was collected on this judgment; and by letter of December 21, 1959, you authorized closing of the file as uncollectible as to Mr. Peterson.

Reference is also made to our letter of December 8, 1959, advising that in accordance with the Department's suggestion in their letter of March 24, 1959, we sent a demand letter to Blue Bird Mining & Milling Company for the $2,055.67 royalty portion of the indebtedness reflected in the above judgment. This demand was based upon a consent to lien by Blue Bird dated March 13, 1954, which was one of the documents executed in connection with the exploration contract. In response to our demand, Blue Bird wrote to us offering the payment of $100.00 in full settlement of the claim. A copy of their reply is enclosed herewith.

We have also discussed this matter with Mr. Jones, the author of the enclosed letter, and he advised that Blue Bird is a defunct corporation. We then checked the records in the Office of the Secretary of State of the State of Colorado. This examination revealed that Blue Bird Mining & Milling Company was incorporated on August 4, 1932, for a twenty-year term of existence. Its term of existence expired in 1952 without renewal. In addition, the company was declared defunct and inoperative in 1938 for failure to file annual reports. You will note, therefore, that the corporation's term of existence had already expired at the time of the signing of the aforementioned consent to lien.

EXTRA
O. M. E.
RECEIVED FEB 29
DATE INITIALS

Department of Justice February 17, 1960

Under these circumstances it does not appear to us that we have an enforceable claim against Blue Bird Mining & Milling Company. Please advise as to what reply we should make to the offer in compromise.

In this connection, we have also checked the records of the Colorado Secretary of State with reference to U. S. Metals Corporation and have found that the corporation was declared defunct in September 1958. Therefore, we do not believe that there is any chance of collecting the judgment against the U. S. Metals Corporation, which judgment was entered April 3, 1959, in the sum of $1,181.95, together with court costs of $37.80. Accordingly, we request authority to close our files on Blue Bird Mining & Milling Company and U. S. Metals Corporation as presently uncollectible.

Yours very truly,

DONALD G. BROTZMAN
United States Attorney

By:

RICHARD P. MATSCH
Assistant U. S. Attorney

Enclosure

cc: Department of Justice
Lands Division
Washington 25, D. C., Attn: Robt E. Mulroney, Chief, Trial Section

Department of the Interior
Washington 25, D.C. Attn: Solicitor

Mr. J. W. Townsend
Executive Officer, Office of Minerals Exploration
Building 20, Denver Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 29 1960
DATE | INITIALS | CODE

COPY

Blue Bird Mining & Milling Company
Main Office
Denver, Colorado

128 South Clarkson Street
Race 2-1041

January 14, 1960

CERTIFIED MAIL

Mr. Richard P. Matsch
Assistant U. S. Attorney
348 Post Office Building
Denver 1, Colorado

Re: Docket BMA 606 (Lead-Zinc-Copper)
Contract I-BMA 229
U. S. Metals Corporation, formerly
U. S. Oil & Development Corp.
Henrietta Mine, San Juan Co., Colo.

Dear Mr. Matsch:

This letter is in reference to yours of December 7, 1959 addressed to Charles E. Groves, as attorney for Blue Bird Mining and Milling Company, and to my telephone conversation with you on December 16, 1969 on the same subject.

As I stated to you at that time, the properties have not been operated since 1954. It would seem from present adverse conditions, including the low price of metals, that the will not be operated in the foreseeable future. Certainly, we are not in any position to operate them.

We have not had a legal analysis made of our possible liability for the royalties which U. S. Metals Corporation failed to pay the Government, and realize it might involve a substantial cost to have such an analysis made. Because we do realize the possibility of such liability and the fact that some expenses may be incurred in any event, it has been decided that we can offer the Government a compromise payment in the amount of $100.00 in full settlement of the claim.

We recognize that this seems like a small offer as compared with the full amount of the claim, but we hope that all the above circumstances will be taken into consideration. Also, we feel that it was not our fault that the royalties were not collected by direct payment from mills or smelters, as Blue Bird Mining and Milling Company had no inkling they had not been paid by U. S. Metals Corporation, as obligated, until receipt of a letter to that effect from Mr. W. M. Traver, Executive Officer, BMBA, Field Team, Region III, under date of January 20, 1956.

Your advice as to whether or not the above offer is acceptable will be appreciated.

Very truly yours,

BLUE BIRD MINING and MILLING COMPANY
By: s/s M Max Jones

MMJ:nj(ms)
In duplicate

In reply refer
to: 77-13-326

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

Memorandum December 15, 1959

To: Acting Director
Office of Minerals Exploration

From: Acting Associate Solicitor
Division of Mineral Resources

Subject: Docket No. DMEA-606 (Lead-Zinc-Copper)
Contract No. Idm-29
United States Metals Corporation
Henrietta Mine
San Juan County, Colorado

Attached are copies of two letters from the United States Attorney, Denver, Colorado, to the Department of Justice and to Blue Bird Mining and Milling Company, regarding the above named contract. You will note that he requests that the file, as far as the judgement against Carl F. Peterson is concerned, be closed as uncollectible, and that an attempt be made to collect the amount due as royalty from the Blue Bird Mining and Milling Company.

At the present time there is nothing further that need be done by this Department.

J. L. Hofflund

J. L. Hofflund

12/16/59 Attachments not received and cannot be located by Solicitor's office.

AMAlley

8488 - 6167

rpm/b

INTERIOR DEPT.

OCT 1 - 1959

SOLICITOR

OFFICIAL FILE COPY
O. M. E.
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~~September 21, 1959~~ 10-2		220
		800

Department of Justice
Civil Division
Washington 25, D. C.

Attention: George F. Foley, Chief,
Government Claims Section

Re: United States v. Carl H. Peterson and
Walter A. Falk - Civil Action No. 6167 (Mineral Exploration Contract)
D. J. No. 77-13-326, GCD:RK

Gentlemen:

In accordance with the authority contained in the Department's letter of March 4, 1959, the action and complaint as against Walter A. Falk was dismissed in the above case on June 19, 1959. Copies of motion and order are attached for the Department's file.

Yours very truly,

DONALD G. BROTZMAN
United States Attorney

By:

RICHARD P. MATSCH
Assistant U. S. Attorney

Enclosure

cc: J. W. Townsend, Executive Officer, OGE
Field Team, Region III, Denver, Colorado

FORWARDED TO
Dept of Justice
Office of Solicitor
FOR
Information & File
DEPARTMENT OF JUSTICE
Civil Division
9/30/59 R.R.
DATE INITIALS

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO filed 6-19-59

THE UNITED STATES OF AMERICA, Plaintiff, v. CARL H. PETERSON and WALTER A. FALK, Defendants.	CIVIL NO. 6167 MOTION TO DISMISS WITHOUT PREJUDICE

COMES NOW the plaintiff by its attorneys, DONALD E. KELLEY, United States Attorney for the District of Colorado, and ROBERT S. WHAM, Assistant United States Attorney for the District of Colorado, and moves this Court for an Order dismissing the above-entitled matter without prejudice, as to the defendant WALTER A. FALK, only, the reasons therefor being that the United States Marshal has been unable to locate said defendant to serve him within the Court's jurisdiction, and it has been impossible to ascertain said defendant's present whereabouts.

Dated this 19 day of June, 1959.

DONALD E. KELLEY
United States Attorney for the
District of Colorado

ROBERT S. WHAM
Asst. U. S. Attorney for the
District of Colorado

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA, Plaintiff, v. CARL H. PETERSON and WALTER A. FALK, Defendants.	CIVIL NO. 6167 ORDER OF DISMISSAL WITHOUT PREJUDICE

This matter coming on for dismissal on the motion of the United States of America,

IT IS ORDERED that the above-entitled action and complaint be dismissed as to the defendant WALTER A. FALK only, without prejudice.

Dated at Denver, Colorado this 19 day of June, 1959.

/s/ Alfred A. Arraj
United States District Judge

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

Address Reply to the Division Indicated and Refer to Initials and Number
GCD:RK
77-13-326

INTERIOR DEPT.
MAR 25 1959
SOLICITOR

RECEIVED
MAR 23 1959
ASSOC. SOLICITOR
MINERAL RESOURCES
MAR 24 1959

Cy made for MXP

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 27 1959 re

DATE	INITIALS	CODE
3-27	C	220
		800

Donald E. Kelley, Esquire
United States Attorney
Denver 1, Colorado

Re: United States v. Carl H. Peterson and Walter A. Falk--Civil Action No. 6167
UREF: 8488/jcp/b

Dear Mr. Kelley:

This refers to our letter of March 4, 1959, relating to the above case.

There is enclosed a copy of a self-explanatory letter dated March 17, 1959 received from the Department of the Interior.

In our letter of March 4, 1959, we requested your views as to the advisability of proceeding against Bluebird Mining and Milling Company under the owner's consent to lien executed by them in connection with the DMEA contract. In accordance with the suggestion of the Department of the Interior in the enclosed letter, it will be appreciated if you will take appropriate action to collect the $2,055.67 royalty portion of the indebtedness from the Bluebird Mining and Milling Company.

Please keep the Department informed of developments.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By:

George F. Foley
Chief, Government Claims Section

Enclosure

cc: Department of the Interior
Washington 25, D. C.
Attention: Office of the Solicitor

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

Mr. George Cochran Doub
Assistant Attorney General
Civil Division
Department of Justice
Washington 25, D. C.

MAR 17 1959

Dear Mr. Doub:

Reference is made to your letter (file reference GCD:RK 77-13-326) transmitting a copy of a letter dated February 26, 1959, from the United States Attorney, Denver, Colorado, together with a copy each of the Affidavit for Default Judgment, Default Judgment and Bill of Costs, in the case of U. S. Metals Corporation for certain indebtedness under contracts Idm-E29 and Idm-F309, Docket Nos. DMA-606 and DMFA-1870, respectively.

The Department of the Interior has no information as to the present whereabouts of Walter A. Falk. Accordingly, we concur with the dismissal of the complaint as to Mr. Falk, without prejudice, for failure of service.

Inasmuch as Mr. Petersen apparently has no property and satisfaction of the judgment is improbable in the near future, the Department of Justice is requested to take appropriate action to collect the $2,055.67 royalty portion of the indebtedness from the Blue Bird Mining and Milling Company under the owner's consent to lien executed by that company in connection with contract Idm-F29. Such action was suggested in the penultimate paragraph of our April 2, 1956, letter to the Attorney General and the January 21, 1957, letter to this Department from the United States Attorney, Denver, Colorado.

Sincerely yours,

George W. Abbott

Solicitor

EDTalbert/ama
March 11, 1959

Copy to: Solicitor's Docket (2)
OME Docket (2) (DMA-606, DMFA-1870)
Director's Reading File, OME
OME Field Team, Region III
J. L. Chambers, OME
R. P. Dwyer

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

March 9, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 11 1959
DATE 3/11 CODE 220 800

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: U. S. Metals Corporation - Docket No. DMA-606 (Lead-Zinc) Contract No. Idm-E29 (Henrietta mine) San Juan County, Colorado
and
Docket No. DMEA-1870 (Lead-Zinc-Copper) Contract No. Idm-E309 (Joe and John mine) San Juan County, Colorado

In reference to your letter of March 6, 1959, replying to my memorandum of February 27, it is apparent that I failed to make my meaning clear in reference to closing our active files on the subject accounts.

I did not intend to give the impression that I desired to close the accounts to the extent of canceling the Operator's indebtedness to the Government.

Since final payment to the Operator has not been made in the usual manner on the basis of a final audit by the Contract Administration and Audit Division, and since the Field Team Final Summary Report has not been rendered in the usual manner, we have been maintaining the two accounts in our reports and active file of contracts on which closing procedures have not been resolved.

I realize now how my expressed desire to close the accounts confused the issue. However, I am glad to obtain the balances due, which were supplied in your letter of March 6, 1959, as the records in the Finance Office, Region III, do not contain the amounts added as interest and court costs. I imagine that they will be advised of the increased amounts through appropriate channels.

J. W. Townsend

DMa-606 E 29
and
DMSa-1870 E 309

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

rlw

Cy made for 606 & 1870

Address Reply to the Division Indicated and Refer to Initials and Number

GCD:RK
77-13-326

INTERIOR DEPT. RECEIVED
MAR 5 - 1959
SOLICITOR

MAR 5 1959
ASSOC. SOLICITOR
MINERAL RESOURCES
MAR 4 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 10 1959

DATE	INITIALS	CODE
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		800

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: United States v. Carl H. Peterson and Walter A. Falk - Civil Action No. 6167
Mineral exploration contract.

Dear Sirs:

With further reference to the above case there is enclosed a copy of a self-explanatory letter dated February 26, 1959, together with Affidavit for Default Judgment, Judgment by Default, and Bill of Costs therein referred to.

Since the United States Attorney advises that he has been unable to effect service on Mr. Falk in his District, we are authorizing him to dismiss the suit as to Mr. Falk without prejudice. It will be appreciated if your agency will advise whether you have or are able to obtain any information as to the present whereabouts of Mr. Falk.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By: George F. Foley
George F. Foley
Chief, Government Claims Section

Enclosure

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA, Plaintiff, v. CARL H. PETERSON and WALKER A. FALK, Defendants.	CIVIL NO. 6167 A F F I D A V I T (For Default Judgment)

The undersigned, of lawful age, first being duly sworn, upon oath deposes and says;

That he is an Assistant United States Attorney for the District of Colorado and is the Attorney for the Plaintiff, the United States of America, in the above-entitled matter; that the Plaintiff instituted the above-entitled action against the above-named defendant for a sum certain, or for a sum which can be computed and made certain as shown by the complaint on file herein.

That the Summons and a Copy of the Complaint were served on the defendant Carl H. Peterson by the United States Marshal for the District of Colorado as shown by the return on file in this case;

That more than twenty days has elapsed since the date of service; that the said defendant has failed to plead or otherwise defend as provided by the Federal Rules of Civil Procedure and the defendant is not an infant or incompetent person and default should be noted and entered.

That the defendant is an adult and is not engaged in the military or naval service of the United States of America, nor was so engaged thirty days prior hereto.

That judgment be entered in favor of the Plaintiff and against the defendant Carl H. Peterson in the sum of $8,[illegible], which is the amount of principal and interest due and owing to date hereof as prayed for in the Complaint.

That the conferences of September 26, 1956 and November 21, 1956, at which the offers were made as alleged in paragraph IV of the complaint, were held in affiant's office, in the United States Post Office Building, Denver, Colorado, and were attended by the defendants Peterson and Falk and by William Traver and J. W. Townsend of the Defense Minerals Exploration Administration, as well as affiant; that affiant knows that the matters set forth in said paragraph IV are true; that under date of November 28, 1956, affiant wrote to the defendant Peterson with respect to said defendants' offer, and received, in response thereto, written confirmation of said offer signed by the defendants Peterson and Falk; affiant's office copy of said letter of November 28, 1956 is attached hereto marked "Exhibit A", and said response, dated December 18, 1956, is attached hereto marked "Exhibit B"; that said offer was accepted as alleged in paragraph V of the complaint by letter written by affiant to the defendant Peterson, enclosing receipt for payment of $500.00, as alleged, affiant's office copies of which are hereto attached marked "Exhibit C". That affiant knows that the balance due as alleged in paragraph VI of the complaint is unpaid and affiant has attempted unsuccessfully to collect said balance; that there is attached hereto a letter directed to affiant by said defendants Peterson and Falk under date of July 31, 1957 acknowledging said indebtedness, which letter is marked "Exhibit D".

_____
Assistant United States Attorney
for the District of Colorado

Subscribed and sworn to before me this 20th day of February, 1959.

G. WALTER BONGAR, CLERK

By _____
Deputy Clerk

8488 - 6167
jap/b

February 26, 1959

Department of Justice
Civil Division
Washington 25, D. C.

Attention: George F. Haley, Chief
Government Claims Section

Re: United States v. Carl E. Peterson and
Walter A. Falk - Civil Action No. 6167
D.J. No. 77-13-[illegible], GCS:EK:rw

Gentlemen:

Reference is made to the Department's inquiry of February 3, 1959.

Please be advised that default judgment was entered in the above case against the defendant Carl E. Peterson on February 20, 1959, in the amount of $[illegible], and that court costs in the sum of $37.50 will be taxed against him. I am enclosing two copies each of Affidavit for Default Judgment, Judgment by Default and Bill of Costs filed in said case.

We understand from Mr. Peterson that he has no property at this time. However, in order to protect the government's interests should he acquire any property at some future time, we are filing a transcript of the judgment with the County Clerk and Recorder here in Denver.

We are writing to Mr. Peterson today advising him of the judgment and attempting to get him to make some arrangement to pay the amount due in this case. We shall of course keep you advised of all developments.

We do not know the present whereabouts of Mr. Walter Falk, and would therefore appreciate it if you would advise whether we may dismiss the complaint as to him, without prejudice, for failure of service in this district.

Yours very truly,

ROBERT E. KELLEY
United States Attorney

By:
ERNEST C. FENTIL
Assistant U. S. Attorney

Enclosures
cc: J. W. Hammond, Executive Officer, GSA,
Field Term, Region III, Denver, Colorado

Form A. O. 133 Rev. 1-1-52

BILL OF COSTS

United States District Court
for the

DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA,

vs.

CARL H. PETERSON and
WALTER A. PALM,
Defendants

CIVIL ACTION FILE No. [illegible]

Judgment having been entered in the above entitled action on the 20th day of February, 19 59, against Carl H. Peterson the clerk is requested to tax the following as costs:

BILL OF COSTS

Fees of the clerk	$ 10.00
Fees of the marshal	2.00
Fees of the court reporter for all or any part of the transcript necessarily obtained for use in the case	
Fees and disbursements for printing	
Fees for witnesses (itemized on reverse side)	
Fees for exemplification and copies of papers necessarily obtained for use in case	
U. S. Attorney Docket fees under 28 U. S. C. 1923 Judgment	20.00
Costs incident to taking of depositions	
Costs as shown on Mandate of Court of Appeals	
Other Costs (Please itemize)	
Total	$ 32.00

State of Colorado and District of
City and County of Denver } ss:

I, ROBERT S. WEAK, Asst. U. S. Atty for Dist. of Colorado do hereby swear that the foregoing costs are correct and were necessarily incurred in this action and that the services for which fees have been charged were actually and necessarily performed. A copy hereof was this day mailed to Mr. Carl H. Peterson, 1051 - 15th Street, Denver, Colorado with postage fully prepaid thereon.

Please take notice that I will appear before the Clerk to tax said costs on the 27th of day of February, 19 59 at 9:30 A.M.

Attorney for Plaintiff

Subscribed and sworn to before me this 27th day of February A. D. 19 59 at Denver, Colorado.

By Victoria Pierce, Deputy Clerk

Costs are hereby taxed in the amount of $ this day of , 19 , and that amount included in the judgment.

Clerk.

By

Deputy Clerk.

NOTE: SEE REVERSE SIDE FOR AUTHORITIES ON TAXING COSTS.

Witness Fees (computation, cf. 28 U. S. C. 1821 for statutory fees)

Name and Residence	Attendance		Subsistence		Mileage		Total Cost Each Witness
	Days	Total Cost	Days	Total Cost	Miles	Total Cost	
					TOTAL		

NOTICE

Section 1924, Title 28, U. S. Code (effective September 1, 1948) provides:

"Sec. 1924. Verification of bill of costs.

"Before any bill of costs is taxed, the party claiming any item of cost or disbursement shall attach thereto an affidavit, made by himself or by his duly authorized attorney or agent having knowledge of the facts, that such item is correct and has been necessarily incurred in the case and that the services for which fees have been charged were actually and necessarily performed."

See also Section 1920 of Title 28 which reads in part as follows:

"A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree."

The Federal Rules of Civil Procedure contain the following provisions:

Rule 54 (d)

"Except when express provision therefor is made either in a statute of the United States or in these rules, costs shall be allowed as of course to the prevailing party unless the court otherwise directs; but cost against the United States, its officers, and agencies shall be imposed only to the extent permitted by law. Costs may be taxed by the clerk on one day's notice. On motion served within 5 days thereafter, the action of the clerk may be reviewed by the court."

Rule 6 (e)

"Whenever a party has the right or is required to do some act or take some proceedings within a prescribed period after the service of a notice or other paper upon him and the notice or paper is served upon him by mail, 3 days shall be added to the prescribed period."

Rule 58 (In Part)

"The entry of the judgment shall not be delayed for the taxing of costs."

[illegible]

MAR 6 [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]
[illegible]			[illegible]
[illegible]			[illegible]
[illegible]			[illegible]

Files on claims referred to the Department of Justice are closed as unavailable, only upon claims from the Advisory Council to this office. Even though such claims should be resolved in the original claim, the project personnel may not be closed until the matters pertinent for royalty payment and those for payment thereof, provided for in the contracts, leases or the act under which established by the Government have been paid.

The present status of these accounts is as follows:

	[redacted]	[redacted]
Royalty Expiration Date	[redacted]	[redacted]
Net Government Contribution	[redacted]	[redacted]
Royalty Payments	[redacted]	[redacted]
Repayable Balance	[redacted]	[redacted]

Payments, if any, resulting from the judgment will either reduce the Government contribution or increase the royalty payments, thereby reducing the balance repayable by royalty on any future production from the mineral land under the contracts.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

H. G. Iverson

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

EFCalhoun/tmm
March 3, 1979

cc: Dockets
Director's Reading File
Operating Committee
Middlewood
Calhoun
Mr. Shulkers
Mr. Donald T. Fleck, GS Auditor

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado

February 27, 1959

Cy made for 606

OFFICIAL FILE COPY O. M. E. RECEIVED MAR 2 1959		
DATE	INITIAL	CODE
3/2	C	220
		800

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMA-606 (Lead-Zinc) Contract No. Idm-E29
Docket DMEA-1870 (Lead - Zinc) Contract No. Idm-E309
U. S. Metals Corporation, San Juan County, Colorado

In reference to action by the U. S. Attorney's office in conjunction with the Government's claim for reimbursement under the two subject contracts, enclosed is a copy of the letter dated February 26, 1959, by James C. Perrill, Assistant U. S. Attorney, with attached data referred to therein.

It appears very doubtful that the Government will recover the amount of its claims under the two contracts; therefore, we would like to close our files on the two accounts. Please advise in the matter.

J. W. Townsend

J. W. Townsend

On what grounds?

Encls.

United States Department of Justice

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
348 POST OFFICE BUILDING
DENVER 1, COLORADO

MAILING ADDRESS
P. O. Box 1776
TELEPHONE KE 4-4151
EXT. 541

IN REPLY REFER TO
8488 - 6167
jcp/b

OFFICE FILE COPY
O. M. E.
RECEIVED MAR 2 1959
DATE | INITIALS

February 26, 1959

OME
DEPARTMENT OF THE INTERIOR
FEB 27 1959
REGION III
DENVER, COLORADO

Mr. J. W. Townsend
Executive Officer, OME
Field Team, Region III
Department of the Interior
224 New Customhouse
Denver 2, Coloado

Re: United States v. Carl H. Peterson, et al. - Civil Action No. 6167
D.J. No. 77-13-326, GCD:RK:re
Docket No. DMA-606, Contract No. Idm-E29 and Docket No. DMEA-1870, Contract No. Idm-E309

Dear Mr. Townsend:

We are enclosing herewith copy of our letter of this date directed to the Department of Justice in Washington, together with copies of Affidavit for Default Judgment, Judgment by Default and Bill of Costs filed on February 20, 1959, in the above case.

We shall keep you advised of developments in this case.

Yours very truly,

DONALD E. KELLEY
United States Attorney

By: James C. Perrill

JAMES C. PERRILL
Assistant U. S. Attorney

Enclosures

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA,	)	CIVIL NO. 207
	)	
	)	JUDGMENT BY DEFAULT
Plaintiff(s),	)	
vs.	)	
CARL H. PETERSON and [illegible] E. PAIS,	)	
Defendant(s).	)	

The summons and the complaint in the above-entitled action having been duly served on the defendant(s) Carl H. Peterson, and the defendant(s) having been defaulted for failure to appear in the action, and the plaintiff(s) having filed an affidavit of the amount due, it is

ORDERED that judgment be entered in favor of the plaintiff(s) above named and against the defendant(s) Carl H. Peterson above named, in the sum of $8,010.29, with costs to be taxed.

DATED at Denver, Colorado, this 20th day of February, A.D. 195[illegible].

BY THE COURT:

/s/ William Lee Knous

United States District Judge

3488 - 6167
jcp/b

February 26, 1959

EXTRA COPY
O. M. E.
RECEIVED FEB 2 1959

DATE	INITIALS	CODE

Department of Justice
Civil Division
Washington 25, D. C.

Attention: George F. Haley, Chief
Government Claims Section

Re: United States v. Carl K. Peterson and
Walter A. Falk - Civil Action No. 6167
D.J. No. 77-13-326, GHH:MKrc

Gentlemen:

Reference is made to the Department's inquiry of February 3, 1959.

Please be advised that default judgment was entered in the above case against the defendant Carl K. Peterson on February 20, 1959, in the amount of $8,010.29, and that court costs in the sum of $37.00 will be taxed against him. I am enclosing two copies each of Affidavit for Default Judgment, Judgment by Default and Bill of Costs filed in said case.

We understand from Mr. Peterson that he has no property at this time. However, in order to protect the government's interests should he acquire any property at some future time, we are filing a transcript of the judgment with the County Clerk and Recorder here in Denver.

We are writing to Mr. Peterson today advising him of the judgment and attempting to get him to make some arrangement to pay the amount due in this case. We shall of course keep you advised of all developments.

We do not know the present whereabouts of Mr. Walter Falk, and would therefore appreciate it if you would advise whether we may dismiss the complaint as to him, without prejudice, for failure of service in this district.

Yours very truly,

MORRIS E. KELLEY
United States Attorney

By:
JAMES C. PERKILL
Assistant U. S. Attorney

Enclosures
cc: J. W. Townsend, Executive Officer, OME,
Field Comm. Region III, Denver, Colorado

Mar 2 59
O.M.E.

OME
DEPARTMENT OF THE INTERIOR
FEB 27 1959
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
RECEIVED MAR 2 1959
DATE

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA, Plaintiff, v. CARL H. PETERSON and WALTER A. ROLK, Defendants.	CIVIL NO. 6167 AFFIDAVIT (For Default Judgment)

The undersigned, of lawful age, first being duly sworn, upon oath deposes and says;

That he is an Assistant United States Attorney for the District of Colorado and is the Attorney for the Plaintiff, the United States of America, in the above-entitled matter; that the Plaintiff instituted the above-entitled action against the above-named defendant for a sum certain, or for a sum which can be computed and made certain as shown by the complaint on file herein.

That the Summons and a copy of the Complaint were served on the defendant Carl H. Peterson by the United States Marshal for the District of Colorado as shown by the return on file in this case;

That more than twenty days has elapsed since the date of service; that the said defendant has failed to plead or otherwise defend as provided by the Federal Rules of Civil Procedure and the defendant is not an infant or incompetent person and default should be noted and entered.

That the defendant is an adult and is not engaged in the military or naval service of the United States of America, nor was so engaged thirty days prior hereto.

That judgment be entered in favor of the Plaintiff and against the defendant Carl H. Peterson in the sum of $8,010.29, which is the amount of principal and interest due and owing to date hereof as prayed for in the Complaint.

That the conferences of September 26, 1956 and November 23, 1956, at which the offers were made as alleged in paragraph IV of the complaint, were held in affiant's office, in the United States Post Office Building, Denver, Colorado, and were attended by the defendants Peterson and Rolk and by William Trever and J. W. Tremaine of the Defense Minerals Exploration Administration, as well as affiant; that affiant knows that the matters set forth in said paragraph IV are true; that under date of November 28, 1956, affiant wrote to the defendant Peterson with respect to said defendants' offer, and received, in response thereto, written confirmation of said offer signed by the defendants Peterson and Rolk; affiant's office copy of said letter of November 28, 1956 is attached hereto marked "Exhibit A", and said response, dated December 18, 1956, is attached hereto marked "Exhibit B"; that said offer was accepted as alleged in paragraph V of the complaint by letter written by affiant to the defendant Peterson, enclosing receipt for payment of $500.00, as alleged, affiant's office copies of which are hereto attached marked "Exhibit C". That affiant knows that the balance due as alleged in paragraph VI of the complaint is unpaid and affiant has attempted unsuccessfully to collect said balance; that there is attached hereto a letter directed to affiant by said defendants Peterson and Rolk under date of July 31, 1957 acknowledging said indebtedness, which letter is marked "Exhibit D".

_____
Assistant United States Attorney
for the District of Colorado

Subscribed and sworn to before me this 20th day of February, 1959.

G. WALTER BOWMAN, CLERK

By: _____
Deputy Clerk

Form A. O. 133 Rev. 1-1-52

BILL OF COSTS

United States District Court
for the

[redacted]

[redacted]

vs.

[redacted]

Defendants

MAR 2 1959
O.M.E.
CIVIL ACTION FILE NO. [redacted]

Judgment having been entered in the above entitled action on the [redacted] day of [redacted], 19[redacted], against [redacted] the clerk is requested to tax the following as costs:

BILL OF COSTS

Fees of the clerk	$ [redacted]
Fees of the marshal	[redacted]
Fees of the court reporter for all or any part of the transcript necessarily obtained for use in the case	
Fees and disbursements for printing	
Fees for witnesses (itemized on reverse side)	
Fees for exemplification and copies of papers necessarily obtained for use in case	
U. S. Attorney	
Docket fees under 28 U. S. C. 1923 [redacted]	[redacted]
Costs incident to taking of depositions	
Costs as shown on Mandate of Court of Appeals	
Other Costs (Please itemize)	
Total	$ [redacted]

[redacted]

State of [redacted]
County of [redacted] } ss:

I, [redacted] do hereby swear that the foregoing costs are correct and were necessarily incurred in this action and that the services for which fees have been charged were actually and necessarily performed. A copy hereof was this day mailed to [redacted] with postage fully prepaid thereon.

Please take notice that I will appear before the Clerk to tax said costs on the [redacted] day of [redacted], 19[redacted] at [redacted] .

Attorney for [redacted]

Subscribed and sworn to before me this [redacted] day of [redacted] A. D. 19[redacted] at [redacted] .

By [redacted]
Notary Public.

Costs are hereby taxed in the amount of $ this day of , 19 , and that amount included in the judgment.

Clerk.

By
Deputy Clerk.

NOTE: SEE REVERSE SIDE FOR AUTHORITIES ON TAXING COSTS.

Witness Fees (computation, cf. 28 U. S. C. 1821 for statutory fees)

Name and Residence	Attendance		Subsistence		Mileage		Total Cost Each Witness
	Days	Total Cost	Days	Total Cost	Miles	Total Cost	
					TOTAL		

NOTICE

Section 1924, Title 28, U. S. Code (effective September 1, 1948) provides:

"Sec. 1924. Verification of bill of costs.

"Before any bill of costs is taxed, the party claiming any item of cost or disbursement shall attach thereto an affidavit, made by himself or by his duly authorized attorney or agent having knowledge of the facts, that such item is correct and has been necessarily incurred in the case and that the services for which fees have been charged were actually and necessarily performed."

See also Section 1920 of Title 28 which reads in part as follows:

"A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree."

The Federal Rules of Civil Procedure contain the following provisions:

Rule 54 (d)

"Except when express provision therefor is made either in a statute of the United States or in these rules, costs shall be allowed as of course to the prevailing party unless the court otherwise directs; but cost against the United States, its officers, and agencies shall be imposed only to the extent permitted by law. Costs may be taxed by the clerk on one day's notice. On motion served within 5 days thereafter, the action of the clerk may be reviewed by the court."

Rule 6 (e)

"Whenever a party has the right or is required to do some act or take some proceedings within a prescribed period after the service of a notice or other paper upon him and the notice or paper is served upon him by mail, 3 days shall be added to the prescribed period."

Rule 58 (In Part)

"The entry of the judgment shall not be delayed for the taxing of costs."

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

MAR 2 1959
O.M.E.

[redacted] Plaintiff(s),	)	CIVIL NO. [redacted]
vs.	)	JUDGMENT BY DEFAULT
[redacted] and [redacted], Defendant(s).	)	

The summons and the complaint in the above-entitled action having been duly served on the defendant(s) [redacted], and the defendant(s) [redacted] having been defaulted for failure to appear in the action, and the plaintiff(s) [redacted] having filed an affidavit of the amount due, it is

ORDERED that judgment be entered in favor of the plaintiff(s) above named and against the defendant(s) Carl H. Peterson above named, in the sum of $8,010.29, with costs to be taxed.

DATED at Denver, Colorado, this 2nd day of February, A.D. 1959.

BY THE COURT:

/s/ William E. Kronz
United States District Judge

8488 6167 INTERIOR DEPT.

rsw/ls FEB 3 - 1959

SOLICITOR

RECEIVED

FEB 3 1959

ASSOC. SOLICITOR
MINERAL RESOURCES

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 4 1959

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January 20, 1959

Mr. George Cochran Doub
Assistant Attorney General
Civil Division
Department of Justice
Washington, D. C.

cy made for MXF

Attention: Mr. George F. Foley, Chief
Government Claims Division

Re: U. S. Metals Corporation - Dept. of Interior
claim - GCD:MAP 77-13-326

Dear Sir:

Mr. Carl H Peterson called personally at our office on December 19, 1958 and advise us that he expects to receive $2,000.00 in February of this year as the result of a suit pending. He also advised us that Mr. Harold Oakes is representing him.

We regret that this information was not forwarded to you at that time and will keep you informed.

Very truly yours,

DONALD E. KELLEY
United States Attorney

By: ROBERT S. WHAM
Asst. U. S. Attorney

FORWARDED TO
Dept. of Interior
Wash. 25, D.C.
Attn. Office of the Solicitor

FOR
Information & File

DEPARTMENT OF JUSTICE
Civil Division
2/2/59 : RC
(DATE) (INITIALS)

United States Department of Justice

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
1845 POST OFFICE BUILDING
DENVER 1, COLORADO

MAILING ADDRESS
P. O. BOX 1770
TELEPHONE KE 4-4131
EXT. 541

REFER TO FILE NO.
CODE 6267
CODE 0429

December 31, 1958

Mr. J. V. Townsend
Executive Officer, OME
Department of Interior
223 New Customhouse
Denver 2, Colorado

OME
DEPARTMENT OF THE INTERIOR
DEC 24 1958
SECTION II
DENVER, COLORADO

Re: J. G. Kotalik, Denver, Colorado
Department of the Interior, Defense Minerals
Exploration Administration Claims

Dear Mr. Townsend:

Your letter of December 22, 1958 concerning the above-captioned matter has been received.

Mr. Wham is on leave at the present time, but upon his return the first of the year will advise you as to the present status of this case.

Very truly yours,

DONALD E. KELLEY
United States Attorney

EXTRA COPY
O. M. E.
RECEIVED DEC 31 1958

DATE	INITIALS	CODE
		8

Copies to
Chmn. Op. Comm 4
Harshman 2
OME - DEC 2
Corres file E-29
Corres file E-309
Roy. Corres. E-29
Roy. Corres. E-309
Cooper 4

224 New Customhouse
Denver 2, Colorado
December 22, 1958

EXTRA COPY
O. M. E.
RECEIVED DEC 29 1958

DATE	INITIALS	SSOT

Mr. Robert S. Wham
Assistant U. S. Attorney
348 Post Office Building
Denver 1, Colorado

Re: U. S. Metals Corporation, Denver, Colorado
Department of the Interior, Defense Minerals Exploration Administration Claims
Docket No. IDM-606, Contract No. Idm-E29 and
Docket No. IDMA-1870, Contract No. Idm-E309

Dear Mr. Wham:

Will you please advise the present status of legal action pending against the captioned Operator.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC:bh
cc: Chmn. Op. Comm. (4)
Harshman (2)
OME/DFC (2)
Cooper (2)
Corres. File E-29
Corres. File E-309
Roy. Corres. E-29
Roy. Corres. E-309
Chron.

EXTRA COPY
O. M. E.
RECEIVED DEC 29 1958

DATE	INITIALS	COPY

EXTRA COPY
DMEA
RECEIVED SEP 17 1958

DATE	INITIALS	CODE
		800

[illegible] - 6267
[illegible]

August 28, 1958

George [illegible]
Assistant Attorney General
Civil Division
Department of Justice
Washington [illegible]

[illegible] Fe[illegible]
[illegible] Claims Section

[illegible] Carl [illegible] Peterson and
[illegible] Valley Department of
[illegible] claim for $7867.41, mineral
[illegible]tion contract.
[illegible] GCD/WAF 77-13-326

Dear Sir:

We are [illegible] herewith two copies of complaint, [illegible] in the above-captioned case.

We will [illegible] of further development.

[illegible] yours,

DONALD E. KELLY
United States Attorney

By:
ROBERT S. WHAM
United States Attorney

Enclosures

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA,	CIVIL NO.
v.	COMPLAINT
GUY L. [illegible] and WARREN A. [illegible],	
Defendants.	

Comes now the United States of America by its attorneys, Donald E. Kelley, United States Attorney for the District of Colorado and Robert S. Vance, Assistant United States Attorney for the District of Colorado, for a cause of action against the defendants, GUY L. [illegible] and WARREN A. [illegible], and alleges as follows:

I

That this Court has jurisdiction by reason of the fact that

IV

That the defendants, [illegible] and [illegible], as officers and promoters of the U. S. Hotels Corporation, did at Denver, Colorado, on September 26, 1926 and November 23, 1926, jointly and severally and personally offer to pay to the plaintiff in settlement of plaintiff's claims against the U. S. Hotels Corporation, the sum of $7,287.41, payable as follows: $200.00 was submitted in connection with said offer, $200.00 to be paid three months after acceptance of the offer, $200.00 to be paid five months after acceptance of the offer, $200.00 to be paid seven months after acceptance of the offer, and the balance of $6,687.41 to be paid nine months after acceptance of the offer.

V

That said offer was accepted by the plaintiff on January 3, 1927 and the said sum of $200.00 submitted with said offer by defendants was applied upon said settlement account.

VI

That defendants have wholly failed and refused to pay any additional sums on account of said settlement agreement although demand has been made therefor by plaintiff, and there is now due to plaintiff from defendants the following amounts, together with interest at the rate of 6% per annum from the due date opposite each respective amount:

Due Date	Amount
April 3, 1927	$ 200.00
June 3, 1927	200.00
August 3, 1927	200.00
October 3, 1927	6,687.41
Total	$ 7,287.41

WHEREFORE, plaintiff prays for judgment against the defendants, jointly and severally in the sum of $7,287.41, together with interest

at the rate of 6% per annum upon the respective amounts from and after the due dates thereof as alleged in paragraph IV hereof, and for such other and further relief as to the Court shall seem just.

DONALD E. KELLER
United States Attorney for the
District of Colorado

ROBERT S. VERN
Asst. United States Attorney for the
District of Colorado

Defendants' Address:

[illegible] Mercantile Building
1621 Fifteenth Street
Denver 2, Colorado

EXTRA COPY DMEA RECEIVED OCT 28 1957		
DATE	INITIALS	CODE
10/29	gb	220
		800

224 New Customhouse
Denver 2, Colorado

AIR MAIL

October 25, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-606 (Lead-Zinc) Contract Idm-E29; Docket DMEA-1870 (Lead-Zinc) Contract Idm-E309; U. S. Metals Corporation, San Juan County, Colorado

Enclosed are two copies of a letter from the United States Attorney's Office to Carl H. Peterson and Walter A. Falk, which is in reference to matter discussed in our memorandum to you of October 24, 1957, pertaining to settlement under the subject contracts.

Under the circumstances, you may wish to defer action from your office pending further action by the United States Attorney's Office.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JWT:jy

cc: Harshman (2))
DMEA/DFC (2)) w/copy of enclosure
Townsend (2))
Corresp. E29)
Corresp. E309)
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
OCT 25 1957
REGION III
DENVER, COLORADO

8488

RSW/le

October 24, 1957

Mr. Carl H. Peterson
Mr. Walter A. Falk
206-8 Mercantile Building
1031 15th Street
Denver 2, Colorado

Re: U. S. Metals Corporation, Denver, Colorado
DMEA Claims

Gentlemen:

On September 3, 1957 we wrote to you advising that your letter of July 31, 1957 would have to be supplemented by a complete financial statement from each of you. Forms for such financial statements were forwarded to you at that time. Our letter has been completely ignored.

It will be necessary for you to complete such forms and submit them to this office immediately to avoid legal action being taken against you to enforce the obligation assumed by you on behalf of the U. S. Metals Corporation.

Very truly yours,

DONALD E. KELLEY
United States Attorney

By: ROBERT S. WHAM
Asst. U. S. Attorney

Enclosures

cc: Mr. J. W. Townsend, DMEA Field Team, Region III
224 New Custom House, Denver 2, Colorado

224 New Customhouse
Denver 2, Colorado

October 24, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMA 606 (Lead-Zinc), Contract No. Idm-E29;
Docket No. DMEA 1870 (Lead-Zinc), Contract No. Idm-E309;
U. S. Metals Corporation, San Juan County, Colorado

Lack of reply to our letter of September 24, 1957 to Mr. Robert S. Wham, Assistant U. S. Attorney, four copies of which were forwarded to you at the time of writing, and delay in replying to prior telephone inquiries, indicate that settlement of the two accounts through the Attorney General's office may drag out over a considerable period of time.

The Operator is delinquent in making payments agreed to and no penalty has been imposed. In the interest of being able to close our files on these two accounts, it is recommended that your office review the matter and take such action as is indicated, in an effort to speed up action in settling the accounts.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl

cc: Harshman (2)
DMEA/DFC (2)
Townsend (2)
Corres. E29
Corres. E309
Chron.

EXTRA COPY
DMEA
RECEIVED OCT 28 1957
DATE | INITIALS | CODE
800

800

[illegible] Bar Quadrangle
Denver 2, Colorado

September 24, 1977

Mr. Robert S. Thum
Assistant U. S. Attorney
[illegible] Post Office Building
Denver 2, Colorado

Re: [illegible]
[illegible]/ls

U. S. Metals Corporation
Denver, Colorado
Department of the Interior -
Bureau Mineral Exploration
Administration Claims
Docket No. [illegible]
Contract No. [illegible] and
Docket No. [illegible]
Contract No. [illegible]

Dear Mr. Thum

As we have heard nothing further from you regarding the subject case since your telephone call of July 18, 1977, advising that there would be a hearing on July 22, 1977, we will appreciate advice as to the status of the matter and as to that agreement was reached relative to the Operators' fulfilling their obligations under the prior agreement.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT:yrl

cc: Chem. Op. Comm. (4)
Harstman (2)
MMA/MFC (2)
Townsend (2)
Corres. [illegible]
Corres. [illegible]
Chron.

[illegible] New Customhouse
Denver 2, Colorado

July 13, 1957

EXTRA COPY DMEA RECEIVED JUL [illegible] 1957		
DATE		CODE
		800

Mr. Robert E. Muse
Assistant U. S. Attorney
[illegible] Post Office Building
Denver 1, Colorado

Re: [illegible]
[illegible]/[illegible]

U. S. Metals Corporation
Denver, Colorado
Department of the Interior -
Defense Minerals Exploration
Administration Claims
Docket No. [illegible]
Contract No. [illegible] and
Docket No. [illegible]
Contract No. [illegible]

Dear Mr. Muse:

In reference to your letter of June 11, 1957 to Mr. Carl E. Petersen and Mr. Walter A. Falk, U. S. Metals Corporation, Denver, Colorado, we will appreciate advice as to the status of installment payments agreed to by them towards settling the referenced accounts.

Very truly yours,

Original signed by
W. E. KING

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

JMKigrl

cc: Chron.Op.Comm.-4
Harshman-2
DMEA/DFC-2
Townsend-2
Corres. [illegible]
Corres. [illegible]
Chron.

77-13-320

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

JAN 31 1957

Hon. Herbert Brownell, Jr.
Attorney General
Washington 25, D. C.

Dear Mr. Attorney General:

The Defense Minerals Exploration Administration of this Department has asked me to express its appreciation to you and to the United States Attorney at Denver, Colorado, for the settlement of the Government's claim against the U. S. Metals Corporation under Exploration Project Contracts Idm-R29 (Docket No. DMA-696) and Idm-R309 (Docket No. DMEA-1870).

Sincerely yours,

J. Reuel Armstrong

Solicitor

J.Chambers/HCRubin/cmd
1/29/57

Copy to: Solicitor's Docket (2)
DMEA Docket (2) (DMA-696, DMEA-1870)
Adm. Reading File, DMEA
Field Team, Region III (2)
W. R. Griswold, DMEA
J. L. Chambers, DMEA
R. P. Boyer
H. C. Rubin
chron.
pending

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

For credit of 413 Treasury Regional Office, Denver, Colo. 1/29/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. 14-23-010-102

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

$ 1,258.59

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		1,258.59

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bennett
(Authorized signature)

1/29/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-6[illegible]	Foothills Mining Co.	694.42
E-520	Mining Research	64.17
	Royalty	758.59
E-29	U. S. Metals	419.61
E-309	" "	80.39
		*500.00

*This $500.00 is to apply to amount due for property liquidation and overpayments.

1951 JAN 29 PM 12 54

C

O

P

Y

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

224 New Customhouse
Denver 2, Colorado

January 28, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA 606 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado, Contract Idm-E29

Docket DMEA 2870 (Lead-Zinc), U. S. Metals Corporation (Joe and John Mine), San Juan County, Colorado, Contract Idm-E309

Enclosed is the Operator's check for $500.00 rendered in conformance to the written directive of November 28, 1956 to Carl H. Peterson by Mr. Donald E. Kelley, United States Attorney. For your information we enclose two copies of the directive.

As stated by Mr. Kelley in a letter dated January 21, 1957 to the Solicitor, U. S. Department of the Interior, two copies of which we also enclose; payments so made by the Operator should be applied last to the earned royalty ite . Accordingly, we request that the amount of $500.00 be apportioned to the listed items of the two captioned Contracts as follows:

Item	Payable to Government	Apportionment of Enclosed Check
Contract E29		
Overpayment	$ 361.86	$361.86
Property Liquidation	4,735.53	57.75
Royalty	2,055.67	None
Contract E309		
Overpayment	72.56	72.56
Property Liquidation	641.79	7.83
Total Payable	$7,867.41	
Total Paid		$500.00
Balance Due	$7,367.41	

The next payment of $500.00 from the Operator will be due on or before April 3, 1957.

/s/ W. M. Traver

W. M. Traver

JAN 25 1957

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

Re: Docket No. DMEA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract No. IDm-E29

and

Docket No. DMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract No. IDm-E309

Dear Mr. Trever:

Enclosed herewith for deposit in the usual manner is check No. 343 of Carl N. Peterson & Associates certified by the Citizens State Bank, Durey, Colorado, payable to the U. S. Treasury Department, together with a copy of a receipt No. 47905, and a letter dated January 21, 1957, from the Assistant United States Attorney of Denver, Colorado, covering a payment on account in the amount of $500.00.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
January 25, 1957

Copy to: Docket (2)
Admr. Reading File
Mr. Grimwold
Mr. Chambers

United States Department of Justice

IN REPLY REFER TO

8488

RSW/ls

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
348 POST OFFICE BUILDING
DENVER 1, COLORADO

January 21, 1957

11-13-326

INTERIOR DEPT.

JAN 23 1957

SOLICITOR

U. S. Department of Interior
Washington 25, D. C.

Attention: Solicitor

Re: U. S. Metals Corporation, Denver, Colorado
Department of Interior Claims in connection with mineral exploration contracts

Dear Sirs:

Enclosed please find certified check of Walter A. Falk and Carl H. Peterson in the amount of $500.00, representing the first payment upon the obligation due from U. S. Metals Corporation, under the settlement in regard to which you have had correspondence with the Department of Justice.

Under the terms of the settlement, the entire obligation of the U. S. Metals Corporation is $7,867.41, upon which the enclosed check is a partial payment. Further, under the terms of the settlement an additional $500.00 payment will be due on or before April 3, 1957, an additional $500.00 on or before June 3, 1957, an additional $500.00 on or before August 3, 1957 and the balance of $5,867.41 will be due on or before October 3, 1957.

We have received a letter signed by Carl H. Peterson and Walter A. Falk to the effect that the payments so made should be applied last to the earned royalty item. In this regard, your attention is directed to the fact that such royalties are collectible also from the Bluebird Mining and Milling Company under the owner's consent to lien executed by that company in connection with the DMEA contract.

Very truly yours,

~~DONALD E.~~ KELLEY
United States Attorney

Robert S. Wham

By: ROBERT S. WHAM
Asst. U. S. Attorney

RECEIVED
JAN 24 1957
ASSOC. SOLICITOR
MINERAL RESOURCES

Enclosures

cc to: W. M. Traver (2) w/check
Docket (2)
Mr. Griswold
Mr. Chambers
1/25/57

~~1. Mr. Hodges~~
2. Mr. Chambers
Mr. Eck

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

mch

Address Reply to the
Division Indicated
and Refer to Initials and Number

GCD:RK
77-13-326

INTERIOR DEPT.
DEC 10 1956
SOLICITOR

RECEIVED
DEC 11 1956
E.M.E.A.

DEC 7 1956

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: U. S. Metals Corporation
Denver, Colorado
Department of Interior claims in connection with minerals exploration contracts.

Dear Sirs:

This refers to your letter of October 30, 1956, advising that amounts proposed by the debtor for settlement of the items involved were satisfactory except that the royalty indebtedness may have increased since February 11, 1954.

There is enclosed a copy of a self-explanatory letter dated November 28, 1956, received from the United States Attorney.

Although the plan of liquidation proposed by the debtor involves less than the minimum sum of $350.00 per month suggested by you, apparently it contemplates full payment over a shorter period than would be achieved under such monthly payments. Accordingly, we will be guided by the United States Attorney's opinion that the arrangement proposed by the debtor should be allowed.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By: George F. Foley
George F. Foley
Chief, Government Claims Section

Enclosure

cc: Donald E. Kelley, Esquire
United States Attorney
Denver 1, Colorado
Your ref: 8488 RSW/ls

8488

RSW/ls

RECEIVED DEC 3 1 1956

November 28, 1956

Civil Division
Department of Justice
Washington 25, D. C.

Attention: Mr. George F. Foley, Chief
Government Claims Section

Re: U. S. Metals Corporation, Denver, Colorado
Department of Interior claims in connection
with minerals exploration contracts

Gentlemen:

On November 23, 1956 a conference was held in this office between the undersigned and Mr. Peterson and Mr. Falk of the U. S. Metals Corporation. In that conference Mr. Peterson and Mr. Falk stated that they would, upon acceptance of their offer in compromise, liquidate the obligation as follows:

Payment of $500 three months after acceptance of the settlement;
Payment of $500 five months after acceptance of the settlement;
Payment of $500 seven months after acceptance of the settlement;
Balance due nine months after acceptance of the settlement.

The above payments are, of course, in addition to the $500 certified check paid when the offer in compromise was submitted and which we now hold. They stated they hoped to be able to get the matter paid off in full prior to the above stated time.

After the conference I discussed the matter with Mr. Traver of the local DMEA office and pursuant to his suggestion, I have this day written to Mr. Peterson asking that he and Mr. Falk advise by letter that the above payments when made should be applied first to items other than earned royalty and lastly to earned royalty. The reason for this is that such royalties are also collectible from the Bluebird Mining and Milling Company under the owner's consent to lien executed by them in connection with the DMEA contract.

Your letter authorizing us to accept the offer was received yesterday. We note that the Department of Interior has suggested that a minimum amount of $350 per month should be paid. Under the

arrangement proposed by Mr. Peterson and Mr. Falk in this case, the amounts due until payment of the balance in full is due, will be less than $350 per month but payment should be completed under the proposed arrangement considerably before it would be completed at the rate of $350 per month.

We, therefore, propose to accept the offer as soon as we have received the requested letter from Mr. Peterson and Mr. Falk unless we hear from you to the contrary.

Very truly yours,

DONALD E. KELLEY
United States Attorney

By: ROBERT S. WHAM
Asst. U. S. Attorney

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

Mr. George Cochran Doub
Assistant Attorney General
Civil Division
Department of Justice
Washington 25, D. C.

OCT 30 1956

Dear Mr. Doub:

Reference is made to your letter (your file reference GCD:RK 77-13-326) transmitting a copy of a letter dated October 10, 1956, from Donald E. Kelley, United States Attorney, in regard to a claim against the U. S. Metals Corporation for certain indebtedness on Projects Nos. Idm-E29 and Idm-E309.

The letter submitted a proposition from Carl H. Peterson, secretary of the U. S. Metals Corporation, offering to settle for the following amounts:

Liquidated amounts representing earned royalty, overpayments, and agreed purchase price of equipment.....	$5,342.41
Salvage value of unexpended supplies.....	250.00
Salvage value of pipe and track.....	1,900.00
Salvage value of buildings and improvements.....	375.00
Total.....	$7,867.41

Included in the first item was royalty in the amount of $2,055.67, balance due on the royalty account from June 27, 1951, to February 11, 1954. This item may have increased since February 11, 1954, in which case additional royalty would be due the Government. The amounts otherwise are all acceptable.

The Government will be glad to extend time of payment of this account so that the hardship on the company will be somewhat lightened, but it believes that a minimum of $350.00 per month should be collected. The Department will approve any terms of settlement made along this line by the United States Attorney who may handle the case.

Sincerely yours,

J. Reuel Armstrong

Solicitor

JLChambers/wb
October 23, 1956

W. R. Griswold, DMEA
J. L. Chambers, DMEA
R. P. Dwyer

Copy to: Solicitor's Docket (2)
DMEA Docket (2) (DMA-606, DMEA-1870)
Admr. Reading File, DMEA
Field Team, Region III (2)

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

mch

Address Reply to the
Division Indicated
and Refer to Initials and Number

GCD:RK
77-13-326

INTERIOR DEPT.
OCT 18 1956

OCT 17 1956

RECEIVED
OCT 19 1956

SOLICITOR

Department of the Interior
Washington 25, D. C.

Attention: Solicitor

Re: U. S. Metals Corporation, Denver, Colorado
Department of the Interior claims in connection with minerals exploration contracts.

Dear Sirs:

This refers to your letter of April 2, 1956, referring the above claims to the Department.

There is enclosed a copy of a self-explanatory letter dated October 10, 1956, received from the United States Attorney.

We would appreciate a reasoned expression of your views regarding the offer made by Mr. Peterson on behalf of U. S. Metals Corporation.

Yours very truly,

GEORGE COCHRAN DOUB
Assistant Attorney General
Civil Division

By: George F. Foley
George F. Foley
Chief, Government Claims Section

Enclosure

RECEIVED
OCT 19 1956
ASSOC. SOLICITOR
MINERAL RESOURCES

8488

RSW/ls

October 10, 1956

RECEIVED OCT 19 1956

Civil Division
Department of Justice
Washington 25, D. C.

Attention: Mr. George F. Foley, Chief
Government Claims Section

Re: U. S. Metals Corporation, Denver, Colorado
Department of Interior claims in connection
with minerals exploration contracts

Gentlemen:

On August 7, 1956 a conference was held by the officials of the U. S. Metals Corporation, representatives of the DMEA, and Mr. Robert D. Inman of this office, at which time the officials of the U. S. Metals Corporation stated there was no dispute over the amount of the unpaid royalty due, ($2,055.67), the overpayment made by the Government, ($361.86), and amounts due on the government's share of the first two lots of equipment, ($1,431.44 and $779.12, respectively), all under contract L-DMA-E29, nor the overpayment by the Government ($72.56), and the price of the purchase from the Government by the operator of a share of equipment used on the project, ($641.79), under contract Idm-E309). All of the above "liquidated" or admitted amounts total $5,342.41.

As to the Government's 50% interest in the salvage value of certain equipment and certain unexpended supplies under contract L-DMA-E29, it was arranged that Mr. Carl H. Peterson would attempt to supply the Government with an inventory of those items which were on hand and in which the Government has an interest in the contract.

Another conference was held on September 26, 1956 between Mr. Peterson, secretary of U. S. Metals Corporation, Mr. Traver and Mr. Townsend of DMEA, and the undersigned, at which time Mr. Peterson stated that he had been to Silverton, Colorado, and had found that the garage in which the unexpended supplies and equipment were stored had been broken into and all of the contents stolen. He, therefore, stated that he was unable to supply an inventory and would have to abide by whatever the DMEA figures showed was on hand.

As part of the conference, Mr. Peterson offered to pay $250 for the Government's interest in the unexpended balance of supplies. He further offered to pay to the Government as salvage value of the equip-

ment the following amounts:

1. Upon the items of pipe, track, and vent tubing in the mine, the item of vent tubing was discarded. The DMEA officials agree that it would have no salvage value. Upon the balance, Mr. Peterson offered to pay the Government for its interest the sum of $1900.00.

2. Upon the item of surface buildings and improvements, Mr. Peterson offered to pay the Government for its interest the sum of $375.00.

The total amount offered by Mr. Peterson in settlement of this entire matter is, therefore, as follows:

Liquidated amounts representing earned royalty, overpayments, and agreed purchase price of equipment	$ 5,342.41
Salvage value of unexpended supplies	250.00
Salvage value of pipe and track	1,900.00
Salvage value of buildings and improvements	375.00
Total	$ 7,867.41

The above offer is made by Mr. Peterson in order to liquidate the amount due with the view of paying the same off by substantial monthly installments. We are advised that Mr. Traver and Mr. Townsend of the DMEA feel that the offer should be accepted and this office recommends acceptance of the same in view of the difficulty of proof which would be involved in attempting to establish the amounts due in Court.

We would appreciate your early consideration and advice upon the acceptability of the above proposal.

Very truly yours,

DONALD B. KELLEY

By: ROBERT S. WHAM
Asst. U. S. Attorney

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

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

Re: Docket No. DME-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
Rensselaer Mine
San Juan County, Colorado
Contract No. [illegible]

Dear Mr. Trower:

By memorandum dated August 9, 1956, you (1) advise of a meeting with Robert B. Inman, Assistant United States Attorney, in regard to the referenced Operator's indebtedness to the Government; (2) state that you cannot reconcile the amount of $8,462.53 as being the cost of "Surface Buildings", "Improvements", and "Initial Rehabilitation and Repairs", as listed in your letter of November 21, 1955, to the Operator; and (3) request advice as to whether these quoted categories should be considered as a part of the costs subject to liquidation procedures.

The amount of $8,462.53 does not pertain to the costs of buildings, improvements or initial repairs. As stated in the Solicitor's letter of April 2, 1956, this sum is the cost of "certain supplies", part of which may have been unexpended as of December 28, 1953. The costs represent the first two items and the last four items listed under Category (3), Operating Materials and Supplies on page 4 of the 3rd Interim Audit Report prepared by Donald T. Finch, DMEA Auditor, on April 12, 1954.

In the preparation of the matter of this Operator's indebtedness for referral to the Attorney General consideration was given to the value of "Surface Buildings" and "Improvements", consisting of a smokehouse, change room, compressor-fan house and a power line extension. It was concluded that these items, considering their nature and the remote location, probably were worthless insofar as salvage was concerned. No consideration was given to the value of "Initial Rehabilitation and Repairs", because the contract does not provide for either salvage or disposition of the property rehabilitated or repaired, in this case a tractor-dozer.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

FRANK D. LAMB
Member, Bureau of Mines

W. E. Nelson
Member, Geological Survey

Mr. Chambers
Mr. Finch
Mr. Bishop
Mr. Killgaard
Mr. Griswold

Copy to: Docket
Admr. Reading File
Operating Committee

EDTalbert/wb
August 15, 1956

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

AUG 13 1956

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: United States Metals Corporation
Contract No. Idm-329
Docket No. DMA-606

Dear Mr. Finch:

Your letter of August 8, 1956, reporting the latest developments in regard to the indebtedness to the Government under the referenced contract is appreciated.

In the last paragraph of your letter you inquire as to the necessity of filing an amended Report of Review in event of a determination that the project's pipe, track, tubing and other supplies have a salvage value. In order to properly close the matter an amended Report of Review may be required but, in order to avoid the possibility of several amended reports, the issuance thereof should be held in abeyance pending final disposition of the case by the Department of Justice.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 13, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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 9, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA 606 (Lead-Zinc), Contract Idm-E29, U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado

In conjunction with matters discussed in the Solicitor's letter to the Attorney General, dated April 2, 1956 concerning the subject Operator's indebtedness to the Government, on August 7, 1956 a meeting was held in the office of Mr. Robert B. Inman, Assistant United States Attorney, Denver, Colorado. The meeting was attended by Mr. Inman, officials of U. S. Metals Corporation, and personnel from this office.

The purpose of the meeting in Mr. Inman's office was to clarify the Government's position in the matter of the Operator's indebtedness and to obtain a commitment from the Operator. The officials of U. S. Metals Corporation acknowledged their responsibility in the matter and verbally agreed to provide by September 15, 1956 an inventory of the salvageable material and supplies mentioned in the Solicitor's letter of April 2, 1956 as costing the separate amounts of $9,657.02 and $8,462.53.

Relative to the aforesaid amounts, we can reconcile the amount of $9,657.02 as being the aggregate cost of pipe, track, and vent tubing. However, we cannot reconcile the amount of $8,462.53 as constituting the cost of "Surface Buildings," "Improvements," and "Initial Rehabilitation and Repairs," as outlined in our letter to Mr. Carl Peterson, dated November 21, 1955, copies of which were forwarded to you.

Under the provisions of the form letter attached to DMEA Circular 30, the above three quoted categories of expense in which the Government has participated are subject to liquidation procedures.

We are unable to understand why the costs of these three categories were omitted from the Solicitor's statement of costs and instead the aggregate costs of other more expendable categories included.

After you have reviewed the matter and the information we understand is being forwarded to Mr. J. L. Chambers, Chief, Contract Administration and Audit Division, by Mr. Donald T. Finch, DMEA Auditor, Denver, Colorado, we will appreciate your advice as to whether or not the three categories mentioned in the foregoing should be considered as a part of the over-all costs of jointly owned property that is subject to liquidation procedures.

W. M. Traver

W. M. Traver

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

RECEIVED
AUG 10 1956

224 New Customhouse
Denver 2, Colorado

August 8, 1956

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

Re: United States Metals Corporation
Contract Idm-E29, Docket No. DMA-606

Dear Mr. Chambers:

Reference is made to letter to Attorney General from Solicitor dated April 2, 1956, and your letter to me dated April 5, 1956 concerning the subject operator's indebtedness to the Government.

On August 7, 1956, Mr. Robert B. Inman, Assistant U. S. Attorney, Denver, Colorado, called a conference with representatives of the Operator and the Executive Officer, DMEA Field Team, Region III. Present at this conference were the following people:

For United States Metals Corporation

Mr. Walter A. Falk, Chairman of the Board
Mr. Carl H. Peterson, Secretary
Mr. Alfred O. Brehmer, Treasurer

For the DMEA Field Team, Region III

Mr. W. M. Traver, Executive Officer
Mr. J. W. Townsend
Mr. Donald T. Finch, DMEA Auditor, present at the request of Mr. Traver.

Mr. Inman stated at the beginning that he had called the conference to determine if the Operator was disputing any of the items of indebtedness as expressed in the Solicitor's letter, and to clarify the amount of additional indebtedness referred to in the first paragraph on page No. 3 of the Solicitor's letter. (Viz. Pipe, track and vent tubing $9,657.02 and the unexpended balance of certain other supplies costing $8,462.53.)

The representatives of the Operator stated they were accepting the expressed amounts without question but that they did not know at this time the salvage value of the pipe - track, vent tubing and other supplies.

At Mr. Inman's request the representatives of the Operator agreed to arrange for a physical inventory of these items. Mr. Traver agreed to furnish an engineer to accompany a representative of the Operator when the inventory was taken. It was understood by all parties present that this inventory would be submitted not later than September 15, 1956.

Pursuant to Mr. Traver's request I furnished him with the following cost analyses of the two amounts in question in the Solicitor's letter, obtained from my audit report dated April 12, 1954:

(a)	Pipe	$4,201.01	
	Track	3,484.15	
	Vent Tubing	1,971.86	
	Total Cost		$9,657.02
(b)	Timber	$2,100.41	
	Explosives	1,165.00	
	Small Tools and Supplies	431.80	
	Welding Supplies	667.85	
	Drill Steel and Conditioning	692.26	
	Diesel Fuel, Prestone, Oils & Greases	3,405.21	
	Total Cost		$8,462.53

In the event there is any salvage value determined for these two categories, will it be necessary to file an amended Report of Review to replace the one prepared in your office and transmitted to me for signature by your letter of April 5, 1956?

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

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

March 16, 1956

MEMORANDUM TO THE FILES

From: W. R. Griswold, Chief, Base Metals Division

Subject: Certain Assets on Exploration Project Lds-279, Docket No. DMEA-606 (Lead-Zinc), Henrietta Mine, San Juan County, Colo.

The following items were purchased for the project and were in use about 30 months:

Pipe	$4,201.01
Truck	3,484.15
Vent Tubing	1,971.86

The vent tubing could hardly be worth considering from a salvage standpoint because dampness and time would have pretty well rotted it.

Pipe and truck in the amount of $7,685.16 would ordinarily have a salvage value of 20 percent. Since these are located at an inaccessible place, the bridges and roads having been made so by storms and erosion, I am of the opinion they could not be removed and placed on the market for anything like the salvage price obtainable.

The buildings costing some $3,300.00 would be worthless as far as salvaging them in this elevated region.

The equipment used on the project originally costing $7,766.99 should be divided as follows: One group in the amount of $5,540.94 should be depreciated on a 60 months life expectancy for 29 months. The other group in the amount of $2,226.05 should be depreciated on the same basis for 16 months.

The above findings are to the best of my judgment and experience.

W. R. Griswold

DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

APR 2 1956

Hon. Herbert Brownell, Jr.
Attorney General
Washington 25, D. C.

My dear Mr. Attorney General:

There is submitted for appropriate action the matter of the U. S. Uranio Corporation, a Colorado corporation, at [illegible] Mercantile Building, 1001 [illegible]teenth Street, Denver 2, Colorado, a party to a uranium exploration contract with the Government, administered by the Defense Minerals Exploration Administration of this Department, initially designated Exploration Project Contract I-[illegible] (Docket No. [illegible]) and sometimes identified as Contract No. [illegible] (Docket No. [illegible]).

In general, the contract provides that the U. S. Uranio Corporation (hereinafter referred to as the Operator) shall engage in a project for exploration for lead, zinc, and copper as outlined in Exhibits "A", "B", "C", "D", and "E" of the original contract dated June 27, 1951. The original program of exploration was subsequently altered and expanded at various times by Amendments 1 through 14. (Enclosure No. 1.)

It may be noted that the Operator's name in the original contract was U. S. Oil and Development Corporation. The corporate name was changed to U. S. Uranio Corporation by action of the stockholders in a meeting held at the Corporation's office April 22, 1953. (Enclosure No. 2.)

The Government's obligation to contribute to any costs incurred by the Operator after December 31, 1953 (except costs of preserving and disposing of certain property and of specified winding-up actions), was automatically terminated as a result of the Operator's failure to resume work by September 1, 1955, as provided in the contract as amended. See Item 5(a) of Amendment No. 12, 1(d) of Amendment No. 13, and 1(a) of Amendment No. 14 (Enclosure No. 1). Effective December 31, 1953, the Operator was also obligated, pursuant to the provisions of the contract and Article 3(b) of Amendment No. 12, to dispose of any property to the cost of which the Government had contributed.

J. L. Chambers, DMEA

During the month of July 1961, the Sponsor purchased this equipment such as a compressor, trays, and blowers with [illegible] at a cost of $4,340.34. The Government paid 50 percent of this [illegible] From the purchase date to December 31, 1963, approximately 30 [illegible] depreciated. Depreciating on the basis of a 10-year life expectancy would result in constituting a salvage value of $2,602.02. The Government has a 50-percent interest in such value, or $1,301.01.

The Sponsor also purchased on different dates, at a total cost of $2,[illegible], other equipment which has an average depreciation period of 12 months. At the basis of 10-year life expectancy, salvage value of the depreciated equipment is $[illegible], of which the Government's share is $[illegible].

From June 27, 1962, to February 14, 1964, the Sponsor purchased and sold cows in the amount of $[illegible], on which the Government under the terms of the contract issued a royalty. The royalty, which ranged from 12 to 5 percent of sales, amounted to $3,[illegible], of which amount the Sponsor paid $[illegible], leaving a balance due the Government of $[illegible].

The total computable cost of this project was $[illegible], the Government's share of which, as of present, was $[illegible]. The Government inadvertently paid the Sponsor a total of $[illegible], which resulted in an excess payment of $[illegible].

Under another Alaska Exploration Project Contract, Job [illegible], Project No. [illegible], the Government assigned its private claim to the Sponsor in the amount of $[illegible]. In addition to this assignment, the Sponsor assumed the Government's share of equipment used on the Lemon project in the sum of $[illegible], as acknowledged by the Sponsor in Annual Statement [illegible], Project No. [illegible], under date of May 8, [illegible]. See Item 5, paragraph 3, of this statement, Exhibits No. 3.) The Sponsor agreed to pay this sum ($[illegible]) on a monthly installment basis but no payment was ever made.

In summary the Sponsor owes the following amounts to the Government:

Royalty	$2,[illegible].67
Overpayment on Exploration Project [illegible], Project No. [illegible]	[illegible].[illegible]
Equipment, Other Job	1,[illegible].41

Equipment, second lot ..... $ 770.12

Overpayment on Exploration Project
14-[illegible], Contract No. [illegible] 72.56

Equipment 564.72

Total $4,342.41

In addition, the Government has a possible claim against the Operator for the amount of the Government's equity (50 percent of the salvage value) in the following items produced for the project: (1) pipe, track, and rail tubing, which cost $5,227.00; and (2) certain supplies costing $2,[illegible] in the extent that they remained unexpended on December 31, 1[illegible]. This Department does not yet have the amount and salvage value of such unexpended supplies. The Operator has failed to answer this Department's inquiries in regard thereto (Enclosure No. 4).

The Defense Minerals Exploration Administration has made a number of efforts to obtain settlement of the errors, the last departures of which are the following: December 14, 1[illegible], letter of W. E. Tracy, Executive Officer, Rock Field Team, Region III, to Earl E. Thorson, President of U. S. Metals Corporation, soliciting his help in some settlement. [illegible] 16, 1[illegible], letter of C. E. Stromquist, Administrator of DMEA, to Earl E. Thorson, President of U. S. Metals Corporation, soliciting the view if settlement of these contracts were not made or planned within sixty days the matter would be referred to the Attorney General of the United States. January 1[illegible], 1[illegible], letter of E. E. Stromquist, Administrator of DMEA, to Earl E. Thorson, President of U. S. Metals Corporation, soliciting the view if a letter were to be prepared to refer the Government's claim against U. S. Metals Corporation to the Attorney General of the United States (Enclosure No. 5).

The term on which the Operator still owes royalty of $2,[illegible].[illegible], as specified above, were produced from lands leased to the Operator by the Blue Bird Mining and Milling Company, c/o Charles H. Dunning, Attorney, Colorado Trust and Loan Company, P. O. Box 1[illegible], Denver 1, Colorado. Under date of September 2[illegible], 1[illegible], the Blue Bird Mining and Milling Company signed a document entitled "Owner's Consent to Lease" (Enclosure No. 6). By paragraph 2 of the Consent to Lease, the Company granted to the Government a lien upon the land and upon any production of minerals therefrom to secure the payment to the Government of the percentage royalty on production provided in the Operator's contract. Accordingly, you may wish to

consider the matter of collecting not to exceed $6,000.00 by converting the Government's lien provided for in the Company's Contract to lien. By Letter of January 20, 1954, the Company was notified of the possible liability under the Contract to Lien (Enclosure No. 6).

The enclosures furnished are either photostats or copies of the originals. If the United States Attorney who handles this case requires additional information, it may be requested of either the Executive Officer, MMA Field Team, Region III, 5th Ave Executive Building, Denver 2, Colorado, or the Administrator, Defense Minerals Exploration Administration, Department of the Interior, Washington, D. C.

Sincerely yours,

J Reuel Armstrong

Solicitor

Enclosures 6

L.Chambers/Findrin/cmi
3/22/56

Copy to: Solicitor's Docket (2)
MMA Docket
Admr. Reading File, MMA
Field Team, Region III (2)
W. R. Grimsold, MMA
J. L. Chambers, MMA
R. P. Boyer
P. Indrin
chron.
pending

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

March 5, 1956

Memorandum

To: Chief, Contract Administration & Audit Division

From: Chief, Base Metals Division

Subject: Docket No. DMA-606, U. S. Metals Corporation, Henrietta Mine, San Juan County, Colorado, Contract No. Idm-E29, Lead-Zinc-Copper.

I have reviewed Docket No. DMA-606, U. S. Metals Corporation, with reference to the Government's claim on property and supply account.

I would suggest that a reasonable estimate of the Government's equity would be:

Pipe and track

Cost $7,685.16

Salvage value, estimated 20% cost.
Government's equity 10% of cost.

Frank Johnson suggested that we should not make a claim for pipe, track & rail. - JC

Equipment

Equipment cost $5,540.94 - purchased July 1951.

$5,540.94 minus $\frac{29}{60}$ months equals present value of which 1/2 is Government's equity.

Cleared with Johnson who objected to giving us drop for dropsilla

Equipment Cost (average purchase date June 1952).

$2,226.05 minus $\frac{18}{60}$ months equals present value of which 1/2 is Government's equity.

W R Griswold
W. R. Griswold

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

RECEIVED
MAR - 1 1956

224 New Customhouse
Denver 2, Colorado

AIR MAIL

February 29, 1956

Memorandum

To: Chairman, DMEA Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 606 (Lead-Zinc), Contract Idm-E29, U. S. Metals Corporation, (Henrietta Mine), San Juan County, Colorado

DMEA Docket 1870 (Lead-Zinc), Contract Idm-E309, U. S. Metals Corporation, (Joe and John Mine), San Juan County, Colorado

Reference is made to C. O. Mittendorf's registered letter of January 13, 1956 to Mr. Carl H. Peterson, President of the subject corporation and letter of same date addressed to this office.

We are thoroughly convinced that no action on the part of the U. S. Metals Corporation to finalize these accounts by the repayment of funds due the Government will be forthcoming without the legal action referred to in the third paragraph of the referenced letter to Mr. Peterson.

The additional information requested by C. O. Mittendorf's letter to this office is not available and due to the heavy snow fall in the area of the subject mining properties it will be approximately the middle of June 1956 before an inventory of the equipment and unexpended supplies can be made and the present value of these purchases estimated.

Your attention is directed to letter of November 21, 1955 from this office which was also addressed to Mr. Peterson. The Washington office was furnished two copies of this letter which establishes the Government's equity in property to be settled. The values specified are the original purchase prices which are ordinarily subject to revision downward due to use depreciation. Two additional photo copies of this letter are furnished at this time for your convenience.

We recommend that these accounts be referred to the Attorney General's office for collection by lawsuit at the earliest possible date. All costs to be referred for collection have been specifically determined with the exception of the Government's equity in equipment and supplies purchased under DMRA Contract Idm-E29. We recommend that either full restitution of the Government's equity be demanded (as itemized in our November 21, 1955 letter) or that these amounts be depreciated in conformance with standards which are acceptable to the Internal Revenue Service. This method allows a first-year depreciation of 7.5 percent and yearly thereafter at 5.0 percent. All items should be depreciated from the date of purchase if known or from the month the charge was made on the 104 Report to the termination date of Contract Idm-E29.

We further recommend that Contract Idm-E29 be certified at this time. The repayment period is to be the 14 years specified by Amendment No. 13.

Please advise us of your further action in these matters.

W. M. Traver

W. M. Traver

Enclosures

RDB/vj

cc: Royalty File E29
Correspondence File E29
Correspondence File E309
J. F. Shaw (2)
J. W. Townsend
Berkenkotter
Chron.

RECEIVED
MAR - 1 1956

CERTIFIED MAIL

724 New Customhouse
Denver 2, Colorado

November 21, 1955

(47)

Mr. Carl H. Peterson, Secretary
U. S. Metals Corporation
208 Mercantile Building
Denver, Colorado

Re: Contract DMA-606 (Lead-Zinc),
Contract Idm-723

Dear Mr. Peterson:

Reference is made to our letter of September 16, 1955, wherein we advised of the termination of the Contract under the provisions of Amendment No. 12 and instructed you in the procedure for the settlement of the Government's interest in property acquired under the Contract.

Records in this office indicate that the following property is subject to the settlement procedures outlined:

Item	Cost to the Project	
Pipe		$ 4,201.01
Track		3,434.15
Vent Tubing		1,971.86
		9,657.02
Equipment		
Compressor	$ 3,500.00	
Electric Motor	100.00	
Wheelbarrow	35.00	
Socket Wrenches	61.08	
Electric Drill	46.25	
Welding Outfit	142.49	
Nail Binder	90.20	
Power Saw	138.72	
Bench Grinder	60.80	
Fire Extinguishers	104.20	
Tramaire	1,681.40	
Jack hammer and leg	333.95	
Galvanometer	22.70	
2 Sutorbilt Blowers with motor	1,244.40	
		7,766.99

New Buildings and Improvements

Surface Buildings		
Materials and Supplies	$2,215.77	
Labor and Supervision	2,106.87	
		3,322.64
Improvements		
Power Line Extension	103.68	
Materials and Supplies	280.90	
		384.58
Total New Buildings and Improvements		$ 3,707.22
Initial Rehabilitation and Equipping		
Repairs to K. D. Mills Tractor Bulldozer		5,835.48
Total		$26,786.71
Government participation, 50%		$13,393.35

In addition to the above, the Government has an equity in any supplies purchased under the contract which were unexpended at the end of the work, namely, timber, explosives, small tools, drill steel and bits, diesel fuel, oil, greases, etc. In regard to such supplies, it will be necessary that the matter be resolved by one of the following methods:

1. You provide an ending inventory showing the quantity and monetary value of the unexpended supplies, the value being based on the original cost.

2. You submit a statement that no such supplies remain unexpended at the end of the work.

We are desirous of closing our records on this account as soon as possible. Therefore we will appreciate your prompt attention to the submitting of your proposal relative to the liquidation of the jointly owned property acquired under the contract.

Very truly yours,

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

By J. W. Townsend

JWT:prl
cc: Chairman, Oper. Comm. (2)
Hardeman
Shaw
Townsend
Breding
Corres. file
Chron.

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

FEB 29 1956

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

Re: Docket No. DMA-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract No. [illegible]

Dear Mr. Trauer:

Reference is made to the last paragraph of our letter of January 13, 1956, requesting a detailed estimate of the salvage value of project property to which the Government has contributed under the referenced contract.

It does not appear that this information has been received. As presentation of this case cannot be made until this information is furnished, it is requested that the submission be expedited.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Mr. Griswold
Mr. Chambers

EDTalbert/wb 2-29-56

Mr. Chamber

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

JAN 13 1956

1/19/56

Registered Mail
Return Receipt Requested

Mr. Carl H. Peterson, President
U. S. Metals Corporation
206-8 Mercantile Building
Denver, Colorado

Re: Docket No. DMA-606 (Lead-Zinc-Copper)
Henrietta Mine
San Juan County, Colorado
Contract No. Idm-E29
and
Docket No. DMEA-1870 (Lead-Zinc)
Joe and John Mine
San Juan County, Colorado
Contract No. Idm-E309

Dear Mr. Peterson:

By letter dated September 12, 1955, I advised you that, unless payment in the amount of $2,055.67 (representing delinquent royalty due the Government under the first referenced contract) was received within sixty days, it would be necessary to refer the matter to the Attorney General of the United States.

Subsequently, by a letter dated September 16, 1955, in the case of the first referenced contract, and by a letter dated September 19, 1955, in the case of the second referenced contract, the Executive Officer of the DMEA Field Team for Region III advised you that: (a) the contracts had been automatically terminated as of September 1, 1955, under provisions of the last amendments thereto, because work was not resumed as required; (b) the project property, in which the Government has acquired an interest through its contribution to the costs thereof, should be disposed of promptly in accordance with the terms of the contracts; and (c) overpayments by the Government of $361.86 under Contract No. Idm-E29 and $72.56 under Contract No. Idm-309 should be refunded.

Inasmuch as it appears that you have neither replied to these letters nor performed the winding-up and settlement actions provided for in the contracts, it is my intention to refer the entire matter to the Attorney General of the United States for appropriate action looking to the recovery of $2,055.67 in delinquent royalties, $434.42 in overpayments, $641.79 for the Government's equity in property under Contract No. Idm-E309, and an amount to be determined for the Government's equity in the salvage value of project property under Contract No. Idm-E29.

It is to be noted that article 3 of Annex I to the Amended Contract No. Idm-E309, dated March 9, 1954, provides that "The Government's equity in the equipment purchased under the Original Contract is agreed upon as being of the value of $641.79 ***."

Sincerely yours,

C. U. Mittenderf

Administrator

EDTalbert/wb
January 9, 1956

Copy to: Docket (2)
Admr. Reading File
Administrator
Field Team, Region III (2)
Mr. Griswold
Mr. Chambers
Blue Bird Mining & Milling Co. (through Region III for forwarding to proper address)

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

C O P Y

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

January 20, 1956

Mr. Charles H. Groves Attorney
Blue Bird Mining and Milling Company
c/o Colorado Fuel and Iron Company
P. O. Box 1920
Denver 1, Colorado

Re: Docket DMA 606
(Lead-Zinc-Copper)
Contract Idm-E29
U. S. Metals Corporation
Henrietta mine
San Juan Co., Colorado

Dear Mr. Groves:

Enclosed for your information is a copy of a letter, dated January 13, 1956, from the Administrator, DMEA, Washington, to Mr. Carl H. Peterson, President, U. S. Metals Corporation, which pertains to delinquent royalties and liquidation of the Government's interest in property acquired under DMEA Contracts E29 and E309.

Contract Idm-E29 as amended provides that the Government will be paid a percentage royalty on any minerals mined or produced from the Henrietta mine (comprising the Henrietta, Lizzie, Mineral King, Humbolt, Home Run, Mineral Queen, Narrow Gauge, Prosperity, and La Cross patented mining claims and the Tetrahedrite No. 1, Tetrahedrite No. 2, C.L.M., Moodie No. 1, and Moodie No. 2 unpatented mining claims in the Red Mountain Mining District). An Owner's Consent to Lien, executed by the Blue Bird Mining and Milling Company on September 23, 1954, in consideration of this contract, granted to the Government a lien upon the described land and upon any production of minerals therefrom until the percentage royalty is fully paid or twelve years have elapsed from the date of the contract (June 27, 1951), whichever occurs first.

Accordingly, you are hereby notified that if the U. S. Metals Corporation fails to pay the amount of $2,055.67 in delinquent royalty due the Government, the Government may look to Blue Bird Mining and Milling Company for the payment.

Very truly yours,

/s/ W. M. Traver

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

Enclosure

Mr. Chamb

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

JAN 13 1956

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

Re: Docket No. DMA-406 (Lead-Zinc-Copper)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract No. IDa-239

and

Docket No. DMA-1970 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract No. IDa-2309

Dear Mr. Traver:

Enclosed are three copies of a letter addressed to the Operator of the referenced projects with regard to his indebtedness to the Government. The third, or third, copy is for forwarding to the Blue Bird Mining and Milling Company, whose address is not on record in this office.

In forwarding this copy to the Blue Bird Mining and Milling Company, attention should be invited to the amount of $2,055.07 due the Government for delinquent royalty. This Company also should be advised substantially as follows:

"Contract No. IDa-239, as amended, provides that the Government will be paid a percentage royalty on any minerals mined or produced from the Henrietta Mine (comprising the Henrietta, Lincoln, Mineral King, Rocky, Home Run, Mineral Queen, Narrow Gauge, Prosperity, and La Grange patented mining claims and the Potosiberite No. 1, Potosiberite No. 2, C. L. M., Mentie No. 1, and Mentie No. 2 unpatented mining claims in the Red Mountain Mining District). An Owner's Consent to Lien, executed by you on September 23, 1954, in consideration of this contract, granted to the Government a lien upon the described land and upon any production of minerals therefrom until the percentage royalty is fully paid or twelve years have elapsed from the date of the contract (June 27, 1951), whichever occurs first.

"Accordingly you are hereby notified that, if the U. S. Metals Corporation fails to pay the amount of $12,055.67 in delinquent royalty due the Government, the Government may look to you for the payment."

In order for this Administration to properly prepare this case for referral to the Attorney General, additional information is required from the Field Team. A detailed estimate of the salvage value of project property, to which the Government has contributed under Docket No. DMA-606, Contract No. IDm-239, would be appreciated at your earliest convenience.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures-3

Copy to: Docket (2)
Admr. Reading File
Administrator
Mr. Griswold
Mr. Chambers

EDTalbert/wb
January 9, 1956

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

224 New Customhouse
Denver 2, Colorado

AIR MAIL

December 28, 1955

Memorandum

To: C. G. Mittenbert, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 686 (Lead-Zinc), Contract Idm-329, U. S. Metals Corporation, Henrietta Mine, San Juan County, Colorado

Reference is made to our memorandum of November 15, 1955 concerning the nonpayment of royalty amounting to $2,055.67 and the settlement of Government equity in equipment purchased under Contract Idm-329.

Mr. Carl H. Peterson was informed by your registered letter of September 12, 1955 that this royalty matter would be referred to the Attorney General for collection if not received by November 12, 1955.

By our letter dated November 21, 1955, sent Certified Mail, we furnished Mr. Peterson a list of equipment and other property in which the Government owns a 50 percent equity. This letter and other prior correspondence asked for proposals from the U. S. Metals Corporation relative to the liquidation of this jointly owned property in order that the termination of Contract Idm-329 may be finalized. By letter of December 13, 1955, Carl Peterson stated that he would contact us not later than December 19, 1955 regarding several matters he wished to discuss. We believe this was only another excuse to delay action as we have not heard from him subsequent to the receipt of the above letter.

Again we strongly recommend that the collection of the DMEA royalty be referred to the U. S. Attorney General and in addition sufficient pressure be brought to bear upon the U. S. Metals Corporation to force settlement of the Government's equity in the jointly owned equipment. As the U. S. Metals Corporation officials have not shown good faith in complying with terms of any of their three DMEA contracts, we believe a law suit demanding full repayment of the Governments portion of equipment purchases and other equities in addition to a demand for full royalty payment is advisable. Such action should be taken without further delay.

For your convenience we enclose a photo copy of our letter to Mr. Peterson dated November 21, 1955. Two copies of this letter were furnished for the Washington office files by our original distribution.

W. M. Traver

W. M. Traver

Enclosure

RDB/vj

cc: Royalty File E29
Correspondence File E29
Sec. Opr. Comm. (2)
J. F. Shaw (2)
J. W. Townsend
T. H. Brading
E. N. Garshman
Berkenkotter
Chron.

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

November 21, 1955

Mr. Carl H. Peterson, Secretary
U. S. Metals Corporation
208 Mercantile Building
Denver, Colorado

Re: Docket DMA-606 (Lead-Zinc),
Contract Idm-E29

Dear Mr. Peterson:

Reference is made to our letter of September 16, 1955, wherein we advised of the termination of the Contract under the provisions of Amendment No. 12 and instructed you in the procedure for the settlement of the Government's interest in property acquired under the Contract.

Records in this office indicate that the following property is subject to the settlement procedures outlined:

Item		Cost to the Project
Pipe		$ 4,201.01
Track		3,484.15
Vent Tubing		1,971.86
Equipment		
Compressor	$ 3,500.00	
Electric Motor	100.00	
Wheelbarrow	35.00	
Socket Wrenches	61.88	
Electric Drill	46.25	
Welding Outfit	142.49	
Rail Binder	90.20	
Power Saw	138.72	
Bench Grinder	60.80	
Fire Extinguishers	104.20	
Tramaire	1,681.40	
Jack hammer and leg	538.95	
Galvanometer	22.70	
2 Sutorbilt Blowers with motor	1,244.40	
		7,766.99

New Buildings and Improvements

Surface Buildings			
Materials and Supplies	$1,215.77		
Labor and Supervision	2,106.87	3,322.64	
Improvements			
Power Line Extension	$ 103.68		
Materials and Supplies	280.90		
		384.58	
Total New Buildings and Improvements			$ 3,707.22
Initial Rehabilitation and Repairs			
Repairs to H. D. Allis Chalmers Tractor Bulldozer			5,655.48
Total			$26,786.71
Government participation, 50%			$13,393.35

In addition to the above, the Government has an equity in any supplies purchased under the contract which were unexpended at the end of the work, namely, timber, explosives, small tools, drill steel and bits, diesel fuel, oil, greases, etc. In regard to such supplies, it will be necessary that the matter be resolved by one of the following methods:

1. You provide an ending inventory showing the quantity and monetary value of the unexpended supplies, the value being based on the original cost.

2. You submit a statement that no such supplies remain unexpended at the end of the work.

We are desirous of closing our records on this account as soon as possible. Therefore we will appreciate your prompt attention to the submitting of your proposal relative to the liquidation of the jointly owned property acquired under the contract.

Very truly yours,

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

By /s/ J. W. Townsend
J. W. Townsend

C
O
P
Y

AIR MAIL

224 New Customhouse
Denver 2, Colorado

November 15, 1955

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, DMEA Docket 606 (Lead-Zinc, Contract Idm-E29, U. S. Metals Corporation, Henrietta Mine, San Juan County, Colorado

Reference is made to your registered letter of September 12, 1955, to Carl H. Peterson, President of U. S. Metals Corporation, demanding payment of $2,055.67 delinquent royalties by November 12, 1955.

We advise that this payment has not been received and we strongly recommend that this matter be referred to the Attorney General. It is very unlikely that this account can be collected without the benefit of legal court action.

In addition to the delinquent royalties, the Operator has failed to submit a proposal to settle the Government's interest in property acquired under the contract, costing in excess of $15,000.00, in which the Government contributed 50 per cent of the cost. A detailed statement of the property involved will be forwarded soon.

W. M. Traver

By J. W. Townsend
J. W. Townsend

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 16, 1955

Mr. Carl H. Peterson
U. S. Metals Corporation
808 Mercantile Building
Denver, Colorado

Re: Docket DMA-606 (Lead, Zinc, Copper)
Contract I-DMA-829

Dear Mr. Peterson:

Amendment No. 13, dated August 5, 1955, which amended Contract I-DMA-829, provided at your request an extension of the suspension period as provided in Amendment No. 12 from July 1, 1955 to a date not later than September 1, 1955. The suspension provision in Amendment No. 12 stipulated automatic termination of the exploration project contract if work was not resumed on or before September 1, 1955. Because work was not started as required, the project was therefore automatically terminated as of this date.

By the terms of the exploration project contract under which you are operating, the Government acquires an interest in property purchased for use on the project which is "... paid for or purchased with funds contributed jointly by the Operator and the Government...." Such property includes any individual items of equipment and facilities, buildings, or other fixtures costing more than $50.00 each. It also includes materials and supplies considered in groups or categories (such as pipe, explosives, rails, drill steel), if the original cost of the remaining unexpended portion of any such category of materials or supplies exceeded $50.00. As to any facility, building, fixture, or piece of equipment, and as to any such group or category of materials or supplies the original cost of which or the unexpended portion of which did not exceed $50.00, the Government does not assert any claim or interest under the terms of the contract.

The effect of the contract provisions is to make you the agent of the Government for the disposition of its interest in such property. Therefore it is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value.

Such reasonable efforts might include: (1) Advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users of and dealers in such property; and (3) negotiating with the original vendor for the repurchase of the property.

Should you wish to retain the property or, in effect sell it to yourself, you may do this only after first having made every reasonable effort to procure a price higher than you yourself are willing to pay; or you may buy the Government's equity by paying for it either on the basis of the original cost or at a price higher than the highest bid obtainable from two independent bidders. In bidding on the property for yourself you should give consideration to the fact that the property in place is worth considerably more to you than if dismantled and disposed of elsewhere.

The undersigned is authorized to approve of and to join in the sale of such property for the joint account of the operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof and join in the transaction. Please supply this office with the original and five copies of your liquidation proposal and all documents and other material relative to the property disposition.

According to the third interim Audit Report by the Contract Administration and Audit Division, total accepted costs of the project amounted to $82,596.12, with Government contribution of 50 percent, or $41,298.06. This on-site audit was completed at your offices during March 29 through May 5, 1954, and covered all project work completed through December 31, 1953, the last active month of the project. Actual Government contribution through the reporting period of May, 1953, the period prior to the last progress report and voucher, amounted to $41,659.92. Consequently, your final progress report and voucher, covering work completed in June, October, November, and December, 1953, was processed by this office for nonpayment. The work completed during these months is approved. However, to comply with the findings of the Audit Report, we wish to inform you that your company owes the Government the amount of $361.86, the difference between that amount already contributed by the Government and the accepted Government contribution as per the Audit Report. This amount pertains to project costs only and is not to be mistaken as relative to the disposal of jointly purchased supplies and equipment.

Very truly yours,

WEB:grl
cc: Chairman, Operating Committee (3)
Hardman
Shaw (2)
Townsend
Curran. file B 29
Green

W. M. Traver

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

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

SEP 12 1955

Rec'd 9/15/56
Jackson Lyons

(6)

Mr. Carl H. Peterson, President
U. S. Metals Corporation
206-8 Mercantile Building
Denver, Colorado

Registered Mail
Return Receipt Requested

Re: Docket No. DMA-606 (Lead-Zinc)
Henrietta Mine
San Juan County, Colorado
Contract No. Idm-229

Dear Mr. Peterson:

Reference is made to the matter of your indebtedness for royalty due the Government in the amount of $2,055.67 under the provisions of the referenced contract as amended.

The records indicate that Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado, has made numerous demands on you for the payment of this delinquent royalty. By letter dated July 20, 1955, in reply to one of these demands, you stated that "we will make every effort to take care of this obligation, if possible, before August 1st." Under date of August 4, 1955, you again requested that we "set this up to September 1st with the assurance that any day during this month the money comes in I will mail you a check." However, payment has not been received.

It is not within the authority of this Administration to postpone indefinitely such action as may be necessary to collect amounts properly due the Government. Accordingly, I must advise you that unless payment in the amount of $2,055.67 is received within sixty days from the date of this letter, it will be necessary to refer the matter to the Attorney General of the United States for appropriate action.

A copy of this letter is being sent to the Blue Bird Mining and Milling Company which executed the Owner's Consent to Lien.

Sincerely yours,

E. O. Mittendorf

Administrator

EDTalbert/wb
September 7, 1955

Copy to: Docket
Admr. Reading File
Administrator
Field Team, Region III (2)
Mr. Griswold
Mr. Chambers
Blue Bird Mining & Milling Co. (through Region III for forwarding to proper address)

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

RECEIVED
SEP 1 2 1955

224 New Customhouse
Denver 2, Colorado

September 12, 1955

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

Re: Idm-E29, DMA-606
Henrietta Mine
and
Idm-E309, DMA-1870
Joe and John Mine
U.S. Metals Corporation

Dear Mr. Talbert:

Reference is made to yours of September 8, 1955, regarding subject contracts.

Attached is summary showing status at this date of subject contract: -

Mr. Chambers' teletype of March 2, 1955, asked for amounts of payment claimed by Operators being withheld from payment. I checked Townsend's "hold" file and replied showing amounts being withheld. I did not check status of audit certificate on any of these operators.

The only explanation I can advance for the difference of $2,046.03 acknowledged as being due by the operator and the $2,055.67 shown in my audit report, is that the first amount was that calculated as being due by Mr. Brehmer, as commented on in my audit report, page 4. The last letter from Mr. Carl H. Peterson in which he cited the amount of $2,046.03 royalty due was August 4, 1955. Copy of my audit report was forwarded to the Operator on September 1, 1955.

At the time I made the royalty audit, I called Mr. Brehmer's attention to Settlement Sheet No. 4, American Smelting and Refining Company, dated February 10, 1954. Under "Sampling" was an item - Root and Norton (assayers) $159.89. Mr. Brehmer acknowledged that all but approximately $9.00 of this amount was a charge made by the assayers for sampling ores produced by the company from other locations. In view of the fact that no evidence was submitted showing that $9.00 was to be charged to this particular shipment, I disallowed the entire amount. 5% of $159.89 is $7.99

On Settlement Sheet #Z-11, in calculating the allowable deductions Mr. Brehmer showed an amount of $771.95, whereas the amount determined by the audit as being allowable was $739.26, a difference of $32.69. 5% of $32.69 is $1.63. The other two cents was on Settlement Sheet Z-12 where Mr.

Brehmer showed total deductions of $878.74 whereas the audit determined the allowable deductions to be $878.34, a difference of 40¢. 5% of 40¢ is 2¢.

SUMMARY

Settlement Sheet #4	A.S & R.	$7.99
Settlement Sheet #Z-11	U.S.S.&R.	1.63
Settlement Sheet #Z-12	U.S.S.&R.	2
Total		$9.64

If and when the Operator submitted a statement showing that an item of $9.00 is an allowable deduction on Shipment #4, he would be entitled to an additional credit of 45¢. Mr. Brehmer stated the amount was too small to fuss about and that he would accept the amount reported ($2,055.67) as being substantially correct. I did not see Mr. Peterson at the time of the on-site audit, and why he insists that $2,046.03 is due, when the Executive Officer's letters specify $2,055.67 as being due, is beyond me.

Final termination of both projects was held until Mr. Harrer, Examining Engineer, checked both of these properties, which he did on September 7, 1955, when we made the trip to Silverton, as both of these properties, as well as Lead Carbonate Mine, are in the Red Mountain Mining District contiguous to Silverton.

I reviewed the situation with Mr. W. M. Traver, Executive Officer, this morning. He advised me that letters to the Operator requesting bid on property in which the Operator and the Government have a joint equity will be forwarded to the Operator this week. I checked the last MF-104's and determined that the amounts involved are the same as stated in your letter.

In view of all the circumstances, I am of the opinion that the referral of this matter to the Attorney General should be deferred pending determination of the Operator's total indebtedness to the Government.

In view of the fact that the last interim audits in both instances covered the last MF-104's submitted by the Operator, a Report of Review will be issued just as soon as the amount of property liquidation is determined and the Engineer's Final Report is released.

Sincerely yours,

T. H. Brading

T. H. Brading, Auditor

RECEIVED
SEP 1 3 1955

SUMMARY

Balance Due on Contract Idm-E29:

Total claimed by Operator through December 31, 1953	$85,437.46
Exceptions	2,841.34
Total Accepted Cost	$82,596.12
Government Participation (50%)	$41,298.06
Actually paid to Operator	41,659.92
Overpayment	$ 361.86
Due on Royalties	2,055.67
Balance before Property Liquidation	$ 2,417.53

Balance Due on Contract Idm-E309:

Total claimed by Operator through March, 1953	$ 4,095.88
Exceptions	463.37
Total Accepted Cost	$ 3,632.51
Government Participation (50%)	$ 1,816.25
Actually paid to Operator	1,888.81
Overpayment	$ 72.56
Balance before Property Liquidation	$ 72.56
Total due from Operator before Property Liquidation	$ 2,490.09

Mr. Chandler

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

SEP - 8 1955

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

AIR MAIL

Re: Idm-E29, DMA-606
Henrietta Mine
and
Idm-E309, DMA-1870
Joe and John Mine
U. S. Metals Corporation

Dear Tom:

According to our records the payment status of the subject contracts is as follows:

	E29	E309
Actually Paid to Operator	$41,659.92	$1,888.81
Last Interim Audit Certificate	41,298.06	1,816.25
Overpayment	$ 361.86	$ 72.56

On March 3, 1955 you advised us by teletype, in response to our request of March 2, 1955, that $1,991.30 under E29 and nothing under E309 was being withheld from payment to the Operator. Accordingly, we have assumed that the $1,991.30 was available for offset of the total overpayment of $434.42; however, your letter of August 25, 1955 in regard to your recent royalty audit indicates that the only Forms MF-104 remaining unpaid were included in the last interim cost audit of E29.

I am unable to reconcile the statements in your two separate communications, but it appears that the Operator is indebted to the Government for $434.42 in overpayments in addition to the $2,055.67 balance of royalties due as stated in your First Royalty Audit Certificate. A clarification of the status of this account would be appreciated.

The matter of collecting the unpaid royalties has been referred to this Division and a demand for payment, over the signature of the Administrator, is now being processed. This is the final step before referral to the Attorney General of the United States. It is noted,

however, that in each of his replies to the several demands for payment originated by the Executive Officer the Operator has specified the amount due as being $2,046.03, although in the first paragraph on page 4 of your Royalty Audit Report it is stated that "Mr. Alfred O. Brehmer, Treasurer of the Company, acknowledged to this auditor that the total balance due of $2,055.67 was substantially correct." Please furnish an explanation of the $9.64 difference, which is stated in your report as being "due to the Operator's claiming allowance not approved by this auditor."

It appears that both of these contracts were "automatically" terminated as of September 1, 1955, and that liquidation of property is in order. It is possible that this may result in further indebtedness to the Government since there are quite substantial amounts involved, i. e., $19,199.37 (per your letter of August 25, 1953, excluding the $4,835.53 for Initial Repairs & Rehabilitation, in which the Government has no equity under the terms of the contract) under E29 plus $1,524.88 under E309. Therefore, the final Audit Reports or Reports of Review should be prepared as expeditiously as is possible under the circumstances.

It appears advisable that referral of this matter to the Attorney General, if such action becomes necessary, should be held in abeyance pending determination of the Operator's total indebtedness to the Government. If you have any comments or suggestions they would be appreciated.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
September 8, 1955

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers (2)

AUG 17 1955

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

Re: Docket No. DMA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract No. Idm-129

Dear Mr. Traver:

We have your memorandum of August 9, enclosing a letter from the Operator pertaining to delinquent royalty.

The requested extension to September first for payment has our approval. It is hard to set a general rule to cover all cases, yet we may say that we wish to resort to legal action only when it seems that no other procedure remains possible.

As long as an Operator appears to be honestly desirous of liquidating his indebtedness, and there appears to be a reasonable possibility that payment will actually be made, we are inclined to withhold legal action.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WRGriswold/er 8/12/55

Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, DMEA
Chron.
Mr. Chambers, DMEA

APPROVED:

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

Thor H. Kiilsgaard
Member, Geological Survey

P.S. Please notify us immediately if payment is not made by September1, 1955.

DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of Gold, Silver, Copper, Lead and Zinc ores and concentrates for the period June 27, 1951 to February 11, 1954, by

United States Metals Corporation
(Formerly U.S. Oil & Metals Corp.)
210 Mercantile Building
1031 Fifteenth Street
Denver, Colorado

produced from the United States Metals Corporation mine in the Red Mountain Mining District, San Juan County, Colorado, and commonly known as the Henrietta Mine, under the terms of Contract Ida-829, Docket No. DMA-606.

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

The audit established the total net sales of Gold, Silver, Copper, Lead and Zinc ores and concentrates to be $75,093.48.

Royalty due the United States Government at the contract rates ranging from 1-1/2% to 5% is $3,578.37. The royalty paid and the balance due are as follows:

Total Royalties Due	$3,578.37
Total Royalties Paid	1,522.70
Balance of Royalties Due	$2,055.67

June 22, 1955

RECEIVED

T. H. Breading, Auditor.

FIRST ROYALTY AUDIT REPORT

I INTRODUCTION

On May 27, 1955, an audit of royalty payments received, covering the period June 27, 1951 to June 30, 1953, and royalty payments due, covering the period June 27, 1951 to February 11, 1954, was made of the records of ore and concentrate sales accounts pertaining to Contract Ida-429, Docket No. DMA-606 including Amendments 1 to 12, inclusive, with

United States Metals Corporation

(Formerly U.S. Oil & Metals Corp.)

340 Mercantile Building

1031 Fifteenth Street

Denver, Colorado.

covering a project of exploration for Lead, Zinc and Copper located in the Red Mountain Mining District, San Juan County, Colorado, and commonly known as the Henrietta Mine.

The records and concentrate sales accounts pertaining to this contract are located in the Denver office of the company at the address shown above.

Prior to the on-site audit considerable time was devoted to preparatory work in the DMEA office.

During the course of the audit Mr. Alfred O. Brekner, Treasurer of the Company, was consulted when necessary. His cooperation facilitated the audit.

II GENERAL INFORMATION

At the time of this royalty audit operations were suspended. No certification of discovery or development has been made. However, Annex 2 to the contract provides for payment of royalties regardless of any certification of discovery or development, from the date of the contract until the lapse of 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. The total costs of operations accepted by the Certifying Officer, DMEA Field Team, Region III, as of July 21, 1953 amounted to $83,319.86 with Government participation of $41,659.92.*

The exploration contract dated June 27, 1951 and Amendment No. 6 dated August 20, 1952, authorizes total costs of $113,638.34, with Government participation of $56,819.17.

*An Interim Audit Certificate issued by Donald T. Finch, DMEA Auditor, on April 12, 1954, states acceptable costs of $82,596.12 and valid payments of $41,298.06, thereby indicating an uncollected overpayment by the Government of $361.86.

Ore and concentrates produced by this operator were sold to the following concentrators:

Shenandoah Dives Mining Company, Silverton, Colorado

(Lead) American Smelting and Refining Co., Leadville, Colo.

(Zinc) American Smelting and Refining Co., Amarillo, Texas

(Lead and Zinc) United States Smelting and Refining Company
Salt Lake City, Utah

Schedule 1, attached hereto and made a part of this report, reflects a summary of ore and concentrates on which royalties have been paid to the Government, as follows:

Gross Value Net of Treatment Charges	$49,448.92
Less: Allowable Deductions	15,476.38
	$33,972.54
Royalty Percentage	1.5% to 5%
Total Royalty Due	$1,522.33
Total Royalties Received	1,522.70
Royalties Overpaid	.37

A detail of royalty payments is filed as part of my audit working papers.

Schedule 2, attached hereto and made a part of this report, shows details of settlement sheets submitted on which royalty payments have not been made.

SUMMARY

	SCHEDULE 1	SCHEDULE 2	TOTAL
Net Value	$33,972.54	$41,120.94	$75,093.48
Royalty Percentage	1.5% to 5%	5%	—
Royalties Due	$1,522.33	$ 2,056.04	$3,578.37
Royalties Paid	1,522.70	—	1,522.70
Balance	.37	$ 2,056.04	$2,055.67

The first thirteen shipments of ore were made to the Shenandoah Dives Mining Company, Silverton, Colorado. This company forwarded settlement sheets, with checks covering royalty in the amount of $458.18 which was $19.20 in excess of the amount of royalties due.

On November 9, 1953, W. H. King, Executive Officer, DMEA Field Team, Region IV (now Region III) received the Operator's check in the amount of $36.93, which purported to cover shipments of concentrates, Lots T-1 through T-7, for lead concentrates and Lots 1 through 4 for zinc concentrates. According to the dates on the settlement sheets, these shipments were made from May 29, 1953 through July 31, 1953. In his letter to the Operator, Mr. King pointed out that the Exploration Project Contract provided that the Operator was obligated to pay royalty on the proceeds realized from ore, concentrates or metals produced. The shipments covered by the aforementioned settlement sheets were sold in the form of concentrates; therefore, the net value of the concentrates sold was the basis to be used in determining the royalty rate and amount. Attached to this letter was a statement showing that the royalty due on these shipments amounted to $1,084.05.

On November 14, 1953, Mr. Alfred O. Brehmer, Treasurer of the Company, wrote a letter to W. H. King asking for a ruling on how to figure royalties on net smelter returns when material was shipped in the form of concentrates. In this letter Mr. Brehmer went on to explain that according to his interpretation of the contract, royalty was based on the value of ore produced, not on the value of concentrates sold. Mr. King referred the matter, together with a copy of Mr. Brehmer's letter, to the Administrator, DMEA, on November 24, 1953. In an undated letter which was forwarded to the Chairman of the Operating Committee on December 7, 1953, Mr. Alfred O. Brehmer, Treasurer of the Company returned Amendment No. 10 unsigned, as the Company objected to the provisions in Annex 1 (attached to and made a part of the Amendment,) regarding payment of royalties. On December 21, 1953 the Chairman of the Operating Committee replied to Mr. King's letter of December 7, 1953. This letter stated that the Operator had erroneously interpreted the contract, and that he was obligated to pay royalty based on the value of the concentrates sold.

On February 26, 1954, Mr. W. H. King wrote a letter to Mr. Carl Peterson, Secretary of the Company, to which was attached a statement showing that the balance due the Government for royalties, covered by settlement sheets submitted to his office, amounted to $1,064.15. Payment of this amount together with three additional copies of each settlement sheet was requested.

On May 19, 1954, Mr. W. H. King wrote to Mr. Carl Peterson, Secretary of the Company, advising him that before Amendment No. 10 could be processed, it would be necessary for the Company to remit the balance of $1,064.52 on royalties due, and also to submit settlement sheets on shipments subsequent to June, 1953. On June 8, 1954, Mr. King wrote to Mr. Carl Peterson, acknowledging receipt of two checks totaling $1,064.52, and directing attention to the fact that the amount due was $1,064.15 and that the overpayment of $0.37 could be deducted from the next royalty payment. In this letter request was again made that four copies of all settlement sheets covering shipments of ore or concentrates subsequent to July 31, 1953, be forwarded to the Executive Officer, Region IV (now Region III.)

Subsequent to June 8, 1954 and prior to April 18, 1955 settlement sheets as listed on Schedule 2 were received from the Operator. On that date Mr. Brehmer submitted a statement showing that the United States Metals

Corporation was indebted to the Government for royalties in the amount of $2,046.03. This statement covered the same shipments as listed on Schedule 2, attached.

The records of the company pertaining to ore sales are not very clear. An account is maintained in the General Ledger, captioned "Ore Sales - Surprise Stope." After considerable checking of amounts shown on Settlement Sheets with the Cash Received record, and memorandum analysis, the amount of $2,055.67 shown as due per summary in this report was reconciled with the amount shown in the General Ledger account. Mr. Alfred O. Brehmer, Treasurer of the Company, acknowledged to this auditor that the total balance due of $2,055.67 was substantially correct. The difference between this amount and the amount shown on the statement submitted by Mr. Brehmer ($2,046.03) or $9.64, was due to the Operator's claiming allowance not approved by this auditor.

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to determining the accuracy and propriety of royalty payments received by the Finance Officer during the period June 27, 1951 to July 31, 1953, the verification of the balance due on royalties covering shipments made by the Operator for the period June 27, 1951 to February 11, 1954, and a determination that all indicated sales of ore and concentrates subject to repayment royalties under the exploration contract and amendments, for which settlement sheets had been released, have been accounted for properly.

(A) Conference With Mining Engineer

Conference with C. M. Harrar, Mining Engineer, who made a check on the project recently, disclosed the following:

The Operator does not stockpile ore subject to royalty repayments; nor does he commingle production subject to DMEA royalty with exempt production.

The Operator does not stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have a potential value within the royalty payment period.

Examination of settlement sheets during the audit disclosed that frequent umpire assays were made of ore sales. The assay controls governing ore sales are considered adequate by Mr. Harrar.

Prices paid to the Operator by American Smelting and Refining Company, Arkansas Valley Plant and Amarillo plant, and the United States Smelting, Refining and Mining Company were checked to Smelter schedules obtained from these companies. Prices paid by Shenandoah Dives Mining Company are listed on individual settlement sheets. All prices are considered to be reasonable and equitable. Mr. Harrar is of the opinion that the operator is disposing of production in such a manner that the Government is getting its fair royalty returns, and further that the Operator is properly reporting his production of ores subject to DMEA royalties.

(B) Audit Findings

During the audit a statement of royalty payments received was prepared from copies of settlement sheets received by the Executive Officer, Region IV (now Region III). This information is shown on Schedule 1 (in condensed form) attached hereto and made a part of this report. Schedule 2, attached hereto and made a part of this report, reflects the results of audit of royalty payments due, and not paid at the time of this audit. A discussion of the data and degree of confirmation follows:

Gross Weight in Pounds

Gross Weight in pounds represents the total weight in pounds shown on the settlement sheets.

Dry Weight in Pounds

This weight is shown on the settlement sheets and represents the gross weight minus pounds of water content. All calculations of net weight were recomputed during the audit.

Dry Weight - Tons

This weight was verified by computation during the audit.

Gross Value - Net of Treatment Charges

Gross value is shown on the settlement sheets. It is determined by applying the price shown on Smelter's Price Schedule to the assay data shown on the settlement sheet to determine the price paid for each metal; viz. Gold, Silver, Lead, Zinc and Copper. To arrive at the gross value per ton, the prices for each metal were totaled and the net scheduled treatment charges deducted from this amount. Gross Value (Net of Treatment Charges) of the lot was determined by multiplying gross value per ton net of treatment charges by number of dry tons. All of the foregoing calculations were recomputed for all settlement sheets during the audit.

Deductions Allowed

Deductions allowed as listed on settlement sheets as being paid by the purchaser, are shown in the following summary:

	SCHEDULE 1	SCHEDULE 2
Trucking	$ 6,289.19	$3,844.53
Freight	4,532.07	3,864.84
Milling	4,434.69	
Sampling & Moisture	102.43	48.00
Umpire	118.00	42.00
TOTAL	$15,476.38	$7,799.37

Net Value

Gross Value Net of Treatment Charges less Deductions Allowed equals Net Value, and is the basis for calculating royalties due.

Net Value Per Dry Ton

This figure is not shown on the settlement sheets and is arrived at by dividing the Net Value by number of Tons, Dry Weight. All calculations were computed during the audit.

Royalty Percentage

This figure is determined by application of schedule in contract to net value per dry ton. On Schedule 1, percentage varied from 1.5% to 5%, dependent on the net value per dry ton. On Schedule 2, in all cases the net value per dry ton was in excess of $11.00; therefore, the royalty percentage in all instances was 5%.

Royalty Due

On both schedules this amount was determined by multiplying net value by related royalty percentage. All calculations were verified during audit.

Royalties Received - Schedule 1

This figure is shown on individual settlement sheets. All calculations were verified during course of the audit. The total amount shown as received was reconciled with the amount shown on Finance Officer's records.

CONCLUSIONS

Summary of sales of concentrates and ore subject to IMEA royalties follows:

	SCHEDULE 1	SCHEDULE 2	TOTAL
Net Dry Weight, Pounds	3,223,054	868,155	4,091,209
Tons Dry Weight	1,611.5270	434.0755	2,045.6025
Gross Value Net of Treatment Charges	$49,448.92	$48,920.31	$98,369.23
Deductions Allowed	$15,476.38	$ 7,799.37	$23,275.75
Net Value	$33,972.54	$41,120.94	$75,093.48
Royalty Percentage	1.5% to 5%	5%	—
Royalties Due	$ 1,522.23	$ 2,056.04	$ 3,578.37
Royalties Received	$ 1,522.70	—	$ 1,522.70
Balance of Royalties Due	.37	$ 2,056.04	$ 2,055.67

This audit has confirmed the accuracy and propriety of the royalty payments received by the Finance Officer, and of the royalty payments due, for the period June 27, 1951 to February 11, 1954. It also has determined that all indicated sales of concentrates subject to IMEA royalties under the exploration contract and amendments, for which settlement sheets have been received, have been accounted for properly, as set forth in the foregoing tabulation, and Schedules 1 and 2 attached.

June 22, 1955

T. H. Breding, Auditor

SCHEDULE 1

UNITED STATES METALS CORPORATION

CONTRACT IDM-829, DOCKET NO. DMA-606

SUMMARY OF SMELTER PAYMENTS

June 27, 1951 to July 31, 1953

	SHENANDOAH DIVES MINING COMPANY	AMERICAN SMELTING AND REFINING CO. Leadville	AMERICAN SMELTING AND REFINING CO. Amarillo	TOTAL
Gross Weight Pounds	2,557,280	350,540	397,800	3,305,620
Net Weight Pounds	2,534,112	325,053	363,889	3,223,054
Tons	1,267.056	162.5265	181.9445	1,611.5270
Gross Value Net of Treatment Charges	$22,180.68	$18,721.42	$8,546.82	$49,448.92
Deductions Allowed	$ 9,875.15	$ 2,721.17	$2,880.06	$15,476.38
Net Value	$12,305.53	$16,000.25	$5,666.76	$33,972.54
Net Value per Ton	-	-	-	
Royalty Per Cent	1.5 - 5	5	5	
Due	$438.98	$800.01	$283.34	$1,522.33
Received	$458.18	$1,064.52		$1,522.70
OVERPAID				.37

SCHEDULE 2

CONTRACT I-DMA-E29

DOCKET NO. DMA-606

UNITED STATES METALS CORPORATION

SUMMARY OF SMELTER PAYMENTS

JUNE 27, 1951 TO FEBRUARY 11, 1954

Purchaser	Date of Sale	Lot No.	Gross Wt. In Pounds	Dry Weight Pounds	Dry Weight Tons	Gross Value Net of Treatment Chgs.	Deductions Allowed	Net Value	Net Value Dry Ton	Royalty %	Royalty Due
A.S.&R. - Leadville	9/21/53	T-10	78,960	73,512	36.756	$ 5,738.35	$ 584.08	$ 5,154.27	$140.23	5	$ 257.71
" "	10/6/53	L-9	80,020	74,379	37.1895	6,151.77	590.72	5,561.05	149.53	5	278.05
" "	12/3/53	SC-1	19,780	19,582	9.7910	1,727.23	181.65	1,545.58	157.86	5	77.28
" "	12/10/53	2	20,040	19,840	9.920	1,727.67	193.85	1,533.82	154.62	5	76.69
" "	1/7/54	SC-3	20,200	19,998	9.999	1,837.32	193.21	1,644.11	164.43	5	82.21
" "	1/28/54	L-18	32,360	30,354	15.177	2,513.31	255.70	2,257.61	148.75	5	112.88
" "	2/10/54	4	22,280	22,057	11.0285	1,738.53	203.70	1,534.83	124.67	5	76.74
TOTALS			273,640	259,722	129.8610	$21,434.18	$2,202.91	$19,231.27	148.09		$ 961.56
A.S.&R. - Amarillo	10/1/53	Z-6	92,420	84,102	42.051	$ 1,511.73	$ 767.14	$ 744.59	$ 17.71	5	$ 37.23
	9/29/53	Z-7	100,500	91,656	45.828	1,958.69	[illegible]	1,124.84	24.54	5	56.24
TOTALS			192,920	175,758	87.879	$ 3,470.42	$1,600.99	$ 1,869.43	$ 21.27	5	$ 93.47
U.S. S.R.&M. Co.	1/6/54	L-16	96,140	89,890	44.945	$ 8,512.58	$ 672.38	$ 7,840.20	$174.41	5	$ 392.01
" " "	1/12/54	Z-11 & CF-1	77,380	69,518	34.759	1,731.69	739.26	992.43	38.55	5	49.62
" " "	1/28/54	L-17	109,540	101,872	50.936	8,631.61	752.21	7,879.40	154.69	5	393.97
" " "	2/1/54	Z-12 & CF-1	91,960	82,727	41.3635	2,577.77	878.34	1,699.43	41.09	5	84.97
" " "	2/11/54	Z-13 & CF-2	97,760	88,668	44.334	2,562.06	953.28	1,608.78	36.28	5	80.44
TOTALS			472,780	432,675	216.3375	$24,015.71	$3,995.47	$20,020.24	$ 93.38		$1,001.01
SUMMARY TOTALS			939,340	868,155	434.0775	$48,920.31	$7,799.37	$41,120.94			$2,056.04

Check Sheet of Accompanying Engineer

Operator's Name U. S. Metals Corporation

Address 205 Mercantile Building

Denver, Colorado

Exploration Contract No. Idm-E29 Docket No. DMA 606

Date May 24, 1955

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

C. McHarrier
Mining Engineer

67958

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

AUG 22 1955

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

AIR MAIL

Re: Royalty Audit
United States Metals Corp.
Idm-E29, DMA-606

Dear Mr. Brading:

Receipt is acknowledged of the Washington copies of the First Royalty Audit Certificate and Report covering the referenced exploration project.

The copies of the Report have been amended by inserting an asterisk (*) after the amount of $41,659.92 appearing at the end of the penultimate paragraph on page 1 and adding the following footnote at the bottom of the page:

> **An Interim Audit Certificate issued by Donald T. Finch, DMEA Auditor, on April 12, 1954, states acceptable costs of $82,596.12 and valid payments of $41,298.06, thereby indicating an uncollected overpayment by the Government of $361.86.*

After these addenda are made on the original and all other copies, the Report and Certificate will be acceptable and normal distribution is authorized. However, advice would be appreciated as to why shipments only through February 11, 1954, were included although the audit was performed on May 27, 1955.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 22, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

AUG 29 1955

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Royalty Audit
United States Metals Corporation
Contract Idm-E29, Docket DMA-606

Dear Mr. Breding:

Reference is made to your letter of August 25, 1955, relative to your Royalty Audit Report covering the subject contract.

I concur with your alternate suggestion as stated in the second paragraph of the second page of your letter. Ordinarily, in similar situations where no Forms MF-104 have been received subsequent to the last audit, it is preferable to refer in your royalty audit report only to the findings of the cost audit.

In this particular case, however, the Washington copies of your Royalty Audit Report have been released after the addition of the footnote on page 1, as stated in my letter of August 22. Accordingly, and without establishing a precedent, I believe it would be best for you to make the same footnote on the field copies and then effect normal distribution.

No difficulties in this matter are anticipated even if our claim should eventually be presented to the Attorney General of the United States. Such a claim, provided no partial settlement is made by the Operator, would be stated in two amounts, (1) the amount of royalty due and (2) the amount of the overpayment including the Government's property salvage.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
August 29, 1955

Copyto: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
AUG 29 1955

224 New Customhouse
Denver 2, Colorado

August 25, 1955

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Washington 25, D.C.

Re: Royalty Audit, United States Metals Corporation, Docket DMA-606, Contract Idm-E29

Dear Mr. Talbert:

Reference is made to yours of August 22, 1955 regarding subject royalty audit.

The following explanation for the difference between the figures quoted in your letter accepted costs $82,596.12 and valid payments of $41,298.06 and the figures quoted in my report; total costs accepted by the Finance Officer at July 21, 1953, $83,319.86 Government participation $41,659.22 are submitted for your consideration.

At the time I completed the royalty audit (and the same condition exists today) Townsend was holding all copies of the last MF-104, which covers the period October, November and December 1953, in the amount of $2,117.60. This was included in the audit made by Donald T. Finch, but has not been released to the Finance Officer. This document was held up pending resumption of work. It was anticipated that there would be a sufficient amount included in the next MF-104 submitted by the Operator to take up the overpayment of $361.86. Inasmuch as the MF-104 had not been released to the Finance Officer, and payment to date of royalties were reconciled with his records, I went ahead and reconciled the allowed costs and Government participation with the same records.

In addition to the overpayment of $361.86 which is shown on the reconciliation attached, there is another factor involved if the operator does not resume work by September,1, 1955, and that is the disposal of equipment and supplies in which the Operator and the Government have a joint interest. A summary of these amounts shows the following:

Operating Equipment	$7,766.99
Initial Rehabilitation and Repairs	4,835.33
New Buildings and Improvements	3,707.22
Pipe	4,201.01
Track	3,484.15
Total	$23,994.70

and an undisclosed amount of operating supplies and repair parts.

It appears to me that this whole matter may wind up in court, and I am wondering if I make a statement regarding the overpayment of costs in a royalty audit report, and later on the Executive Officer makes a demand for repayment of this amount, plus the amount of Government participation in equipment, that it might appear that the two divisions are not working together.

There is an alternative as I see it and that would be for me to reqrite that portion of the first page as follows:

> "An Interim Audit Certificate issued by Donald T. Finch, DMEA auditor on April 12, 1954, states that acceptable costs at December 31, 1953 were $82,596.12 with Government participation of 50% or $41,298.06."

After you have given consideration to the matter please advise me the course you want me to pursue.

Operations have been recessed since February 1954, hence no shipments have been reported since that date. This is the reason for the variance in dates between shipments and date of audit.

Sincerely,

T. H. Brading
Auditor

RECEIVED
AUG 29 1955

U. S. Metals Corporation

Reconciliation of Outstanding Balances, Finance Officer's Records and Audit Report, Donald T. Finch, dated April 12, 1954.

Balance per Finance Officer's Records, July 31, 1953

Amount claimed by Operator	$83,319.86
Amount disbursed by Finance Officer	41,659.92

Balance per Donald T. Finch's Report, December 31, 1953

Amount claimed by Operator	$85,437.46
Disallowances per Audit Report	2,841.34
	$82,596.12
Government Participation 50%	41,298.06
Balance per Audit Report	85,437.46
Balance per Finance Officer's Records	83,319.86
X Difference	$ 2,117.60

X Represented by MF-104 for October, November and December, 1953 held by J. W. Townsend.

QUADRUPLICATE

STANDARD FORM 209c (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO. 14-23-040--14

Deposited with The Federal Reserve Bank of Kansas City, Denver, Colo. 6/9/[illegible]
(Name and location of depositary) (Date sent)

the sum shown opposite for credit, subject to check, in the disbursing account of—

$ 1,064.52

SYMBOL NO. 413

C. B. Evans, 363 New Customhouse, Denver 2, Colorado
(Name and address of officer to be credited)

On account of— 14X4401

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

JUN 9

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

1954
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. [illegible]

Sheet No. 1

Department of Interior (Department or Establishment)

(14-23-040) Atomic Minerals Exploration Administration (Bureau or Office)

Received by C. E. [illegible], Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period April, 1953 (Month or quarter ended)

D. O. Symbol No. 813

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
4/16-53		The Shenandoah-Dives Mining Co., Check No. 23853, drawn on The First National Bank Durango, Colorado	Repayment under the Mineral Exploration Program, I-MA-20, U. S. Vitale Corp.	$ 76.02	Atomic Defense Revolving Fund / Production Act, Interior
4/16/53		Combined Metals Reduction Company, Check No. 52275, drawn on The Walker Bank & Trust Co., Salt Lake City, Utah	Repayment under the Mineral Exploration Program, I-MA-1, United Consolidated Mining Co.	194.13	" "
4/16/53		American Smelting & Refining Co., (El Paso Smelter Works) Check No. 23831, drawn on the State National Bank, El Paso, Texas	Repayment under the Mineral Exploration Program, I-MA-3345 Ira L. Moseley	26.33	" "
4/16/53		Boulder Tungsten Mines Inc., Check No. 1157 drawn on the First National Bank in Boulder, Boulder, Colorado	Repayment under the Mineral Exploration Program, I-MA-1 333- George Jump	112.21	" "
4/16/53		American Smelting & Refining Co., (El Paso Smelting Works) Check No. 23824, drawn on The State National Bank, El Paso, Texas	Repayment under the Mineral Exploration Program, I-MA-3345 Ira L. Moseley	11.03	" "
			Total,	$420.32	

Received ....., subject to collection. Forwarded April 17, 1953

(Disbursing clerk or accountable officer)

By ..... (Name)

By .....

Naomi E. Stokes
Title Authorized Certifying Officer

Certificate of Deposit No. ..... dated .....

U. S. GOVERNMENT PRINTING OFFICE 10—1790

For Schedule of Collections No. DMA-53-C-51, dated April 2, 1953, giving royalty repayment of $54.41, see E-61.

For Schedule of Collections No. DMA-C-32, dated December 3, 1952, giving royalty repayment of $15.76, see E-6.

For Schedule of Collections No. DMA-C-31, dated November 13, 1952, giving royalty repayment of $64.86, see E-6.

For Schedule of Collections No. DMA-C-28, dated November 3, 1952, giving royalty repayment of $27.44, see E-4.

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-C-19

Sheet No. 1

(14-23-040)

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period September 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
9/25/52	23032	The Shenandoah-Dives Mining Co., Silverton, Colorado	Repayment under the Mineral Exploration Program, U. S. Metals Corporation, I-DMA-E-29	46.69	14X4401 Revolving Fund Defense Production Act, Interior
			Total,	46.69	

Received _____, subject to collection. Forwarded September 30, 1952

(Disbursing clerk or accountable officer)

By _____

By Naomi E. Stokes (Name)

Title Authorized Certifying Officer

Certificate of Deposit No. _____ dated _____

U. S. GOVERNMENT PRINTING OFFICE 10—1790

For Schedule of Collections No. DMA-C-12, dated September 3, 1952, giving royalty repayment of $49.54, see E-39.

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-C-7

Sheet No. 1

(14-23-040)

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period July, 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	~~Receipt~~ Check Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
8/6/52	22840	The Shenandoah Dives Mining Company Silverton, Colorado	Repayment under the Mineral Exploration Program, U. S. Metals Corporation, Contract No. I-DMA-E-29	11.39	14X4401 Revolving Fund Defense Production Act, Interior
			Total,	11.39	

Received C. E. Evans, subject to collection. Forwarded August 7, 1952

A.D.O.
(Disbursing clerk or accountable officer)

By

By Naomi E. Stokes (Name)

Title ~~Authorized Certifying Officer~~

Certificate of Deposit No. 218 dated Aug 12, 1952

U. S. GOVERNMENT PRINTING OFFICE 10—1790

N.O.

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-C-6

Sheet No. 1

(14-24-040)

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period July 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	~~Receipt~~ Check Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
7/28/52	714	West Park Mining Co. Provo, Utah	Repayment under the Mineral Exploration Program, West Park Mining Co., Contract I-DMA-E-291	67.37	14X4401 Revolving Fund Defense Production Act, Interior
7/28/52	22814	The Shenandoah-Dives Mining Co., Silverton, Colorado	Repayment under the Mineral Exploration Program, U. S. Metals, Corp., Contract No. I-DMA-E-29	25.71	"
			Total,	93.08	

Received _____, subject to collection.

C. E. Evans R.D.O.
(Disbursing clerk or accountable officer)

By _____

Certificate of Deposit No. 149 dated July 31, 1952

Forwarded July 29, 1952

By Naomi E. Stokes
Title Authorized Certifying Officer

U. S. GOVERNMENT PRINTING OFFICE 10—1790

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-53-C-3

Sheet No. 1

(14-24-040

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period July 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
7/17/52	22738	The Shenandoah-Dives Mining Co.	Payment under the Mineral Exploration Program, U.S. Oil & Development Co., Contract I-DMA-E-29	53.69	14X0441 Revolving Fund Defense Production Act, Interior
			Total,	53.69	

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1952

Received ....., subject to collection.

(Disbursing clerk or accountable officer)

By .....

Forwarded July 17, 1952

By .....
Naomi E. Stokes (Name)
Title Authorized Certifying Officer

Certificate of Deposit No. ..... dated .....

U. S. GOVERNMENT PRINTING OFFICE 10—1790

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-53-C-1

Sheet No. 1

(14-24-040)

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period July, 1953 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
7/7/52	22695	The Shenandoah-Dives Mining Co.	Payment under the Mineral Exploration Program, June 1952. Contract I-DMA-E-29. U. S. Oil & Development Co.	22.25	14X4401 Revolving Fund Defense Production Act, Interior
			Total,	22.25	

Received _____, subject to collection.

Forwarded JUL 8 1952

(Disbursing clerk or accountable officer)

By _____

By Naomi E. Stokes

Title Authorized Certifying Officer

Certificate of Deposit No. _____ dated _____

U. S. GOVERNMENT PRINTING OFFICE 10—1790

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

(14-24-040)

Schedule No. DMA-52-C-10

Sheet No. 1

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period May, 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
6/9/52	22583	Shenandoah Dives Mining Company, Silverton, Colo.	Repayment under the Mineral Exploration Program loan, May, 1952. U. S. Oil and Development Contract I-DMA-E-29	10.42	14X4401 Revolving Fund, Defense Production Act., Interior
			Total,	10.42	

Received _____, subject to collection.

Forwarded June 12, 1952

_____
(Disbursing clerk or accountable officer)

By _____

By Naomi E. Stokes

Title Authorized Certifying Officer

Certificate of Deposit No. 1641 dated June 16, 1952

U. S. GOVERNMENT PRINTING OFFICE 10—1790

DEPARTMENT OF MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

RECEIVED
APR 1 1 1956

I have reviewed the Monthly Reports of:

U. S. Metals Corporation
(formerly U. S. Oil & Development Corporation)
210 Mercantile Building
Denver, Colorado

pertaining to Exploration Project Contract No. Idm-329, Docket No. DMA-606, including Amendment Nos. 1 through 14, for the months of July 1951, to December 1953, inclusive, covering a project for the exploration of lead, zinc, and copper on property, known as the Henrietta Mine located in San Juan County, Colorado.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer of the DMEA Field Team, Region III, and a determination of the reasonableness and propriety of the costs.

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

(a) All of the accepted costs, excepting a subsequent credit for the salvage value of project equipment, were covered by an Interim Audit Report and Certificate issued by this auditor on April 12, 1954; and

(b) Due to the failure of the Operator upon termination of the contract to dispose of project equipment in accordance with contract provisions, the Administration established an estimated salvage value as evidenced by the Solicitor's letter to the Attorney General under date of April 2, 1956.

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

Total cost as billed by Contractor		$85,437.46
Less: Salvage value of equipment		4,421.06
Net cost as claimed by Contractor		81,016.40
Exceptions:		
Per Audit Report	$2,841.34	
Herewith	-0-	2,841.34
Total Accepted Cost		$78,175.06

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirty-nine thousand eighty-seven and 53/100 Dollars

$39,087.53

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

Donald T. Finch
Donald T. Finch, Auditor

April 9, 1956

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

RECEIVED
APR 11 1956

224 New Customhouse
Denver 2, Colorado

April 9, 1956

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

Re: U. S. Metals Corporation
Idm-E29, DMA-606
and
Idm-E309, DMEA-1870

Dear Mr. Chambers:

Pursuant to your letter April 5, 1956, I have examined the Reports of Review for the subject contracts which were prepared in your office.

I concur with the reports and am making standard distribution of them today.

Enclosed are three signed copies of each report for your files.

Sincerely yours,

Donald T. Finch

Donald T. Finch, Auditor

Encs.

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

APR 5 1956

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-E29, DMA-606
and
Idm-E369, DMEA-1870
U. S. Metals Corporation

Dear Mr. Finch:

In a letter dated September 12, 1955, relative to the referenced contracts Mr. Bruding stated:

> "In view of the fact that the last interim audits in both instances covered the last MR-164's submitted by the Operator, a Report of Review will be issued just as soon as the amount of property liquidation is determined and the Engineer's Final Report is released."

The amounts of the property liquidation have been determined and the matter of the Operator's indebtedness to the Government for the Government's equity therein, plus prior overpayments and royalty due, has been referred to the Attorney General by the Solicitor's letter of April 2, 1956. Therefore, the release of appropriate Reports of Review is in order.

Enclosed are the originals and seven copies each of Reports of Review for the referenced projects. If you concur with these reports, please affix your signature and distribute the copies in the normal manner, including the return to this Division of three signed copies of each report.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosures

EDTalbert/wb
April 4, 1956

Copy to: Docket (2)
Admr. Reading File
Mr. Chambers

C
O
P
Y

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

224 New Customhouse
Denver 2, Colorado

February 15, 1954.

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 606 (Lead-Zinc), Contract No. Idm-E29, U. S. Metals Corporation, Henrietta Mine, San Juan County, Colorado.

Reference is made to your memorandum dated February 9, 1954 concerning an overpayment for Supervision on the Operator's monthly report for May 1953.

"Supervision" was charged at $500.00 for May 1953 whereas this amount should have been prorated one-third to the Hercules, Henrietta and Surprise, making the correct "Supervision" charge to Contract Idm-E29 $166.67 for this month. The difference or $333.33 will be deducted before payment is made for work performed in October and November 1953. Reports for these months are being held in this office pending resumption of work.

/s/ W. H. King

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

FEB - 5 1954

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

Re: Docket DMA-606, (Lead-Zinc)
Contract No. Idm-E29
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado

Dear Mr. King:

Reference is made to the May, 1953, form MF-104 for the subject Exploration Project Contract.

Included in the costs approved for that month is an item of $500.00 for Supervision, which is the maximum charge allowable under the terms of Amendment No. 6. However, the Operator's narrative attached to the MF-104 states that "the Superintendent's salary will be divided equally between the Hercules, Henrietta and Surprise operations." Also, for the three months prior to May, 1953, only $166.66 per month was claimed for Supervision by the Operator.

It is believed that the project has been overcharged for this item. Will you please give us an explanation for the increased charge for Supervision?

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Bishop
Mr. Kinkel
Mr. Griswold
Mr. Chambers

EDTalbert/wb
February 5, 1954

COPY

BUR MINES 3-3-55

J. L. CHAMBERS, CHIEF, CONTRACT AND AUDIT DIVISION, DMEA

REURTEL. AMOUNTS BEING WITHHELD FROM PAYMENT ON FOLLOWING CONTRACTS.

IDM E-21	1100	United PARK CITY MINES CO.	NONE
26	487	SILVER BAY MINES, INC.	$2,275.00
29	606	U. S. METALS CORP.	1,991.30
67	371	PERU MINING COMPANY	2,721.35
84	1525	Moreno Uranium Corp.	1,329.89
309	1870	U. S. METALS CORP.	NONE

THOMAS H. BRADING

C
O
P
Y

TELETYPE

MAR 2 1955

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Please retel amounts claimed by operators on forms MF-104 being withheld from payment on following contracts:

Idm-E21	DMEA-1100	United Park City Mines Co.
26	487	Silver Bay Mines, Inc.
29	606	U. S. Metals Corporation
67	371	Peru Mining Company
84	1525	Moreno Uranium Corp.
309	1870	U. S. Metals Corporation

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 2, 1955

Copy to: Mails & Files
Admr. Reading File
Mr. Chambers
Confirmation

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

3rd INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

U. S. Metals Corporation
(Formerly U. S. Oil and Metals Corporation)
210 Mercantile Building
1031 - 15th Street
Denver, Colorado

pertaining to Exploration Contract Idm-229, Docket DMA No. 606 including Amendments Nos. 1 through 9, covering a project of exploration for Lead, Zinc, Copper, located about 10 miles from Silverton, Colorado, in the Red Mountain Mining District, San Juan County, Colorado, and commonly known as the Henrietta Mine, for the period July 27, 1951 to December 31, 1953.

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

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

Total Cost per MF-104		$85,437.46
Exceptions (See Audit Report for details)		
During this Audit	$2,841.34	
Prior to this Audit	None	2,841.34
Total Accepted Cost		$82,596.12

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Forty-one Thousand two hundred ninety-eight and 06/100ths dollars

$41,298.06

is valid and proper.

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

Dated: April 12, 1954

Donald T. Frank
Auditor

3rd Interim Audit Report

I Introduction

A third interim Audit was made on March 29 to April 5, 1954 (covering the period July 27, 1951 to December 31, 1953) of the records of operations pertaining to Contract No. Idm-E29, Docket No. DMA 606 and Amendments Nos. 1 through 9, with the

U. S. Metals Corporation
(Formerly U. S. Oil and Metals Corporation)
210 Mercantile Building
1031 - 15th Street
Denver, Colorado

covering a project of exploration for Lead, Zinc, Copper, located about 10 miles from Silverton, Colorado, in the Red Mountain Mining District, San Juan County, Colorado, and commonly known as the Henrietta Mine.

The accounting records under the contract are in the Denver Office of the company at the above address. During the course of the audit Mr. Walter A. Falk, Chairman of the Board, Mr. Carl H. Peterson, Secretary, and Mr. Alfred O. Brehmer, Treasurer, were consulted when necessary.

Mr. W. L. Dare, Mining Engineer, collaborated in the audit.

II General Information on Records

The original records covering the costs of this project are recorded on monthly summary sheets which form the basis for preparation of the monthly MF-104 reports. This audit, therefore, involved in general a check of original invoices, warehouse withdrawals, and payrolls against the monthly summary sheets and reconciliation with the monthly MF-104 reports. Costs were recorded on a combination of cash and accrual basis.

Prior to the on-site audit, considerable pre-audit analysis was performed in the DMEA Office at Denver, Colorado.

III Scope of Audit and Findings

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher for December, 1953.

In view of the previous audits by Donald T. Finch, DMEA Auditor, covering the period July 27, 1951 to August 31, 1952, except as otherwise indicated this audit was restricted to the costs claimed by the Operator since that later date.

The extent of the audit and findings under each of the "Items of Cost" follows:

(1) Independent Contracts

There were no sub-contracts applicable to this project. Amounts shown by the Operator on its MF-104 reports as Independent Contracts were applicable to methods of payment to mine crews on the basis of footage advance which was authorized in Exhibit D, Page 4 of Amendment No. 6 to the Exploration Contract. The distribution of labor has been corrected in this Audit Report.

(2) Labor and Supervision

(a) Labor

All charges for labor during the period September 1, 1952 to December 31, 1953 were supported by daily time reports submitted by the Mine Superintendent which were summarized on monthly payroll sheets. All of these charges and computations were examined in detail by the Mining Engineer and the Auditor. Rates were found to be within the limits authorized by Amendment No. 6 to the Exploration Contract. All charges claimed for compensation of labor on a footage advance basis were recomputed. Payroll summaries and extensions were also proven during the Audit.

Labor not applicable to the Exploration Contract totalling $1,113.76 is disallowed by this audit. Exhibit A attached to and made a part of this Audit Report is an itemized list of labor disallowances. This list was reviewed in detail with Mr. Alfred O. Brehmer, Treasurer of the Operator, who agreed with the disallowances. Analysis of the acceptable charges for labor follows:

Balance per previous audit	$18,991.22
Less: Transfer this audit to "Roads and Trails" authorized by Amendment No. 6	1,626.74
	$17,364.48
Period September 1, 1952 to December 3, 1953	12,751.34
Acceptable Total Labor Charges, December 31, 1953 - -	$30,115.82

(b) Supervision

All charges for supervision for the period September 1, 1952 to December 31, 1953 were checked in detail to monthly payrolls. Charges for supervision represented the allocated portion of the Superintendent's salary at the rate authorized by the Exploration Contract. The method of allocation used was on an average man day basis. The audit disclosed the following disallowances of Supervision charges which are considered applicable to the Operator's activities not covered by the Exploration Contract.

October 1952:	Total salary $500.00 which should have been distributed 1/3 Exploration and 2/3 Mining (Operator claimed $250.00) Disallow ($250.00 less $166.66)	$83.34

November 1952: See Explanation October, above	$83.34
December 1952: See Explanation October, above	83.34
May 1953: Total salary $500.00 which should have been distributed 1/3 Exploration, 2/3 Mining. (Operator claimed $500.00) Disallow 2/3 of $500.00	333.34
October 1953: Operator claimed $75.00 for last week in October. Should have claimed $37.50. Disallow	37.50
Total Audit disallowances of Supervision Charges	$620.86

The foregoing disallowances were reviewed in detail with Mr. Brehmer, Treasurer, who agreed with them.

The acceptable charges for supervision shown in the following analysis are considered reasonable by the Executive Officer, the Mining Engineer, and the Auditor:

Balance per Previous Audit		$4,400.00
Period September 1, 1952 to December 31, 1953		
To Joseph Trudgeon, Superintendent	$1,541.62	
To Walter W. Bentley, Superintendent	552.50	2,094.12
Total Acceptable Supervision December 31, 1953		$6,494.12

(c) Technical Services

Not applicable to this Contract

(3) Operating Materials and Supplies

All charges for Operating Materials and Supplies for the period September 1, 1952 to December 31, 1953 were supported by invoices which were examined in detail for amounts, propriety, and reasonableness. The company does not maintain a complete stores system and with the exception of explosives and timber, items of Operating Materials and Supplies are charged direct to the applicable operations. Explosives are purchased in ton lots, and timber in large quantities. These items are charged out when used at average cost without any markup. This is the same basis used by the Operator in charging its other operations.

Charges for electric power during the period September 1, 1952 to December 31, 1953 were supported by invoices which were examined. The power charges were distributed 50% to Exploration and 50% to Mining. An analysis by the Mining Engineer, concurred in by the Auditor, discloses this allocation to be reasonable and equitable.

An overcharge for explosives of $1.27 on the MF-104 for May, 1953, due to an error in arithmetic is disallowed in this audit.

Charges for power allocated from power bills covering the periods May 14 to June 13, 1953 and June 14 to July 13, 1953 in the total amount of $90.14 are disallowed because the amounts are applicable to periods of recess of operations under the Exploration Con-

tract. The Operator and Executive Officer of the DMEA Field Team, Region IV, concur in this disallowance.

An analysis of the acceptable cost of Operating Materials and Supplies follows:

	Balance per Previous Audit	Period Sept. 1, 1952 to Dec.31, 1953	Accepted Totals
Timber	$606.52	$1,493.89	$2,100.41
Explosives	173.18	991.82	1,165.00
Pipe	4,031.01	170.00	4,201.01
Track	3,325.13	159.02	3,484.15
Power	353.20	1,002.76	1,355.96
Sub-Total	$8489. 04	$3,817.49	$12,306.53
Other Supplies			
Vent Tubing	1,300.00	671.86	1,971.86
Transportation(Jeep & Truck expense)	2,293.05	642.24	2,935.29
Small tools and miscellaneous supplies, such as nails, sundry hardware, nuts, bolts, pick and shovel handles, fittings, etc.	310.39	121.41	431.80
Welding Supplies	479.96	187.89	667.85
Drill Steel and Conditioning	497.51	194.75	692.26
Diesel Fuel,Prestone,Oils & Greases	2447.22	957.99	3,405.21
Total Other Supplies	$7,328.13	$2,776.14	$10,104.27
Total Operating Materials and Supplies	$15,817.17	$6,593.63	$22,410.80

(4) Operating Equipment

(a) Rental

All charges for equipment rental during the period September 1, 1952 to December 31, 1953 were supported by invoices which were examined. These charges were for lamp rentals authorized in Amendment No. 8 to the Exploration Contract. An overcharge of $3.33 on the MF-104 report for March 1953 is disallowed and of $10.92 for lamp rental applicable to a period of recess in operations under the Exploration Contract. The acceptable cost of Lamp rental amounts to $97.51 and represents the authorized rental of $1.79 per lamp per month when used on the project.

(b) Purchases

All charges for purchases of operating equipment during the period September 1, 1952 to December 31, 1953 were supported by invoices which were examined. These purchases were items authorized by Exhibit C of Amendment No. 6 to the Exploration Contract. Analysis of this element of cost follows:

Period July 27, 1951 to August 31, 1952

Compressor	$3,500.00	
Electric Motor	100.00	
Wheelbarrow	35.00	
Socket Wrenches	61.88	
Electric Drill	46.25	
Welding Outfit	142.49	
Rail Bender	90.20	
Power Saw	138.72	
Bench Grinder	60.80	
Fire Extinguishers	104.20	
Tramaire	1,681.40	
*Jackhammer & Leg	416.50	
Galvanometer	22.70	
Balance per Previous Audit		$6,400.14

Period September 1, 1952 to December 31, 1953

*Balance on Jackhammer & Leg	122.45	
2 Sutorbilt Blowers with Motor	1,244.40	1,366.85
Acceptable cost of equipment purchased as of December 31, 1953		$7,766.99

(c) Depreciation

Not applicable.

(5) Initial Rehabilitation and Repairs

There were no claimed charges for Initial Rehabilitation and Repairs during the period September 1, 1952 to December 31, 1953.

According to a letter from the Operator to the Executive Officer, DMEA Field Team dated October 6, 1953, the amount includes the following charges for new parts for the H.D.14 Caterpillar Tractor that were never used:

7 Track Rollers @ $98.65	$690.55	
20 Pads for same @ 6.48	129.60	
Total		$820.15

These parts should have been returned for credit. The Exploration Contract and Amendment No. 6 thereto provided for the necessary initial repair of the tractor but does not provide for a standby inventory of Repair Parts. Such standby inventory is not considered necessary because of the relative proximity to suppliers.

The above amount of $820.15 is disallowed. The Executive Officer of the DMEA Field Team, Region IV, concurs in this disallowance and Mr. Brehmer, Treasurer of the Operator, agrees to it for the Operator.

The accepted amount for Initial Rehabilitation and Repairs as adjusted by the foregoing disallowance is $4,835.33.

(6) New Buildings and Improvements

There were no claimed charges for New Buildings and Improvements during the period September 1, 1952 to December 31, 1953. Analysis of the amount is as follows:

Surface Buildings		
Materials and Supplies	$1,215.77	
Labor and Supervision	2,106.87	$3,322.64
Power Line Extension		
Materials and Supplies	$103.68	
Labor	280.90	384.58
Acceptable total		$3,707.22

(7) Miscellaneous

(a) Repairs to Equipment:

All charges for repairs to equipment during the period September 1, 1952 to December 31, 1953, were supported by invoices which were examined during the audit for amounts, propriety, and reasonableness.

Analysis of the amount follows:

	Balance per Previous Audit	Period Sept. 1, 1952 to Dec. 31, 1953	Accepted Totals
Compressor	$449.06	$40.52	$489.58
Mucking Machine	323.75	-	323.75
Slusher	71.70	-	71.70
Drills	174.34	219.10	393.44
Chain Saw	-	35.97	35.97
Accepted Totals	$1,018.85	$295.59	$1,314.44

(b) Payroll Taxes

All charges for Payroll Taxes for the period September 1, 1952 to December 31, 1953, were confirmed by recomputation, using rates that the Operator's files indicated as being in effect. These rates were F.I.C.A. 1.5%, F.U.C.A. 3/10% and Colorado State Unemployment 2.7%.

The following disallowances of Payroll Taxes are applicable to Labor and Supervision disallowed either by the Certifying Officer or by this audit.

	F.I.C.A.	F.U.C.A.	Colo.State Unemployment	Total
Labor disallowed by Certifying Officer, adjusted by Operator amounted to $946.18	$14.19	None Claimed	$25.54	$39.73
Labor and Supervision disallowed by this audit amounted to $1734.62.	26.01		46.83	72.84
Labor and Supervision disallowed by audit upon which Operator claimed F.U.C.A. amounted to $356.35	-	$1.07	-	1.07
Total disallowances of Payroll Taxes made by audit	$40.20	$1.07	$72.37	$113.64

Analysis of the Acceptable Payroll Taxes follows:

	Balance per Previous Audit	Period Sept. 1, 1952 to Dec. 31, 1953	Accepted Totals
F.I.C.A.	$173.69	$246.18	$419.87
F.U.C.A.	None claimed	40.61	40.61
Colorado Unemployment	427.25	599.06	1,026.31
Accepted Totals	$ 600.94	$885.85	$1,486.79

(c) Liability Insurance

All charges for Workmen's Compensation and Occupational Disease Insurance during the period September 1, 1952 to December 31, 1953, were confirmed by recomputation using rates which the Operator's files indicated as being in effect. These rates were 2.51% of applicable payroll except for the month of December 1953 when the rate was increased to 3.074%.

The following disallowances of Liability Insurance are made by this audit:

Labor disallowed by Certifying Officer and for which the Operator had adjusted the labor account amounted to $946.18. Insurance at 2.51% disallowed.	$23.74
Labor and Supervision disallowed by audit amounted to $1,734.62, Insurance disallowed at 2.51%	43.53
Total Liability Insurance disallowed	$67.27

The acceptable charges for liability insurance consisted of the following:

Balance per previous audit	$740.22
Period September 1, 1952 to December 31, 1953	400.14
Acceptable Total	$1,140.36

(d) Roads and Trails

Amendment No. 6 to the Exploration Contract provided, among other things, for the construction and maintenance of access roads and trails as approved by the DMEA Field Team.

A letter to the Operator from the Executive Officer, DMEA Field Team, Region IV dated September 26, 1952 limited the total expenditures for this purpose to $3,226.74.

All charges for Roads and Trails during the period September 1, 1952 to December 31, 1953 were supported by payrolls or invoices which were examined. Analysis of the account follows:

Balance at time of previous audit		$1,626.74
Period September 1, 1952 to December 31, 1953		
Labor	$1,041.92	
Cat. Repairs & Supplies	558.08	1,600.00
Acceptable Total December 31, 1953		$3,226.74

IV Conclusions and Recommendations

The totals to date on the Operator's MF-104 A Report for December 1953 agree with the totals to date on the companion MF-104 Report. It is recommended the disallowances set forth in this audit report be reflected by the Operator on the MF-104 A Report.

This audit has disclosed that all costs as charged to this project with the exception of the disallowances itemized under:

(2)(a) Labor
(2)(b) Supervision
(3) Explosives
(3) Power
(4)(a) Operating Equipment, Rental
(5) Initial Rehabilitation and Repairs
(7)(b) Payroll Taxes
(7)(c) Liability Insurance

of the preceding section of this report, are reasonable and proper under the terms of the Contract, including Amendments Nos. 1 through 9.

The adjustments between Items of Costs, as shown on the December 1953, MF-104, the recommended disallowances, and approved amounts, are summarized as follows:

	Totals To date December 1953 MF-104	Distri-bution Corrected	Dis-allowed by Audit	Accepted Totals December 28, 1953
Independent Contracts				
Surprise Drift	$ 923.02			
Raise	219.38			
Rehabilitation Lateral	3851.08			
Drifting Rehabilitation	6788.84			
Labor & Supervision				
Labor	22,115.92	31,229.58	1113.76	30,115.82
Supervision	7114.98	7114.98	620.86	6494.12
Technical Services	--			
Operating Materials & Supplies				
Timber	1871.82	2100.41		2100.41
Explosives	893.29	1166.27	1.27	1165.00
Pipe	4151.42	4201.01		4201.01
Track	3325.13	3484.15		3484.15
Power	1446.10	1446.10	90.14	1355.96
Other	6061.54	10,104.27		10,104.27
Operating Equipment				
Rental		111.76	14.25	97.51
Purchase	7766.99	7766.99		7766.99
Depreciation	--			
Initial Rehabilitation & Repairs	5655.48	5655.48	820.15	4835.33
New Buildings & Improvements	3707.22	3707.22		3707.22
Miscellaneous				
Repairs to Equipment	1829.54	1314.44		1314.44
Sampling & Analysis	--			
Payroll Taxes	887.33	1600.43	113.64	1486.79
Liability Insurance	1207.63	1207.63	67.27	1140.36
Colorado Unemployment Tax	713.10			
Vent Tube	1971.86			
Transportation	2935.79			
Roads and Trails		3226.74		3226.74
Totals	$85,437.46	$85,437.46	$2841.34	$82,596.12

At the conclusion of the audit the findings were discussed with the Treasurer of the Operator, Mr. Alfred O. Brehmer, and with the Executive Officer of the DMEA Field Team, Region IV.

Mr. Brehmer agreed to adjust the Operator's records to reflect the recommended disallowances. The Executive Officer of the Field Team concurs in these disallowances.

Donald T. Finch

Dated: April 12, 1954

Donald T. Finch, Auditor

U. S. METALS CORPORATION

Contract Idm-E29

Docket DMA-606

E X H I B I T "A"

Payroll Deletions

Date		Hours	Rate	Amount
September 1952				
8.	Herbert Grey (Not Exploration work)	8	$1.50	$12.00
9.	Herbert Grey (" " ")	8	1.50	12.00
10.	Herbert Grey (" " ")	4	1.50	6.00
12.	Herbert Grey (" " ")	8	1.50	12.00
12.	Tom Thompson (" " ")	8	1.50	12.00
12.	Edward Miller(" " ")	8	1.50	12.00
13.	Herbert Grey (" " ")	8	1.50	12.00
13.	Tom Thompson (No indication where worked)	8	1.50	12.00
13.	William Bevans (Not Exploration work)	8	1.50	12.00
13.	Edward Miller (" " ")	8	1.50	12.00
15.	Tom Thompson (" " ")	4	1.50	6.00
16.	Herbert Grey (" " ")	8	1.50	12.00
21.	Charles Moore (No indication where worked)	4	1.50	6.00
22.	Pum A. Rice (Not Exploration work)	8	1.50	12.00
23.	Herbert Grey (" " ")	8	1.50	12.00
23.	Pum A. Rice (" " ")	8	1.50	12.00
24.	Herbert Grey (" " ")	8	1.50	12.00
24.	Pum A. Rice (" " ")	8	1.50	12.00
24.	Blas Rodman (" " ")	4	1.50	6.00
25.	Herbert Grey (" " ")	8	1.50	12.00
25.	Pum A. Rice (" " ")	8	1.50	12.00
26.	Pum A. Rice (" " ")	4	1.50	6.00
26.	Earl LeRoy Daniels (Not Exploration work)	4	1.50	6.00
30.	Charles Moore (No indication where worked)	4	1.50	6.00
October 1952				
1.	Herbert Grey (No indication where worked)	8	1.50	12.00
1.	Charles Witham(" " " ")	4	1.50	6.00
2.	Charles Witham(" " " ")	8	1.50	12.00
3.	Charles Moore (Not Exploration work)	1-1/3	2.00	2.67
3.	Charles Witham(No indication where worked)	8	1.50	12.00
11.	Charles Moore (Not Exploration work)	1-1/3	2.00	2.67
16.	Charles Setterquist (Mining on Hercules)	4	1.50	6.00
21.	Charles Moore (Not Exploration work)	1-1/3	2.00	2.67
23.	Sam Talbott (" " ")	4	1.75	7.00
24.	Sam Talbott (" " ")	4	1.75	7.00
25.	Charles Moore (" " ")	1-1/3	2.00	2.67
25.	Sam Talbott (" " ")	4	1.75	7.00
27.	Charles Moore (" " ")	1-1/3	2.00	2.67
27.	Sam Talbott (" " ")	4	1.75	7.00
28.	Sam Talbott (" " ")	4	1.75	7.00

		Hours	Rate	Amount
November 1952				
20.	Ivan Adee (Not Exploration work)	8	$1.50	$12.00
December 1952				
	Charles Moore (Not Exploration work)	1	2.00	2.00
February 1953				
16.	William Roper (Not Exploration work)	4	1.75	7.00
17.	Charles Moore (" " ")	4	2.00	8.00
23.	Charles Moore (" " ")	4	2.00	8.00
24.	Charles Moore (" " ")	4	2.00	8.00
25.	Charles Moore (" " ")	4	2.00	8.00
26.	Charles Moore (" " ")	4	2.00	8.00
27.	Charles Moore (" " ")	4	2.00	8.00
28.	Wagner & Young (Overcharge Contract work)	-	-	10.00
March 1953				
6.	Charles Moore (Not Exploration work)	4-1/3	2.00	8.67
6.	Sam Talbott (" " ")	4	1.75	7.00
7.	Charles Lamphere (Not Exploration work)	4	1.50	6.00
10.	Charles Moore (Not Exploration work)	4	2.00	8.00
11.	Sam Talbott (" " ")	4	1.75	7.00
12.	Charles Moore (" " ")	4	2.00	8.00
12.	Sam Talbott (" " ")	4	1.75	7.00
13.	Charles Moore (" " ")	4	2.00	8.00
13.	Sam Talbott (" " ")	4	1.75	7.00
16.	Charles Moore (" " ")	4	2.00	8.00
16.	Edward Miller (" " ")	4	1.50	6.00
20.	Charles Moore (" " ")	8	2.00	16.00
25.	William Roper (" " ")	4	1.75	7.00
April 1953				
1.	Ed. Rozell (Not Exploration work)	4	1.50	6.00
2.	Ken. Waggoner (" " ")	4	1.75	7.00
2.	Ken. Lorenz (" " ")	4	1.50	6.00
3.	Ken. Waggoner (" " ")	4	1.75	7.00
4.	Ken. Lorenz (" " ")	8	1.50	12.00
4.	Ken. Waggoner (" " ")	4	1.75	7.00
6.	Ken. Waggoner (" " ")	4	1.75	7.00
7.	Ken. Waggoner (" " ")	4	1.75	7.00
8.	Ken. Waggoner (" " ")	4	1.75	7.00
9.	Ken. Waggoner (" " ")	4	1.75	7.00
10.	Earl Daniels (" " ")	2-2/3	1.75	4.67
10.	Ken. Waggoner (" " ")	4	1.75	7.00
10.	James Spaulding (" " ")	8	1.50	12.00
10.	Ray Andrean (" " ")	8	1.50	12.00
11.	Earl Daniels (" " ")	4	1.75	7.00
11.	Ken. Waggoner (" " ")	4	2.62½	10.50
13.	Ken. Waggoner (" " ")	4	1.75	7.00
14.	Ken. Waggoner (" " ")	4	1.75	7.00

		Hours	Rate	Amount
	tinued)			
	oner (Not Exploration work)	4	$1.75	$7.00
	goner (" " ")	4	1.75	7.00
	ubbard (" " ")	8	1.50	12.00
	aggoner (" " ")	4	1.75	7.00
	Kalego (" " ")	4	1.75	7.00
	Waggoner (" " ")	4	2.62½	10.50
	liam Roper (" " ")	4	2.62½	10.50
	er Pipin (" " ")	8	1.50	12.00
	nry Kalego (" " ")	4	2.62½	10.50
	en. Waggoner (" " ")	4	1.75	7.00
	Henry Kalego (" " ")	4	1.75	7.00
	Ed. Razell (" " ")	4	1.50	6.00
21.	Ken. Waggoner (" " ")	4	1.75	7.00
21.	Henry Kalego (" " ")	4	1.75	7.00
22.	Ken. Waggoner (" " ")	4	1.75	7.00
22.	Henry Kalego (" " ")	4	1.75	7.00
23.	Ken. Waggoner (" " ")	4	1.75	7.00
23.	Henry Kalego (" " ")	4	1.75	7.00
24.	Ken. Waggoner (" " ")	4	1.75	7.00
24.	Henry Kalego (" " ")	4	1.75	7.00
25.	Ken. Waggoner (" " ")	4	2.62½	10.50
25.	Henry Kalego (" " ")	4	2.62½	10.50
27.	Ken. Waggoner (" " ")	4	1.75	7.00
27.	Francis Thomas (" " ")	8	4.29	34.32
28.	Ken. Waggoner (" " ")	4	1.75	7.00
28.	Henry Kalego (" " ")	4	1.75	7.00
29.	Ken. Waggoner (" " ")	4	1.75	7.00
29.	Henry Kalego (" " ")	4	1.75	7.00
30.	Ken. Waggoner (" " ")	4	1.75	7.00
30.	Henry Kalego (" " ")	4	1.75	7.00
May 1953				
9.	Sam Talbott (Not Exploration work)	8	1.75	14.00
16.	William T. Roper (Not Exploration work)	8	1.75	14.00
26.	H. D. Hubbard (Not Exploration work)	8	1.50	12.00
26.	Francis D. Rhodes (Not Exploration work)	4	1.50	6.00
30.	Francis B. Thomas (" " ")	8	2.25	18.00
30.	Felix Moretti (" " ")	8	2.25	18.00
October 1953				
26.	William Gianetto (Not Exploration work)	8	1.50	12.00
26.	Ken. Waggoner (" " ")	8	1.50	12.00
27.	William Gianetto (" " ")	8	1.50	12.00
27.	Ken. Waggoner (" " ")	8	1.50	12.00
28.	William Gianetto (" " ")	8	1.50	12.00
28.	Ken. Waggoner (" " ")	8	1.50	12.00
29.	William Gianetto (" " ")	8	1.50	12.00
29.	Ken. Waggoner (" " ")	8	1.50	12.00

	Hours	Rate	Amount
November 1953			
7. Paul Lucero (Not Exploration work)	2	$1.50	$3.00
14. Paul Lucero (" " ")	2½	1.50	3.75
Total Labor disallowed as not being Exploration work for the period September 1, 1952 to December 28, 1953			$1113.76

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

APR 21 1954

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Idm-X29, DMA-606
(Henrietta Mine)
and
Idm-X309, DMA-1870
(Joe and John Mine)
U. S. Metals Corporation

Dear Mr. Finch:

Receipt is acknowledged of your Audit Reports and Certificates covering the above-cited contracts with the U. S. Metals Corporation.

The Reports and Certificates are acceptable and may be distributed in the usual manner.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
April 21, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 26 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1953 Docket No. DMEA 606 Contract No. IDMA-B29
Operator's Name U. S. METALS CORPORATION Minerals LEAD & ZINC
Address 210 Mercantile Bldg., Denver, Colorado
Contract Amount, $ 113,638.34 Government Participation: 50% Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Sump. Drift		923.02	923.02			
Bulldozing Raise		219.38	219.38			
Crosscutting						
Rehab. Lateral		3851.08	3851.08			
Drifting Rehab.	240.00	6548.84	6788.84			
(2) Labor and Supervision:						
Labor	442.50	21673.42	22115.92			
Supervision	590.00	6524.98	7114.98			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	293.35	1578.47	1871.82			
Explosives		893.29	893.29			
Pipe		4151.42	4151.42			
Track		3325.13	3325.13			
Power	284.06	1162.04	1446.10			
Other	46.69	6014.85	6061.54			
(4) Operating Equipment:						
Rental						
Purchase		7766.99	7766.99			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3707.22	3707.22			
(7) Miscellaneous:						
Repairs to Equipment		1829.54	1829.54			
Sampling and Analysis						
Payroll Taxes	12.09	888.24	897.33			
Liability Insurance	90.12	1169.51	1207.63			
Colo. Sn. Tax	34.36	678.74	713.10			
Vent Tube		1971.86	1971.86			
(8) Contingencies (specify):						
Transportation	128.23	2807.56	2935.79			
TOTALS	2117.60	83319.86	85437.46			

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

Date 12-30-53 *Payee U. S. METALS CORPORATION

Per Carl M. Peterson Title Secretary

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

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

(Instructions on reverse)

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

$ No payment

Signature RKB
(Authorized Certifying Officer)

Date 9-20-55 Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-229 in accordance with the terms of the contract.

Signature [illegible] $995.65 Title Mining Engineer Date 1-12-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date SEP 16 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 26 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 195 3 Docket No. DMEA 606 Contract No. DMA-E29
Operator's Name U. S. METALS CORPORATION Minerals LEAD & ZINC
Address 210 Mercantile Bld., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting & Lateral drifting	ft.	None	None	12015.57	452'	26.58		
Raising	ft.	None	None	634.57	16'	39.66	(400'	
Shafts								
Winzes	ft.	None	None		"		(400'	
Drilling: Core								
Churn								
Auger								
Drifting-Surprise	ft.	None	None	2400.60	92.5'	27.09	100'	
Trenching								
Rehab. Raise	ft.	None	None		None		560'	
Roads and Trails		None		3228.83				
Tunnel Rehab.	ft.	2117.60	27'	50028.20	1450'		1600'	
TOTAL DISTRIBUTED COSTS		2117.60		68307.77				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7766.99				
Initial Rehabilitation and Repairs				3655.48				
New Buildings, Improvements, etc.				3522.64				
New facilities, Power Line				384.58				
TOTAL COSTS		2117.60		85437.46				

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

Date 12-30-53 Operator U. S. METALS CORPORATION

Per Karl Peterson Title Secretary

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

RECEIVED
SEP 26 1955

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

Administrative Audit Difference Statement

Date: [illegible]
Payee's
Reference: [illegible]

[illegible]

Gentlemen:

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

Amount Claimed $ [illegible]

Difference $ _____

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

RECEIVED
SEP 26 1955

224 New Customhouse
Denver 2, Colorado

September 16, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMA Docket 606, (Lead-Zinc), Contract, I-DMA-E29, U. S. Metals Corporation, Henrietta Mine, San Juan County, Colorado - Operator's Monthly Progress Report, for the period June 1953 through December 28, 1953.

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

Work has been accomplished as authorized in the contract. It is recommended that payment for the period be disallowed in order to compensate for previous overpayments to the Operator as determined during the final on-site audit of the exploration project by the Contract Administration and Audit Division, DMEA.

TABULATION

Amount of prior payments to Operator	$41,659.92
Payment this report (Disallowed)	1,058.80
Total possible payments	42,718.72
Amount disallowed this report	1,058.80
Payments to Operator to date	41,659.92
Amount approved by final audit, including subject period	41,298.06
Overpayment to Operator	361.86

Note: The final audit includes those disallowances recommended by the examining engineer.

W.
JC:ab
cc: Sec. Op. Comm. (2)
MF-104 File E29
Enclosures
Townsend
Shaw (2)
Chron.

W. M. Traver
W. M. Traver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

RECEIVED
SEP 26 1955

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 14, 1954

Memorandum

To: Executive Officer, DMMA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-F29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for the period of October 26 through December 28, 1953

Transmitted herewith are the original and four copies of the subject progress report--forms MF-104 and MF-104A with narrative, inspecting engineer's progress sketch, required documentation, copies of the operator's description of work accomplishments in June and July 1953--and the original and six copies of W. L. Dare's memorandum covering his inspection of the underground progress and accounts.

According to the enclosed narrative reports from the operator for the months of June and July 1953, costs incurred for those months were not charged against the contract.

Progress for the period October, November, and December 1953, is certified correct by the inspecting engineer, as reported in the operator's narrative. It consisted entirely of rehabilitation of the Henrietta drift as shown on the attached sketch. The accounts are in order, within our delegated authority to check them, except for certain disallowance for lamp rental and power, totaling $126.30, enumerated in the engineer's memorandum--which I approve.

The amount disallowed, $126.30 subtracted from $2,117.60 claimed by the contractor, leaves $1,991.30. Of this amount $995.65, or 50 percent, is approved for payment and certified on the MF-104 forms, subject to usual Region IV audit.

W. M. Traver

W. M. Traver

enclosure

WMT/le
cc ✓6
E29
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

RECEIVED
SEP 20 1955

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 13, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Dore

Subject: DMA 606, Contract I-DMA-229 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for the period of October 26 through December 28, 1953

U. S. Metals Corporation has submitted this report for work accomplished in the period of October 26 through December 28, 1953, and claims certain costs not previously claimed for work accomplishments during June 1953. Attached are copies of the letter from the operator, dated July 10, 1953, describing the June accomplishments, and of August 13, 1953, describing July accomplishments.

The Henrietta mine was visited on December 3, 1953, and January 7, 1954, and previous monthly visits were made while the project was in recess.

According to the two split-check lessees working in the Surprise ore body, the last shift worked in the old Henrietta drift, prior to the recess, was the night of June 3, 1953. Other than the installation of a fire door near the portal in July, the cost of which the operator claims no Government participation, the exploration project was inoperative until October 26, 1953. The exploration project was resumed on this date and continued through December 17, 1953, although during December the project was carried on sporadically due to the frequent influx of bad air from the old workings above caused by changes in barometric pressure.

Progress is as reported in the operator's narrative. Rehabilitation of the old Henrietta drift from the point of intersection by the last lateral is shown in the attached sketch. In portions of the new rehabilitation it has been necessary to install three sets of timber in height in order to insure against future sloughing.

A. O. Brahmer, treasurer, has totaled all contract labor charges incidental to drift rehabilitation and has charged the project only that amount allowable by the contract; that is, the product of the linear distance rehabilitated by the maximum unit cost as specified in the contract. Additional contract labor costs are borne by the company.

Because actual exploratory work ceased after June 3, 1953, certain costs claimed for the whole of the month are recommended for disallowance. The allowable lamp rental charge for June is therefore reduced from $12.53 to $1.25. The power charge claimed for the period of May 14 to June 13 is reduced by the amount of $55.98, and the power charge claimed for the period of June 14 to June 30, amounting to $59.04, is recommended for disallowance.

Reflecting disallowances totaling $126.30, payment to the operator is recommended as $995.65, which is 50 percent of the approved $1,991.30, contingent on the Region IV on-site audit.

W. L. Dare
Mining Engineer

enclosure

WLD/le
cc 4
K29
Chron

RECEIVED
SEP 26 1955

December 23, 1955

W.H. King, Executive Officer
Field Team, Region IV
224 Ne. Centennial
Denver 5, Colorado

Re: DRA - E - 29

Dear Mr. King:

Since we are recessing our work in the Henrietta Mine, as of December 23, 1955, we felt that a consolidated report covering the work for the latter part of October, November, and December would be better for your field team as it would only necessitate one inspection by them.

On October 23, 1955, work was resumed in the #7 tunnel level of the Henrietta Mine. Eight man shifts were spent in cleaning the track of debris dislodged since June and the work there after was placed on a contract basis as heretofore. An advance of 3 feet to a total of 103 feet was made in cleaning up the old caved drift, and the total timbered is unchanged at 90 feet.

During November and December, 1955, the work consisted of raking up bottom and cleaning out caved material from 108 feet to 139 feet, an advance of 31 feet, making a total of 37 feet for the entire period. Timber on the sill has advanced to 131 feet, an advance of 34 feet. Because this advance is being made through an area that was once stoped, it was necessary to timber two floors over the sill set for safety reasons. It has been necessary to proceed with great caution, and carefully trim the back and sides as advance progressed. On the first floor, timber has been placed from 91 feet to 131 feet, an advance of 40 feet. On the second floor timber was placed from 100 feet to 131 feet, an advance of 33 feet.

At the 130 foot point, we are apparently at the end of the old stoped area which has required standing two floors of timber over the drift sets as mentioned above. Because the old stope fill and slaff stands vertically and must be picked out, it is not possible to state definitely, but it appears that only one floor of timber need be placed over the next drift set. Old logging in the back pile indicates there is at least one more set of old timber ahead, and there is no means of predicting how much further we must go to reach the face of the old drift, but the old reports of the total length of this drift indicate it is very long.

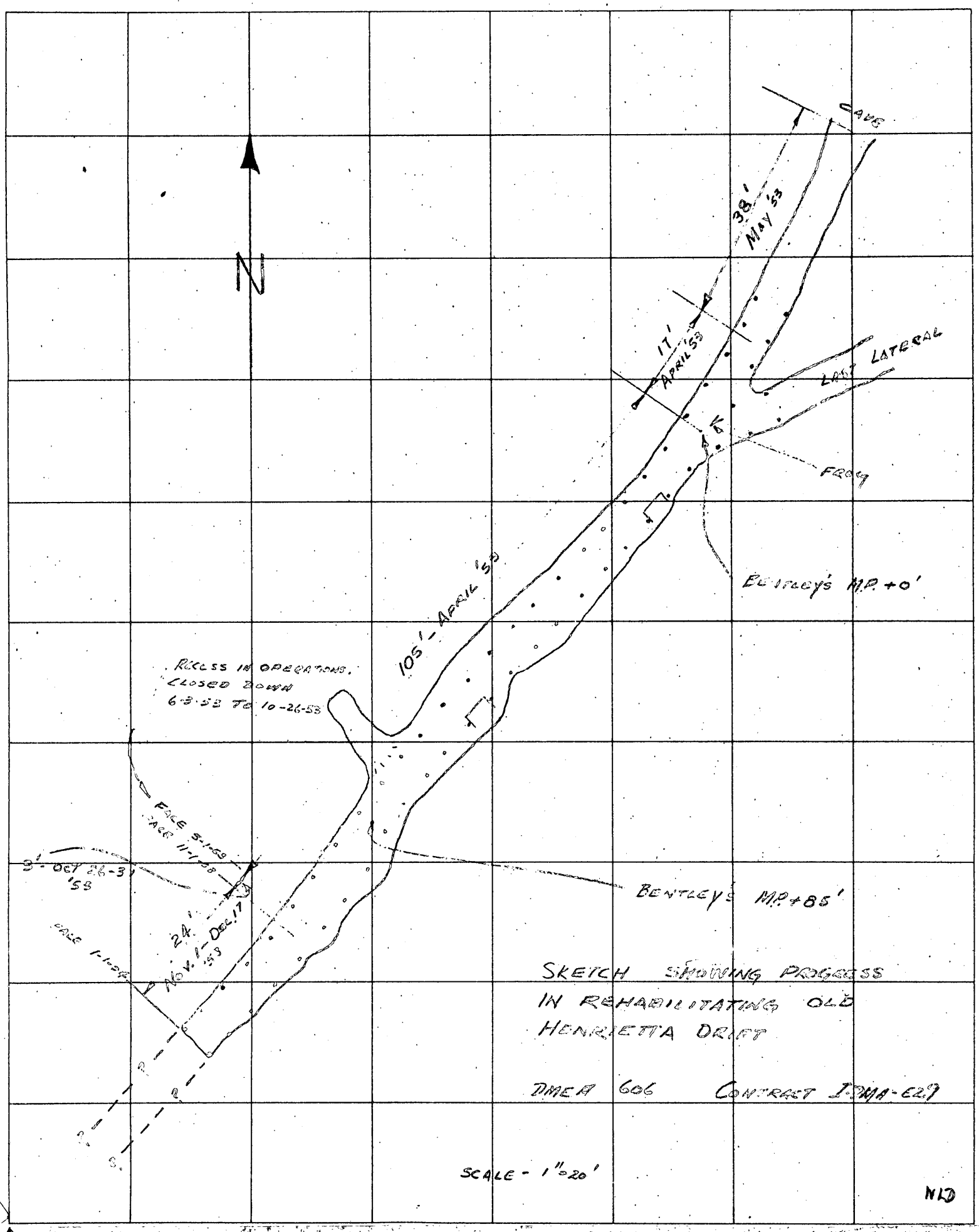
Respectfully submitted,

[illegible]

Alfred O. Brehmer

Alfred O. Brehmer, Treasurer

AOB:dh



SKETCH SHOWING PROGRESS IN REHABILITATING OLD HENRIETTA DRIFT

DMEA 606 CONTRACT I-DMA-629

RECEIVED
SEP 26 1955

August 13, 1953

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

Re: DM-829

Dear Mr. King:

During July, 1953 we installed a fire door in the main tunnel near the #7 portal, as per orders from the State Mine Inspector.

The air line from the Joe & John Compressor to the Henrietta portal was completed so that we would have adequate air to sample the workings in the far end of the tunnel where the air has been quite gaseous. These were the only activities except some activity in the Surprise Vein.

Respectfully submitted,

U. S. Metals Corporation

Alfred O. Brehmer

Alfred O. Brehmer

RECEIVED
SEP 26 1955

July 10, 1953

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

Re: DM-203

Dear Mr. King:

During the month of June, 1953, the work at the Monticello #7 tunnel consisted of 3 foot advance in timbering, as a total of 97 feet timbered in the southwesterly heading, and drilling and blasting large slabs which had sloughed from the sides and back, but no advance was made beyond the previous 105 foot total.

Also #719 raise was advanced 7 feet to a total of 12, with a cross section of 11 feet by 5 feet, but not timbered.

The work has been hampered while putting in an air line from the Joe and John to permit use of the electric motor driven compressor there, and eliminate use of the diesel engine driven unit used heretofore.

There was no advance in the drift on the Marphine ore body, all the work being enlarging at the owners' expense.

Respectfully submitted,

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOB:mcf

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Defense Minerals Administration
RECEIVED
JUL 21 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May, 195[illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals Lead and Zinc
Address [illegible]
Contract Amount, $[illegible] Government Participation: [illegible]% Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drifting	[illegible]	[illegible]	[illegible]	623.02	300.00	923.02
Building		[illegible]	[illegible]			
Crosscutting						
Diamond Drilling	[illegible]	[illegible]	[illegible]	39.00	3,612.08	3,651.08
Drifting Rehab.	[illegible]	[illegible]	[illegible]			
(2) Labor and Supervision:						
Labor	[illegible]	[illegible]	[illegible]	228.72	21,444.70	21,673.42
Supervision	[illegible]	[illegible]	[illegible]			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	[illegible]	[illegible]	[illegible]			
Explosives	[illegible]	[illegible]	[illegible]			
Pipe		[illegible]	[illegible]			
Track		[illegible]	[illegible]			
Power	[illegible]	[illegible]	[illegible]			
Other	[illegible]	[illegible]	[illegible]			
(4) Operating Equipment:						
Rental						
Purchase		[illegible]	[illegible]			
Depreciation						
(5) Initial Rehabilitation and Repairs		[illegible]	[illegible]			
(6) New Bldgs., Improvements, etc.		[illegible]	[illegible]			
(7) Miscellaneous:						
Repairs to Equipment	[illegible]	[illegible]	[illegible]			
Sampling and Analysis						
Payroll Taxes	[illegible]	[illegible]	[illegible]	31.29	836.95	868.24
Liability Insurance	[illegible]	1,110.15	1,160.50	52.36	1,116.15	1,168.51
Gold Rental Box	[illegible]	[illegible]	[illegible]	56.32	622.42	678.74
Cont Rehab		[illegible]	[illegible]			
(8) Contingencies (specify):						
[illegible]		[illegible]	[illegible]			
TOTALS	[illegible]	[illegible]	[illegible]	3,240.15	80,079.71	83,319.86

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

Date July 20, 1953 Payee U.S. Metals Corporation

Per Lee Peterson Title Secretary

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

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

(Instructions on reverse)

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

$ 1620.08

Signature [illegible]
(Authorized Certifying Officer)

Date 7/21/53 Vou. No. DMA 54-9
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-429 in accordance with the terms of the contract.

Signature M. Dare $1620.07 Title Mining Engineer Date 7-6-53

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

Signature W. H. King Title Executive Officer Date JUL 17 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 195 3 Docket No. DMEA CCC Contract No. [illegible]
Operator's Name U.S. Metals Corporation Minerals Lead & Zinc
Address 230 Tabernacle Bldg., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting and Raising	Ft.	[illegible]	None	[illegible]	450'	[illegible]		
Raising	Ft.		None	634.57	10'	[illegible]	(400'	
Shafts								
Winzes	Ft.		None		None		(400'	
Drilling: Core								
Churn								
Auger								
Stripping	Ft.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100'	
Trenching								
Test Pits	Ft.				None		600'	
Roads and Trails		[illegible]		[illegible]				
Tunnel Extend.	Ft.	[illegible]	[illegible]	[illegible]	1400'	[illegible]	2000'	
TOTAL DISTRIBUTED COSTS		[illegible]		[illegible]				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7700.00				
Initial Rehabilitation and Repairs				[illegible]				
New Buildings, Improvements, etc.				[illegible]				
Power Line				[illegible]				
TOTAL COSTS		[illegible]		[illegible]				

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

Date June 30, 1953 Operator U.S. Metals Corporation

Per Earl N. Peterson Title Consultant

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 1953

Administrative Audit Difference Statement

Date: July 21, 1953
Payee's Reference: Progress Report - July, 1953

U. S. Metals Corporation
210 Mercantile Bldg.
15th and Arapahoe
Denver, Colorado
[illegible]

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

Amount Claimed $3,592.52

Difference $352.37

Amount Approved $3,240.15

The reason for the difference was due to:

Over claim for contract labor on surprise drift.	104.40
Additional timbering of last lateral not chargeable to contract.	210.00
Excess charge for road construction and maintenance	34.76
Payroll taxes on 34.76	.52
Liability Insurance on 34.76	.07
Unemployment Tax	.62
	352.37

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

RECEIVED

224 New Customhouse
Denver 2, Colorado

July 17, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 606, Contract I-DMA-E29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado - Operator's Monthly Progress Report, for the period May, 1953.

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions:

Independent Contracts		
Surprise drift	$104.48	
Rehabilitation of lateral	210.80	
		$315.28

Road Construction and Maintenance - $37.09. This disallowance is for overcharges as per contract and is to be disallowed from Form MF-104 in the following manner: Labor $34.76, Payroll Taxes $0.52, Liability Insurance $0.87, and Colorado Unemployment Tax $0.94 for the total amount of $37.09. Operator should be informed that these disallowances are for overcharges made to Road Construction and Maintenance.

Remarks:
Date of Report----------June 25, 1953
Date Received in Field Office----------June 26, 1953
Date Received in Region Office----------July 10, 1953
Date Processed for Payment----------July 17, 1953

W. H. King
W. H. King

Enclosures

RDB:es

cc: Sec. to the Oper. Comm. (2), Contract, Chron.,Traver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 9, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: RMA 606, Contract I-RMA-R29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for May 1953

Submitted herewith are the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative, and required documentation--and the original and six copies of W. L. Dare's memorandum covering inspection of the underground progress and accounts.

Dare verifies the advance of the Henrietta No. 7 tunnel, timbering 62 feet southwest, and of 38 feet of rehabilitation northeast, and other complementary work as reported in the narrative. Also reported was 48-1/2 feet of Surprise drift advance.

Disallowances totaling $352.37 are adequately explained in the inspecting engineer's memorandum and are approved.

The $352.37 subtracted from the $3,592.52 claimed by the contractor leaves $3,240.15. Of this sum, $1,620.07, or 50 percent, is recommended for payment and certified on the MF-104 form, subject to usual Region IV audit.

W. M. Traver

W. M. Traver

enclosures

WMT:mh

cc: 4
R29
RMA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 9, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Bare

Subject: DMA 606, Contract I-DMA-889 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for May 1953

The Henrietta mine was visited by R. D. Berkenketter and W. L. Bare on June 18, 1953, and underground progress checked with Joe Trudgeon, mine superintendent. The advance as claimed for May 1953 was verified as reported.

On the date of the inspection, the operator had cleaned up about 160 feet of the old Henrietta drift and had timbered about 120 feet of this advance. From the point where the last lateral broke into the old drift, about 105 feet southwest toward the face had been cleaned up. About 55 feet of the old drift has been cleaned up to the northeast. From where the last drift set was put in to the southwest, the old back appears to drop off, and, though it cannot be determined accurately because of the caved muck, this point might represent the face of the old drift. If so, there remains some 33 feet yet to be cleaned up. Where the back stood high, Trudgeon has installed short pony sets over his drift sets instead of cribbing. Again, bad air near the back prohibited cutting any back samples.

About 57 feet southwest of the lateral, Trudgeon has installed a chute and has started a manway preparatory to raising.

On April 28, 1953, the operator requested prior approval for 400 feet of raising to be driven at some point on the Henrietta vein in the lately opened portion of the old drift. His request was complicated when he asked authority to drive a three-compartment raise, which was considered in this office to be a production raise. R. R. McLellan, in his memorandum of May 5, 1953, agreed that an exploration raise was needed and approved the location. He did not agree with the dimensions of the raise and recommended that, if possible, the raising should be negotiated on a short-form basis. Thereby the operator could

put up a production raise and the Government would participate in the estimated unit costs incidental to an exploration-type raise. The operator withdrew his request, but it is reported that he will submit a new request based on a two-compartment raise. In this report, the operator states that the vein was tested for raising at two prior locations, but the vein structure was found to be weak. He reports that all costs incidental to this testing and raising thus far have been borne by the company.

New DMEA advance in the Surprise drift has been claimed and verified as 48.5 feet. Total advance has been claimed as 92.5 feet. The operator states in his narrative that 60 feet of previous advance was made at the expense of the company. Hazen reports that actually the 60 feet of old drift was driven by previous operators, and that DMEA did participate in the cost of cleaning up and enlarging the old drift to permit access by the mucking machine. Hazen further states that DMEA did not participate in the timbering costs in this same 60 feet of drift, because the timbering was required for the installation of ore chutes in preparation for mining.

The operator has widened portions of the new Surprise advance and has put in rounds spaced along the back for the purpose of chute installation. In his narrative, the operator reports that this work was done at the expense of the company. The contract labor sheets confirm this. There is one disallowance in the contract labor charges that will be discussed later in this report. Because the rock stands so very well in the new Surprise advance, there is no need of timbering this advance from an exploration standpoint. Alfred O. Brubaker, treasurer, was called and informed that all timber and labor costs incidental to timbering, when stoping started, should be segregated from DMEA charges and borne by the company.

In all of the ground opened up to date on the Surprise vein, the ore for the most part does not seem to have a definite trend or direction. The ground seems to be badly fractured, and for the most part, the fracturing itself is without definite direction. The ore within the fractured zone occurs in irregular pods and lenses with some dissemination within the fractured wall rock. It is suspected that this ore body is a type of chimney deposit found in that area. The width of the Surprise stope bears this out. The analyses of five samples cut from the back of the Surprise drift at the time of the previous visit, May 22, 1953, are as follows:

Location-distance from fifth chute toward face	Width feet	Ounces per ton Au	Ounces per ton Ag	Percent Cu	Percent Pb	Percent Zn
10	7.5	<0.005	1.4	0.05	2.6	1.8
20	4.1	0.01	3.0	0.16	4.1	0.95
30	5.5	0.005	2.0	0.09	4.9	0.65
40	3.5	<0.005	1.0	0.05	2.1	7.7
50	5.0	<0.005	5.0	0.07	7.3	15.7

< Less than.

Two additional drift samples were cut at the time of the last visit. Two grab samples were taken from the Surprise stope. When the analyses of the two drift samples are obtained, an estimate of new ore opened up by the Surprise drift will be made.

The operator has claimed contract labor costs in the Surprise drift based on the maximum allowable rate of $15.00 per foot. The contract labor rate actually paid was $12.00 per foot. The total contract labor cost, including that for widening and preparation for raising, were added and the remainder is noted as charged to the company. Based upon the paid contract labor rate and subsequent overtime, as shown on the payroll sheets for the four men advancing the drift 43.5 feet during the period from May 1 to 15, the allowable charge totals $563.02. The allowable charge based upon the paid rate for the 5 feet of advance during the second period is $60.00. This amount does not include overtime, as it is impossible to determine from the available information what overtime was spent on drift advance from other labor charges, as widening the drift, work on the finger raises, et cetera. Total allowable Surprise contract wages total $623.02. A disallowance of $104.48 is made.

Pertaining to the 38 feet of rehabilitation advance in the old Henrietta drift, the operator has charged the project with $380.00 on the basis of the maximum contract labor costs as allowed by the contract. His total costs were $849.70, but the additional costs were borne by the company.

A total of $249.00 was also incurred by the operator and charged to the project for timbering 13 feet of the last lateral at its junction with the old drift. When this lateral was driven, labor was paid for at the rate of $12.00 per foot of advance. Because the DMA contract allows $15.00 per foot, it is logical to participate in the additional timbering costs in the amount of $3.00 per foot for the 13 feet. Allowing $39.00 for the timbering, a disallowance of $210.00 is made.

The operator has exceeded the allocation of $3,226.74, for road construction and maintenance, by the amount of $37.09. The amount of $126.45 has been charged this month, as shown on form MF-1044, to this operation. As noted on the payroll sheets, $98.16 of this amount is labor and is included in item (2), Labor, MF-104. The remainder consists of $23.70 for caterpillar and equipment repairs, under item (7), Repairs to Equipment, and $6.59, under item (7), State compensation, unemployment tax, and social security. In order to simplify the disallowance, it is recommended that $34.76 be disallowed from labor, $0.52 from social security, $0.94 unemployment tax, and $0.87 from State compensation, or a total of $37.09.

A small amount is charged for demurrage on oxygen tanks, but exception is not taken at this time until an audit is made.

Recapitulation of Disallowances

Item (1), Independent contracts	
Surveying drift	$ 104.48
Rehabilitation lateral	210.80
Item (2), Labor and supervision	
Labor	34.76*
Item (7), Miscellaneous	
Payroll taxes	0.52*
Liability insurance	0.87*
Colorado unemployment tax	0.94*
	$ 352.37

*To keep the operator adequately informed, it should be pointed out to him that the last four items are for the overcharge on road construction and maintenance.

Brukner, treasurer for the company, has been making a conscientious effort to break down and prorate labor and other costs between DMMA and the company charges.

Payment to the operator is recommended as $1,620.07, which is 50 percent of the $3,592.52 claimed, minus the disallowance of $352.37.

W. L. Dare

W. L. Dare

WLD:amh
cc: 6
R29
DMMA Chron.

June 24, 1953

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

Re: D A-E29

Dear Mr. King:

During May, 1953, the work on the Henrietta #7 Tunnel level consisted of the following items. The main drift was timbered in both directions from the starting point, as a necessary safety measure. In a southwesterly direction, the timber was advanced 62 feet, to a total of 91 feet, and in addition, a 7 foot advance was made on the first floor over the sill timber to catch and support the back of the drift where the height of the old work required it. There was no advance in the clearing of the old caved debris in this direction, so the total remains 105 feet for this portion of the work.

In a northeasterly direction, an advance of 30 feet was made in taking up bottom and clearing debris, to total 55 feet. An advance of 25 feet was made in timbering in this direction, for a total of 25 feet timbered.

An additional 13 feet advance was timbered in the lateral at the point where it holed into the drift, as this area was continually sloughing and required support.

Two pilot raises were driven above the drift to determine the best position for a ventilation and exploration raise. The first, numbered 712 Raise, was driven 15 feet to a total of 15 feet, and abandoned because the vein structure was weak at this point. The second numbered 717 Raise, was driven 6-1/2 feet to a total of 6-1/2 feet and abandoned for the same reason. Both of these raises were driven about 5 feet in circular section. From the information obtained in these two pilot raises, a third raise, numbered 718 Raise, was located in a stronger portion of the vein, and driven 8 feet to total 8 feet, with a section of 5 x 11 feet, with the intention of carrying it on with one chute and a manway. This work was done at the expense of the company.

In the Surprise ore body, the drift was advanced 48-1/2 feet to a total of 152-1/2 feet, of which 60 feet

of this total was previously made at the company's expense. In addition, "finger" raises were driven in the back and enlarging carried on along the sides to explore the extent of the ore and determine the boundaries of the ore body. The "finger" raises and the enlarging of this area was done at the expense of the owner.

After comparing the work performed, that is considered exploration and development, to the amount considered production, in the Henrietta tunnel, we find that the percentages used previously in breaking down the operation costs are still effective. Therefore, we are still dividing the costs 50-50 in the Henrietta Mine and all other costs, such as transportation, road work, etc., will be divided in thirds. Also, the Superintendent's salary will be divided equally between the Hercules, Henrietta, and Surprise operations.

Respectfully submitted,

U.S. METALS CORPORATION

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

WWB:AOB:mcf

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

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

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

Month of April, 195 3 Docket No. DMEA 606 Contract No. DMA-E20

Operator's Name U. S. Metals Corporation Minerals Lead & Zinc

Address 210 Mercantile Bldg.

Contract Amount, $ 113,038.34 Government Participation: 50 % Amount, $ 56,019.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Xxxxsurp.-Drift	300.00		300.00			
Bulldozing Xxxx Raise		251.38	251.38			
Crosscutting						
Drifting Xxxx Rehab. Lateral		3836.08	3836.08			
Drifting Relat.	1179.72	4989.12	6168.84			
(2) Labor and Supervision:						
Labor	816.71	20627.99	21444.70			
Supervision	166.66	5858.32	6024.98			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	81.68	1068.12	1149.80			
Explosives	85.53	635.09	720.62			
Pipe	29.96	4121.46	4151.42			
Track		3325.15	3325.15			
Power	152.74	853.11	1005.85			
Other	43.75	5426.02	5469.77	40.42	5,426.02	5,466.44
(4) Operating Equipment:						
Rental						
Purchase		7766.99	7766.99			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3707.82	3707.82			
(7) Miscellaneous:						
Repairs to Equipment	26.66	1001.33	1027.99	19.04	1,001.33	1,020.37
Sampling and Analysis						
Payroll Taxes	36.96	600.54	637.49			
Liability Insurance	61.92	1055.83	1117.05			
Colo. Unemploy-Tax	66.50	856.89	923.39			
Vent Tube		1971.86	1971.86			
(8) Contingencies (specify):						
Transportation	6.07	2006.25	2012.32			
				3,046.40	77,091.61	80,138.01
TOTALS	3087.38	77091.61	80148.98		*- 38.41	*- 38.41
				**- 19.89		**- 19.89

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

Date May 15, 53 *Payee U. S. Metals Corporation

Per Walter A. Falk Title Chairman

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

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

(Instructions on reverse)

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

3,026.51 77,053.20 80,079.71

$1573.25

Signature [illegible]
(Authorized Certifying Officer)

Date 6/17/53 Vou. No. DMA 53-147

(See other side)

** Reductions due to various discrepancies in invoices herewith
* Previous Reductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-429 in accordance with the terms of the contract.

Signature M. Dare 0 15 13 25 WK Title Mining Engineer Date 5/27/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R. DB

Signature W. H. King Title Executive Officer Date JUN 11 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1953 Docket No. DMEA 606 Contract No. IDE-289
Operator's Name D. C. Hotels Corp. Minerals Coal & Lime
Address 210 Mercantile Bldg., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting an Lateral Drifting	ft.	64.63	5'	117[illegible].62	452'			15.00
Raising				647.37	16'		(400'	15.00
Shafts								
Winzes					None		(400'	15.00
Drilling: Core								
Churn								
Auger								
Stripping Drifting	"	324.16	20'	1204.20	44'		1[illegible]0'	35.00
Trenching Surprise								
Test Pits Rehab. Raise	"				None		550'	10.00
Roads and Trails		101.27		3135.38				
Tunnel Rehab.	"	2497.29	122'	46309.70	1385'		1600'	10.00
TOTAL DISTRIBUTED COSTS		3057.35		63019.27				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7760.99				
Initial Rehabilitation and Repairs				5655.48				
New Buildings, Improvements, etc.				3322.64				
New Facilities (Pwr. Line)				384.58				
TOTAL COSTS		3057.35		80146.96				

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

Date May 15, 1953 Operator D. C. Hotels Corp.

Per Walter A. Walk Title Chairman

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

Administrative Audit Difference Statement

Date: [illegible]
Payee's
Reference: [illegible]
[illegible]
[illegible]

[illegible]
[illegible]
[illegible]
Denver 2, Colorado

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

Amount Claimed $[illegible]

Difference $[illegible]

Amount Approved $[illegible]

The reason for the difference was due to:

Lamp rental claimed	16.11	
Contract 7 Lamps @ 1.75	[illegible]	9.00
Transportation:		
Batteries Duplicate chg.	5.36	
	9.17	
	5.36	19.09
Tractor Repairs		7.62
Single Dres. disallowed pending clarification of which tractor is involved.		[illegible]

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

June 11, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 606, Contract I-DMA-K29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado. Operator's Monthly Progress Report for the period April 1953.

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Operating Material and Supplies- Other (Lamp Rental)		$3.33
Miscellaneous - Repairs to Equipment		7.62
Contingencies - Transportation		
1/3 1 17 KL Battery, April 1953	$5.36	
1/3 2 at $9.17; 1 at $5.36, March 1953	14.53	19.89
Total Disallowances		$30.84

Labor charges, though not based on method of payment as outlined in the contract are considered allowable as they do not exceed the allowable charge set forth in the contract.

Allowable Labor Charges During April 1953

Rehabilitation - $10.00/ft. Maximum
New Advance - $15.00/ft. Maximum

5 ft. Lateral Advance at $15.00/ft.	$ 75.00
20 ft. Drift on Surprise Vein at $15.00/ft.	300.00
122 ft. Henrietta Drift Rehabilitation at $10.00/ft.	1220.00
Total Allowable Labor	1595.00
Total Labor Claimed	1479.72

Remarks:

Date of Report	May 15, 1953.
Date Received in Field Office	May 15, 1953.
Date Received in Region Office	June 3, 1953.
Date Processed for Payment	June 11, 1953.

W. H. King

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 1, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMMA 606, Contract - I-DMA-829 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for April 1953

Please find enclosed the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative and supporting documentation--and the original and six copies of W. L. Dare's memorandum covering inspection of the underground progress and accounts.

The inspecting engineer verifies the April progress of 5 feet of lateral advance, 20 feet of drift on the Surprise vein, and 122 feet of Henrietta drift rehabilitation, as reported in the narrative and entered on the MF-104A form.

Documentation and entries on the reporting forms and distribution between exploration and production are considered correct within our authority to verify with the following exceptions:

Disallowances

Item 3, Operating Materials and Supplies:		
Other (Lamp rental)		$3.33
Item 7, Miscellaneous:		
Repairs to equipment		7.62
Item 8, Contingencies:		
Transportation		
1/3-1-17KL Battery		
April 1953	$5.36	
1/3-2 at $9.17		
1 at $5.36		
March 1953	$14.53	19.89
		$30.84

The disallowances are adequately explained in the engineer's memorandum.

The deductions of $30.84 from the total claimed by this contractor, $3,057.35, leaves a balance of $3,026.51. Of this sum, 50 percent or $1,513.25 is approved for payment and certified on the MP-104 form, subject to usual Region IV audit.

W. M. Traver

W. M. Traver

Enclosures

WMT/pm

cc 4
E29
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 1, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Dare

Subject: DMA 606, Contract - I-DMA-829 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for April 1953

The Henrietta mine was visited by W. L. Dare and R. D. Berkenketter on May 22, 1953. Underground advance was checked with Joe Trudgeon, mine superintendent, and verified correct as reported.

At the time of the visit, the operator had cleaned up about 155 feet of the old Henrietta drift and had about 75 feet of the drift timbered. From the point where the last lateral broke into the caved drift, 102 feet of advance was made southwest toward the face of the old drift, and 53 feet has been cleaned up to the northeast. The condition of the back and air did not warrant climbing over the caved muck to determine the location of the face. The height of the back in the untimbered portion of the drift stands as much as 18 feet above the track with the caved material standing some 12 to 14 feet high. The operator will keep the timber as close as possible to the caved material when advancing, for they have experienced the back sloughing after clean up.

Chalcopyrite was noted in the back and in the muck pile, but, because of the height and weak condition of the back, no samples were cut. In the caved muck there is evidence of ore chutes installed by previous operators preparatory to mining; however, they evidently abandoned the mine before actual stoping operations were started.

Total advance under the DMA contract in the Surprise drift was 80 feet as of the date of the inspection. The day before the inspection, the crew had pulled rounds spaced along the back for the installation of ore chutes. Five samples were cut from the back in the Surprise drift.

The operator claims rental on seven electric mine lamps amounting to $16.11. The allowable charge for seven lamps, including tax, based on the unit rental charge as shown on the invoice is $12.78. A disallowance of $3.33 is therefore made.

In March the operator claimed one-third the cost of three batteries. These three batteries were assumed to be for the two jeeps and the command car listed in the contract. Their total cost was split between the Henrietta exploration program, Surprise stope, and Hercules mine. This month the operator shows five batteries purchased and again charges one-third to the exploration program. Brehmer, the company treasurer and accountant, reported that the two 21 EA batteries charged this month are for the Allis-Chalmers tractor in which the Government participated in initial repair costs. He also reported that the one 13 T battery was for either of the two jeeps listed in the contract. The purchase of new batteries is a maintenance cost and considered allowable. However, if we allow the charge for the above three batteries, it means that there are four batteries for only the additional jeep and command car.

It is known that the company owns still another jeep and a pick-up, but because these vehicles are not listed in the contract, it is recommended that the one 17 KL battery claimed in this report and the charge claimed for the three batteries in March be disallowed from this report. When this matter is adjusted satisfactorily, the operator can reclaim costs that are allowable.

Two items on the Bingle Brothers Shop invoice are also in question. The tickets dated February 11 and 16, 1953, are incidental to tractor repairs, but it is not known which tractor these costs are chargeable to. As only the Allis-Chalmers tractor is listed in the contract, and it is not believed this tractor is the one repaired, it is recommended that the one-third of the $22.86, or $7.62, be disallowed, pending reclaim if later established to be allowable.

The operator claims charges for certain items billed by Arnett and Company and paid for by credit on the sale of a tractor to the vendor. Brehmer reported that this was a tractor which was not used on the project, nor which the Government had participated in any maintenance or operational costs. The vendor lists supplies and timber on invoices in the same manner as he would in a cash or charge purchase. This manner of purchase is believed allowable as claimed.

It is not understood how the operator arrives at the maximum allowable contract labor unit advance cost for drifting in the Surprise drift by adding both days pay and bonus pay.

Recommended disallowances of charges claimed on this report:

Item 3, Other (Lamp rental)	$3.33
Item 7, Equipment repairs	7.62
Item 8, Transportation (1 17 KL battery April) (2 = $9.17 + 1 = $5.36)	5.36

Item 8, Transportation (3 batteries March) $14.53
Total $30.84

Payment is recommended at $1,513.25, which is 50 percent of the $3,057.35 claimed minus the disallowance of $30.84.

W. L. Dare

W. L. Dare

WLD/gm

cc: 6
E29
DMA Chron.

May 6, 1953.

Mr. [illegible]. H. King
Executive Officer
Field Team, Region IV
[illegible]4 New Customhouse
Denver, Colorado

Re: DMA #E29

Dear Mr. King:

During April, 1953, the work performed at the Henrietta # 7 Tunnel included 5 feet advance in solid in the lateral, to a total of 113 feet, at which point the lateral holed through into an open segment of the main drift on the Henrietta vein.

From the point of holing, 105 feet of the Henrietta drift was re-opened in a southwesterly direction, and 17 feet northeasterly, or a total of 122 feet. This work included taking up 18 inches of solid in the bottom of the old drift, as it had been driven at a steeper grade than current work in the laterals. The old work had been timbered, and an attempt was made to continue the clean up of the old workings, without timber. Bad slabs on the walls required timber, so advance was halted and timbering started. A total of 20 feet of the advance was timbered during April.

During April the Surprise drift was advanced 20 feet to a total of 104 feet. Sixty feet of this drift previously was made at the company's expense.

Respectfully submitted,

U. S. METALS CORPORATION

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOBird

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Supplemental Report

Month of February, 1953 Docket No. DMEA 606 Contract No. IDMA-529

Operator's Name U. S. Metals Corp. Minerals Lead & Zinc

Address 210 Mercantile Bldg., Denver, Colorado

Contract Amount, $113,638.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling		231.38	231.38			
~~Bulldozing~~ Raise						
Crosscutting						
~~Drifting~~ Rehab. Lateral		3836.08	3836.08			
Drifting Rehab.		4989.12	4989.12			
(2) Labor and Supervision:						
Labor		20627.99	20627.99			
Supervision		5858.32	5858.32			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		1068.12	1068.12			
Explosives		635.09	635.09			
Pipe		4121.46	4121.46			
Track		3325.13	3325.13			
Power	123.19	729.92	853.11			
Other		5426.02	5426.02			
(4) Operating Equipment:						
Rental						
Purchase		7760.99	7760.99			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3707.22	3707.22			
(7) Miscellaneous:						
Repairs to Equipment		1801.33	1801.33			
Sampling and Analysis						
Payroll Taxes		800.54	800.54			
Liability Insurance		1055.23	1055.23			
Colo. Unemployment Tax		556.89	556.89			
Vent Tube		1971.86	1971.86			
(8) Contingencies (specify):						
Transportation		2804.25	2804.25			
				123.19	76,968.42	77,091.61
					*- 38.41	*- 38.41
TOTALS	123.19	76968.42	77091.61	123.19	76,930.01	77,053.20

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

Date May 6 *Payee U.S. Metals Corp.

Per Walter A. Falk Title Chairman

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

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

(Instructions on reverse)

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

$ 61.59

Signature
(Authorized Certifying Officer)

Date 6/1/53 Vou. No. DMA 53-140

(See other side)

* Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 7-DMA-E29 in accordance with the terms of the contract.

Signature [illegible] #6159 Title [illegible] Date 5-12-53

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

Signature W. H. King Title Executive Officer Date MAY 26 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Supplemental Report

Month of February 1953 Docket No. DMEA 606 Contract No. I-DMA-E29

Operator's Name U. S. Metals Corp. Minerals Lead and Zinc

Address 210 Mercantile Bldg., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & Lateral								
Crosscutting Drifting	Ft.			11,657.99	447'	26.08		15.00
Raising	"			647.37	16'	40.46	(400'	15.00
Shafts							(	
Winzes					None		(400'	40.00
Drilling: Core								
Churn								
Auger								
Drifting Surprise	"			810.04	24'	33.75	100'	35.00
Trenching								
Rehab. Raise	"				None		580'	10.00
Roads and Trails				3034.11				
Tunnel Rehab.		123.19		43812.41	1263'	34.67	1600'	10.00
TOTAL DISTRIBUTED COSTS		123.19		59961.92				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7766.99				
Initial Rehabilitation and Repairs				5655.40				
New Buildings, Improvements, etc.				3328.64				
New Facilities (Pwr. Line)								
TOTAL COSTS		123.19		77091.61				

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

Date May 8, 1953 Operator U. S. Metals Corp.

Per Walter A. Hale Title Chairman

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

May 26, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 606, Contract Idm-K29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado-Operator's Supplemental Monthly Progress Report, for the period February 1953.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Operator's Statement, and Engineer's Report relative to the reclaim of amounts previously disallowed.

Payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Reclaim of disallowed portion of power bill is justifiable.

Remarks:

Date of Report----------May 8, 1953
Date Received in Field Office----------May 12, 1953
Date Received in Region Office----------May 13, 1953
Date Processed for Payment----------May 26, 1953

W. H. King
W. H. King

Enclosures

RDB:es
cc: Contract
Sec. to the Oper. Comm. (2)
Chron.
Traver

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 13, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-829 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Supplemental reclaim report for February 1953

Submitted herewith are the original and four copies of the above supplemental reclaim--forms MF-104 and MF-104A, with letter of transmittal and one copy each of the "Administrative Audit Difference Statement" and certified copy of power invoice carrying a justification--and the original and six copies of W. L. Bare's memorandum covering the reclaim.

The reclaim is considered justified and payment is approved and certified on the MF-104 form of $61.59, or 50 percent of the total $123.19 reclaimed.

W. M. Traver

W. M. Traver

enclosures

WMT/amh

cc: 4
829
DMA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 13, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Bare

Subject: BMA 606, Contract I-BMA-R29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Supplemental reclaim report for February 1953

Alfred O. Brehmer, Treasurer, U. S. Metals Corporation, has submitted a supplemental report reclaiming the power charge disallowed from the February progress report.

On the power invoice, Brehmer has made note that the abnormal power charge was due to 24-hour operation of the ventilation fans in order to keep bad air coming from the old workings diluted.

Payment to the operator is recommended as $61.59, which is 50 percent of the $123.19 reported.

W. L. Bare
Mining Engineer

WLB/amh

cc: 6
R29
BMRA Charon.

$77,000 spent & no mention of assets!

May 8, 1953

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

Re: IDMA-E29

Dear Mr. King:

We are submitting a supplemental report covering the deletion on power in our February progress report as per Mr. Dare's request.

The April report will be prepared this coming week.

Respectfully submitted,

U.S. METALS CORPORATION

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOB:mcf

Encl.

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March 195 3 Docket No. DMEA Contract No. [illegible]
Operator's Name U. S. Metals Corporation Minerals Lead and Zinc
Address 210 Mercantile Bldg., Denver, Colo.
Contract Amount, $ 113,030.34 Government Participation: 50% Amount, $ 56,515.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing Raise	70.00	161.38	231.38	60.00	159.38	219.38
Crosscutting						
Rehab. Lateral	840.16	2990.02	3830.00			
Drifting Rehab.		4989.12	4989.12			
(2) Labor and Supervision:						
Labor	1468.32	19135.67	20627.99	1468.32	19135.67	20603.99
Supervision	166.66	3331.66	3498.32			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	16.89	1051.29	1068.18			
Explosives	169.71	469.29	639.00			
Pipe		4121.45	4121.45			
Track		3395.13	3395.13			
Power	157.86	572.06	729.92			
Other	223.01	3263.01	3486.02			
(4) Operating Equipment:						
Rental		7766.99	7766.99			
Purchase						
Depreciation		3665.43	3665.43			
(5) Initial Rehabilitation and Repairs		3707.22	3707.22			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	21.49	1779.89	1801.38			
Sampling and Analysis	38.97	761.97	800.94	38.03	761.97	800.00
Payroll Taxes	66.84	990.69	1057.53	63.57	990.69	1054.26
Liability Insurance						
Colo. Unemployment Tax	65.42	487.47	552.89	68.52	487.47	555.99
Vent Rehab		1071.00	1071.00			
(8) Contingencies (specify): Transportation	133.19	3369.19	3502.38			
TOTALS	3412.31	73517.81	76,930.12		73517.81	[illegible]

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

Date Apr. 17, 1953 Payee U. S. Metals Corporation

Per Walter A. Hack Title Chairman

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

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

(Instructions on reverse)

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

3412.20 73517.81 76930.01

$ 706.10

Signature [illegible]
(Authorized Certifying Officer)

Date 5/19/53 Vou. No. DMA 53-137

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-E29 in accordance with the terms of the contract.

Signature [illegible] $1719.30 Title [illegible] Date 4-29-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. Kung Title Executive Officer Date MAY 14 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1953 Docket No. DMEA 606 Contract No. IDMA-E29

Operator's Name U.S. Metals Corporation Minerals Lead & Zinc

Address 210 Mercantile Bldg., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting and lateral drifting	ft.	2951.70	105'	11,657.39	447'	26.08		15.00
Crosscutting	"	363.58	4'	647.37	16'	40.46	(400'	15.00
Raising							(	
Shafts							(400'	40.00
Winzes								
Drilling: Core								
Churn								
Auger								
Drifting Surprise	"	None	None	810.04	24'	33.75	100'	35.00
Stripping								
Retorting								
Raise	"						580'	10.00
Test Pits								
Roads and Trails		135.33		3034.11				
Tunnel Rehab			None	43059.22	1263'	34.60	1600'	10.00
TOTAL DISTRIBUTED COSTS		3450.61		59839.73				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7769.93				
Initial Rehabilitation and Repairs				5655.48				
New Buildings, Improvements, etc.				3322.64				
New Facilities (PwrLine)				384.58				
TOTAL COSTS		3450.61		76963.42				

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

Date Apr. 17, 1953 Operator U.S. Metals Corporation

Per Walter A. Falk Title Chairman

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

[illegible]

[illegible]

[illegible]

[illegible]

Date May 18, 1953
Payee
Reference Progress Report
March, 1953

U. S. Metals Corporation
205-16 Mercantile Bldg.,
Denver, Colorado
I-DMA-E29

Upon examination of the above payee's reference a difference was found which must be reconciled prior accept accept account [illegible]

Amount Claimed $ 3450.61

Difference $ 38.41

Amount Approved $ 3412.20

The reason for the difference was as follows.

Excessive cost of raising 4 feet at $18.00 Contract rate being $15.00 (4 x 3 = $12.00)	$12.00	
Tract repair disallowed as not in contract $1.00 per foot for 24 feet	24.00	$36.00
Social Security tax on $36.00		.54
Colorado Unemployment tax on above		.97
Compensation Insurance Fund on above		.90
		$38.41

Any matters for determination have been sent to [illegible] of [illegible]

Very sincerely yours

[illegible]
[illegible]

[illegible] Form No. 4

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

224 New Customhouse
Denver 2, Colorado

May 14, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 606, Contract I-DMA-E29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado. Operator's Monthly Progress Report for the period March 1953.

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Raising specified at $15.00 per foot instead of the $18.00 claimed by the Operator. Disallowance of 4 feet at $3.00 per foot or $12.00 is requested. Also disallowed is the claim for 24 feet of track repair at $1.00 per foot or $24.00. These rates are not specified in the contract. Payroll taxes pertaining to this $36.00 are also disallowed.

Remarks:

Date of Report	April 17, 1953.
Date Received in Field Office	April 20, 1953.
Date Received in Region Office	May 7, 1953.
Date Processed for Payment	May 14, 1953.

W. H. King
W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 5, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 606, Contract - I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for March 1953

Please find enclosed the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative and supporting documentation--and the original and six copies of W. L. Dare's memorandum covering inspection of the underground progress and accounts.

The 4 feet raising advance and 106 feet of footwall lateral extension reported in the narrative and entered on the MF-104A form were verified.

Entries on the reporting forms and documentation are correct within our delegated authority to verify, except:

Item 1. Independent contracts: The operator claims $18.00 per foot for raise advance, whereas the contract allows a maximum of $15.00 per foot. Therefore, $12.00, or $3.00 per foot for 4 feet, is disallowed.

The contractor has been notified that the $123.19 disallowed from the February account for power is considered justified and subject to reclaim. Your attention is called by the inspecting engineer to the fact that on the Administrative Audit Difference Statement with the February account the allowable maximums per foot for raising and drifting are reversed under reason for difference.

The total claimed for March, $3,450.61, less $12.00 disallowed leaves $3,438.61. Of this amount $1,719.30, or 75 percent, is approved for payment and certified on the MF-104 form, subject to the usual Region IV audit.

W. M. Traver

W. M. Traver

enclosures
WMT/eb
cc: 4, E29, DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 5, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Dare

Subject: DMEA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for March 1953

The Henrietta mine was visited by R. R. McLellan and W. L. Dare on April 23, 1953, and underground progress was checked with Joe Trudgeon, mine superintendent. March advance is shown as 4 feet of raise and 108 feet of lateral accomplished in the footwall of the Henrietta vein. This advance was verified by inspection.

As noted in the operator's narrative, this last lateral broke into the old drift in the first part of April. At the time of the visit about 60 feet of the old drift had been cleaned up. The back of the old drift has sloughed considerably with caved material standing some 10 to 12 feet high. The height of the back is in someplaces about 16 feet. This necessitates excessive mucking and tramming and will require carrying timber up to the back to eliminate future trouble.

In March the operator paid contract labor $18.00 per foot of advance in the raise. Inasmuch as the contract stipulates a maximum of $15.00 per foot, a disallowance of $12.00 for the 4 feet of advance is necessary.

When the February report was processed it was thought that the February power charge was abnormally high. The charge was about double the average charge of previous months. Consequently, it was recommended that the power charge be disallowed until such time as a satisfactory reason was submitted by the operator as to why it should be increased. The March charge is now considerably higher than the February charge. The total power charge billed the company is $315.73 and this charge again is divided equally between the exploration project and the production operation in the Surprise stope. But on this month's invoice the operator has penciled in an explanation to the effect that the increase is due to the 24-hour operation of the ventilation fans to keep mine gas coming from the old working diluted. A check was made of the power hookup of the company and it was found satisfactory.

In the explanation tabulating disallowances on the Audit Difference Statement attached to the February report the allowable contract labor maximums were listed in reverse.

Payment is recommended of $1,719.30, which is 50 percent of the $3,450.61 claimed minus the $12.00 disallowance, subject to arithmetical check of labor rates and computations.

W. L. Dare

W. L. Dare

WLD/cb

cc: 6
E29
DMEA Chron.

April 17, 1953

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

Re: DMA #E29

Dear Mr. King:

During March 1953, work in the Henrietta No. 7 Tunnel conisted of advancing the exploration raise 4 feet to a total of 16 feet. At this point, it encountered the Henrietta Vein. The average of two samples are: Au 0.08 oz., Ag 10.2 oz., Cu 3.32%, Pb 0.3%, Zn 0.2%. This raise was driven on an incline, with a small circular section, approximately 5 feet in diameter, without timber except for the sill timbers and first floor to allow for a bulkhead and chute mouth. It has since been enlarged to standard 13 by 7 foot section and timbered, and advanced on the vein, at the owner's expense.

The Lateral was started again from a point approximately 15 feet from the Henrietta Vein, and advanced 108 feet, for a total of 108 feet for this portion of the lateral. While it does not properly belong in this month's report, we are sure you will be pleased to learn that the next round in April holed through to a segment of the old drift which was in a condition which will allow it to be cleaned up, at much less cost, for a considerable distance.

The only work in the Surprise was stoping at the owner's expense.

Work was begun on extending the air line from the Joe and John compressor building to the Henrietta portal, to reduce cost of compressed air by using the electrically driven compressor at the Joe and John instead of the present Diesel equipment at the Henrietta.

Respectfully submitted,

Alfred O. Brehmer

AOB:WWB:mcf

Alfred O. Brehmer

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

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

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

Month of February 195 3 Docket No. DMEA 606 Contract No. 1-[illegible]-29
Operator's Name U. S. Metals Corporation Minerals Lead & Zinc
Address 210 Mercantile Bldg., Denver, Colorado
Contract Amount, $ 113,[illegible].54 Government Participation: 50 % Amount, $ 56,010.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
xxxxx Raise Bulldozing	628.40		628.40	159.38		159.38
Crosscutting						
xxx Shaft, Lateral Drifting		2,995.92	2,995.92			
Drifting Rehab.	370.00	4,781.00	5,151.00	208.12	4,781.00	4,942.88
(2) Labor and Supervision:						
Labor	542.80	10,592.79	19,135.67			
Supervision	166.06	5,525.00	5,691.06			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	244.62	806.67	1,051.29			
Explosives	6.69	479.69	486.38			
Pipe		4,121.46	4,121.46			
Track		3,325.13	3,325.13			
Power	123.19	572.06	695.25	00	572.06	572.06
Other	38.16	5,164.85	5,203.01			
(4) Operating Equipment:						
Rental						
Purchase		7,766.99	7,766.99			
Depreciation		5,055.48	5,055.48			
(5) Initial Rehabilitation and Repairs		3,707.28	3,707.28			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	22.24	1,757.66	1,779.90			
Sampling and Analysis	25.03	736.35	761.97			
Payroll Taxes	42.97	947.62	990.59			
Liability Insurance	46.11	441.36	487.47			
Colo. Unemployment						
Vent Tube		1,971.86	1,971.86			
(8) Contingencies (specify): Transportation		2,666.15	2,666.15			
TOTALS $	2267.46	72,014.44	74,271.90	1,503.37	72,014.44	73,517.81

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

Date March 12, 53 *Payee U. S. Metals Corporation

Per Emerson Scott Title President

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

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

(Instructions on reverse)

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

$ 751.68

Signature [illegible]
(Authorized Certifying Officer)

Date 4-6-53 DMA Vou. No. 53-116

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-E29 in accordance with the terms of the contract.

Signature [illegible] #751-68 Title Mining Engineer Date 3-25-53

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

Signature W. H. King Title Executive Officer Date APR 1 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1953 Docket No. DMEA 606 Contract No. I-DMA-120

Operator's Name U. S. Metals Corporation Minerals Lead & Zinc

Address 210 Mercantile Bldg., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								$ 15.00
Crosscutting and lateral drifting	ft.		None	$ 8,706.29				
Raising	"	752.81	12'	752.81	12'	62.73	(400'	15.00
Shafts							(	
Winzes	"						(400'	40.00
Drilling: Core								
Churn								
Drifting Auger Surprise	"		None	810.04	24'	33.75	100'	35.00
Stripping								
Trenching								
Test Pits Rehab. raise	"				None		580'	10.00
Roads and Trails		96.37		2,898.78				
Tunnel Rehab.	"	1406.28	15'	43,974.90	1263'	34.81	1000'	10.00
TOTAL DISTRIBUTED COSTS		2257.46		57,142.21				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				7,760.99				
Initial Rehabilitation and Repairs				5,655.48				
New Buildings, Improvements, etc.				3,322.64				
New Facilities, (Power) Line				394.58				
TOTAL COSTS		2257.46		$74,271.90				

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

Date March 12, 53 Operator U. S. Metals Corp.

Per J. Cameron Grant Title President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

[illegible]

[illegible]

Date April 3, 1953
Payroll
Reference Progress Report - February, 1953

U. S. Metals Corporation
210 Mercantile Building
Denver 2, Colorado
I-DMA-E-29

Upon examination of the above Payroll Reference a difference has been found which made it necessary to change your account accordingly:

Amount Charged	$2,257.46
Difference	$ 754.09
Amount Approved	$1,503.37

The reason for the difference was due to:

Allowable maximum per foot for raising is $10.00
" " " " " drifting is 15.00

Excess charged for raising	$469.02
" " " rehabilitation	161.88
Excessive amount charged for power during February	123.19
	$754.09

Any results for differences made above must be supported by an [illegible] of this kind.

Very sincerely yours,

[illegible] Stedron
Audit Section

[illegible] Form No. 2

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

224 New Customhouse
Denver 2, Colorado

April 1, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 606, Contract I-DMA-289 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado. Operator's Monthly Progress Report for the period February 1953.

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions as recommended by the inspecting engineer.

Raising	$469.02
Drift Rehabilitation	161.88
Due to incorrect computations. Rates specified as $15.00 per foot for Raising and $10.00 per foot for Drift Rehabilitation.	
Power	123.19
Pending clarification of the excessive amount charged this month in contract with previous periods.	

Remarks:

Date of Report	March 12, 1953.
Date Received in Field Office	March 16, 1953.
Date Received in Region Office	March 30, 1953.
Date Processed for Payment	March 31, 1953.

W. H. King
W. H. King

Enclosures

RDB:cwm
cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 27, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for February 1953

Please find enclosed the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative and required documentation--and the original and six copies of W. L. Dare's memorandum covering inspection of the underground progress and accounts.

The 15 feet rehabilitation of the No. 7 tunnel and 12 feet of raising from the lateral are correctly reported in the narrative and verified by the inspector.

Entries on the reporting forms and documentation are in order within our delegated authority, except:

Item 1. Contracts: The inspecting engineer disallows $469.02 for raising and $161.88 for drift rehabilitation labor due to incorrect computation.

Item 3. Operating Materials and Supplies: Power - $123.19 is disallowed pending clarification of the excessive amount charged this month in contrast with previous periods.

Total disallowances are $754.09, which subtracted from the total $2,257.46 claimed by the contractor leaves a remainder of $1,503.68. Of this sum $751.68, or 50 percent, is approved for payment, subject to usual Region IV audit.

W. M. Traver

W. M. Traver

enclosures

WMT/eb

cc 4
E29
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 26, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: W. L. Dare

Subject: DMA 606, Contract IdDMA-E29 (Lead-mine), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for February 1953

The Henrietta mine was visted on March 19, 1953, by R. R. McLellan and W. L. Dare. Underground progress was checked with Joe Trudgeon, mine superintendent, and found to be correct as reported. The operator has shown 15 feet of tunnel rehabilitation and 12 feet of raising as accomplished in February. The 15 feet of rehabilitation advance was made in the old caved tunnel at the point where the lateral, advanced in January, was turned and encountered the old tunnel on January 31. It was hoped that the cave would not prove as heavy as before or that solid vein material would be reached, but spiling was required and costs again proved excessive. At the time of the visit the operator had abandoned the cave and was again advancing the lateral to cut the vein at a point further ahead.

For the month of February the operator shows a power charge of $123.19. This is 50 percent of the amount charged U. S. Metals Corporation, as shown on the attached copy of the power invoice. It should be noted that past power charges have averaged less than $60.00 per month. In the case of the last three months, January's charge was $52.36, February's was $50.91, and for November the charge was $75.03. The company has been prorating their total bill to the projects operating. In January the total bill was $156.09; one-third of this amount was charged to the Henrietta exploration project, one-third to company operations in the Surprise stope of the Henrietta, and one-third to the Joe and John operation under Contract Idm-E309.

It seems odd that for the month of February, when the Joe and John project was not in operation, the total power bill amounts

to $246.39, almost $90.00 more than for January when the Joe and John was operating the full month. It is known that they are still using a diesel-powered compressor at the Henrietta and have not made any electrically driven machinery additions at the mine, such as fans. It is recommended that the total power charge claimed be disallowed until some satisfactory reason is submitted explaining why it should be increased.

On the supplemental payroll sheet it is seen that the operator has paid labor, using a Butte system type of bonus payment for work done in rehabilitating the 15 feet of tunnel and for the 12 feet of raising. The total of the contract bonuses paid for the rehabilitation, including overtime, amounts to $370.00, and for the raising, $628.40. Since the contract specifically provides that labor may be paid a maximum of $10.00 per foot for rehabilitation and $15.00 per foot for raising, it seems that exception must be taken to the overcharges until changes are incorporated into the contract. On the basis of the rates set forth in the contract and advances made in the two half-month work periods, the total of allowable labor bonuses, including overtime, amounts to $367.50. The total recommended labor disallowance therefore is $630.90. In a letter dated February 12, 1953, the operator requested authorization to drive approximately 30 feet of "doghole" type raise. This raise was authorized to permit examination of the vein above the tunnel. The cost of $62.73 per foot is considered as too liberal an amount and the raise more elaborate than a "doghole" raise should be.

Recommended disallowances are as follows:

Item (1),	Contracts:	
	Raise	$469.02
	Drift Rehabilitation	161.88
Item (3),	Operating Materials and Supplies:	
	Power	123.19
	Total	$754.09

Payment is recommended of $751.68, which is 50 percent of the $2,257.46 claimed less the disallowance of $754.09.

W. L. Dare
Mining Engineer

WLD/cb

cc 6
E29
mDMEA Chron.

March 12, 1953

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

Re: DMA #E29

Dear Mr. King:

During February 1953, work in the Henrietta No. 7 tunnel consisted of rehabilitating 15 feet of the old No. 7 tunnel on a contract basis from the point where we holed through into the old drift on January 31, 1952. One set of spiling was driven. The ground was very loose and the caved material from above continued to come down by a little probing and we removed 110 cars of waste material. As it was too dangerous to go up into the caved area, we decided to drive an inclined exploration raise from the footwall lateral of the Henrietta tunnel approximately 290 to 295 feet from the start of the lateral. This raise was driven and timbered to a height of 12 feet by February 28th.

We also installed 2 bulkheads and 1 ore chute. All this work was done on a contract basis.

There was no advance in the Surprise drift during February.

Respectfully submitted,

U.S. METALS CORPORATION

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOB:mcf

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

Budget Bureau No. 42-R1036.3.
Approval expires 7-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953 29

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January 1953 Docket No. DMEA 606 Contract Lead & Zinc
Operator's Name U. S. Metals Corp. Minerals
Address 210 Mercantile Bldg., Denver, Colorado
Contract Amount, $ 113,638.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
~~Drifting~~ Lateral Rehab	799.68	2,196.24	2,995.92			
~~Drifting Rehab~~		4,781.00	4,781.00			
(2) Labor and Supervision:						
Labor	752.38	17,840.41	18,592.79			
Supervision	125.00	5,400.00	5,525.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	93.49	713.18	806.67			
Explosives	72.37	406.32	478.69			
Pipe		4,121.46	4,121.46			
Track		3,325.13	3,325.13			
Power	52.36	519.70	572.06			
Other	246.39	4,918.44	5,164.83			
(4) Operating Equipment:						
Rental						
Purchase	1,244.40	6,52[illegible].59	7,766.99			
Depreciation						
(5) Initial Rehabilitation and Repairs		5,655.48	5,655.48			
(6) New Bldgs., Improvements, etc.		3,707.22	3,707.22			
(7) Miscellaneous:						
Repairs to Equipment	278.81	1,478.85	1,757.66			
Sampling and Analysis						
Payroll Taxes	25.16	711.19	736.35			
Liability Insurance	42.09	905.73	947.82			
Colo. Unemployment Tax	86.96	354.40	441.36			
Vent Tube		1,971.86	1,971.86			
(8) Contingencies (specify): Transportation	100.34	2,565.81	2,666.15			
TOTALS	3,919.43	68,095.01	72,014.44	3919.43	68,095.01	72,014.44

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb. 10, 1953 *Payee U.S. Metals Corp.
Per Norman Grant Title President

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

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

(Instructions on reverse)

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

$ 1959.71

Signature [illegible]
(Authorized Certifying Officer)

Date 3/11/53 Vou. No. DMA 53-107

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 29 in accordance with the terms of the contract.

Signature R.R. McLuan 1,959.7 Title Mining Engineer Date 2/27/53

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

Signature W. H. King Title Executive Officer Date MAR 6 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bu[illegible] 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 16 1953

Month of Jan. 195 3 Docket No. DMEA 606 Contract No. I-DMA-E-29
Operator's Name U. S. Metals Corp. Minerals Lead & Zinc
Address 210 Mercantile Bldg., Denver, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	feet							015.00
Crosscutting and Lateral Drifting	"	2,392.03	68.5	8,706.29	339'	25.68		
Raising	"						(400'	15.00
Shafts								
Winzes	"						(400'	40.00
Drilling: Core								
Churn								
Auger								
Drifting Surprise	"			810.04	24'	33.75	100'	35.00
Trenching								
Rehab Raise	"				None		580'	10.00
Roads and Trails		283.00		2,802.41				
Tunnel Rehab	"			42,566.01	1248'	34.10	1600'	10.00
TOTAL DISTRIBUTED COSTS		2,675.03		54,884.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		1,244.40		7,766.99				
Initial Rehabilitation and Repairs				5,655.48				
New Buildings, Improvements, etc.				3,322.64				
New facilities (Power Line)				384.58				
TOTAL COSTS		3,919.43		$ 72,014.44				

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

Date Feb. 10, 1953 Operator U. S. Metals Corp.

Per J. Cameron Grant Title President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

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

224 New Customhouse
Denver 2, Colorado

March 6, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 606, Contract Idm-E29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado. Operator's Monthly Progress Report for the period January, 1953.

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report	February 10, 1953.
Date Received in Field Office	February 13, 1953.
Date Received in Region Office	March 3, 1953.
Date Processed for Payment	March 5, 1953.

W. H. King
W. H. King

Enclosures

RDB:cwm
Secretary to the Oper. Comm. (2)
cc: Contract w/copy of MF-104
WMTraver w/copy of MF-104
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 2, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 606, Contract Idm-E29 (Beard-mine), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for January 1953

Enclosed please find the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative, map, and required documentation--and the original and six copies of R. R. McLellan's memorandum covering inspection of the underground progress and accounts.

The total advance of 68.5 feet--8 feet in the crosscut and 60.5 feet in the lateral--reported in the narrative and entered on the MF-104A form was verified by the inspectors on February 19, 1953, and conforms to terms of the contract.

Documentation was found correct within the limits of the inspecting engineers' authority to check, and costs are prorated as agreed with the Region IV auditor.

Payment is approved and certified on the MF-104 form of $1,959.71, or 50 percent of the total $3,919.43 claimed by the contractor, subject to usual Region IV audit.

W. M. Traver

W. M. Traver

enclosures

WMT/cb

cc 4
E29
DMEA Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 2, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMA 606, Contract Min-429 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for January 1953.

Underground progress was checked by Russell R. McLellan and Wilbert L. Dare on February 19, 1953. The work was found to be accomplished as reported in the operator's narrative. The short crosscut from the lateral was advanced 8 feet, or until badly caving ground was encountered in the old Henrietta drift. The main lateral was advanced 60.5 feet for a total advance of 68.5 feet as reported on the MF-104 forms.

The work has been performed in conformance with the terms of the contract. The accounts appear to be in order, with all invoices properly certified. When necessary, the cost of each purchase or service has been prorated correctly to two or more of the four operations now in progress.

Two blowers with motors were purchased during the month for a total cost of $1,244.40. The purchase of the blowers is allowable and the amount does not exceed that which is specified in the contract.

Payment is recommended of $1,959.71, or 50 percent of the $3,919.43 claimed.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/cb

cc 6
E29
DMEA Chron.

February 10, 1953

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

Re: DMA # E-29

Dear Mr. King:

During January 1953, work in the Henrietta #7 tunnel consisted of advancing a crosscut from the lateral to the Henrietta Vein. In the previous month this had been advanced to a total of 30 feet, and in January was carried on by spiling on days pay an additional 8 feet, for a total of 38 feet. The last few feet of this work was driven through an old raise, and old drift timbers were visible, when a cave occurred which would have caused further work to be unreasonably expensive. Further work was stopped in this heading, and the crew resumed driving the main lateral.

The main lateral was advanced 60-1/2 feet to a total of 317 feet through solid on a contract basis. At this point the right hand corner was holed through to the old Henrietta drift. In addition to this advance, an allowance of 2 feet was made for a half shift spent in drilling, blasting, and mucking out a pilot holing into the old workings. Just before holing through, a pilot hole penetrated to open space, with a rather strong drip of water. Having been warned that a large volume of water could be encountered, a small pilot round was drilled upward and to the right, to precede the regular holing. This was blasted and mucked out prior to holing through and 2 feet was paid for the work but should not be included in the advances or totals.

There was no advance in the Surprise drift during January.

Respectfully submitted,

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOB:WHB:mcf

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Budget Bureau No. 42-R0035.3.
Approval expires 6-30-53.
Defense Minerals Administration
RECEIVED
FEB 12 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 195 2 Docket No. DMEA 606 Contract No. I-DMA-E29
Operator's Name U. S. Metals Corp. Minerals Lead & Zinc
Address 210 Mercantile Bldg., Denver, Colo.
Contract Amount, $ 113,638.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
~~xxxx~~ Rehab. Lateral	1090.00	1106.24	2196.24			
Drifting rehab.		4781.00	4781.00			
(2) Labor and Supervision:						
Labor	607.56	17232.85	17840.41			
Supervision	250.00	5150.00	5400.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	32.43	680.75	713.18			
Explosives	110.23	296.09	406.32			
Pipe		4121.46	4121.46			
Track		3325.13	3325.13			
Power	50.91	468.79	519.70			
Other	122.31	4796.13	4918.44			
(4) Operating Equipment:						
Rental						
Purchase		6522.59	6522.59			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3707.22	3707.22			
(7) Miscellaneous:						
Repairs to Equipment	126.14	1352.71	1478.85			
Sampling and Analysis						
Payroll Taxes	4- 5.07	716.67	711.60			
Liability Insurance	49.56	856.85	906.41	48.88	856.85	905.73
Colo. Unemployment Tax	25.73	329.40	355.13	24.59	329.40	353.99
Vent Tube		1971.86	1971.86			
(8) Contingencies (specify):						
Transportation	4.04	2561.77	2565.81			
TOTALS	2463.84	65632.99	68096.83	2,462.02	65,632.99	68,095.01

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

Date _____ *Payee U. S. Metals Corp.

Per Walter A. Falk Title ~~President~~ Chairman

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

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

(Instructions on reverse)

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

$1231.01

Signature [illegible]
(Authorized Certifying Officer)

Date 2/5/53 Vou. No. DMA 53-94

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-29 in accordance with the terms of the contract.

Signature R. P. McLellan 1,231.92 WMT Title Mining Engineer Date 1/20/53

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

Signature W. H. King Title Executive Officer Date JAN 28 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MR 104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 12 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1952 Docket No. DMEA 606 Contract No. I-DMA-E29
Operator's Name U. S. Metals Corp. Minerals Lead & Zinc
Address 210 Mercantile Bldg., Denver, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	feet							$ 15.00
Crosscutting and lateral drifting	"	2138.28	81.5'	6316.08	270.5'	23.35		
Raising	"				none		(400'	15.00
Shafts								
Winzes	"				none		(400'	40.00
Drilling: Core								
Churn								
Auger								
Drifting Surprise	"	120.84	Nov. ~~4~~'	810.04	2~~4~~'	3~~5.22~~ 3.75	100'	35.00
Trenching								
Rehab. raise	"				none		580'	10.00
Roads and Trails		325.56		2519.41				
Tunnel Rehab.	"	120.84		42566.01	1248'	34.10	1600'	10.00
TOTAL DISTRIBUTED COSTS		2463.84		52211.54				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				6522.59				
Initial Rehabilitation and Repairs				5655.48				
New Buildings, Improvements, etc.				3322.64				
New facilities, Power Line				384.58				
TOTAL COSTS		2463.84		68096.83				

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

REMARKS:

Date Jan. 9, 1953 Operator U. S. Metals Corp.
Per Walter W. Hall Title Chairman ~~President~~

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

Date February 4, 1953
Payee's
Reference: Progress
Report - December 1952

U. S. Metals Corporation
210 Mercantile Building
15th and Arapahoe
Denver, Colorado

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

Amount Claimed $2,463.84

Difference $ 1.82

Amount Approved $2,462.02

The reason for the difference was due to:

Disallowance on amount of taxes, due to transposition of total amount of labor shown on pay roll. Total amount of roll on which taxes were computed should be $1,947.56 instead of $1,974.36.

1.5% for Social Security is $29.21 instead of $29.62
-29.21 .41

Unemployment tax computed on payrolls for Oct. - Nov. & Dec. less excess for Trudgeon and moore is $926.26 at 2.7% equals
$25.00 instead of 25.73
-25.00 .73

State Compensation at $2.51 per $100.00 equals 48.88 instead of $49.56
-48.88 .68

1.82

Any refund for deductions made above must be supported by the affidavit of base form.

Very sincerely yours,

M. E. Stokes
Audit Section

BUREAU & F Form No. 4

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

224 New Customhouse
Denver 2, Colorado

January 28, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 606, Contract Idm-E29 (Lead-Zinc), U. S. Metals Corporation (Henrietta Mine), San Juan County, Colorado - Operator's Monthly Progress Report, for the period December 1952

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

The various operating costs are prorated to the different mines being operated by U. S. Metals Corporation. The method of proration is in conformance with the Auditor's agreement with the Operator.

Remarks:

Date of Report----------January 9, 1953
Date Received in Field Office----------January 21, 1953
Date Received in Region Office----------January 23, 1953
Date Processed for Payment----------January 27, 1953

W. H. King
W. H. King

RDB:es

Enclosures

cc: Sec. to the Oper. Comm. (2)
Contract
Chron.
Traver

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 21, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for December 1952

Please find enclosed five copies of the above progress report--forms MF-104 and MF-104A, with narrative and required documentation--and seven copies of Russell R. McLellan's memorandum covering inspection of the underground progress and accounts.

Underground progress totaling 81.5 feet in the lateral drift is correctly reported in the narrative. Documentation and entries on the reporting forms were correct within the requirements of the inspector's authority. Company and contract operation costs are split equally in accordance with the auditor's agreement with the operator.

Payment is approved of $1,231.92, or 50 percent of the total $2,463.84 claimed by the contractor, subject to your and Audit and Accounts Section's verification of applicable rates charged and arithmetical accuracy.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/cb

cc 4
E29
DMEA Chron

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 21, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for December 1952

Underground progress at the Henrietta mine was checked on January 15, 1953, by Russell R. McLellan. The lateral tunnel was extended to the old workings where badly caving ground was encountered. A total advance of 51.5 feet in the lateral and 4 feet in the Surprise drift is correct as reported in the narrative. It should be noted that in the narrative the advance of 51.5 feet consists of 51.5 feet for lateral drift, 27 feet for crosscutting, and 3 feet for spiling, all of which actually is advance in the lateral drift. These items are combined correctly on the form MF-164A.

The work has been accomplished in conformance with the contract. All cost items are believed to be allowable and are verified by payrolls and invoices properly certified. As previously agreed, the cost of all items benefitting both the Henrietta exploration and the company operation are divided equally between the projects.

The point at which entry was made into the old workings during January 1953 apparently is under a badly caving stope. The lateral will be extended for a short distance to the southwest where another attempt will be made to locate either the vein or an open drift on the vein in the vicinity of the raise shown on the old Henrietta mine maps.

Payment is recommended of $1,231.92, or 50 percent of the $2,463.84 claimed.

for Scott W Hagen
Russell R. McLellan
Mining Engineer

RRM/cb

cc 6 —
E29
DMEA Chron

January 9, 1953

Mr. J. H. East, Jr.
Executive Officer
Field Team Region IV
224 New Customhouse
Denver, Colorado

Dear Mr. East:

During December, 1952, work in the Henrietta #7 Tunnel consisted of contract work in the lateral drift from December 1 to December 21, and day's pay work from December 22 to December 31, as we were approaching the old workings and we encountered loose ground. There was 54-1/2 feet advance on the lateral under contract and 27 feet of crosscut in solid ground in addition to the equivalent of 5 feet of advance was allowed for the enlarging of the turn, which was necessary at the beginning of the cross cut. At this point, a pilot hole was drilled slightly upward, and we encountered old timber, also the character of the ground changed and became too soft to allow further advance on a contract basis, so the men were put back on a day's pay basis. At this point, the section of the cross cut was enlarged and 4 posts set, from which spiling was driven. There was 3 feet advance made by spiling on day's pay.

During December, a total advance of 51-1/2 feet was made in the lateral, 27 feet in the cross cut in solid, and 3 feet by spiling or a total of 81-1/2 feet. Also, there is the equivalent of 5 feet advance in the enlarging for the turn from the lateral into the cross cut.

In the Surprise Drift, no advance was made in December, but 4 feet was driven in November.

Respectfully submitted,

U.S. Metals Corporation

Alfred O. Brehmer

Alfred O. Brehmer
Treasurer

AOB:mcf

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1952 Docket No. DMEA 606 Contract No. I-DMA-2 29
Operator's Name U. S. METALS CORPORATION Minerals Lead & Zinc
Address 210 Mercantile Bldg., Denver, Col.
Contract Amount, $ 113,638.34 Government Participation: ____% Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
xxxxxRehab Lateral	1,106.24		1,106.24			
Drift Rehab.Contract		4,781.00	4,781.00			
(2) Labor and Supervision:						
Labor	704.38	16,528.47	17,232.85			
Supervision	250.00	4,900.00	5,150.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber	74.23	606.52	680.75			
Explosives	122.91	173.18	296.09			
Pipe		4,121.46	4,121.46			
Track		3,325.13	3,325.13			
Power	75.03	393.76	468.79			
Other	856.21	3,939.92	4,796.13			
(4) Operating Equipment:						
Rental						
Purchase	122.45	6,400.14	6,522.59			
Depreciation						
(5) Initial Rehabilitation and Repairs		5,655.48	5,655.48			
(6) New Bldgs., Improvements, etc.		3,707.22	3,707.22			
(7) Miscellaneous:						
Repairs to Equipment	319.74	1,032.97	1,352.71			
Sampling and Analysis						
Payroll Taxes	30.91	685.76	716.67			
Liability Insurance	87.63	769.22	856.85			
Col. Unempl. Tax	329.40		329.40			
Vent tube	315.89	1,655.97	1,971.86			
(8) Contingencies (specify):						
Transportation	228.38	2,333.39	2,561.77			
TOTALS	4623.40	61,009.59	65,632.99			

These figures are OK to date. B.C.B.

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

Date Dec. 23, 1952 Payee U. S. Metals Corp.

Per Robert C. Brown Title President

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

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

(Instructions on reverse)

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

$ 2311.70

Signature [illegible]
(Authorized Certifying Officer)

Date 1/19/53 Vou. No. DMA 53-82

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 29 in accordance with the terms of the contract.

Signature R. R. McLellan 2311.20 Title Mining Engineer Date 12/30/52

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

Signature W. H. King Title Executive Officer Date JAN 14 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov 1952 Docket No. DMEA 608 Contract No. I-DMA-229

Operator's Name U. S. Metals Corporation Minerals Lead & Zinc

Address 210 Mercantile Building, Denver, Col.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Feet							15.00
Cross Cutting XXXXXX Lateral	do	2[illegible]04.66	93'	4177.80	189'	22.10		
Raising	do				none		400'	15.00
Shafts								
Winzes	do				none		400'	40.00
Drilling: Core								
Churn								
Auger								
Stoping Drifting XXXX Surprise	do			689.20	20'	34.46	100'	35.00
Trenching								
Test Pits Rehab. Raise	do				none		580'	10.00
Roads and Trails		465.94		2193.86				
Tunnel Rehab	do	1830.35	none	42686.85	1248'	32.73	1600'	10.00
TOTAL DISTRIBUTED COSTS		4500.95		49747.70				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		122.45		652[illegible].59				
Initial Rehabilitation and Repairs				5655.48				
New Buildings, Improvements, etc.				3322.64				
				384.58				
TOTAL COSTS		4623.40		65632.99				

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

REMARKS:

Date Dec. 23, 1952 Operator U. S. Metals Corp.

Per Robert C. Brown Title President

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

January 14, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 606, Contract I-DMA-E29 (Lead-Zinc), U. S. Metals Corp. (Henrietta Mine), San Juan County, Colorado-Operator's Monthly Progress Report, for the period November, 1952

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions:

None

Remarks:

Date of Report.....December 23, 1952
Date Received in Colorado Branch Office.....December 29, 1952
Date Received in Region IV Office.....January 5, 1953
Date Processed for Payment.....January 14, 1953

W. H. King
W. H. King

Enclosures

RDB:es

cc: Secretary to the Operating Committee (2)
Contract
Traver
Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 31, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress examination for November 1952

Please find enclosed five copies of the above progress report--forms MF-104 and MF-104A, with required documentation--and seven copies of Russell R. McLellan's memorandum covering inspection of the underground progress and checking of the accounts.

The operator has correctly reported the underground progress in his narrative as 93 feet, and the short access road constructed is considered allowable. The accounting forms were reviewed and documentation found correct within the limits of the inspecting engineer's delegated authority.

Payment is approved of $2,311.70, or 50 percent of the total $4,632.40 claimed by the contractor.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/cb

cc 4
aHKoschmann
E29
DMEA Chron

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 31, 1952

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMEA 606, Contract I-DMA-E29, (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for November 1952

The underground progress at the Henrietta mine was inspected on December 16, 1952, by Russell R. McLellan and Wilbert L. Dere. The lateral tunnel was completely within solid ground and was being turned toward the old Henrietta raise. A total advance of 93 feet for November is correct as reported in the narrative.

A short access road was bulldozed from the Lark road to the top of the Henrietta dump, eliminating a steep portion of the old road which was in a deep snow drift area. This work is believed to be allowable as the cost is well within the amount allowed by an amendment for the construction and maintenance of roads.

All charges appear to be allowable and are verified by payrolls and invoices properly certified. As previously agreed, the cost of all items benefiting both the Surprise and Henrietta operations are divided equally between the projects.

Payment is recommended of $2,311.70, or 50 percent of the $4,623.40 claimed.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/eb

cc 6
AMKoschmann
E29
DMEA Chron

December 16, 1952

Mr. J. H. East, Jr.
Executive Officer
Field Team Region IV
224 New Customhouse
Denver, Colorado

D.M.A.
Henrietta #7 Tunnel

Dear Mr. East:

During November 1952, work in the Henrietta #7 Tunnel consisted of days pay work advancing through loose ground in the footwall of the old drift for the period November 1 to 9, and contract work in the lateral from November 10 to 30. There was 6 feet advance by spiling on days pay, and 87 feet advance by contract, or a total for the month of 93 feet.

Also, a road was constructed from a point on the Lark Road to the upper turn on the Henrietta Dump. This new road eliminates a very crooked road which was almost impossible to keep clear of snow, as there was no place to dispose of it. The new road is constructed higher up, so there is a place to dispose of snow, and the sharp curves are eliminated so that it can be plowed quickly, and should prove a great saving in time previously lost waiting for the "cat" to clear the road.

In addition, the surface plant was prepared for winter, but not charged to the loan.

A small advance was made in the Surprise drift, but it has not been measured, so the advance will be reported in December.

A map will be prepared during December to show recent advances.

Respectfully submitted,

U.S. METALS CORPORATION

Alfred O. Brehmer

Alfred O. Brehmer

AOB:mcf

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

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

DEPARTMENT OF THE Defense Minerals Administration
JAN 30 1953

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

Month of October, 1952 Docket No. DMEA 606 Contract No. I-DMA-E29
Operator's Name U. S. Metals Corporation Minerals Lead and Zinc
Address 210 Mercantile Bldg., Denver, Colo.
Contract Amount, $ 113,638.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:				These amounts have been checked and are OK to date. Berk		
Drilling						
Bulldozing						
Crosscutting						
Rehab Drifting Lateral Drift Rehab Contract		4781.00	4,781.00			
(2) Labor and Supervision:						
Labor	1180.50	15347.97	16,528.47			
Supervision	250.00	4,650.00	4,900.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		606.52	606.52			
Explosives		173.18	173.18			
Pipe		4121.46	4121.46			
Track		3325.13	3325.13			
Power		393.76	393.76			
Other		3939.92	3939.92			
(4) Operating Equipment:						
Rental						
Purchase		6400.14	6400.14			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3707.22	3707.22			
(7) Miscellaneous:						
Repairs to Equipment		1032.97	1032.97			
Colo. Unemployment Tax ~~Sampling and Analysis~~						
Payroll Taxes	21.46	664.30	685.76			
Liability Insurance		769.22	769.22			
~~Colo. Unemployment Tax~~						
Vent Tube		1655.97	1655.97			
(8) Contingencies (specify): Transportation		2333.39	2333.39			
TOTALS	1451.96	59,557.63	61,009.59			

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

Date Dec. 23, 52 *Payee U. S. Metals Corp.

Per Robert C. Brown Title President

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

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

(Instructions on reverse)

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

$725.98

Signature [illegible]
(Authorized Certifying Officer)

Date 1/19/53 Voucher DMA 53-82
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 29 in accordance with the terms of the contract.

Signature R. R. McLellan Title Mining Engineer Date 12/30/52

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

Signature W. H. King Title Executive Officer Date JAN 14 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 2 0 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1952 Docket No. DMEA 606 Contract No. I-DMA-E29

Operator's Name U. S. Metals Corporation Minerals Lead and Zic

Address 210 Mercantile Building, Denver, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	feet							15.00
~~Crosscutting~~ Lateral	feet			1973.14	96'	20.55		
Raising	feet				None		(400'	15.00
Shafts								
Winzes	feet				None		(400'	40.00
Drilling: Core								
Churn								
Drifting ~~Auger~~ Surprise	feet			689.20	20'	34.46	100'	35.00
~~Stripping~~								
Trenching								
~~Test Pits~~ Rehab. raise	feet				None		580'	10.00
Roads and Trails		7917		1727.91				
Tunnel Rehab	feet	1372.79	9'	40856.50	1248'	32.73	1600'	10.00
TOTAL DISTRIBUTED COSTS		1,451.96		45,246.75				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				6,400.14				
Initial Rehabilitation and Repairs				5,655.48				
New Buildings, Improvements, etc.				3,322.64				
New Facility, Power Line				384.58				
TOTAL COSTS		1451.96		61,009.59				

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

Date Dec. 23, 1952 Operator U. S. Metals Corp.

Per Robert C. Brown Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

January 14, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 606, Contract I-DMA-R29 (Lead-Zinc) U. S. Metals Corporation (Henrietta Mine) San Juan County, Colorado - Operator's Monthly Progress Report for the period of October, 1952

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report - December 23, 1952
Date received in Colo. Branch Office - December 29, 1952
Date received in Region IV Office - January 5, 1953
Date Processed for Payment - January 13, 1953

W. H. King
W. H. King

Enclosures

RDB:oc

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

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 31, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 606, Contract I-DMA-K29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress examination for October 1952

Please find enclosed five copies of the above progress report--forms MF-104 and MF-104A, with required documentation--and seven copies of Russell R. McLellan's memorandum covering inspection of the underground progress and checking of the accounts.

The underground progress is correctly reported in the operator's narrative; the accounts involve only labor and, accordingly, one copy of the payroll and labor distribution constitute the documentation. These are in order within the responsibility of the Region IV Field Team representative to verify. Rehabilitation work was performed on day's pay rather than contract, owing to the character of the caved ground encountered.

McLellan recommends payment of $725.98, or 50 percent of the total $1,451.96 claimed by the contractor.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/sb

cc 4
AHKoschmann
K29
DMEA Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
December 2, 1952

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMEA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress examination for October 1952

The Henrietta mine was inspected by Russell R. McLellan and Wilbert L. Bare on November 19, 1952, at which time the caving ground in the vicinity of the Henrietta drift had been successfully caught up and the lateral tunnel was progressing in solid ground. The 9 feet of advance for October is correct as reported in the narrative.

All labor charges for rehabilitation during the period are at day's pay rates as contract work was not feasible through the badly caved area. The one additional labor charge is for road maintenance, which will become an increasingly larger item as winter progresses.

No charges other than labor are claimed for the month. The payroll shows certain charges as being divided equally between the Henrietta and Surprise operations.

Payment is recommended of $725.98, or 50 percent of the $1,451.96 claimed.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/eb

cc 6
A.H.Koschmann
E29
DMEA Chron

Mr. E. H. East, Jr.
Executive Officer
Mold Team Region IV
234 New Customhouse
Denver, Colorado

Re: DEA

Dear Mr. East:

During October, 1952, the work performed at the Henrietta Mine in the No. 7 Tunnel level consisted of driving through the old drift area and into the footwall.

At the start of the month, the face of the crosscut showed what appeared to be solid ground. It proved to be loose fractured material in a wedge shaped mass, with the point of the wedge at about roof elevation. As soon as it was disturbed, it ran up into the old caved area, so that it was necessary to continue spiling until solid ground was encountered.

During the month, an entrance of 8 feet was made through caved material, and 6 sets of timber were placed by means of spiling. All this work was done on day's pay as contracting was not feasible.

At the end of the month, the face showed the ground that will require drilling and blasting, and it is expected that after a set or two is placed to prevent the brow from caving, that work can resume on a contract basis.

Respectfully submitted,

U.S. BUREAU OF MINES

Alfred O. Brehmer

Alfred O. Brehmer

AOBrmf

Form MF-137 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1952 Docket No. DMEA 606 Contract No. I-DMA-829
Operator's Name U.S. Metals Corporation Minerals Lead and Zinc
Address 210 Mercantile Bldg., Denver, Colorado
Contract Amount, $113,038.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting Lateral Drift Rehab Contract		4,781.00	4,781.00			
(2) Labor and Supervision:						
Labor Day's Pay	1,137.75	16349.36	17,487.11			
Supervision	250.00	4900.00	5,150.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		606.52	606.52			
Explosives		173.18	173.18			
Pipe	90.45	4031.01	4,121.46			
Track		3325.13	3,325.13			
Power	40.56	409.71	450.27			
Other	189.04	4147.18	4,336.22			
(4) Operating Equipment:						
Rental						
Purchase	81.50	6,498.64	6,580.14	15.20		6513.84
Depreciation Caterpillar		5546.04	5,546.04			
(5) ~~Initial Rehabilitation and Repairs~~		3604.56	3,604.56			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment	14.12	1082.12	1,096.24			
Sampling and Analysis						
Payroll Taxes	63.36	558.40	621.76			
Liability Insurance	29.00	616.70	645.70			
Vent Tube	355.97	1300.00	1,655.97			
(8) Contingencies (specify): Transportation	40.34	2297.72	2,338.06			
TOTALS	2,292.69	60427.27	62,719.96	2226.39	60427.27	62653.66
				*-	-1608.65	-1608.65
				-1487.37		-1487.37
				739.02	$ 58818.62	59557.64
					369.51	

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

Date 11-14-52 *Payee U.S. Metals Corporation **

Per Robert C. Brown Title President

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

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

(Instructions on reverse)

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

Signature (Authorized Certifying Officer)

Date 3/17/52 Vou. No. DMA 53-74

(See other side)

*Previous disallowance
** Audit disallowance & adjustment by DMEA Auditor

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-29 in accordance with the terms of the contract.

Signature R. R. McLellan 6.1.3.19 Title Mining Engineer Date 11/24/52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date 12/8/52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form ME-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1951 Docket No. DMEA 606 Contract No. I-DMA-B 29
Operator's Name U.S. Metals Corporation Minerals Lead and Zinc
Address 210 Mercantile Bldg., Denver, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	feet							15.00
Crosscutting: Lateral	feet	206.74	2'	1,973.14	96'	25.53		
Raising	feet				None		(400'	15.00
Shafts							(	
Winzes	feet				None		(400'	40.00
Drilling: Core								
Churn								
Auger								
Drifting Surprise	feet			639.20	20'	34.46	100'	35.00
Sinking								
Trenching								
Test Pits: Rehab-Raise	feet				None		530'	10.00
Roads and Trails		22.00		1,643.74				
Tunnel Rehab.	feet	1932.45	7'	42,678.14	1239'	34.44	1600'	10.00
TOTAL DISTRIBUTED COSTS		2211.19		46,939.22				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		81.50		6,580.14				
Initial Rehabilitation and Repairs				5,546.04				
New Buildings, Improvements, etc.				3,219.98				
New Facility, Power Line				394.53				
TOTAL COSTS		2292.69		62,719.96				

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

Date Nov. 13, 1952 Operator U.S. Metals Corp.

Per Robert C. Brown Title President

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

[illegible]

[illegible]

Date Dec. 15, 1952

Reference

Subject Progress Report

U.S.Metals Corporation
210 Mercantile Bldg.,
Denver, Colorado

September, 1952

Upon consideration of your claim for payment for performance of the [illegible] made by the Government, we regret that we account accordingly:

Amount Claimed	$ 2292.69
Disallowance	$ * 1553.67
Amount Approved	$ 739.02

The reason for the disallowance was due to:

* Purchase of Air Receiver not allowed under contract	$66.30	
* Audit disallowance and adjustment by ERPA Auditor	1487.37	$1553.67

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

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
[illegible]

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

[illegible] New Customhouse
Denver 2, Colorado

December 8, 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 606, Contract I-DMA-R29 (Lead-Zinc-Copper) U. S. Metals Corporation, San Juan County, Colorado - Operator's Monthly Progress Report for the period of September, 1952

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Deduction September Report Purchase of Air Receiver not authorized by the contract -	$66.30
Audit disallowances and adjustment in accordance with the following schedule -	$1487.37
Total Deductions -	$1553.67

Schedule of reinstatements and deductions in accordance with the Audit Report dated November 18, 1952, covering the period from June 1, 1952 through August 31, 1952.

Items on MF-104	Reinstatements	Deductions
Labor	$ 34.00	$ 2139.14
Supervision	- -	500.00
Power	- -	56.51
Other Supplies	- -	200.00
Equipment Purchases	278.49	98.50
New Bldgs., Imp., etc.	102.66	- -
Repairs to Equipment	107.81	64.79
Payroll taxes	42.54	- -
Liability Insurance	- -	76.48
Transportation	1087.24	4.69
Total	$1652.74	$3140.11
Less Reinstatements		1652.74
Balance to be Deducted -		$1487.37

The above schedule should be furnished the operator for his information in preparing the October Report.

Remarks - Amounts reported in column "Total Previously Reported" and "Totals to Date" are in error and will be corrected on the next report.

W. H. King

W. H. King

Enclosures

JWT:oc

cc: Contract
Secretary to the Operating Committee (2)
WMTraver
Chron.
AHKoschmann (2)

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
November 26, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMEA 606, Contract I-DMA-K29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for September 1952

Enclosed please find five copies of the above progress report--forms MF-104 and MF-104A, with proper documentation--and seven copies of Russell R. McLellan's memorandum covering inspection of the underground progress and accounts.

McLellan and Dare verified the underground progress October 19, 1952, and found it as reported in the narrative. The accounts are passed except for purchase of an unauthorized air receiver costing $66.30, which is disallowed.

The total claimed by the contractor, $2,292.69, less $66.30 disallowed, leaves a balance of $2,226.39. Of this sum payment is approved of 50 percent, or $1,113.19, subject to the usual audit by Region IV engineers and the Audits and Accounts Section to verify applicable rates and the arithmetical accuracy of the operator's figures.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/eb

cc 4
AHKoschmann
K29
DMEA Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
November 26, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMEA 606, Contract I-DMA-R29 (lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress report for September 1952

The underground progress was inspected by Russell R. McLellan and W. L. Bare on October 19, 1952; however, the progress report was not received at the Colorado Branch until November 18, 1952. The advance is correct as reported in the narrative.

The lateral was driven 2 feet, at which point the caved Henrietta drift was encountered. At the close of the month rehabilitation had been advanced across the drift for a distance of 7 feet. Several hundred cars of fine cave material were pulled while spilling under the stoped area, accounting for the slow progress. On the date of examination, November 18, 1952, the drift had been crossed and the lateral was being driven in solid ground in the footwall.

The accounts appear to be correct with one exception, in which a second air receiver costing $66.30 was purchased without authorization. One receiver is allowed by the contract, and it was purchased with the compressor in July 1952. The costs of certain items benefiting both the Henrietta and Surprise operations are divided equally between the two projects, as previously agreed. The labor charge, also, is prorated according to the number of men and hours per project for the month.

Payment is recommended of $1,113.19, or 50 percent of the $2,292.69 claimed, less $66.30 for the air receiver.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/cb

cc 6
AWKoschmann
R29
DMEA Chron.

COPY

October 24, 1952

Mr. J. H. East, Jr.
Executive Officer
Field Team, Region IV
224 New Customhouse
Denver Colorado

Dear Mr. East:

During September 1952, work was carried on in the No. 7 tunnel rehabilitation project in the Henrietta Mine. Two feet advance in solid ground is reported in the lateral driver around a caved area previously encountered. This two feet was actually badly caved ground in the hanging wall of the vein, and the advance was made by spiling, as were several feet in the previous month. The next advance made was seven feet of rehabilitation, which consisted of crossing the old timbered area of the drift on the Henrietta vein, as shown on the attached sketch.

The old drift was caved badly, at this point, and apparently had been stoped above, as there seemed to be no limit to the amount of finely divided material flowing into the heading through the smallest opening. Timber was placed on 18 inch to 24 inch centers, in order to hold the weight. At the conclusion of this phase, the footwall was encountered, and it was decided that it would not be feasible to attempt rehabilitation of the drift from the cost standpoint, so authorization to drive a lateral in the footwall was obtained to reduce the cost of future work.

The total footage of rehabilitation includes 1200 feet to the point where the first caved area was encountered, 32 in a cross-cut west to where the 96 feet of lateral was driven in solid ground, and 7 feet in crossing the old drift, or a total of 1239 feet rehabilitated and 96 feet of lateral in solid ground. The work in September was done on a day's pay basis, as it was not feasible to contract work requiring care, rather than speed.

In the fall of 1951 a snow shed was constructed over the waste track at the portal, but was completely destroyed by the heavy snow and snow slides of the past winter. During September, a new snow shed was started in a safer location, and you will note on the detailed payroll sheets that this is not included in the charges made against the loan.

A water line for drilling water has been constructed, extending from Prospect Creek to the tunnel portal, which will allow winter operation without the cost of hauling water.

Respectfully submitted,
Alfred O. Brehmer
Alfred O. Brehmer U.S. Metals Corp.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1952

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

U. S. METALS CORPORATION
(Formerly U. S. Oil and Metals Corporation)
210 Mercantile Building
1031-15th Street
Denver, Colorado

pertaining to Exploration Project Contract No. IDMA-E29, Docket No. DMA 606 for the period June 1, through August 31, 1952.

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

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

Total Cost as Billed by Contractor:			$62,907.43
Deduct - Errors in carrying totals forward			75.20
Corrected total cost as billed by Contractor			$62,832.23
Exceptions: (See Audit Report for) (details)			
During this Audit		$3,140.11	
Prior to this Audit $4,013.62 Less amounts determined to be allowable	1,652.74	2,360.88	5,500.99
			$57,331.24

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-eight Thousand six hundred sixty-five and 62/100

-$28,665.62-

is valid and proper.

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

November 18, 1952

Donald T. Finch

Donald T. Finch, Auditor

I. INTRODUCTION

On October 21 to 28, 1952, a second interim audit (covering the period June 1, through August 31, 1952) was made of the records and accounts of operations pertaining to Contract No. DMA E29, Docket No. DMA 606, with the U. S. Metals Corporation, (formerly the U. S. Oil and Metals Corporation) Denver, Colorado, covering a project of exploration for Lead, Zinc and Copper. The records pertaining to this contract are in the office of the company at 210 Mercantile Building, 1031-15th Street, Denver, Colorado. The project is located approximately 360 miles from Denver, Colorado, and is about 10 miles from Silverton, Colorado in the Red Mountain Mining District, San Juan County, Colorado.

The original contract was dated June 27, 1951 and was to continue for six months. As of October 1, 1952, seven amendments to the contract have been issued. Amendment No. 6 dated August 20, 1952, effective on original contract date, replaced the original contract exhibits and rescinded the first five amendments. It also continued the contract for 24 months from June 27, 1951.

The present audit covered the period June 1, through August 31, 1952. A previous audit covered the period July 27, 1951, through May 31, 1952.

Mr. Scott W. Hazen, Jr., Mining Engineer, collaborated in the audit.

During the course of the audit the following officers and employees were consulted as required:

Mr. Walter A. Folk, Chairman of the Board
Mr. Carl H. Peterson, Secretary-Treasurer
Mr. Alfred O. Brehmer, Vice-President
Mr. W. R. Green, Accountant
Mr. Joseph Trudgean, Mining Superintendent

II. GENERAL INFORMATION ON RECORDS

The source documents covering the costs of this project are recorded on monthly work sheets, which form the basis for preparation of the monthly MF-104 reports. This audit, therefore, involved in general, an examination of the source documents against the monthly work sheets. With a few minor exceptions, which will be discussed elsewhere in this report, costs are recorded on a cash disbursement basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of August, 1952. The extent of the audit and the findings under each of the "Items of Cost" follow:

1. Labor and Supervision

All charges under this item were checked against the recordings on the monthly work sheets. Daily time reports signed by the mine superintendent were checked in detail for each employee for the period June 1, through August 31, 1952. Amounts charged against the project for each employee were compared with the total semi-monthly earnings shown on the payrolls. Cancelled pay checks

were examined at random for amounts, payees and endorsements. The Mining Engineer assisted in the examination of the daily time reports to determine the propriety of labor charges to the project. The deletions of labor charges for the period June 1, through August 31, 1952 amounted to $2,639.14. They are itemized on Schedule A attached to this report. In numerous instances the individual deletions were discussed at length with the Mine Superintendent.

It will be noted that allocation of the salary of the Mine Superintendent, the Mechanic, and the "Cat" operator was made after a conference attended by the Vice-President and the Mine Superintendent for the Contractor and the Mining Engineer and the Auditor for the DMEA. The allocation between mining and exploration operation is based on labor man days. It appears to be the most practical method applicable in the circumstances. According to the mining engineer, mining operations prior to July 1, 1952 were negligible.

The method of allocation has also been reviewed with and approved by the Regional Executive Officer.

The Total to Date on the MF-104 for labor August, 1952 should be adjusted as follows:

Total to Date August 31, 1952		$21,187.36
Previous Disallowances per Previous Audit:		
Excess mechanic's wages July, 1951	$88.00	
Per Finance Officer (Error in) (Extension)	3.00	
Per This Audit		
Payroll Deletions Labor not Chargeable to Exploration Contract	2139.14	
	$2230.14	
Less: Reinstatement for duplicate disallowance by Finance Officer reported in Previous Audit	34.00	2,196.14
Corrected Totals to date for Labor August 31, 1952		$18,991.22

The total to date for Supervision on the operator's MF-104 form for August 1952 should be reduced by $500.00 for allocation of Supervision salary to Mining for July and August, 1952.

2. Operating Materials and Supplies

All charges in this category were checked against the monthly work sheets and analyzed to determine the propriety of the items. All purchase invoices for the period June 1, through August 31, 1952 were examined and cancelled checks for these items were randomed checked. The company does not maintain a Stores System, and with the exception of explosives, all items of operating materials and supplies are charged direct to operations. Explosives are purchased in ton lots and charged out as used at invoice cost per pound. The current cost of explosives is $.2135 per lb. The DMEA Finance Officer had disallowed the June, 1952 charge for explosives of $65.50 because the work performed on the project during June did not require the use of explosives.

Power charges are for electric energy purchased. The DMEA Finance Officer had previously disallowed a duplicate charge of $58.38 included by the operator in the MF-104 Form for August, 1952. During the audit, an allocation of Power Charges for the months of July and August, 1952 was made between mining and exploration. This allocation resulted in a deletion of $56.51.

The item "Other Supplies," includes charges for small tools, Jeep and Truck expense, Diesel fuel and oil for Compressor, Canvas Vent tubing and miscellaneous mine supplies. An allocation

of diesel fuel between mining and exploration for July and August, 1952 resulted in a deletion of $200.00. Prior disallowances amount to $367.62 which consist of the following items:

Prior Audit	
Mechanic's Supplies and Expenses July, 1951	$170.39
DMEA Finance Officer	
Mine Supplies chargeable to Mining June, 1952	162.09
Mine Supplies chargeable to Mining, July, 1952	35.14
Total above	$367.62

The total to date for Other Supplies shown on the operator's MF-104 form for August was further reduced by $25.50 to correct errors in carrying forward monthly cumulative totals.

3. Operating Equipment Purchases

All purchase invoices for equipment purchases were examined and compared with the exploration contract as amended for the period June 1, through August 31, 1952. The operator makes charges to this account on a cash basis. That is, when equipment is paid for in instalments, the total cost of the equipment is not shown until the final payment is made.

This account consists of the following items:

	Operator's MF-104 Aug. 31,1952 as filed	Previous Disallowance	Disallowed Audit	Reinstated	Corrected Total
Compressor	$3500.00				$3500.00
Electric Motor	100.00				100.00
Wheelbarrow	35.00				35.00
Socket Wrenches	61.88				61.88
Electric Drill	46.25				46.25
Welding Outfit	142.49	$142.49		$142.49	142.49
Rail Bender	90.20				90.20
Power Saw	138.72	136.00		136.00	138.72
Bench Grinder	60.80				60.80
Fire Extinguishers	104.20				104.20
Tramaire	1779.90		$98.50		1681.40
Jackhammer & Leg	416.50				416.50
Galvanometer	22.70				22.70
Totals	$6498.64	$ 278.49	$98.50	$278.49	$6400.14

In the previous audit, the welding outfit and the power saw were deleted as not being in the contract. Amendment No. 6 dated August 20, 1952 with effective date of June 27, 1951 authorizes these two items, therefore a reinstatement is indicated. Amendment No. 7 dated October 1, 1952 effective June 27, 1951, authorizes the Bench Grinder and Fire Extinguishers.

In September, 1951, the operator overpaid the Shapleigh Hardware Company $98.50. This overpayment was discovered by the examination of a letter from the supplier dated June 23, 1952 and a disallowance of a previous overcharge on the cost of equipment is indicated.

4. Initial Rehabilitation and Repairs

This item includes the cost of repairs and the labor for installing them. No charges were made to this account during the period covered by this audit--viz. June 1, through August 31, 1952.

5. New Buildings, Improvements, etc.

This item includes the cost of materials and labor for constructing the authorized new buildings. No charges were made to this account during the period June 1, through August 31, 1952. The total to date, as shown on the operator's MF-104 form for August, 1952 should, however, be adjusted as follows:

Total to Date, August 31, 1952 per MF-104		$3814.56
Previous Disallowances		
Per DMEA Finance Officer:		
Unauthorized construction of ore bin	$186.00	
Per Previous Audit:		
Labor Unauthorized construction	24.00	
	$210.00	

Less: Reinstatement for duplicate disallowance by Finance Officer reported in Previous Audit	$102.66	$107.34
Corrected Total as of August 31, 1952		$3707.22

6. Repairs to Equipment

All charges to repairs to equipment during the period June 1, through August 31, 1952 were traced to invoices. Cancelled bank checks were randomed checked.

The total to date shown on the operator's MF-104 form for August 31, 1952 should be adjusted as follows:

Total to Date MF-104 August 1952		$1230.88
Error in carrying totals forward prior months	$1.98	
Prior disallowances Per Previous audit		
Jeep Repairs	78.28	
Per DMEA Finance Officer		
Repairs to Equipment not authorized	2.19	
Craig Service -- Auto Truck Expense June, 1952 No documentation	106.31	
Seagler Motor Parts-- designation of equipment repaired July, 1952	63.29	
Bingle Bros. Insufficient documentation	3.00	
Per This Audit Report		
Repairs allocated to Mining July and August	55.23	
Stephen Pneumatic Tool Co. No Invoice	9.56	
	$319.84	
Reinstatement Craig Service and Bingle Bros. Documentation complete at time of Audit	107.81	212.03
Corrected Total To Date August 31, 1952		$1018.85

7. Payroll Taxes

Analysis of this item disclosed the following situation:

Total to Date--Operator's MF-104 August 31, 1952		$228.13
Add: Erroneous Distribution:- Firm Liability Insurance		427.25
		$655.38
Less:		
Error in Carrying Cumulative Totals Forward	$47.72	
Previous Disallowance by Finance Officer for lack of documentation	49.26	
	$96.98	
Less: Reinstatement	42.54	54.44
Corrected Total to Date August 31, 1952		$600.94

The foregoing reinstatement is computed as follows:

Operator claimed Payroll Taxes on allowable Salaries for period July 1, through Dec. 31, 1951 at 2.7%	427.25
Operator claimed Payroll Taxes for April, May, June and July at 1.5%; allowable Salaries and Wages April through Aug. 31, 1952 $11579.38 at 1.5%	173.69
Total as above	$600.94

It is noted the operator could have claimed Payroll Taxes, (provided actually paid), at the following rates applied to the allowable Salaries and Wages:

Colorado State Unemployment Tax	2.7%
F. U. T. A.	.3%
F. I. C. A.	1.5%

8. Liability Insurance

Workman's Compensation Insurance is under the administration of the State of Colorado. The prevailing rate applicable to the operator until August, 1952 was $3.42 per hundred. This rate has now been reduced to $2.51 per hundred. An analysis of this account follows:

Total to Date Operator's MF-104 form for August, 1952		$1505.03
Less: Payroll Taxes erroneously included	$427.25	
Prior Deletions from Previous audit	261.08	
Adjustment for Payroll deletions -this audit	76.48	764.81
		$ 740.22

9. Transportation

All invoices applicable to this item for the period June 1, through August 31, 1952 were examined. This account consists of Sundry Freight, Express Charges and Auto Expense.

An analysis of the account follows:

Total to Date Operator's MF-104 form August, 1952		$3589.72
Prior Disallowances by DMEA Finance Officer		
Freight on Company-owned Equipment - April, May	$ 85.78	
Rio Grande Motor Way - June Incomplete Documentation	11.48	
Rio Grande Motor Way - July, Incomplete Documentation	9.33	
Craig Service July - Incomplete Documentation	101. 53	
Craig Service August - Incomplete Documentation	115. 44	
Resubmission of Auto Expense disallowed Previous Audit again disallowed for insufficient break-down	962. 93	
By Previous Audit		
Auto Expense Not provided by Contract	1092. 73	
By This Audit		
Triangle Service Station allocated to Mining	4. 69	
	$2383. 91	

				$3589.72
				$2383.91
Less: Reinstatement:				
Auto and Truck expenses disallowed in previous audit because not authorized in Contract are now authorized by amendment No. 6 dated Aug. 20, 1952 with effective date of June 27, 1951		$962.93		
Reinstatement of that portion of previous Disallowances by Finance Officer applicable to Exploration Contract and which were fully documented at time of Audit:				
Rio Grande Motor Way June, 1952	$6.49			
Rio Grande Motor Way July, 1952	9.33			
Craig Service July,1952	50.77			
Craig Service Aug.,1952	57.72	124.31	1087.24	$1296.67
Corrected Total to Date August 31, 1952				$2293.05

IV. CONCLUSIONS AND RECOMMENDATIONS

Exhibit B attached to and made a part of this report reflects the "Totals to Date" shown on the operator's MF-104 form for August, 1952 together with necessary corrections, Prior deletions and deletions during this audit. This exhibit also shows recommended reinstatements and accepted totals to date as of August 31, 1952.

The accepted totals to date in Exhibit B reflects costs which are reasonable and proper under the terms of the contract as amended.

At the conclusion of the audit, the findings were discussed with the officers of the company who are listed in the introduction.

The contractor has recently reorganized its office and had engaged a new mine superintendent. As a result of the audit, it is believed a better system of reports between the mine and the office

and a better accounting for exploration costs will be perfected.

The operator promised to adjust its records of Exploration Costs to reflect the adjustments and deletions discussed in this audit report.

Donald T. Finch

Donald T. Finch
Auditor, Region IV

U. S. METALS CORPORATION
Exploration Contract E29

EXHIBIT "A"

Payroll Deletions

Date		Hours	Rate	Amount	Total
1952					
June 5					
	Charles Setterquist (not on project)	8	$1.50	$12.00	
June 6					
	Charles Setterquist (no indication) (where worked)	8	1.50	12.00	
	John F. Gallegos " "	8	1.50	12.00	
June 9					
	John F. Gallegos " "	8	1.50	12.00	
	P. Ray Chavez " "	8	1.50	12.00	
	Roland C. Davis " "	8	1.50	12.00	
	Parfino J. Chavez " "	8	1.50	12.00	
June 12					
	Charles C. Moore (No Time Report)	8	2.00	16.00	
June 14					
	Roland C. Davis (Work on Ore Bin)	8	1.50	12.00	
June 15					
	Charles C. Moore (No Time Report)	8	2.00	16.00	
	Charles Setterquist " " "	8	1.50	12.00	
	Charles Setterquist " " "	8	1.50	12.00	
June 17					
	Roland C. Davis (No indication where) (worked)	8	1.50	12.00	
June 19					
	Charles Setterquist " " " "	8	1.50	12.00	
	Roland C. Davis " " " "	8	1.50	12.00	
June 21					
	Roland C. Davis " " " "	8	1.50	12.00	
June 23					
	Roland C. Davis " " " "	8	1.50	12.00	
June 24					
	Roland C. Davis " " " "	8	1.50	12.00	
	Raymond D. McCause " " " "	8	1.50	12.00	
	Frank Orstrum " " " "	8	1.50	12.00	
June 25					
	Roland C. Davis " " " "	8	1.50	12.00	
	Raymond D. McCause (Mining)	8	1.50	12.00	
	Frank M. Orstrum "	8	1.50	12.00	
June 26					
	Raymond D. McCause (Mining)	8	1.50	12.00	
	Frank M. Orstrum "	8	1.50	12.00	
June 27					
	Roland C. Davis (No indication where worked)	8	1.50	12.00	
	Raymond D. McCause (Mining)	8	1.50	12.00	
	Frank M. Orstrum "	8	1.50	12.00	
June 28					
	Roland C. Davis (No indication where worked)	8	1.50	12.00	
June 16-30	Harry B. Mullikin chg. to DMEA $192.40				
	Total Earnings	181.36			
	Overcharge to DMEA			11.04	

PAYROLL DELETIONS

Date	Hours	Rate	Amount	Total
1952				
Total Payroll Deletions June, 1952				$367.04
July 1				
Myron L. Jones (Mining)	8	$1.50	$12.00	
Frank Orstrum (Mining)	8	1.50	12.00	
July 2				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Frank Orstrum "	8	1.50	12.00	
Charles Setterquist"	8	1.50	12.00	
July 3				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Frank Orstrum "	8	1.50	12.00	
Charles Setterquist "	8	1.50	12.00	
July 4				
Myron L. Jones "	8	O.T. 2.25	18.00	
Danny Gerald "	8	O.T. 2.25	18.00	
July 5				
Myron L. Jones "	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
July 6				
Herbert F. Grey (No time report)	8	1.50	12.00	
July 7				
Charles Setterquist (Mining)	8	1.50	12.00	
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Herbert F. Grey (No time report)	8	1.50	12.00	
July 8				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Herbert F. Grey (No time report)	8	1.50	12.00	
July 9				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Joe Kobel (No Time report)	2	1.50	3.00	
Herbert F. Gray (No time report)	8	1.50	12.00	
July 10				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald (Mining)	8	1.50	12.00	
Joe Kobel (Mechanic's Helper - Ex_Contract)	8	1.50	12.00	
Herbert F. Gray (No time report)	8	1.50	12.00	
July 11				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Joe Kobel (Mechanic's Helper -Ex-Contract)	8	1.50	12.00	
July 12				
Danny Gerald (Mining)	8	1.50	12.00	
Joe Kobel (Mechanic's Helper - Ex-Contract)	8	1.50	12.00	
Jerry Joyner (No time report)	8	contract 1.78	14.24	
Clair Zufelt (Mining)	8	1.50	12.00	
Herbert F. Grey (No time report)	8	1.50	12.00	

Payroll Deletions

Date	Hours	Rate	Amount	Total
1952				
July 13				
Herbert F. Grey (No time report)	8	$1.50	$12.00	
July 14				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald "	8	1.50	12.00	
Joe Kobel (Mechanic's Helper -Ex-Contract)	8	1.50	12.00	
Herbert F. Grey (No time report)	8	1.50	12.00	
Charles Setterquist (Mining)	8	1.50	12.00	
Clair Zufelt (Mining)	8	1.50	12.00	
July 15				
Myron L. Jones (Mining)	8	1.50	12.00	
Danny Gerald (Mining)	8	1.50	12.00	
Joe Kobel (Mechanic's Helper- Ex-Contract)	8	1.50	12.00	
Merritt Bromley (No time sheet)	8	1.50	12.00	
Herbert F. Grey " " "	8	1.50	12.00	
July 16				
Joe Kobel (Mechanic's Helper, Ex-Contract)	8	1.50	12.00	
Merritt Bromley (No indication where worked)	8	1.50	12.00	
July 18				
Myron L. Jones (Mining)	8	1.50	12.00	
Jerry Joyner "	8	1.50	12.00	
Merritt Bromley "	8	1.50	12.00	
July 19				
Jerry Joyner (No time report)	8	1.50	12.00	
Merritt Bromley " " "	8	1.50	12.00	
July 20				
Charles Setterquist (Mining)	8	1.50	12.00	
Myron L. Jones "	8	1.50	12.00	
July 21				
Charles Setterquist (Mining)	4 O.T.	2.25	9.00	
Myron L. Jones (Mining)	4 O.T.	2.25	9.00	
Jerry Joyner (Mining)	4 O.T.	2.25	9.00	
Merritt Bromley (Mining)	4 O.T.	2.25	9.00	
July 22				
Charles Setterquist (Mining)	4	1.50	6.00	
Myron L. Jones (Mining)	4	1.50	6.00	
July 23				
Charles Setterquist (Mining)	8	1.50	12.00	
Myron L. Jones (Mining)	8	1.50	12.00	
July 24				
Charles Setterquist (Mining)	8	1.50	12.00	
Myron L. Jones (Mining)	8	1.50	12.00	
Jerry Joyner (No time report)	8	1.50	12.00	
Merritt Bromley (No time report)	8	1.50	12.00	
Ray B. Barnes (Ore Bin)	8	1.50	12.00	
July 25				
Charles Setterquist (Mining)	8	1.50	12.00	
Myron L. Jones (Mining)	8	1.50	12.00	
Jerry Joyner (Mining)	8	1.50	12.00	
Merritt Bromley (Mining)	8	1.50	12.00	
Ray B. Barnes (Ore Bin)	8	1.50	12.00	

Payroll Deletions

Date 1952	Hours	Rate	Amount	Total
July 29				
Fay Lee Van Houten (Excess Overtime)	8	$ .75	$ 6.00	
Charles Setterquist (Mining)	8	1.50	12.00	
July 30				
Charles Setterquist (Mining)	8	1.50	12.00	
Roy B. Barnes (No indication where worked)	8	1.50	12.00	
July 31				
Charles Setterquist (Mining)	8 O.T.	2.25	18.00	
Ray B. Barnes (Mining)	8	1.50	12.00	
Roland Schlecht (Mining)	8	1.50	12.00	
July 1 to July 31,				
Allocation to Mining				
Joseph Trudgeon, Supt. 50% total Salary of		500.00	250.00	
Sam Milano Mechanic 50%		400.00	200.00	
Charles Moore, Cat Operator 50%		179.00	89.50	
Total Payroll Deletions July, 1952				$1528.74
August 1				
Ray B. Barnes (Mining)	8	1.50	12.00	
August 5				
Ray B. Barnes (Mining)	8	1.50	12.00	
Charles Setterquist (Mining)	4 Contract	2.01	8.04	
August 6				
Charles Setterquist (Mining)	8 Contract	2.01	8.04	
August 7				
Charles Setterquist (Mining)	8 Contract	2.01	8.04	
August 8	(O.T.)			
Charles Setterquist (Mining)	8 Contract)	3.01	24.08	
August 23				
Stanley Thompson (No Time Report)	8	1.50	12.00	
Thomas Thompson (No Time Report)	8	1.50	12.00	
August 24				
Herbert F. Grey (No Time Report)	8 O.T.	2.25	18.00	
Stanley Thompson (No Time report)	8 Contract O.T.	3.01	24.08	
Thomas Thompson (No Time Report)	8 Contract O.T.	3.01	24.08	
August 27				
Herbert F. Grey (Mining)	8	1.50	12.00	
August 29				
Herbert F. Grey (Mining)	2	1.50	3.00	
	2 O.T.	2.25	4.50	
Lawrence Ponchur (Ore Bin)	8	1.50	12.00	
August 1 to August 31				
Sam Milano (Not on job, No time sheets)			200.00	
Allocation to Mining				
Joseph Trudgeon Supt. 50% of Total Salary of		500.00	250.00	
Charles Moore Cat Optr. 50% of Total Salary of		199.00	99.50	
Total Payroll deletions August, 1952				$743.36
June 1 through August 31, 1952				
Total Payroll Deletions				$ 2639.14

U. S. METALS CORPORATION
(Formerly U. S. Oil and Metals Corporation)
Exploration Contract E29

EXHIBIT "B"

	Totals to Date-Operator's MF-104 Aug.31 1952	Corrections of Errors in Totals Brought FWD by Operator	Previous Deletions Not reflected on Operator's Records ***	Deletions During This Audit	Recommended Reinstatements	Accepted Totals To Date Aug.31, 1952
Labor	$21187.36		$ 91.00	$2139.14	**$34.00	$18991.22
Supervision	4900.00			500.00		4400.00
Timber	606.52					606.52
Explosives	238.68		65.50			173.18
Pipe	4031.01					4031.01
Track	3325.13					3325.13
Power	468.09		58.38	56.51		353.20
Other Supplies	5628.20	$ 25.50	367.62	200.00		5035.08
Equipment: Purchases	6498.64		278.49	98.50	278.49	6400.14
Initial Rehab. & Repairs	5655.48					5655.48
New Bldgs. Improve. etc.	3814.56		210.00		** 102.66	3707.22
Repairs to Equip.	1230.88	1.98	253.07	64.79	107.81	1018.85
Payroll Taxes *	655.38	47.72	49.26		42.54	600.94
Liab. Ins. *	1077.78		261.08	76.48		740.22
Transportation	3589.72		2379.22	4.69	1087.24	2293.05
	$62907.43	$ 75.20	$4013.62	$3140.11	$1652.74	$57331.24

* Distribution Corrected
** From Previous Audit
*** Previous Deletions by DMEA Finance Office totalling $3073.80 have been reflected on the operator's records. These are shown in Schedule A of Previous Audit Report. The operator had not reflected the deletions for April-May, 1952 shown on this exhibit.

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

Budget Bureau No. 42-R1036.3.
Approval expires 8-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

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

Month of August, 1952 Docket No. DMEA 606 Contract No. I-2[illegible]A-[illegible]-29
Operator's Name U.S. Metals Corporation Minerals Lead & zinc
Address 210 Mercantile Bldg., Denver, Colorado
Contract Amount, $ 113,630.34 Government Participation: 50 % Amount, $ 56,819.17

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1,872.33	19,312.03	21,184.36	1,872.33	19,312.03	21,184.36
Supervision	500.00	4,490.00	4,990.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		606.52	606.52			
Explosives	54.50	344.08	398.58			
Pipe	800.00	3,692.02	4,492.02			
Track		3,323.12	3,323.12			
Power	137.21	331.08	468.29	78.63	331.08	409.71
Other (1)	2037.21	4,045.51	6,082.72			
(4) Operating Equipment:						
Rental						
Purchase	257.00	6,240.68	6,497.68			
Depreciation						
(5) Initial Rehabilitation and Repairs		8,655.40	8,655.40			
(6) New Bldgs., Improvements, etc.		5,814.56	5,814.56			
(7) Miscellaneous:						
Repairs to Equipment	20.00	1,210.80	1,230.80	17.08	1,210.80	1,227.88
Sampling and Analysis						
Payroll Taxes	131.15	96.98	228.13	131.15	96.98	228.13
Liability Insurance	52.61	1,445.42	1,498.03			
(8) Contingencies (specify): Transportation	1,078.37	2,511.35	3,589.72	00	2,511.35	2,511.35
				4,298.90	57,465.78	61,764.68
					*2,687.51	2,687.51
TOTALS	[illegible]	57,[illegible].78	63,[illegible].63	4,298.90	54,778.27	59,077.17

I certify that the above bill is correct and just and that payment therefor has not been received.
Date October 1, 1952 *Payee U.S. METALS CORPORATION
Per Robert C. Brown Title President

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: $56,816.62

$ ~~2083.88~~ 2149.45

Signature [illegible]
(Authorized Certifying Officer)

Date 10/16/52 Vou. No. DMA 53-49
(See other side)

* Previous disallowances

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 27 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engr Date Oct 6 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature J. L. F. Shaw for W. H. King Title Executive Officer Date 10-8-52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1952 Docket No. DMEA 606 Contract No. I-DMA-2-99
Operator's Name U.S. Metals Corporation Minerals lead, zinc
Address 210 Mercantile Bldg, Denver, Colorado and copper

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				1882.74				
Tunnel Rehab.		5183.66		52967.48				
TOTAL DISTRIBUTED COSTS		5183.66		55534.96				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		357.99		6490.64				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				5214.50				
TOTAL COSTS	(1)	5541.65	(2)	67207.45				

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

October 1 1952 U.S. METALS CORPORATION
Date Operator
Per Robert C. Brown Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

(1) 4,167.75
(2) 58,946.02

INSTRUCTIONS

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

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

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

GPO 83-38475

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

Administrative Audit Difference Statement

Date: October 20, 1952
Payee:
Reference: Program Report - August 1952

U. S. Metals Corporation
15th & Arapahoe Streets
Mercantile Bldg.
Denver, Colorado

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

Amount Claimed	$5,441.65
Difference	$1,142.75
Amount Approved	$4,298.90

The reason for the difference was due to:

Error in computation two hours on Charles Sitterquist regular hours	3.00
No itemization on Single Bros. Invoice	3.00
" " " Craig Service	115.44
Delinquent July balance Western Colo. Power Co.	58.38
Insufficient breakdown in maintenance of two Jeeps (May be reclaimed when breakdown is properly shown.)	962.93
	$1,142.75

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

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV-B & F Form No. 4
4-11-52 D

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

October 9, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 606, Contract I-DMA-K29 (Lead-Zinc-Copper), U.S. Metals Corporation, Henrietta Mine, San Juan County, Colorado, Operator's Monthly Progress Report for the period of August 1952

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

Work has been accomplished as authorized in the contract and payment is recommended as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and mathematical accuracy of computations, except for the following deductions:

Invoice from Bengel Brothers Shop - no itemization as to what charge consists of	$ 3.00
Statement from Craig Service - unknown what charge against project consists of	115.44
Power bill includes delinquent balance for July	58.38
Reclaim of operational and maintenance costs for two Jeeps disallowed due to on-site audit of operator's accounts. This charge may be reclaimed on supplemental report	962.93
	$1,139.75

The operator should be informed that on his supplemental report reclaiming the amount of $962.93 he should not show this entire amount as Transportation but should break down the total so that repairs will be shown after item (7) Repairs to Equipment, and other charges such as gas, oil, etc., shown after item (3) Other.

Enclosures

John F. Shaw
For W. H. King

WLD:jp
cc Sec. to Oper. Committee (2)
WMTraver
Contract
Chron
AHKoschmann (2)

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
October 7, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-729 (Lead-Zinc), U. S. Oil and Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress reports for June, July, and August 1952

Please find enclosed five copies of each of the above progress reports--forms MF-104 and MF-104A, with narrative, payroll, labor distribution, cost summary distribution, and one copy only of certified invoices--and seven copies of Scott W. Hazen, Jr.'s memorandum covering inspection of the underground progress and accounts.

This account has been discussed with your staff on several occasions and the individual monthly reports have been returned to the contractor repeatedly for revision.

We do not have enough personnel to check the accounts as thoroughly as required and, for that reason, I have recommended a separate audit or waiver of documentation.

Both Hazen and I are approving the vouchers without entering the amount for which we approve them. They are all three subject to audit by your engineers and the Audit and Accounts Section.

/s/ Floyd D. Everett

Floyd D. Everett, for
W. M. Traver, Jr.

enclosures

GMT/ash

cc: 4
Koschmann
E29
DMA Chron.

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 6, 1952

ion IV

Memo: f, Colorado Branch, Mining Division, Region IV

T: t W. Hazen, Jr.

: 606, Contract I-DMA-E29 (Lead-Zinc), U.S. Oil and
tals Corporation (Henrietta mine), San Juan County,
lorado - Progress reports for June, July, and August 1952

t a meeting held on October 3, 1952, attended by the DMEA
fficer, the auditing group, and the DMEA field and office
it was decided to authorize payment of the Henrietta June,
August accounts subject to later audit. I was instructed
at this time, all items attached to the MF-104 forms that
ubt or which did not have proper documentation.

The auditors may allow these items at the time of the audit
documentation can be produced by the company. The deletions
ended are listed below and are noted in red on the original
ribution sheet accompanying MF-104 forms for each month.

August 1952

The MF-104A does not show the proper unit charges, and totals indicate there has been no work charged to drifting in the lateral.

The amount of $962.93 deducted by audit in May 1952 must be claimed on separate supplemental MF-104.

Deletions for August

Bengel Brothers	$ 3.00	No itemization
Craig Service	115.44	No itemization tickets
Power bill	58.38	July charge duplication
Reclaim	962.93	
Total	$1,139.75	

There is a question about the J. Freeman invoice which includes an air receiver. There is no amendment for one for the Henrietta and the receiver was not seen at the mine. It might be for the Joe and John. Anyway, the entire account was not paid, so I assume the balance unpaid includes the receiver. There is confusion in the Copco Pacific account as to charges but it can be worked out. There is improper breakdown on the MF-104 as to lateral drifting charges. The powder is charged but not shown as an invoice except to note as to a ton purchase from Curtis Hardware. The powder is being charged as used.

The payroll appears to be in order but will need checking against daily time sheets. The men working on ore bins and trestle to bin are deleted by the company. The social security and compensation are apparently prorated but are complicated.

The auditors should be careful in checking the Surprise working account as very little deletion of charges have been made for the amount of stoping done.

Scott W. Hazen, Jr.
Mining Engineer

September 25 1952

Mr. W. H. King, Executive Officer
Field Team, Region IV
204 Post Custom House
Denver, Colorado

Docket Number: [illegible]-606
Contract Number: I-[illegible]A-3-29

Dear Mr. King:

During August, 1952, the work at the Henrietta Mine consisted of driving a crosscut in solid ground to detour a caved area found in the Henrietta drift during July. The July total in solid was five feet, and an advance of 89 feet in solid was made in August for a total of 94 feet. Very loose ground with heavy fault clay was encountered in the last few rounds as the hanging wall of the Henrietta vein was cut, requiring timbering and spiling.

Very truly yours,

U.S. [illegible] CORPORATION

By Robert C. Brown

Check No.	Date	Name	Description	Amount
2122	8-11-51	Craig Service	Gas & Oil repairs-jeeps	$ 123.57
Silverton/8	7-1-51	Craig Service	Gas & Oil repairs-jeeps	21.10
2200	9-6-51	Craig Service	Gas & Oil repairs-jeeps	115.04
2200	9-20-51	Carl H. Peterson	Xerox for auto & jeeps	11.51
Silverton/27	9-4-51	Circle Route Garage	Gas & Oil repairs-jeeps	8.77
2324	10-4-51	Craig Service	Gas & Oil repairs-jeeps	94.38
Silverton #35	10-1-51	Circle route Garage	Gas & Oil repairs-jeeps	34.38
Silverton/34	10-20-51	Paul E. Blowers	Paul E. Blowers-hauling	25.00
Silverton/34	10-20-51	Paul E. Blowers	non while jeeps out	-
Silverton/34	10-20-51	Paul E. Blowers	of repair	-
2410	11-9-51	Triangle Service Sta.	Gas & Oil repairs-jeeps	84.70
2437	11-9-51	Triangle Service Sta.	Gas & Oil Repairs-jeeps	32.59
2605	12-21-51	Craig Service	Gas & Oil repairs-jeeps	70.99
2617	12-21-51	Triangle Service Sta.	Gas & Oil repairs-jeeps	56.86
2600	12-21-51	Rurland Motor Co.	Gas & Oil repairs-jeeps	16.50
2653	1-16-52	Craig Service	Gas & Oil repairs-jeeps	61.30
3035	6-5-52	Triangle Service Sta.	Gas & Oil repairs-jeeps	27.07
3022	6-5-52	Craig Service	Gas & Oil repairs-jeeps	107.41
3010	6-5-52	Circle Route Garage	Gas & Oil repairs-jeeps	8.30
2922	5-7-52	Craig Service	Gas & Oil repairs-jeeps	54.07
			Total	$ 962.93

The above is a list of reclaims for deductions made on the April and May 1952 progress report which was later determined that should have been allowed and instructions were given to make a reclaim for these amounts.

Material and/or services received
and payment approved.

U.S. METALS CORP.

By Robert C. Brown

U.S. METALS CORPORATION

Henrietta Vein

Date August, 1952		EXPLOSIVES Powder	Primers
1		6	4
2	1-road - 1 vent lube	-	-
4	1-road 1-timbering	80	16
5		90	14
6		-	-
7	2-30' rolls - 300 cu.ft. timber	60	14
8	Road and compressor	-	-
9		84	14
11		-	-
12		85	14
13		-	-
14	Ore Bin 3	75	14
15	Ore Bin 3	85	14
16	Ore Bin 4	-	-
18	Ore Bin 2	122	14
19		75	14
20		77	14
21	Water Line & Vent Tubing 3	75	14
22	Ore Bin 2 1-conveying	75	14
23	Vent tubing 1-1/2	75	14
26	Water line 3-1/4	75	14
26	Water line 2	75	14
27	Water line 3	75	14
28	400 cu. ft. timber	-	-
29	300 cu. ft. timber	6	3
30	200 cu. ft. timber	-	-
		1325	221

3 sticks 1-1/8" Gelex Powder = one pound

2000# cost $427.00 or 21.35 cents per pound

1325 ÷ 3 = 441.67#

441.67# x .2135 = $94.30

Material and/or services received
and payment approved.

U. S. METALS CORP.

By Robert C. Brown

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. METALS CORPORATION
Items Chargeable to Federal Loan

Henrietta Mine
For August 1952

	1952		Full amount of check	Check No.		Total	Freight & Hauling	Auto & Truck Expense	Mine Equipment	Equipment repairs	Mine Supplies Expense			Misc'l
			①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫
1	Sept 25	Bemis Bros. Bag Co.	300.00	3483	Payment on air vent	300.00					300.00			
2	" 25	Bengel Bros. shop	3.00	3484	Equipment repairs	3.00				3.00				
3	" 25	W Craig Service	159.39	3485	Auto & Truck expense	115.44		115.44						
4	" 11	Carl D. Curtis Co.	400.00	3421	Mine supplies	199.34					193.85	small tools		5.49
5	" 25	Carl D Curtis Co	400.00	3486	and small tools	-								
6	" 25	Circle Route garage	400.00	3487	Mine supplies	400.00					400.00			
7	" 25	Copco Pacific Ltd.	400.00	3488	Equip-mine supplies	245.61			126.25		119.36			
8	" 25	Jack Freeman	200.00	3489	Mine supplies	200.00					200.00			
9	" 25	McCoy Co.	.38	3490	Equip. repair	.38				.38				
10	" 25	Rice Lumber Co.	35.70	3491	Wood wedges	35.70					35.70			
11	" 25	U.S. Treasury Dept	516.64	2981)		-						April 1952	1783.58	
12	" 25	U.S.Treasury Dept	860.78	3036)	Social security tax	-						May "	3778.50	
13	" 25	U.S. Treasury Dept	940.38	3315)	Second quarter 1952	131.15						June "	3181.59	
14	" 25	Credit Memo	18.66	-		-							8743.61 x 1½	131.15
15	" 25	Silverton Transfer Co.	4.33	3494	Hauling wood wedges	3.39					3.39			
16	" 25	Silverton Blacksmith Shop	3.25	3495	Mine supplies	3.25					3.25			
17	" 25	Seagler Motor Parts Co.	7.14	3496	Equipment repair	7.14				7.14				
18	" 25	Stephens Pneumatic Tool Co.	9.56	3497	" "	9.56				9.56				
19	" 25	Western Colo. Power Co.	137.01	3500	Light & power	137.01						Light & Power		137.01
20	" 8	Copco Pacific Ltd	158.51	3415	Equip. & mine supplies	158.51			126.25		32.26			
21	" 19	State Compensation Ins. Fund	164.00	3469	Regular Ins.	49.64								49.64
22	" 19	" " " " -			Occupational Disease	9.97								9.97
23	2-													
24	30	Reclaimed as per attached sheet				962.93		962.93						
25						2972.02		1078.37	252.50	20.08	1287.81			333.26
26								Trans	5.49		200.00			
27											1087.81			
28											(1)			
29														
30														
31														
32														
33														

Material and/or services received
and payment approved.
U.S. METALS CORP.
By Robert C. Brown

34	35	36	37	38	39	40	41	42	43	44

SHEET NO. _____ PAYROLL FOR U.S. METALS CORPORATION-MONTRISTA NO.7 TUNNEL FOR ~~PERIOD ENDING~~ month of August 19 52

	NO.	NAME	DEP'T.	1 S 16	2 M 17	3 T 18	4 W 19	5 T 20	6 F 21	7 S 22	8 23	9 S 24	10 M 25	11 T 26	12 W 27	13 T 28	14 F 29	15 S 30	31	HOURS WORKED REG. TIME	OVERTIME @ 1½	OVERTIME @ 2	TOTAL	RATE AMT.	RATE PER	EARNINGS WAGES	BONUS	OTHER COMPENSATION DETAIL	OTHER COMPENSATION AMT.	TOTAL	DEDUCTIONS O. A. B.	FED. TAXES	PAY ADVANCES
1		Joseph H. Trudgeon M	onth	8	8		8	8	8	8	8	8		8	8	8	8	8		104				500	Mo.	250.00				250.00	3.75		
2		" " "		8		8	8	8	8	8	8		8	8	8	8	8	8		104				"	"	250.00				250.00	3.75		
3		Sam Milano	Month	8	8		8	8	8	8	8	8		8	8	8	8	8		104				400	"	200.00				200.00	3.00		
4																																	
5		Charles Moore	Days														4			4				2.00	Hr	8.00				8.00	.12		
6		" "	pay	8			1	2	8		5	8	8	8	8	8	10	11		76	13			2.00	"	191.00				191.00	2.86		
7	(1)	Fay LeeVanHouten	Cont	8			8	8	8	8										40				2.59	"	103.60				103.60	1.55		
8																																	
9	(1)	Harry B. Mulliken	Cont.	8	8		8	8		8		8		8	8	8	8	8		88				2.59	"	227.92				227.92	3.42		
10	(2)	" " "	"	8									8	8	8	8	8	8		40	16			2.01	"	128.56				128.56	1.93		
11		Roy Barnes	Days	8	8		8	8												32				1.50	"					48.00	.72		
12		" "	pay										2							2				1.50	"					3.00	.05		
13	(2)	Chas. Setterquist	cont.					4	8	8	8									20	8			2.01	"	64.28				64.28	.96		
14		" " 16-30 Days	pay				4	8	8	8										30				1.50	"					45.00	.63		
15		Roland Schlecht	Days		8															8				1.50	"	12.00				12.00	.18		
16			pay																														
17		Herbert Grey	Days																														
18		" "	pay									8	8	8	8	8	10	11		40	21			1.50	"					107.25	1.61		
19		Jack Williams							8											8				1.50	"	12.00				12.00	.18		
20																																	
21	(1)	Jerry Joyner	Cont.									8		8	8	8				32				2.59	"	82.88				82.88	1.24		
22	(2)	" "	Cont.			8	8	8	8	8	8		8	8	8	8	8	8		80	16			2.01	"					208.96	3.13		
23	(1)	Amos Jaramillo	Cont.														8	8		16				2.59	"	41.44				41.44	.62		
24		" " Days	pay	8		8	8	8												32				1.50	"					48.00	.72		
25		Stanley Thompson 16-30	Days"								8						2			10				1.50	"	15.00				15.00	.23		
26	(2)	" " 16-30	Cont.			8	8	8	8	8		8	8		8	8				64	8			2.01	"	144.72				144.72	2.17		
27		Thomas Thompson 16-30	Days pay								8						2			10				1.50	"	15.00				15.00	.23		
28	(2)	" " 16-30	Cont			8	8	8	8	8		8	8		8	8				64	8			2.01	"	144.72				144.72	2.17		
29		Lawrence Ponchur																															
30		" " Days	Pay													8	8			16				1.50	"					24.00	.36		
31																														2375.33	35.58		
32																																	
33																																	
34																																	
35																																	
36																																	
		TOTAL																															

Material and/or services received and payment approved.
U. S. METALS CORP.
By Robert C. Brown

PAYROLL FOR _____ PERIOD ENDING _____ 19____ SHEET NO. _____

	DEDUCTIONS Miscellaneous Detail	Amt.	Total	Paid Amount	Check No.	Distribution			Miscellaneous Detail	Amt.	Compensation Insurance Payroll at Straight Time	Distribution	
						U.S. METALS CORPORATION - HENRIETTA NO. 7 TUNNEL							
1													
2	Contract #1 for first half of August 1952					Regular time		Overtime					
3	Fay Lee Van Houten					40 x $2.59			$103.60				
4	Harry B. Mulliken					88 x 2.59			227.92				
5	Ames Jaramillo					16 x 2.59			41.44				
6	Jerry Joyner					32 x 2.59			82.88				
7						176			455.84				
8													
9	$455.84 ÷ 176 - $2.59												
10	Total contract shifts 22 or 176 hours												
11	Total contract advance 38 feet at $12.00 per foot equals $456.00												
12													
13													
14													
15	Contract #2 for last half of August 1952					Regular time		Overtime					
16	Harry B. Mulliken					40 x $2.01		16 x $3.01	128.56				
17	Charles Setterquist					20 x 2.01		8 x 3.01	64.28				
18	Jerry Joyner					80 x 2.01		16 x 3.01	208.96				
19	Stanley Thompson					72 x 2.01			144.72				
20	Thomas Thompson					72 x 2.01			144.72				
21						284	plus	40 equals 344	691.24				
22								20					
23								60					
24	Total contract advance in drift 51 feet at $12.00 per foot equals $612.00												
25	960 feet timbering at 8¢ equals							76.80					
26	16 cars extra rock at $1.00 per car							18.00					
27								706.80					
28													
29													
30													
31													
32													
33													
34													
35													
36													

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.
Defense Minerals Administration
OCT 24 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1952 Docket No. DMEA 606 Contract No. I-DMA-P-29
Operator's Name U.S. METALS CORPORATION Minerals lead, zinc and copper
Address 210 Mercantile Bldg, Denver, Colorado
Contract Amount, $ 47,050.00 Government Participation: 50 % Amount, $ 23,525.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	9705.52	10,806.51	19,512.03			
Supervision	500.00	3,900.00	4,400.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		606.52	606.52			
Explosives		144.38	144.38			
Pipe		3,031.01	3,031.01			
Track		3,525.15	3,525.15			
Power	54.50	276.60	331.08			
Other (1)	301.00	4,239.30	4,540.30	265.95	4,239.30	4,505.25
(4) Operating Equipment:						
Rental						
Purchase (2)	22.70	6,217.95	6,240.65			
Depreciation						
(5) Initial Rehabilitation and Repairs		5,655.48	5,655.48			
(6) New Bldgs., Improvements, etc.		3,814.56	3,814.56			
(7) Miscellaneous:						
Repairs to Equipment	166.23	1,044.58	1,210.80	102.93	1,044.58	1,147.51
Sampling and Analysis						
Payroll Taxes	49.26	47.72	96.98	00	47.72	47.72
Liability Insurance	112.36	1,333.06	1,445.42			
(8) Contingencies (specify): Transportation	120.25	2,391.10	2,511.35	9.39	2,391.10	2,400.49
TOTALS	10951.70	55,373.99	57,405.73	3,833.24	53,373.99	57,207.23
					(1) 2,612.27	2,612.27
					(2) 75.24	75.24
				3,833.24	50,686.48	54,519.72

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

Date Oct 4 1952 *Payee U.S. METALS CORPORATION

Per Walter A. Green Title Chairman Board of Directors

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

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

(Instructions on reverse)

I certify that this account is correct and proper for payment in the amount of:

$ 1916.62

Signature
(Authorized Certifying Officer)

Date 10/13/52 Voucher DMA 53-46
(See other side)

(1) Previous disallowances
(2) Adjustment due to erroneous totals carried fwd by operator

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 29 in accordance with the terms of the contract.

Signature [illegible] Title [illegible] Date Oct 6 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] W. H. King Title Executive Officer Date 10-8-52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
DENVER
OCT 24 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 195 2 Docket No. DMEA 606 Contract No. I-DMA-2-20
Operator's Name U.S. MINERALS CORPORATION Minerals lead, zinc and copper
Address 210 Mercantile Bldg. Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				1,020.74				
Tunnel Rehabilitation		4020.00		45703.83				
TOTAL DISTRIBUTED COSTS		4020.00		47210.57				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		22.70		6340.65				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				3814.56				
TOTAL COSTS	(1)	4021.70	(2)	57,205.70				

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

Date Sept 4 1952 Operator U.S. MINERALS CORPORATION

Per ~~[illegible]~~ Walter C. Falk Title ~~President~~ Chairman Board of Directors

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

REMARKS:

(Instructions on reverse)

(For Government use only)

(1) Adjusted totals 3,833.24
(2) " Grand total 57,207.23

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

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

Administrative Audit Difference Statement

Date: October 10, 1952
Payee's Reference: Progress Report - July 1952

U. S. Metals Corporation
Mercantile Bldg.
15th & Arapahoe
Denver, Colorado

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

Amount Claimed $ 4,091.79

Difference $ 258.55

Amount Approved $ 3,833.24

The reason for the difference was due to:

Rio Grande Motorway - No itemization	9.33
Curtis & Co., Ore sacks - to be returned for credit	5.40
Mine Safety Appliance Co. - Rental of Mine Lamps not specified in contract	29.74
Seagler Motor Parts - Insufficient itemization as to equipment repaired	63.29
Craig Service - Gasoline purchase tickets must be furnished to substantiate this charge	101.53
Social Security Tax - May be reclaimed when state ~~receipt~~ report is furnished quarterly	49.26
	$258.55

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

Very sincerely yours,

N. E. Stoker
Audit Section

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

October 8, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 606, Contract I-DMA-E29 (Lead-Zinc-Copper), U.S. Oil and Metals Corporation, Henrietta Mine, San Juan County, Colorado, Operator's Monthly Progress Report for the period of July 1952

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

Work has been accomplished as authorized in the contract and payment is recommended as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and mathematical accuracy of computations, except for the following deductions:

Invoice from Rio Grande Motorways - Not Known items hauled - no waybill	$ 9.33
Invoice from Carl Curtis - ore sacks	5.40
Mine Safety Appliance - Rental for mine lamps not allowable	29.74
Seagler Motor Parts Company - This repair cost not identifiable as to what equipment was repaired	63.29
Craig Service - Statement not substantiated by tickets to determine allowability of charges	101.53
Social Security - until supported by copy of quarterly report	49.26
	$258.55

As to the 600 feet of 3-conductor cable, we are approving it inasmuch as this is more of a supply item and is expendable. If the cable has any salvage value when the project is completed, such value will be taken into consideration.

This office deems that the excess cost of contract labor over that set forth in Amendment No. 6 is allowable because of the extreme caved conditions encountered.

WLD:jp
cc: Sec. Oper Committee (2)
WMTraver
Contract - Chron
AHKoschmann (2)

John F. Shaw
For W. H. King

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
October 7, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29 (Lead-Zinc), U. S. Oil and Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress reports for June, July, and August 1952

Please find enclosed five copies of each of the above progress reports--forms MF-104 and MF-104A, with narrative, payroll, labor distribution, cost summary distribution, and one copy only of certified invoices--and seven copies of Scott W. Hazen, Jr.'s memorandum covering inspection of the underground progress and accounts.

This account has been discussed with your staff on several occasions and the individual monthly reports have been returned to the contractor repeatedly for revision.

We do not have enough personnel to check the accounts as thoroughly as required and, for that reason, I have recommended a separate audit or waiver of documentation.

Both Hazen and I are approving the vouchers without entering the amount for which we approve them. They are all three subject to audit by your engineers and the Audit and Accounts Section.

/s/ Floyd D. Everett

Floyd D. Everett, for
W. M. Traver, Jr.

enclosures

WMT/amh

cc: 4
Koschmann
E29
DMEA Chron.

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 6, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Scott W. Hazen, Jr.

Subject: DMA 606, Contract I-DMA-E29 (Lead-Zinc), U.S. Oil and Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress reports for June, July, and August 1952

At a meeting held on October 3, 1952, attended by the DMEA Executive Officer, the auditing group, and the DMEA field and office examiners, it was decided to authorize payment of the Henrietta June, July, and August accounts subject to later audit. I was instructed to delete, at this time, all items attached to the MF-104 forms that were in doubt or which did not have proper documentation.

The auditors may allow these items at the time of the audit if proper documentation can be produced by the company. The deletions recommended are listed below and are noted in red on the original distribution sheet accompanying MF-104 forms for each month.

July 1952

These accounts have not been checked in detail at the company office. It is becoming obvious that a company warehouse is being set up as duplicate parts are being ordered for compressor and drills. The MF-104 forms do not show the units of advance.

Deletions for July

Hendrie and Bolthoff 600 feet of 3-conductor cable	$228.87	No amendment
Rio Grande	9.33	No waybill
Carl Curtis Ore sacks	5.40	
Mine Safety Appliances	29.74	No contract amendment
Seagler Motor Parts Company	63.29	Not identifiable as to equipment repaired, if allowable
Craig Service	101.53	No tickets

Social Security	49.26	No documentation
July voucher total deletion	$487.42	

The payroll indicates 30 feet advance and $572.00 paid on contract, or $19.07 per foot. This is in excess of contract amendment of $10.00 per foot maximum. However, more work was accomplished by this means than if days' pay were paid. The second period was for starting the lateral drift and enlarging the old winze crosscut.

Payroll on the Surprise vein stope has been deleted by the company.

If the total advance for the 30 feet in the old Henrietta vein drift, which later caved, and the winze crosscut advance of 40 feet of rehabilitation and 5 feet of new advance in lateral is added, then the total contract payment is not in excess of the amendment allowance. The amount is passed subject to audit interpretation.

Total July deletions, $487.42.

Scott W. Hazen, Jr.
Mining Engineer

September 4 1952

Mr. W. H. King, Executive Officer
Field Team, Region IV
224 New Customs House
Denver, Colorado

Docket Number: DMEA-606
Contract Number: I-DMA-E-29

Dear Mr. King:

During July, 1952, the work at the Henrietta Mine consisted of continuing the reopening of the old workings on #7 tunnel level. At the start of the period we were approaching the point where the old cross cut penetrated the Henrietta vein. The old workings were rather badly caved and progress was slow, as timbering was required as well as some spiling through caved ground. This feature of the work was handicapped by old timber which interferred with new work and allowed an excessive amount of muck to roll in to the working area. Thirty feet advance was made, or from 1190 feet to 1220 feet from the portal, when a serious cave occurred which crushed three sets of the new timber.

At this time a conference was held, and the concensus was that it was inadvisable to try to continue the reopening through this section. It was decided that it would be less costly to all concerned to detour this caved area, so a crosscut to the west was cleared and five feet advance in the solid was made from a point 35 feet west of the previous workings, together with some enlarging at the turns.

Very truly yours,

U.S. METALS CORPORATION

By Walter A. Falk
Chairman Board of Directors

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Budget Bureau No. 42-R1036.3.
Defense Minerals Exploration Administration
Approval expires 6-30-53

RECEIVED
OCT 17 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1952 Docket No. DMEA 606 Contract No. I-DMA-E-29
Operator's Name U.S. Oil & Development Corporation Minerals lead, zinc and copper
Address 210 Mercantile Bldg, Denver, Colorado
Contract Amount, $ 47650.00 Government Participation: 50 % Amount, $ 23835.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	2681.59	13844.92	16526.51			
Supervision	500.00	3400.00	3900.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber		606.52	606.52			
Explosives	65.50	78.88	144.38	00	78.83	78.83
Pipe	103.63	3727.38	3831.01			
Track		3325.13	3325.13			
Power	58.82	237.87	296.69			
Other (1)	1234.45	2979.35	4213.80	1,072.36	2,979.35	4,051.71
(4) Operating Equipment:						
Rental						
Purchase (2)	323.51	5894.44	6217.95			
Depreciation						
(5) Initial Rehabilitation and Repairs		5655.48	5655.48			
(6) New Bldgs., Improvements, etc.		3814.56	3814.56			
(7) Miscellaneous:						
Repairs to Equipment	268.26	774.34	1042.60	159.76	774.34	934.10
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	101.81	1231.25	1333.06			
(8) Contingencies (specify):						
Transportation	187.50	2203.60	2391.10	176.02	2,203.60	2,379.62
				5,177.50	47,773.67	52,951.17
					*2,264.70	2,264.70
TOTALS	5525.07	47773.72	53298.78	5,177.50	45,508.97	50,686.47

included 1278.49 Equip.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 16 1952 *Payee U.S. OIL & DEVELOPMENT CORPORATION
Per Robert C. Brown Title president

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

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

(Instructions on reverse)

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

$2588.75

Signature [illegible]
(Authorized Certifying Officer)

Date 10/9/52 Vou. No. DMA 53-45
(See other side)

* Previous deductions

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-29 in accordance with the terms of the contract.

Signature [illegible] Title [illegible] Date Oct. 6 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature [illegible] for W. H. King Title Executive Officer Date 10-8-52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-101A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 17 1952

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 195 2 Docket No. DMEA 606 Contract No. I-DMA-E-29

Operator's Name U.S. Oil & Development Corporation Minerals Lead, zinc and copper

Address 210 Mercantile Bldg, Denver, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				1626.74				
Tunnel Rehabilitation		5201.56		41639.54				
TOTAL DISTRIBUTED COSTS	(1)	5201.56		43266.28				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		323.51		6217.95				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				3814.56				
TOTAL COSTS	(1)	5525.07	(2)	53298.78				

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

Date July 16 1952 Operator U.S. OIL & DEVELOPMENT CORPORATION

Per Robert C. Brown Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

(1) Adjusted costs this month $5,177.50
(2) Adjusted Grand Total $50,686.47

INSTRUCTIONS

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

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

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

GPO 83-38475

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

Administrative Audit Difference Statement

Date: October 9, 1952
Payee's
Reference: Progress
Report - June 1952

U. S. Oil & Metals Corporation
205-11-16 Mercantile Bldg.
15th & Arapahoe Streets
Denver, Colorado

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

Amount Claimed $5,525.07

Difference $ 347.57

Amount Approved $5,177.50

The reason for the difference was due to:

Rio Grande Motorway - No itemization	11.48
Repairs to equipment not authorized under contract	2.19
Supplies from Curtis Hardware not chargeable to drift rehabilitation	227.59
Auto Truck Expense - No itemization	106.31
	$347.57

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

October 8, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 606, Contract I-DMA-E29 (Lead-Zinc), U.S. Oil and Metals Corporation, Henrietta Mine, San Juan County, Colorado - Operator's Monthly Progress Report for the period of June 1952

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

Work has been accomplished as authorized in the contract and payment is recommended as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and mathematical accuracy of computations, except for the following deductions:

Invoices - Rio Grande Motorway -		
Not itemized as to goods hauled; no waybill		$ 1.68
		3.31
		4.04
		2.45
Invoices - Mine Safety Appliances -		
Repair parts for equipment not authorized in contract		1.46
		.73
Statement from Curtis Hardware -		
Exploration work cannot be charged for items listed in engineer's report		222.48
	Tax	4.45
Tax on $33.17 withdrawn by operator from above invoice		.66

Note: The amount of $66.81 should be deducted from Item (3) Powder, and $227.59 from Item (3) Other.

Craig Service -	
No tickets attached - not known what charges are for	106.31
~~State Compensation - Engineer's report~~	~~101.81~~
	~~$449.38~~
	347.57

WLD:jp
cc Sec, Oper. Committee (2)
WMTraver
Contract
Chron
AHKoschmann (2)

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

~~REGIONAL DIRECTOR~~

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

~~424 NEW CUSTOMHOUSE~~
~~DENVER 2, COLORADO~~

Building 20
Denver Federal Center
Denver 14, Colorado
October 7, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-R29 (Lead-Zinc), U. S. Oil and Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress reports for June, July, and August 1952

Please find enclosed five copies of each of the above progress reports--forms MF-104 and MF-104A, with narrative, payroll, labor distribution, cost summary distribution, and one copy only of certified invoices--and seven copies of Scott W. Hazen, Jr.'s memorandum covering inspection of the underground progress and accounts.

This account has been discussed with your staff on several occasions and the individual monthly reports have been returned to the contractor repeatedly for revision.

We do not have enough personnel to check the accounts as thoroughly as required and, for that reason, I have recommended a separate audit or waiver of documentation.

Both Hazen and I are approving the vouchers without entering the amount for which we approve them. They are all three subject to audit by your engineers and the Audit and Accounts Section.

Floyd D Everett
Floyd D. Everett, for
W. M. Traver, Jr.

enclosures

WMT/amh

cc: 4
AHKoschmann
R29
DMRA Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 6, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Scott W. Hansen, Jr.

Subject: DMA 606, Contract I-DMA-829 (Lead-Zinc), U. S. Oil and Metals Corporation (Henrietta mine), San Juan County, Colorado - Progress reports for June, July, and August 1952

At a meeting held on October 3, 1952, attended by the DMEA Executive Officer, the auditing group, and the DMEA field and office examiners, it was decided to authorize payment of the Henrietta June, July, and August accounts subject to later audit. I was instructed to delete, at this time, all items attached to the MF-104 forms that were in doubt or which did not have proper documentation.

The auditors may allow these items at the time of the audit if proper documentation can be produced by the company. The deletions recommended are listed below and are noted in red on the original distribution sheet accompanying MF-104 forms for each month.

June 1952

Deletions for June

Rio Grande Motorway	$ 1.68		
	3.31	$ 4.99	No freight waybill
Mine Safety Appliances	$ 1.46		
	.73	2.19	Lamps not on contract

Rio Grande Moterway		$ 4.04		
		2.45	$ 6.49	Not itemized as to goods hauled - no waybill
Carl Curtis Hardware				
6/2	50 pounds of powder	$13.10		No mining on contract, all drift rehabilitation
6/5	50 pounds of powder	13.10		
6/13	50 pounds of powder	13.10		
6/13	100 blasting caps	2.30		
6/24	50 pounds of powder	13.10		
6/24	4 - 1-3/8 timken bits	60.60		Company was mining on Surprise stope
6/26	50 pounds of powder	13.10		
6/26	4 - 1-7/8 carbide bits	58.80		
6/26	Credit from previous purchase should be checked to see if the Government contract was charged for these.			
6/27	21 - 4x6x12 lumber	35.28	222.48	
State Compensation			181.81	Documentation
Craig Service			106.31	No tickets attached
Total distribution sheet			$444.27	

The payroll is still in doubt even though the data is now verified by letters and notes of explanation. The 250 pounds of powder and the drill bits are not explained. The company did delete one order of timber used on the Surprise stope. There were some shipments of ore starting in May. I do not know if there were any shipments in June. I will pass it subject to correlation of powder and bit charges and the ore shipments.

Total June deletions - $444.27.

This is in addition to the $600-$700 deletions for June already made by the company as a result of our previous letters.

The June MF-104A does not show the correct totals for units of advance.

July 1938

These accounts have not been checked in detail at the company office. It is becoming obvious that a company warehouse is being set up as duplicate parts are being ordered for compressor and drills. The MF-104 forms do not show the units of advance.

Deletions for July

Hendrie and Bolthoff 600 feet of 3-conductor cable	$226.87	No amendment
Rio Grande	9.33	No waybill
Carl Curtis Ore sacks	5.40	
Mine Safety Appliances	29.74	No contract amendment
Seagler Motor Parts Company	63.89	Not identifiable as to equipment repaired, if allowable
Craig Service	101.53	No tickets
Social Security	49.26	No documentation
July voucher total deletion	$487.42	

The payroll indicates 30 feet advance and $972.00 paid on contract, or $19.07 per foot. This is in excess of contract amendment of $10.00 per foot maximum. However, more work was accomplished by this means than if days' pay were paid. The second period was for starting the lateral drift and enlarging the old vinze crosscut.

Payroll on the Surprise vein stope has been deleted by the company.

If the total advance for the 30 feet in the old Henrietta vein drift, which later caved, and the vinze crosscut advance of 40 feet of rehabilitation and 5 feet of new advance in lateral is added, then the total contract payment is not in excess of the amendment allowance. The account is passed subject to audit interpretation.

Total July deletions, $487.42.

August 1932

The MF-104 does not show the proper unit charged, and totals indicate there has been no work charged to drifting in the interval.

The amount of $968.95 indicated by audit in May 1932 must be claimed on separate supplemental MF-104.

Violations for August

Rangel Brothers	$ 3.00	No itemization
Craig Service	115.44	No itemization tickets
Power bill	50.38	Duty charge duplication
Reclaim	968.95	
Total	$1,139.75	

There is a question about the J. Freeman invoice which includes an air receiver. There is no equipment for one for the Henrietta and the receiver was not seen at the mine. It might be for the Joe and John. Anyway, the entire amount was not paid, so I assume the balance unpaid includes the receiver. There is confusion in the Cagno Pacific account as to charges but it can be worked out. There is improper breakdown on the MF-104 as to interval drifting charges. The powder is charged but not shown as an invoice except to note as to a box purchase from Curtis Hardware. The powder is being charged as used.

The payroll appears to be in order but will need checking against daily time sheets. The men working on ore bins and trestle to bin are deleted by the company. The social security and compensation are apparently provided but are complicated.

The auditors should be careful in checking the Surprise working account as very little deletion of charges have been made for the amount of stoping done.

Month	Totals Claimed	Preliminary Deductions	Recommended for payment but subject to audit
June	$ 5,525.07	$ 444.27	$ 5,080.80
July	4,091.79	487.42	3,604.37
August	5,441.65	1,139.75	4,301.90
Totals	$15,058.51	$2,071.44	$12,987.07

The preliminary deductions are subject to audit and payment if proper documentation is furnished.

Scott W. Mason, Jr.
Mining Engineer

SWM/mah

cc: 6
AMKoschmann
829
BMA Chron.

July 3, 1952

June 1952

Mr. [illegible], Executive Officer
Gold Bond, Region IV
320 New Customs House
Denver, Colorado

Docket Number: [illegible]-000
Contract Number: [illegible]

Dear Mr. [illegible]:

The work done in the Emplotte #7 tunnel for this month was to clean out the tunnel and repair the track where necessary and timber where necessary. Rail spikes and water line to the cave-in in the #7 tunnel just beyond the junction of the tunnel leading to the stope at a distance of about 1200 feet from the portal of the #7 tunnel, or an advance of about 600 feet. We also drove a raise about 6 x 10 in the Sunshine vein preparatory to putting in a stope. There has been a small amount of ore shipped which was produced while widening the drift and preparing to put in the stope.

Very truly yours,

U.S. [illegible]

By Walter A. Falk
Chairman, Board of Directors

[illegible]
[illegible]

[illegible]

Item 3. Under Other: The amount of $5470.01 is made up of the following items: Small tools, jeep and truck expense, diesel fuel and oil for compressor, miscellaneous mine supplies "not included in timber, explosive pipe, track and power". Welding supplies including oxygen, acetylene flux and welding rod. Diesel fuel and oil for caterpillar tractor and various small items not included under the other headings.

Item 4. Operating Equipment: The item of $5004.44 is composed of the following equipment:

1 - Electric motor	Dec. 1951	$ 100.00 ✓	
1 - Wheelbarrow		35.00 ✓	
1 - Set of socket wrenches		21.00 ✓	
1 - Electric drill		40.25 ✓	
1 - Oxygen acetylene welder	July 1951	140.40 ✗	Disallowed by Finch on audit
1 - Bell bender		90.00 ✓	
1 - Compressor with tank	July 1951	3000.00 ✓	
1 - Power saw	July 1951	150.70 ✗	$136.00 disallowed by Finch on audit.
1 - Stretcher	July 1951	1779.00 ✓	
		$ 5004.44	

Item 5. Initial Rehabilitation and Repairs: This item includes the cost of repairs and the labor for installing them.

Item 6. New Buildings, Improvements, etc: Includes the cost of materials and labor for constructing the buildings.

Mr. J. H. East, Jr
U.S. Bureau of Mines
Denver 2, Colorado

Dear Mr. East:

During the month of June 1952 I was superintendent of Henrietta mine, but was new to the mine and unfamiliar with government loan procedures, as a result and kept the records of men working in my own way and used titles for some shifts as surprise to keep them apart in my own mind, rather than with intent to show the exact working place. The work performed was actually done in the Henrietta and is properly chargeable to the loan in spite of my error in titles.

You will find that the advances shown on our reports were actually made and the totals of the re-opening are accurate and can be checked at any time.

Respectfully submitted,

Joseph H. Trudgeon

I certify this to be a true and correct copy.

U.S. TRANS-CORPORATION

By Cecile Lerace

SHEET NO. _____ PAYROLL FOR _____ FOR PERIOD ENDING July 19 52

	NO.	NAME	DEP'T.	W 1 / T 16	T 2 / F 17	F 3 / S 18	S 4 / M 19	S 5 / T 20	M 6 / W 21	T 7 / T 22	W 8 / F 23	T 9 / S 24	F 10 / S 25	S 11 / M 26	S 12 / T 27	M 13 / W 28	T 14 / T 29	W 15 / F 30	31	HOURS WORKED REG. TIME	OVERTIME @ 1½	OVERTIME @ 2	TOTAL	RATE AMT.	PER	EARNINGS WAGES	BONUS	OTHER COMPENSATION DETAIL	AMT.	TOTAL	DEDUCTIONS O. A. B.	FED. TAXES	PAY ADVANCES	
1		San Liliano		8	8	8	8	8	8	8	8	8	8	8	8		8	8		114			400	Lo		200.00				200.00	3.00			1
2		" "		8	8	8	8	8	8	8	8									64						200.00				200.00	3.00			2
3		Charles Moore		9	8	8		8												32	1		2.00	Hr		67.00				67.00	1.00			3
4		" "						8	4	6	8	4	8				6		8	44	8		2.00	"		112.00				112.00	1.68			4
5		Joseph Fradgeon		8	8	8	8			8	8			8	8		8	8		80			250	Lo		250.00				250.00	3.75			5
6		" "		8	8	8	8	8	8			8				8	8	8	8	96			250	"		250.00				250.00	3.75			6
7		Faye LeeVanHouton	Days																															7
8		" " "	pay	8	8	8	8	8	8	8	8	8			8	8				80	16		1.50	Hr		156.00				156.00	2.34			8
9		" " " 1-15 Cont		8	8	8	8	8		8	8	8	8	8			8	8		88	8		1.78	"		176.00				176.00	2.67			9
10		" " "16-31 "																8	8	16			2.31	"		36.96				36.96	.55			10
11		Chas. Sottorquist	Day Pay	8	8	8				8								8		32			1.50	"		48.00				48.00	.72			11
12		" "	"	8	8	8	8	8	8	8	8	8				8	8	8	8	96	16		1.80	"		180.00				180.00	2.70			12
13		" " 1-15	Cont							8	8	8	8	8						32	8		1.78	"		78.32				78.32	1.17			13
14		" " 16-31	"																	-	-			-		- -				- -	- -			14
15		Harry B. Mullikon	Cont.	8	8	8	8		8	8	8	8	8					8	8	88	16		1.70	"		109.36				109.36	2.99			15
16		" "	"														8	8		16	-		2.31			36.96				36.96	.55			16
17		" " Days pay																		-	-					- -								17
18		" " "	"	8			8		8	8	8	8	8			8	8			64	8		1.50	"		114.00				114.00	1.71			18
19		Lyron L. Jones	"	8	8	8	8	8		8	8	8	8	8			8		8	88	8		1.50	"		150.00				150.00	2.25			19
20		" " "	"	8	8	8	8	8	8	8	8	8								64	16		1.50	"		132.00				132.00	1.98			20
21		Lenny Ray Gerald	"		8	8	8	8		8	8	8	8	8	8		8	8		88	8		1.50	"		150.00				150.00	2.25			21
22		" " " "	"	8																8			1.50	"		12.00				12.00	.18			22
23		Joe Kobel	"									2	8	8	8		8	8		42			1.50	"		63.00				63.00	.94			23
24		" " "	"	8																8			1.50	"		12.00				12.00	.18			24
25		Jerry Joyner	Cont.									8	8	8	8		8	8		48			1.76	"		85.44				85.44	1.28			25
26		" " Days pay		8	8	8	8		8	8	8	8	8			8	8	8		96			1.50	"		144.00				144.00	2.16			26
27		Frank Cutrun 1-15	"	8	8	8														24			1.50	"		36.00				36.00	.54			27
28		Clair Luzelt 1-15	"												8		8	8		24			1.50	"		36.00				36.00	.54			28
29		Lorritt Bromley	Cont														8	8		16			1.78	"		28.48				28.48	.43			29
30		" " Days pay		8	8	8	8		8	8	8	8	8			8	8	8		96			1.50	"		144.00				144.00	2.16			30
31		Herbert F. Grey							8	8	8	8	8			8	8	8	8	60			1.50	"		102.00				102.00	1.53			31
32		Ray D. Barnes 16-31	" "									8	8			8	8	8	8	48			1.50	"		72.00				72.00	1.08			32
33		Roland Schlecht 16-31	"																8	8			1.50	"		12.00				12.00	.18			33
34																										5285.52				5285.52	49.26			34
35																																		35
36																										See other side for contracts								36
		TOTAL																																

PAYROLL FOR: _____ PERIOD ENDING _____ 19____ SHEET NO. _____

	DEDUCTIONS			PAID		DISTRIBUTION			COMPENSATION INSURANCE	
	MISCELLANEOUS		TOTAL	AMOUNT	CHECK NO.		MISCELLANEOUS		PAYROLL AT STRAIGHT TIME	DISTRIBUTION
	DETAIL	AMT.					DETAIL	AMT.		
1	(1) July 1 - 15, 1952					(2)				
2										
3	Paid: Setterquist			40 hrs.	$77.00	Van Houton 2 shifts	$2.31 per hour			
4	VanHouton			96 "	182.00	Mullikan 2 shifts				
5	Mullikan			104 "	203.00					
6	Brunley			16 "	28.00	Paid:				
7	Joyner			48 "	84.00	5' advance x $10.00	$50.00			
8				304 "	572.00	400 ft. enlarging @ 6¢	24.00			
9		$1.70 per hour					$74.00			
10										
11	30' advance paid as follows:					Total 4 shifts				
12	6 sets F @ $20.00				120.00					
13	3 sets spillings @ $22				66.00					
14	253 cars muck @ $1.25				353.75					
15	6 sets old timber taken out									
16		@ $5.00			30.00					
17	1 set stringers @ $2.25				2.25					
18					$572.00					
19										
20										
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36										

IMPERIAL PUBLISHING CO. FORM 100

SHEET NO. _____ PAYROLL FOR U.S. METALS CORPORATION Henrietta #7 Tunnel FOR PERIOD ENDING June 11 to 300 19 _____

	NO.	NAME	DEP'T.	1 S 16	2 M 17	3 T 18	4 W 19	5 T 20	6 F 21	7 S 22	8 23	9 S 24	10 M 25	11 T 26	12 W 27	13 T 28	14 F 29	15 S 30	31	HOURS WORKED REG. TIME	OVERTIME @ 1½	OVERTIME @ 2	TOTAL	RATE AMT.	RATE PER	EARNINGS WAGES	BONUS	OTHER COMPENSATION DETAIL	OTHER COMPENSATION AMT.	TOTAL	DEDUCTIONS O. A. B.	FED. TAXES	PAY ADVANCES				
1		Sam Milano	Mech		Out	ill							8	8	8	8	8			40			400	Ho		186 67				186 67	2.80							1
2		" "	"	8	8	8	8	8	8	8	8	8	8	8	8	8	-	8		104				"	"	200 00				200 00	3.00							2
3		Joseph N. Trudgeon	Supt			8	8	8	8	8		8	8	8	8			-		80			500	"		250 00				250 00	3.75							3
4		" " "	"	8	8	8	-	8	8	-	8	8	8	8	8	8	-	8		96				"	"	250 00				250 00	3.75							4
5		Charles Moore	Cat			8	8	8	8	8	-	8	10	8	8			8		64	18		2.00	Hr		184 00				184 00	2.76							5
6		" "	Oper	8	8	8	8	8	9			8	8	8	8	8	8			80	17		2.00	"		211 00				211 00	3.16							6
7		Charles Setterquist	Days		8			8	8	8		8	8			8			8	40	24		1.50	"		114 00				114 00	1.71							7
8		" "	Pay																																			8
9		" " 1-15	Cont			8	8							.8	8		8	8		32	8		1.82	"		80 08				80 08	1.20	(1)	see reverse side					9
10		" " 16-30	Cont	8	8		8	8	8		8	8	8	8	8	8				80	8		1.85	"		170 20				170 20	2.55	(2)	See reverse side					10
11		John F. Gallegos	Days pay		8	8			8			8								32	-		1.50	"		48 00				48 00	.72							11
12		" " "																																				12
13		Harry B Mulliken	Day pay		8							8	8							24			1.50	"		36 00				36 00	.54							13
14		" "																																				14
15		" "	Cont			8	8	8	8	8				8	8	8	8			56	16		1.82	"		145 00				145 00	2.17	(1)						15
16		" "	Cont.	8	8	8	8		8		8	8	8	8	8	8	8	8		80	16		1.85	"		192 40				192 40	2.89	(2)						16
17		Fay Lee VanHouten	Day pay		8							8	8							24	-		1.50	"		36 00				36 00	.54							17
18		" " "	"																																			18
19		" " " 1-15	Cont			8	8	8	8	8				8	8	8	8			56	16		1.82	"		145 00				145 00	2.18	(1)						19
20		" " " 16-30	Cont	8	8	88		8	8		8	8	8	8	8	8		8		88	16		1.85	"		207 20				207 20	3.11	(2)						20
21		Kenneth Waggoner	Day pay		8						8	8								24	-		1.50	"		36 00				36 00	.54							21
22		" "	"	8																8	-			"	"	12 00				12 00	.18							22
23		" " 1-15	Cont			8	8	8	8	8				8	8	8	8			56	16		1.82	"		145 00				145 00	2.17	(1)						23
24		" " 16-30	"		8			8	8		8	8	8	8	8	8		8		64	16		1.85	"		162 80				162 80	2.44	(2)						24
25		P. Ray Chavez	Day Pay									8	8	8						24	-		1.50	"		36 00				36 00	.54							25
26		" "	"																	-	-		-	-		- -				- -	-							26
27		" " " 1-15	Cont					8	8 8						8					32	-		1.82	"		58 24				58 24	.87	(1)						27
28		" " 16-30	Cont																	-	-									-	-							28
29		Roland C. Davis	Day Pay									8					8			16	-		1.50	"		24 00				24 00	.36							29
30		" " "	" "		8		8		8	8	8	8	8		8	8				64	-			"	"	96 00				96 00	1.44							30
31		Parfino J. Chavez	"									8	8	8	8	8				40				"	"	60 00				60 00	.90							31
32		" "	"																	-						- -				-	-							32
33		Raymond D McCause	"																	-						- -				-	-							33
34		" "										8	8	8	8					32			1.50	"		48 00				48 00	.72							34
35		Frank M Orstrom	"																																			35
36		" " "										8	8	8	8					32			1.50	"		48 00				48 00	.72							36
		TOTAL																								3181.59				3181.59	47.72							

Material and/or services received and payment approved.

U.S. METALS CORP.

By Robt C. Brown

PAYROLL FOR _____ PERIOD ENDING _____ 19____ SHEET NO. _____

	DEDUCTIONS			PAID		DISTRIBUTION			COMPENSATION INSURANCE	
	MISCELLANEOUS							MISCELLANEOUS	PAYROLL AT STRAIGHT TIME	DISTRIBUTION
	DETAIL	AMT.	TOTAL	AMOUNT	CHECK NO.			DETAIL / AMT.		
1	No. (1)						(2)			
2	Timbering Contract						Contract			
3	Setterquist - 6 shifts									
4	Waggoner - 9 shifts						Setterquist - 11 shifts			
5	Chavez - 4 shifts						Waggoner - 10 shifts			
6	Total - 186 hours (incl. overtime)						Vanhouton - 15 shifts			
7	Paid for: 10 sets timber @ $20.00 - $200.00						Dullihen - 12 shifts			
8	84 cars mucked & tram @ $1.00				84.00		46			
9					284.00		Total- 398 hours including overtime			
10	/ Rate per hour $1.82									
11										
12	Mucking contract						Paid for			
13	Vanhouton - 9 shifts						← 200 foot advance @ $2.00 - $400.00			
14	Dullihen - 9 shifts						Trim down & muck 100			
15	Total - 160 hours (including overtime						extra cars muck @ 1.00	100.00		
16	Paid for:						1 switch complete @ $30/80	30.80		
17	1 switch complete @ $30.80 -			$30.80			4 sets timber @ $20.00	80.00		
18	216' advance x $1.25			$270.00			214 truck repair @ 50¢	107.00		
19				$300.80				717.80		
20	Rate per hour $1.68						Rate per hour $1.85			
21										
22										
23										
24										
25										
26										
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31										
32										
33										
34										
35										
36										

IMPERIAL PUBLISHING CO. FORM 100

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. [illegible]

Items chargeable to [illegible] Fund

Penelopis Mine

For June 1962

	19.2		Ck. No.		Total Amount		Helpers and Re Ship	Auto & Truck Expense	Mine Equipment	Equipment Repairs	Mine Supplies Expense			Misc'l.	
1	6-12	Air Oregon Motorway	3116	Hauling	14.00	1	14.00								1
2	6-19	Main Prod. Pay Co.	3133	Payroll to air [illegible]	177.00	2					177.00	Gear & air [illegible]			2
3	6-19	Mine Safety Appliance Co.	3135	First aids	2.19	3					2.19				3
4	6-19	Gardner-Denver Co.	[illegible]09	Engine Bushing [illegible]	164.74	4				164.74					4
5	6-19	Silverton Hardware	[illegible]	Equipment repairs	1.98	5				1.98					5
6	6-19	Silverton Transfer Co.	3177	Hauling	1.40	6	1.40								6
7	6-19	Air Oregon Motorways	3178	Hauling	4.24	7	4.24								7
8	6-27	Air Oregon Motorways	3218	Hauling	2.45	8	2.45								8
9	6-26	Western Molybdenum Co.	3217	Equipment repairs	6.[illegible]	9									9
10	7-2	Western Molybdenum Co.	3120	Equipment repairs	74.[illegible]	10				80.63					10
11	7-2	Diesel Brothers	3148	Equipment repairs	24.00	11				24.00					11
12	7-5	Hall Tool Co	3104	Equipment repairs	1.37	12				5.27					12
13	7-6	Triangle Service Station	3157	Auto & truck expense	13.50	13		13.50							13
14	7-6	Western Colorado Power Co.	3160	Power & Light	56.42	14						Power & Light		56.42	14
15	7-6	Mine Safety Appliance Co	3162	Acct on mine lines	25.50	15					[illegible]				15
16	7-6	Shenandoah Hose Co.	3163	Equip. Fire ext. & hose	161.00	16			161.00						16
17	7-6	Pacific Ltd.	3164	Equipment (drill)	158.61	17			158.61						17
18	7-8	Circle Auto Garage	3149	Line expense	61.16	18					61.16				18
19	7-8	Carl W. Curtis Co	3161	Eq. repair-Fire ex. lines	258.00	19				15.50	242.50				19
20	7-8	Silverton Hose Co.	3115	Eq. repairs	2.00	20				2.00					20
21	7-8	Conniton Press	3159	Mine supplies (tape)	103.63	21					103.63				21
22	6-19	State Compensation Insurance Fund	3000	Compensation Ins.	111.53	22									22
23	7-8	Grain Service	3108	Auto & Truck Expense	136.21	23		136.21						136.21	23
24				Petty Cash to Cr	42.45	24								42.45	24
25					[illegible]	25	1.00	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	25
26					2343.48	26				268.26	1403.58			160.63	26
27						27									27
28						28									28
29						29									29
30						30									30
31						31									31
32						32									32
33						33									33

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

224 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 17 1952

October 13, 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 606, Contract I-DMA-E29 (Lead-Zinc) U. S. Oil and Metals Corporation, Henrietta Mine, San Juan County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of June, 1952, pertaining to DMA Docket 606, Contract I-DMA-E29, U. S. Oil and Metals Corporation.

John F. Shaw for
W. H. King

Enclosures

174 days to
certify
M
operation date July 16
July 15
aug 31
sept. 30
oct 9
85

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 4 1952

AUDIT CERTIFICATE

I have examined the records and transactions of:

U. S. Oil and Development Co.

(Name changed by charter amendment April 22, 1952)
to:

U. S. Oil and Metals Co.

210 Mercantile Building

1031-15th Street

Denver, Colorado

pertaining to Exploration Contract No. E-29, Docket No. DMA 606 for the period July 1, 1951 to May 31, 1952.

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

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

Total Cost as Billed by Contractor			$50,847.52
Exceptions (See Audit Report for details)			
During this audit		$1,992.97	
Prior to this Audit	$3,345.58		
Less amounts determined to be allowable	136.66	3,208.92	5,201.89
Total Accepted Cost			$45,645.63

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of twenty-two thousand eight hundred twenty-two dollars and 82/100

- $22,822.82 -

is valid and proper.

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

Date: July 28, 1952

Donald T. Finch
Donald T. Finch
Auditor

U. S. Oil and Development Company
(U.S. Oil and Metals Company)
Exploration Project
Contract No. E-29
Docket No. DMA 606

I. INTRODUCTION

An audit was made on July 23, to July 28, 1952, of Defense Minerals Exploration Contract No. E-29, U. S. Oil and Development Company. The records pertaining to this contract are in the office of U. S. Oil and Development Company at 210 Mercantile Building, 1031-15th Street, Denver, Colorado. The project is located approximately 360 miles from Denver, Colorado, and is about 10 milesfrom Silverton, Colorado in the Red Mountain Mining district, San Juan County, Colorado. The audit covered the period June 27, 1951 through May 31, 1952 of the contract that continues until July 27, 1952. The accountant, Mr. W. R. Green was present and consulted when necessary.

II. EXTENT AND SCOPE OF AUDIT

1. Buildings and Road Construction

Amendments to the contract dated June 27, 1951 and February 15, 1952, authorized some buildings and road construction. All charges for these items were examined.

2. Equipment Purchases

All invoices for the purchase of Equipment were examined. Exception was taken to the purchase of an Electric Saw and a welding outfit, not included in the contract.

3. Rehabilitation and Repairs

Invoices for this item were examined and no exceptions were taken. The items, however, properly, should have been distributed to Repair Parts under Supplies, and the bookkeeper was so instructed.

4. Labor

The payrolls and supporting data, for the month of July, 1951 were examined in detail and computed for accuracy. Payrolls and supporting data for all other months were scanned and adequately tested. The mine superintendent reports daily the time of the various workers on a daily progress report form. This form shows the names of employees, hours worked, type and location of the work performed. At the close of each semi-monthly pay period, the Superintendent submits a signed Payroll. This payroll lists the employees' regular and overtime hours of work, rate of pay and gross amount of pay due. The bookkeeper checks the gross amounts, enters O.A.B. & withholding tax, computes the net amount due each employee, and lists the number of each payroll check on the payroll.

An analysis, showing the distribution of labor is prepared from the daily progress report and balanced with the payroll totals.

5. Supervision

Monthly payments for supervision were in accordance with the contract. Distribution by the contractor was not consistent. In some instances these charges were included with Labor charges.

6. Supplies

The contractor does not maintain warehouse records. All supplies are charged net, of cash discount if any, to the operators. All invoices for the purchase of supplies were examined, tests were made of evidence of receipt of the materials and of cancelled checks.

7. Power

Power invoices for electric current were examined and were based

on the project meter. Amounts of the monthly power bills agreed with the contractor's MF-104 reports.

8. Transportation

Included in the amounts reported on forms M 104 for transportation were sundry charges for gas, oil and repairs to a "Jeep." Exception was taken to all charges of this nature since they are ex-contract.

9. Insurance

The contractor filed Colorado State Unemployment insurance returns for 1951, but has not filed any Federal return for this item. The amount claimed by the contractor was confirmed by applying the rate to total approved labor charges.

Workmen's Compensation insurance is carried with the State of Colorado. Monthly payments are made on the basis of the previous month's wages paid. All computations were checked. Exceptions were taken in sufficient amounts to reduce this item to amounts applicable to Labor performed under the contract.

10. Contract Work

Contract work is based on oral contracts with the miners. Mining Engineer's reports state that such work was performed within the limits of the contract.

11. Other

Freight and hauling should have been shown under Transportation.

Auto and Truck Expense and repair was disallowed as being overhead.

Small tools should have been shown under supplies.

Power line should have been shown under Fixtures and improvements, Facilities. Charges for th s item were in accordance with the contract.

III. FINDINGS

The project records maintained by the U. S. Oil and Development Company are in reasonably good condition and are adequate. Payroll and other supporting data are filed chronologically. All invoices are filed according to dates paid, and are referenced to applicable checks. Cancelled checks are in numerical order by months.

Because of lack of information, the DMSA Finance Officer, in September, duplicated a disallowance of $102.66. In October and November, lack of complete payroll information concerning overtime shifts resulted in excess disallowances totalling $54.00. These excess disallowances amounting to $136.66 are "earmarked" on schedule "A."

Schedule "A", attached to this report, lists exceptions previously taken by the DMSA Finance Officer. Schedule "B" shows the additional exceptions taken as a result of the audit.

No further exceptions are taken, the costs being reasonable, proper and within the terms of the contract and amendments.

IV. RECOMMENDATIONS

The audit certificate, prefacing this report, reflects the amount of the costs properly chargeable to this project through May 31, 1952.

U. S. Oil and Development Company
Exploration Project
Contract No. E-29
Docket No. DMA 606

SCHEDULE "A"

Exceptions previously taken by DMA FINANCE OFFICER

1951
August

Labor on Lark Bunk House	$195.00	
Duplicate Invoice, Bulldozer repairs	74.71	
Automobile Tax & License	19.34	
Excess Mechanic's Wages	76.00	365.05

September

Labor-Extra Mechanic	371.00	
Buildings and Materials, Lark Bunk House and Kitchen	+ 410.57	
Freight on second Bulldozer	170.45	
Supplies, Electrical Supplies, Lark Buildings	+ 102.66	
Transportation, Tires for Jeep	82.96	
Subsistence, Head Mechanic	156.80	
Monthly Salary, Head Mechanic	400.00	1674.44

+ Duplication: Electrical Supplies ($102.66) included in total of $410.57

October

Overcharge October Mechanic's Wages	$ 76.00	
Over-extension Tractor Operator's Wages	+20.00	
Portion of Mechanic's & Carpenter's Wages disallowed in error September 49 Shifts at $12.00 restored-contra entry	(588.00)	+ +(492.00)

+ Excessive disallowance, overtime data not furnished by contractor.
+
+ ( ) equals red or contra entry

November

Excess mechanic's wages	88.00	
Over-extension Carpenter's Wages	+ 20.00	108.00

+ Includes $14.00 excessive disallowance, Overtime data not furnished by Contractor

1951
December

Excess Mechanic's Wages	$112.00	
Excess Mechanic Helper's Wages	$226.51	
Excess Tractor Operator's Wages	80.00	$ 418.51

1952
January

Mechanic's Wages	400.00	
Superintendent's Salary	500.00	
Duplicate Claim for 10H.P. Motor	100.00	1000.00

Note: No reports for February and March--
Mine not operated.

April and May

(Combined Report; Processing incomplete,)
(indicated disallowances are tentative.)

Construction Ore Bin	186.00	
Freight on new Allis Chalmers Tractor Loader	85.78	271.78

Total for period June 27, 1951 to May 31, 1952 $3345.58

U. S. Oil and Development Co.
Exploration Project
Contract No. E-29
Docket No. DMA 606

SCHEDULE "B"

Additional Exceptions Taken as Result of Audit

1951		
July		
Excess Mechanic's Wages (Ex-Contract)	$88.00	
Electric Saw (Ex-Contract)	136.00	
Welding Outfit (Ex-Contract)	142.49	
Supplies, Expenses, Mechanic(overhead)	50.25	
Jeep repairs (overhead)	78.28	
Travel Expense, Carl M. Peterson (overhead)	25.00	
Mechanic's Expenses (overhead)	120.14	$640.16
August		
Mechanic's Travel Expense (overhead)	104.80	
Gas, oil and auto repairs (overhead)	144.67	
Mechanic's Labor on town garage, 2 shifts at $12.00 (overhead and ex-) (contract)	24.00	273.47
September		
Auto repairs and Expense (overhead)	135.92	
Excess Workmen's Compensation & Insurance (error)	43.19	179.11
October		
Gasoline and Oil for Jeep and Auto Rent (overhead)	153.66	
Excess Workmen's Compensation Insurance (overhead)	45.27	198.93
November		
Automobile and Truck Expense (overhead)	117.18	
Excess Workmen's Compensation Insurance (error)	24.61	141.79

1951			
December			
Automobile and Truck Expense (overhead)	153.35		
Excess Workmen's Compensation Insurance (Error)	38.30	191.65	
1952			
January			
Gasoline and Oil	61.30		
Excess Workmen's Compensation Insurance (Error)	22.71	84.01	
April and May (Combined)			
Gasoline and Oil (overhead)	196.85		
Excess Workmen's Compensation Insurance (Error)	87.00	283.85	
Total Additional Exceptions June 27, 1951 to May 31, 1952			$1992.97

Note: Mine inoperative January through March--No claims filed for February and March, 1952.

MF-104
(August 1951)

Budget Bureau No. 42-R1038.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 29

Name of Operator U.S. Oil & Development Corporation
Docket No. DMA 606
Total Contract Amount $ 47,650.00
Government Participation: 50% % Amount, $
Distribution of Expenditures for Month of April & May 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 22 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

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

U.S. Oil & Development Corporation (Name of Company) By W R Green (Signature of Authorized Official)
W.R. Green

April & May 1952 (Date) Bookkeeper (Title)

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

16--64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities						
(b) Buildings		1626.34	1626.34			
(c) Fixtures						
2. Operating Equipment:						
(a) Purchased[1]	38.39	5994.44	6032.83			
(b) Rented[2]						
(c) Furnished by operator						
3. Rehabilitation and Repairs:						
(a) Facilities		111.09	111.09			
(b) Buildings						
(c) Installations						

	Monthly Total	Totals Previously Reported	Total To Date
11. Other (Specify)			
Photographs & Equipment		3.45	3.45
Auto & truck expense & repair	100.00	61.50	161.50
Small tools	0.00	700.04	700.15
Water line		100.00	100.00
Tractor expense	115.00		115.00
Tractor repair	95.03		95.03
Time clerk & road construction, labor	572.00		572.00
Supervision road construction	215.00		215.00
Tests on new bin	100.00		100.00
Totals	7711.30	60336.24	68047.55

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]	3712.52	17025.31	20737.83			
5. Supervision	275.00	1000.00	1275.00			
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts	142.66	4127.62	4270.27			4,270.28
(d) Other	1324.83	8287.15	9611.98			
7. Power	42.12	195.75	237.87			
8. Transportation		2396.22	2396.22			
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation	87.00	717.00	804.00			
Unemployment Ins.		427.25	427.25			
10. Contract Work	591.50	280.00	871.50			
11. Other (specify)	1497.36	947.97	2445.33	1,225.58	947.97	2,173.55
See Attached						
Total	7711.38	43,136.14	50,847.52	7,439.60	43,136.14	50,575.74
Deletions				*1,992.97		* 1,992.97
Adjusted totals					** 3,073.80	**3,073.80
Totals previously reported				5,446.63	40,062.34	45,508.97
Totals to date				40,062.34		
				45,508.97		

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scottie Hagen Jr (7711.38-271.78) ½ = 3719.80 [illegible] 3719.80
Amount approved for payment
Remarks

16—64068-3

Schedule 2004 53-33
Sept 16, 1952
2723-31

*** Disallowances in accordance with Auditors Report**
**** Previous Deductions**

[redacted]

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF .....

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting							0	0	0	
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	5562.02		142.66	2006.70			223	577	800	
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	5562.02		142.66	2006.70						

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

September 15, 1952

Progress Report
April-May, 1952

U. S. Oil and Development Corporation
205 -11-16 Mercantile Building
15th and Arapahoe Streets
Denver 2, Colorado

[illegible] a disbursement was [illegible]

[illegible]	7,711.38
[illegible]	2,264.75
[illegible]	5,446.63

The reason for the disbursement are as follows

Labor on ore bin	186.00
Freight on tractor loader	85.78
Disallowances covering period from 6-27-51 thru 5-31-52 in compliance with deductions recommended in the Audit Report for the above period as per attached.	1,992.97
	2,264.75

Any credit for disbursements above not as reported by the operator of this zone.

Very sincerely yours,

N. E. Stokes
Audit Section

[illegible] Form No. 4
[illegible]

1951

July

Excess Mechanic's Wages (Ex-Contract)	88.00
Electric Saw (Ex-Contract)	136.00
Welding Outfit (Ex-Contract)	142.49
Supplies, Expenses, Mechanic (overhead)	50.25
Jeep repairs (overhead)	78.28
Travel Expense, Carl M. Peterson (overhead)	25.00
Mechanic's Expenses (overhead)	120.14

August

Mechanic's Travel Expense (overhead)	104.80
Gas, oil and auto repairs (overhead)	144.67
Mechanic's Labor on town garage, 2 shifts at $12.00 (overhead and ex-contract)	24.00

September

Auto repairs and Expense (overhead)	135.92
Excess Workmen's Compensation & Insurance (Error)	43.19

October

Gasoline and Oil for Jeep and Auto Rent (overhead)	153.66
Excess Workmen's Compensation Insurance (overhead)	45.27

November

Automobile and Truck Expense (overhead)	117.18
Excess Workmen's Compensation Insurance (Error)	24.61

December

Automobile and Truck Expense (overhead)	153.35
Excess Workmen's Compensation Insurance (Error)	38.30

1952

January

Gasoline and Oil (overhead)	61.30
Excess Workmen's Compensation Insurance (Error)	22.71

April and May Combined

Gasoline and Oil (overhead)	196.85
Excess Workmen's Compensation Insurance (Error)	87.00
	1,992.97

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

August 22, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 606, Contract I-DMA-229 (Lead-Zinc), U. S. Metals Corporation, formerly U. S. Oil and Development Corporation, San Juan County, Colorado - Operator's Monthly Progress Report, for the period of April-May, 1952

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

Work accomplished is in accordance with the contract and payment is recommended as follows:

Total Amount Reported		$7,711.38
Disallowance from April-May Report		
Labor on ore bin	$ 186.00	
Freight on tractor loader	85.78	
Disallowances covering period from June 27, 1951 through May 31, 1952 in compliance with deductions recommended in the Audit Report for the above period.		
1951 July		
Excess Mechanic's Wages (Ex-Contract)	$ 88.00	
Electric Saw (Ex-Contract)	136.00	
Welding Outfit (Ex-Contract)	142.49	
Supplies, Expenses, Mechanic (overhead)	50.25	
Jeep repairs (overhead)	78.28	
Travel Expense, Carl M. Petersen (overhead)	25.00	
Mechanic's Expenses (overhead)	120.14	

August

Mechanic's Travel Expense (overhead)	$ 104.80
Gas, oil and auto repairs (overhead)	144.67
Mechanic's Labor on town garage, 2 shifts at $12.00 (overhead and ex-) (contract)	24.00

September

Auto repairs and Expense (over-(head)	135.92
Excess Workmen's Compensation & Insurance (Error)	43.19

October

Gasoline and Oil for Jeep and Auto Rent (overhead)	153.66
Excess Workmen's Compensation Insurance (overhead)	45.27

November

Automobile and Truck Expense (overhead)	117.18
Excess Workmen's Compensation Insurance (Error)	24.61

December

Automobile and Truck Expense (overhead)	153.35
Excess Workmen's Compensation Insurance (Error)	38.30

1952
January

Gasoline and Oil (Overhead)	61.30
Excess Workmen 's Compensation Insurance (Error)	22.71

April and May Combined

Gasoline and Oil (overhead)	196.85
Excess Workmen's Compensation Insurance (Error)	87.00
	$2,264.75

BALANCE	$5,446.63
REIMBURSEMENT, GOVT PARTICIPATION 50%	$2,723.21

Disallowances which are subsequently allowed by Amendment No. 6, dated August 20, 1952, may be reclaimed on a supplemental MF-104 Voucher.

The operator must deduct amounts disallowed from where originally distributed in project costs so that future reports will reflect the correct costs to date.

for John T. Shaw
W. H. King

Enclosures

JWT:fwo

cc: Sec. Oper. Comm. (2)
Traver
Contract
Koschmann (2)
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

July 2, 1952

Memorandum

To: Acting Chief, Mining Division, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29, U. S. Oil and Development Corporation (Henrietta mine), San Juan County, Colorado - April-May 1952 progress report

Please find enclosed five copies of the above progress report, form MF-104, with narrative and payroll, and seven copies of S. W. Hasen's memorandum report covering inspection of the underground progress and accounts.

Disallowances for ore bin repairs, $186.00, and tractor-loader transportation, $85.78, total $271.78. This amount deducted from the total $7,771.38 claimed by the operator leaves $7,439.60. Payment of 50 percent of this balance of $7,439.60, or $3,719.80, is approved.

Audits reports sufficient funds in the account to reimburse the operator for the April-May claim.

W. M. Traver, Jr.

W. M. Traver, Jr.

Enclosures

WMT/bam

cc: 4
AHKoschmann
E29
DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

July 2, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Scott W. Hamen, Jr.

Subject: DMA 606, Contract I-DMA-E29, U. S. Oil and Development Corporation (Henrietta mine), San Juan County, Colorado - April-May 1952 progress report

The company's accounts were checked in its Denver office on June 27 and the field work was checked at the mine on June 20, 1952.

The Henrietta No. 7 tunnel had been rehabilitated to 800 feet at the end of May and was completed to 1,000 feet on June 20. The Surprise vein drift was enlarged to accommodate a mucking machine. The road to the mine was reopened during April 5-14, inclusive. The work was performed with the company's D-8 dozer. Only company labor was charged for mechanic and dozer operator. The county provided fuel at no charge. A water pump and water line were installed to provide water for drilling on the Surprise vein. An old ore bin was rehabilitated but, this is not allowable and the $186.00 labor charge is deducted.

Labor charges were found correct except for the ore bin charge ($186.00) to be deducted. Contract work for rehabilitation on tunnel was paid at an average of $2.65 per foot of advance. This is within the limits allowed by contract amendment. Part of the rehabilitation was done on day's pay rate. The mechanic's salary of $400.00 per month is now allowable by contract amendment dated February 1, 1952. It should be noted that overtime was paid on contract work. By law this is allowable but is not specifically stated in the contract amendment. Some labor charges have been extended under Items 11, other.

All other expenses were checked against itemized invoices and were found correct and allowable by contract except for one item of $85.78 included in supplies, other. This was paid for freight on transporting a new Allis-Chalmers tractor-loader to the mine from Montrose.

Approval is recommended for one-half of $7,711.38 less $186.00--labor and $85.78--supplies, other, or one-half of $7,439.60, or $3,719.80, subject to the limitation of Government participation in the contract.

The latest tabulation indicates the amount remaining is $7,587.64 or sufficient to pay the full amount for April and May.

Scott W. Hazen
Scott W. Hazen
Mining Engineer

SCH/bam

cc 6
AHKoschmann
E29
DMEA

Step 0 2000

Dr. [illegible] Denver, Jr., Chief
Gate and Tunnel, Utility Division
[illegible]
Denver Federal Center
Denver 25, Colorado

[illegible]-000
Reference [illegible]-[illegible]-200

Dear Mr. Denver:

Enclosed find four (4) [illegible] for part of April and the month of May. We did not make this report for April because we did not have the information at hand until the latter part of May so we made the [illegible] only for one. I have talked to Mr. [illegible] and he [illegible] to discuss having the [illegible] a [illegible] conference [illegible] to discuss on [illegible]. However I will make this report the same as usual and at a later date we can revise the [illegible] if necessary.

During the [illegible] on the [illegible] for April and May, we started on the [illegible] April 5, [illegible], placed the [illegible] from the road from [illegible] to [illegible]. Placed [illegible] off the [illegible], built [illegible] to one [illegible] and put one [illegible] in working condition.

Placed [illegible] 7 tunnel and laid track, [illegible] and [illegible] the [illegible] of the [illegible] to the [illegible] vein. Raised [illegible] in [illegible] vein approximately [illegible] feet by [illegible] heights for the [illegible] to vein. Extended the [illegible] of the [illegible] approximately [illegible] feet the full length of the [illegible] or about [illegible] feet.

Placed, [illegible] and [illegible], [illegible] track [illegible] and installed air line in the [illegible] No. 7 tunnel to approximately [illegible] feet from the portal of the No. 7 tunnel or a distance of approximately [illegible] feet beyond the [illegible] vein.

Installed [illegible] and [illegible] air line and installed [illegible] for drinking water and laid water line to the [illegible] vein.

Very truly yours,

[illegible]

By W R Green
[illegible]

U. S. OIL & METALS CORPORATION

DENVER, COLORADO

Payroll for Period April 5 to April 30 Inc Incl. 195 2

MINE Henrietta mine LOCATION Silverton, ~~Ok~~ Colorado

NAME	OCCUPATION		REGULAR Time	REGULAR Rate	REGULAR Amount	OVERTIME Time	OVERTIME Rate	OVERTIME Amount	Total Wages	Soc. Sec.	W. H. Tax	Board		TOTAL DEDUCT'S	Net Due	Check No.
Sam J. Milano	mechanic		5/6 Mo.	400.	333 35				333.35	5.00	50.00			55.00	278 35	
Charles Moore	cat operator		140	2.00	280 00	47	3.00	141 00	421.00	6.31	31.40			37.71	383 29	
Joseph N Trudgeon	Supt.		5/6 mo.	500.	416 67				416.67	6.25	57.00			63.25	353 42	
Chas Setterquist	miner	cont	56	1.50	84 00	8	2.25	18 00	102.00	2.46	2.76			5.22	158 78	
" "	"	DP	32	15.50	62 00				62.00					-	-	
W.D. Peregrine	"	DP	40	1.50	60 00				60.00	90¢	-0-			.90	59 10	
Joseph Gallegos	"	cont	24	15.50	46 50				46.50							
" "	"	DP	72	1.50	108.00				108.00	2.31	8.60			10.91	143 59	
Robert Blowers	"	Cont	32	15.50	62 00				62.00							
" "	"	DP	32	1.50	48 00				48.00	1.65	-0-			1.65	108 35	
Kenneth Waggoner	"	Cont	16	15.50	31 00				31.00	47¢	-0-			.47	30 53	
Leonard Destefanio	"	Cont	24	15.50	46 50				46.50	70¢	3.80			4.50	42 00	
Ivan Adee	"	Cont	24	15.50	46 50				46.50	70¢	-0-			.70	45 80	
					1624.52			159.00	1783.52	26.75	153.56			180.31	1603 21	

April payroll revised to cover work done on Henrietta #7 tunnel ~~tax~~ in connection with government loan.

I hereby certify this to be a true and correct copy of payroll.

Signed: W R Green

CORPORATION

Payroll for Period May 1 to May 31 Incl. 195 2

MINE Henrietta LOCATION Silverton, Colo.

	OCCUPATION		REGULAR Time	REGULAR Rate	REGULAR Amount	OVERTIME Time	OVERTIME Rate	OVERTIME Amount	Total Wages	Soc. Sec.	W. H. Tax	Board		TOTAL DEDUCT'S	Net Due	Check No.
	Mechanic		1 mo.	$400	400 00				400.00	6.00	59.80			65.80	334 20	
	Supt		1 mo.	500	500 00				500.00	7.50	68.60			76.10	423 90	
	cat operator		136	2.00	272 00	52	3.00	156 00	428.00	6.42	37.40			43.82	384 18	
Robert O'Conner	miner		8	1.50	12 00				12.00	.18	-0-			.18	11 82	
Chas. Sutterquist	miner		176	1.50	264 00	48	2.25	108 00	372.00	5.58	61.60			67.18	304 82	
Robert N. Blowers	miner		56	1.50	84 00	16	2.25	36 00)								
" " "	"	cont.	72	per day 14.50	130 50			)	250.50	3.76	15.00			18.76	231 74	
Kenneth Waggoner	"		36	1.50	54 00	16	2.25	36 00)								
" " "	"	cont.	72	per day 14.50	130 50	as shift boss		11.00)	404.00	6.07	35.80			41.87	362.13	
" "	"	cont.	80	per day 15.00	150 00	8	22.50	22 50)								
Leonard Distifano	"		96	1.50	144 00	24	2.25	54 00)								
" " "	"	cont.	72	per day 14.50	130 50			)	328.50	4.93	55.20			60.13	268 37	
George Hebert	shift boss		24	1.50	36 00	8	2.25	18 00)								
" " "	"	cont.	72	per day 14.50	130 50	shift boss		50 00)	234.50	3.52	24.80			28.32	206 18	
Max Andreatti	miner		120	1.50	180 00	16	2.25	36 00	216.00	3.24	44.20			47.44	168 56	
Fay Lee VanHouten	"		96	1.50	144 .00	16	2.25	36 00	180.00	2.70	11.80			14.50	165 50	

I hereby certify this to be a true and correct copy of payroll.

Signed: M R Green

U. S. OIL & METALS CORPORATION

DENVER, COLORADO

Payroll for Period May 1 to May 31 Inc Incl. 195 2

MINE Henrietta LOCATION Silverton Colo.

NAME	OCCUPATION		REGULAR Time	REGULAR Rate	REGULAR Amount		OVERTIME Time	OVERTIME Rate	OVERTIME Amount		Total Wages	Soc. Sec.	W. H. Tax	Board		TOTAL DEDUCT'S	Net Due		Check No.
Joseph Gallegos	miner		92	1.50	138	00					138.00	2.10	-0-	Boots	6.60	8.70	129	30	
Ivan Adee	"		64	1.50	96	00	8	2.25	18	00	114.00	1.71	6.30			8.01	105	99	
Harry B. Mulliken	"		32	1.50	48	00	8	2.25	18	00	66.00	.97	21.20			22.17	43	83	
John N. McLellan	"		32	per day 15.00	60	00	16	22.50	45	00	105.00	1.58	15.40			16.98	88	02	
Roland C. Davis	"		8	1.50	12	00	8	2.25	18	00	30.00	.45				.45	29	55	
					3116	00			662	50	3778.50	56.71	457.10		6.60	520.41	3258	.09	

Revised to show work on done on Henrietta #7 tunnel

I hereby certify this to be a true and correct copy of payroll.

Signed: M R Green

SWH/dd

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
Denver 14, Colorado
February 20, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division

From: Scott W. Hazen, Jr.

Subject: DMA 606, Contract I-DMA-E29, U. S. Oil and Development Corporation, Henrietta mine, San Juan County, Colorado - January 1952 progress report

The company accounts were checked in its Denver office on February 16, 1952. The company did not work at the Henrietta mine during January 1952 because of snow conditions.

The payroll submitted by the company lists the supervisor and mechanic for the month of January. Since no work was performed on the contract and these men were not at the mine, I do not believe these salary charges can be approved for payment.

Invoices were examined for other charges claimed and were found to be for obligations incurred in December 1951 when the contract was in operation. The 159.98 building charge can be approved for contract amendment. The $111.99 charge under rehabilitation and repairs should be placed under repair parts as it is for cat repairs. Power and supply charges are all right. The workmen's compensation charge is correct per invoice from the State of Colorado. Auto and truck expense is for gasoline and oil purchased during December for transporting men to the job. Invoices for freight and small tools were checked and found correct as shown.

The $427.25 item for state unemployment insurance was verified by correspondence and billing. It represents the prorated amount of the Henrietta operation out of a company billing of $835.00 for work during 1951. The actual Henrietta payroll during the contract period was used as a basis for computing the prorated charge. Although no provision has been made in contracts for this item, it is assumed that it is a just charge and can be approved.

After deducting the $900.00 labor and supervision charges, payment is approved for one half of the remaining total, or $485.08.

$1,870.15 less $900.00 = $970.15

One half of $970.15 = $485.08

cc 5
AHKoschmann
E29
DMEA Chron.

Scott W. Hazen, Jr.
Scott W. Hazen, Jr.,
Mining Engineer

February 5 1952

Mr. W. H. Travor, Jr., Chief
Colorado Branch, Mining Division
Building 20
Denver Federal Center
Denver 14, Colorado.

DMA-606
Contract I-DMA-220

Dear Mr. Travor:

Due to weather conditions no work was done at the Henrietta mine during the month of January. Bills which will be presented for claim are for materials purchased during the month of December.

Very truly yours,

U.S. OIL & DEVELOPMENT CORPORATION

By W R Green
W.R. Green

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 99

Name of Operator U.S. Oil & Development Corporation
Docket No. DMA 606
Total Contract Amount $ 47,650.00
Government Participation: 50% % Amount, $
Distribution of Expenditures for Month of January 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

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

U.S. Oil & Development Corporation
(Name of Company)

By W R Green
(Signature of Authorized Official)
W. R. Green

February 5 1952
(Date)

Bookkeeper
(Title)

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

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF January 1952

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	900.00		39.02	503.88	1442.90					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify) Unemp Ins				427.25	427.25					
Totals	900.00		39.02	931.13	1870.15					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

U.S. Oil & Metals Corporation

Henrietta Mine

Payroll for Period Jan 1 to Jan 15 Incl. 194~~5~~ 52

NAME	OCCUPATION	Dep.	REGULAR Time	REGULAR Rate	REGULAR Amount		OVERTIME Time	OVERTIME Rate	OVERTIME Amount		Social Security	Hospital	W. H. Tax			TOTAL DEDUCT'S	Net Due		Check No.
John P. Ost	Supt.	4	1/2 Mo.	500.00	250	00					3.75		28.80			32.55	217	45	2650
Sam J. Milano	Mechanic	2	1/2 Mo.	400.00	200	00					3.00		29.90			32.90	167	10	2669
					450	00					6.75		58.70			65.45	384	55	

I hereby certify this to be a true and correct copy of payroll.

Signed: Sam J. Milano

U.S. Oil & Metals Corporation

Henrietta Mine

Payroll for Period Jan 15 to Jan 31 Incl. 194~~x~~. 52

NAME	OCCUPATION	Dep.	REGULAR Time	REGULAR Rate	REGULAR Amount		OVERTIME Time	OVERTIME Rate	OVERTIME Amount		Social Security	Hospital	W. H. Tax			TOTAL DEDUCT'S	Net Due		Check No.
John L. Ost	Supt.	4	1/2 Mo.	500.	250	00					3.75		28.80			32.55	217	45	
Sam J. Milano	Mechanic	2	1/2 Mo.	400.	200	00					3.00		29.90			32.90	167	10	
					450	00					6.75		58.70			65.45	384	55	

I hereby certify this to be a true and correct copy of payroll.

Signed: Sam J Milano

Schedule Ama 52-28

Mar 7, 1952

$435.08

WLP
3/7/52

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

Administrative Audit Difference Statement

Date: March 6
Payee's Reference: Progress Report January 1952

U. S. Oil & Development Corp.
206 - 16 Mercantile Bldg.
15th and Arapahoe Streets
Denver 2, Colorado

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

Amount claimed $ 1,870.15

Difference $ - 1,000.00

Amount Approved $ 870.15

The reason for the difference was due to:

Labor	$400.00
Supervision	500.00
Equipment charges for motor claimed on November progress report and again on December Report.	100.00
Total.....	$1,000.00

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

Very sincerely yours,

N. E. Stokes
Audit Section

R-IV - B&F Form No. 4
5-1-51 - 1M

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 29

Name of Operator U.S. Oil & Development Corporation
Docket No. DMA COG
Total Contract Amount $ 47,650.00
Government Participation: 50 % Amount, $
Distribution of Expenditures for Month of December 1951

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

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

U.S. OIL & DEVELOPMENT CORPORATION
(Name of Company)

By W R Green
(Signature of Authorized Official)
W. R. Green

January 7 1952
(Date)

Bookkeeper
(Title)

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

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities						
(b) Buildings	297.14	1169.22	1466.36	297.14	1169.22	1466.36
(c) Fixtures						
2. Operating Equipment:						
(a) Purchased[1] X	100.00	5894.44	5994.44	100.00	5894.44	5994.44
(b) Rented[2]						
(c) Furnished by operator						
3. Rehabilitation and Repairs:						
(a) Facilities						
(b) Buildings						
(c) Installations						

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]	2072.31	14,553.00	16,625.31	1654.00	14,553.00	16,207.00
5. Supervision	500.00		500.00	500.00		500.00
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts	278.54	3849.08	4127.62	278.54	3849.08	4127.62
(d) Other	7.90	8240.23	8248.13	7.90	8240.23	8248.13
7. Power	43.12	110.51	153.63	43.12	110.51	153.63
8. Transportation		2396.22	2396.22		2396.22	2396.22
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation	145.00	463.00	608.00	145.00	463.00	608.00
10. Contract Work	280.00		280.00	280.00		280.00
11. Other (specify)						
Small tools		762.60	762.60		762.60	762.60
Power line		103.68	103.68		103.68	103.68
Total	3724.01	37,541.98	41,265.99		37,541.98	40,847.68
Deletions				418.31		
Adjusted totals				3305.70		
Totals previously reported				37,541.98		
Totals to date				40,847.68		

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott W. Hagen
Amount approved for payment
Remarks

16—64068-3

X This item was for a 10 HP motor purchased in lieu of the 5 HP electric driven fan and motor estimated at $450.00 in Exhibit C. See J. H. East Jr. letter of 12-20-51.

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF December 1951

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	2852.31	100.00	7.90	763.80	3724.01					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-140

GENERAL ACCOUNTING OFFICE PREAUDIT
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse
(Department, bureau, or establishment)

Voucher prepared at Denver 2, Colorado 1/18/52
(Give place and date)

THE UNITED STATES, Dr.,

To U. S. Oil and Development Corp.
(Payee)
205-11-16 Mercantile Bldg.
Address 15th & Arapahoe St., Denver 2, Colorado
Payee's Account No. I-DMA-E-29

PAID BY
(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms _____% Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Brought forward from continuation sheet(s)					
	November 1951	Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached:				2,323	83

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 2,323 83

(Payee must NOT use this space)
Differences _____
Account verified; correct for 2323 83
(Signature or initials) _____

Contract No. I-DMA-E-29 Date 6/27/51 Req. No. _____ Date _____ Invoice Rec'd _____

MEMORANDUM

Approved for payment by: W.H.K.
J. H. East, Jr.

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior		2,323.83

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

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
{ Cash, $_____, on _____, 19____, Payee _____ }
(Sign original only)

Per _____
Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.
2. (*a*) After advertising by circular letters sent to _____ dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*) (*b*)" or "2(*a*)", depending on whether or not notices were posted.)

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

_____

_____

_____

_____

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

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934

16—22900-1

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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

U.S. Oil & Development Corporation
(Name of Company)

By W R Green
W. R. Green
(Signature of Authorized Official)

December 4 1951
(Date)

Bookkeeper
(Title)

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

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF November 1951

Name of operator U.S. Oil & Development Corp
Project No. DMA 606
Total contract amount 47,650.00
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	3314.00	219.30	435.85	786.51	4755.66					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by L. H. Wagen Jr
Remarks

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-92

GENERAL ACCOUNTING OFFICE PREAUDIT		PAID BY
Certified for payment in the sum of $_____	U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse (Department, bureau, or establishment)	
Comptroller General of the United States	Voucher prepared at Denver, Colorado 11/29/51 (Give place and date)	
By _____	THE UNITED STATES, Dr., To U. S. Oil and Development Corp.	(For use of Paying Office)
	Address 205-11-16 Mercantile Bldg., 15th & Arapahoe St. Denver 2, Colorado	
	Payee's Account No. I-DMA-E-29	

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms _____% Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	October 1951	Brought forward from continuation sheet(s) Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached:				2,799	17

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 2,799.17

(Payee must NOT use this space)

Differences _____

Account verified; correct for 2799 17

(Signature or initials) _____

Contract No. I-DMA-E-29 Date 6/27/51 Req. No. _____ Date _____ Invoice Rec'd _____

MEMORANDUM

Approved for payment by: _____ for J. H. East, Jr.
W. K. K.
NOV 30 1951

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Defense Minerals Administration		2,799.17

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

Paid by { Check No. _____ dated _____, 19____, for $_____ on Treasurer of the United States in favor of payee named above.
Cash, $_____, on _____, 19____, Payee _____ (Sign original only)

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

Per _____
Title _____

16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

(*b*) And by notices posted in public places.

(If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*)(*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

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

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934

16—22900-1

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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

U.S. OIL & DEVELOPMENT CORPORATION
(Name of Company)

By W R Green
(Signature of Authorized Official)
W.R. Green

(Date)

(Title)

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

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator U.S. Oil & Development Corp.
Project No. DMA 606
Total contract amount $47,650.00
Government participation percent 50

Distribution of Expenditures for Month of October 1951

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	8953.00	8286.00	11,239.00	3445.00	8286.00	11,731.00
Equipment purchase [1]	-	5675.14	5,675.14	-	5675.14	5,675.14
Equipment rental [2]	-			-		
Buildings	161.65	617.11	778.76	161.65	617.11	778.76
Explosives				-		
Repair parts	1165.09	2616.22	3,781.31	1165.09	2616.22	3,781.31
Other supplies	349.44	7454.94	7,804.38	349.44	7454.94	7,804.38
Power	32.69	45.13	77.82	32.69	45.13	77.82
Transportation	160.28	2070.35	2,230.63	160.28	2070.35	2,230.63
Withholding taxes						
Compensation insurance	148.00	192.00	340.00	148.00	192.00	340.00
Other insurance						
Contract work						
Other (specify) Small tools	32.51	723.09	755.60	32.51	723.09	755.60
Power line	103.68		103.68	103.68		103.68
Total	5106.34			5598.34	27,679.98	33,278.32
Totals previously reported		27,679.98		27,679.98		
Totals to date			32,786.32	33,278.32		

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scatter Hazen H. Brown
Amount approved for payment 2234.17
Remarks

PTC

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF October 1951

Name of operator U.S. OIL & DEVELOPMENT CORPORATION
Project No. DMA 600
Total contract amount 47,650.00
Government participation percent 50

Type	Number	Man-Shifts	Rate	Total
Miners	10	107-7/8	1.50 per hr	1377.00
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics	1	27	$400 per mo	400.00 ?
Electricians				
Blacksmiths				
Carpenters & carpenter helper	2	37½	$1.75 & 1.50 per hr	562.00
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent 1/3 time	1	13	$500 per mo.	250.00
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other Tractor operator	1	21½	$2.00 per hr	364.00
Total		206-7/8		2953.00

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott W. Hagenah
Remarks

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF October 1951

Name of operator U.S. Oil & Dev. Corp.
Project No. DMA 606
Total contract amount $47,650.00
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	2953.00	-	349.44	1803.90	5106.34					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	2953.00		349.44	1803.90	5106.34					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott W. Hazen
Remarks

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-71

GENERAL ACCOUNTING OFFICE PREAUDIT
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse
(Department, bureau, or establishment)

Voucher prepared at Denver, Colorado 10/29/51
(Give place and date)

THE UNITED STATES, Dr.,

To U. S. Oil and Development Corporation
205-11-16 Mercantile Bldg., 15 & Arapahoe St.
Address Denver 2, Colorado
Payee's Account No. I-DMA-E-29

PAID BY
(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms net % Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Brought forward from continuation sheet(s)					
	September 1951	Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached:				2075	65
					Total	2,075	65

Shipped from _____ to _____ Weight _____ Government B/L No. _____

(Payee must NOT use this space)
Differences _____
Account verified; correct for 2075 65
(Signature or initials) NB

Contract No. I-DMA-E-29 Date 6/21/51 Req. No. _____ Date _____ Invoice Rec'd _____

pdy

MEMORANDUM

Approved for payment by:
J. H. East, Jr.

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Defense Minerals Administration		2,075.65

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

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
{ Cash, $_____, on _____, 19____, Payee _____ }
(Sign original only)

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

Per _____
Title _____

16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*)(*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

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

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

U. S. GOVERNMENT PRINTING OFFICE: 1946 O-88934

16—22900-1

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF September 1951

Name of operator U.S. OIL & DEVELOPMENT CORPORATION
Project No. DMA 606
Total contract amount $47,650.00
Government participation percent 50

TYPE	NUMBER	MAN-SHIFTS	RATE	TOTAL
Miners	7	121	1.50 per hr	$ 1620.00
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics	1	25	$400 per mo.	400.00
Electricians " helper	1	24	$1.75 per hr.	371.00
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent	1	25	$500 per mo.	500.00
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other Tractor operator	1	16	$2.00 per hr.	296.00
TOTAL		211		3187.00

NOTE.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott W Hagen J W M
Remarks

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF September 1951

Name of operator U.S. OIL & DEVELOPMENT CORP.
Project No. DMA 606
Total contract amount $47,650.00
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	3187.00	134.20	1243.66	1260.87	5825.73					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	3187.50	134.20	1243.66	1260.87	5825.73					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by [illegible]
Remarks

Standard Form No. 1034a—Rev.
Form approved by Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-43

GENERAL ACCOUNTING OFFICE PREAUDIT
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse
(Department, bureau, or establishment)

Voucher prepared at Denver, Colorado 10/5/51
(Give place and date)

THE UNITED STATES, Dr.,

To U. S. Oil and Development Company
(Payee)
205-16 Mercantile Building
Address Denver 2, Colorado
Payee's Account No. I-DMA-E-29

PAID BY
(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms net % Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Brought forward from continuation sheet(s)					
		August 1951 Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached:				3,462	41

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 3,462.41

(Payee must NOT use this space)
Differences _____
Account verified; correct for 3462 41
(Signature or initials) _____

Contract No. I-DMA-E-29 Date 6/27/51 Req. No. _____ Date _____ Invoice Rec'd _____

MEMORANDUM

Approved for payment by:
J. H. East, Jr. Date:

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Defense Minerals Administration		$3,462.41

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

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
Cash, $_____, on _____, 19____, Payee _____
(Sign original only)

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will write in the blank space below "Approved for $_____", and over his official title.

Per _____
Title _____

GOVERNMENT PRINTING OFFICE 16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to ..... dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*) (*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with .....

5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

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

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

16—22900-1

DMA-52-19

dard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____

Bu. Vou. No. DMA-28

GENERAL ACCOUNTING OFFICE PREAUDIT		PAID BY
Certified for payment in the sum of $_____	U. S. Dept. of Interior, Defense Minerals Administration, 224 New Customhouse (Department, bureau, or establishment)	
Comptroller General of the United States	Voucher prepared at Denver, Colorado 9/19/51 (Give place and date)	
By_____	THE UNITED STATES, Dr.,	(For use of Paying Office)
	To U. S. Oil and Development Corporation (Payee)	
	Address 205-11-16 Mercantile Building 15th & Arapahoe, Denver 2, Colorado	
	Payee's Account No. I-DMA-E-29	

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms net % Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Brought forward from continuation sheet(s)					
	Month of July 1951	Certified "Operator's Monthly Progress Report" for the Mineral Exploration Program attached:				$ 7,282	.19
					Total	7,282	.19

Shipped from _____ to _____ Weight _____ Government B/L No. _____

(Payee must NOT use this space)

Differences _____

Account verified; correct for _____

(Signature or initials) _____

Contract No. I-DMA-E-29 Date 6/27/51 Req. No. _____ Date _____ Invoice Rec'd _____

PTC
9/26

MEMORANDUM

Approved for payment by:
J. H. East, Jr.

SEP 1 1951

Alfred K. Olson
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Defense Minerals Administration		$7282.19

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

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

(Sign original only)

Per _____

Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

U. S. GOVERNMENT PRINTING OFFICE 16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to _____ dealers.

   (*b*) And by notices posted in public places.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*) (*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with _____

5. Without advertising, it being impracticable to secure competition because of _____

_____

_____

_____

_____

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

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

16—22900-1

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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

U.S. OIL & DEVELOPMENT CORPORATION
(Name of Company)

By W R Green
W.R. Green
(Signature of Authorized Official)

September 5 1951
(Date)

Bookkeeper
(Title)

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

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator U.S. Oil & Development Corp.
Project No. DMA 606
Total contract amount $47,650.00
Government participation percent 50

Distribution of Expenditures for Month of August 1951

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	2809.30	2289.70	5099.00	2538.30	2289.70	4828.00
Equipment purchase [1]	-	5540.94	5540.94	-	5540.94	5540.94
Equipment rental [2]						
Buildings	183.22		183.22	183.22		183.22
Explosives						
Repair parts	1150.70	1236.54	2387.24	1075.99	1236.54	2312.53
Other supplies	1451.42	4759.86	6211.28	1451.42	4759.86	6211.28
Power						
Transportation	1431.11	405.51	1836.62	1411.77	405.51	1817.28
Withholding taxes						
Compensation insurance	62.00		62.00	62.00		62.00
Other insurance						
Contract work						
Other (specify) Small tools	202.13	331.82	533.95	202.13	331.82	533.95
Office rent & warehouse	90.00		90.00	-		-
Total	7379.88			6924.83		
Totals previously reported		14,564.37			14,564.37	
Totals to date			21,944.25			21,489.20

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Sam W Hagen
Amount approved for payment
Remarks Less 374.05

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF August 1951

Name of operator U.S. OIL & DEVELOPMENT CORP
Project No. DMA 606
Total contract amount 47,650.00
Government participation percent 50

TYPE	NUMBER	MAN-SHIFTS	RATE	TOTAL
Miners } Muckers }	10	99-3/4	1.50 Per Hr.	$ 1258.50
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics	1	27	400.00 Per Mo	400.00
Electricians				
Blacksmiths				
Carpenters	1	17-1/4	1.75 Per hr.	248.80
Drill ~~runners~~ helper	1	14	1.50 "	174.00
Drill helpers				
Teamsters				
Manager				
Superintendent	1	27	500.00 Per Mo	500.00
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other Tractor operator	1	14-1/4	2.00 Per hr.	228.00
TOTAL		199-1/4		2809.30

NOTE.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scatter Hazens WTW
Remarks

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF August 1951

Name of operator U.S. OIL & DEVELOPMENT CORP
Project No. DMA606
Total contract amount 47,650.0
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	2585.30	-	1451.42	2917.03	6953.75					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails	224.00				224.00					
Test pits										
Other (specify)		202.13			202.13					
Totals	2809.30	202.13	1451.42	2917.03	7379.88					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by
Remarks
See Salary for carpenters

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 20

Name of Operator U.S. Oil & Development Corporation
Docket No. DMA 606
Total Contract Amount $ 47,650.00
Government Participation: 50% % Amount, $
Distribution of Expenditures for Month of January 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

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

U.S. Oil & Development Corporation
(Name of Company)

By W R Green
(Signature of Authorized Official)
W. R. Green

February 5 1952
(Date)

Bookkeeper
(Title)

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

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities						
(b) Buildings	159.98	1466.36	1626.34	159.98	1466.36	1626.34
(c) Fixtures						
2. Operating Equipment:						
(a) Purchased[1]		5994.44	5994.44		5994.44	5994.44
(b) Rented[2]						
(c) Furnished by operator						
3. Rehabilitation and Repairs:						
(a) Facilities	111.09		111.09	111.09		111.09
(b) Buildings						
(c) Installations						

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]	400.00	16,625.31	17,025.31	---	16,625.31	16,625.31
5. Supervision	500.00	500.00	1,000.00	---	500.00	500.00
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts		4,127.62	4,127.62		4127.62	4127.62
(d) Other	39.02	8,248.13	8,287.15	39.02	8248.13	8287.15
7. Power	42.12	153.63	195.75	42.12	153.63	195.75
8. Transportation		2,396.22	2,396.22		2396.22	2396.22
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation	109.00	608.00	717.00	109.00	608.00	717.00
Unemployment Ins.	427.25	-	427.25	427.25	---	427.25
10. Contract Work	-	280.00	280.00	-	280.00	280.00
11. Other (specify) Freight & hauling	2.45		2.45	2.45	---	2.45
Auto & Truck expense & repair	61.30		61.30	61.30		61.30
Small tools	17.94	762.60	780.54	17.94	762.60	780.54
Power line		103.68	103.68		103.68	103.68
Total	1870.15	41,265.99	43,136.14	970.15	41,265.99	42,236.14
Deletions				-100.00		-100.00
Adjusted totals				870.15		42,136.14
Totals previously reported				41,265.99		
Totals to date				42,136.14		

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scatter Hagen & Wood. RK
Amount approved for payment 485.08 485.08 485.08
Remarks

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF January 1952

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	900.00		39.02	503.88	1442.90					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify) Unemp Ins				427.25	427.25					
Totals	900.00		39.02	931.13	1870.15					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

ME-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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

U.S. OIL & DEVELOPMENT CORPORATION
(Name of Company)

By W R Green
V. R. Croft
(Signature of Authorized Official)

August 29, 1961
(Date)

Bookkeeper
(Title)

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

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator U.S. OIL & DEVELOPMENT CORPORATION
Project No. DMA 606
Total contract amount $47,650.00
Government participation percent 50

Distribution of Expenditures for Month of July 1951

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	2289.70	None	2289.70	2289.70	None	2289.70
Equipment purchase [1]	5540.94	None	5540.94	5540.94		5540.94
Equipment rental [2]						
Buildings						
Explosives						
Repair parts	1236.54	None	1236.54	1236.54		1236.54
Other supplies	4759.86	None	4759.86	4759.86		4759.86
Power						
Transportation	405.51	None	405.51	405.51		405.51
Withholding taxes						
Compensation insurance						
Other insurance						
Contract work						
Other (specify) small tools	331.82	None	331.82	331.82		331.82
Total	14,564.37	None	14,564.37	14,564.37	None	14,564.37
Totals previously reported	None	None	None	None		None
Totals to date	14,564.37	None	14,564.37	14,564.37	None	14,564.37

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott Hazen
Amount approved for payment ½ 14564.37 = $7282.19
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF July

Name of operator U.S. OIL & DEVELOPMENT CORPORATION
Project No. DMA 606
Total contract amount $47,650.00
Government participation percent 50

Type	Number	Man-Shifts	Rate	Total
				Incl. overtime
Miners	2	27	$1.50 Per hr.	$ 342.00
Muckers	2	32	1.50 "	402.00
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics	1	26	400.00 Per Mo.	400.00
Electricians				
Blacksmiths				
Carpenters	1	23	1.75 Per hr.	301.20
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent	1	23	500.00 Per Mo.	400.00
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other Cat skinner	1	© 21-3/8	2.00 per hr	354.50
Total		155-3/8		$2285.70

© worked a mine 2 3/8 shifts 31.5% Incl. under Cat skinner

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Seattle Hegen n
Remarks

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF July

Name of operator U.S. Oil & Development Corporation
Project No. DMA 606
Total contract amount 27,650.00
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting	None									
Crosscutting	None									
Raising	None									
Shafts	None									
Winzes	None									
Drill holes	None									
Overburden	None									
Rehabilitation and preparation	1971.20	5540.94	4709.61	1692.30	13,914.05					
Geology and geophysics	None									
Trenching	None									
Sampling and assaying	None									
Roads and trails	318.50				318.50					
Test pits	None									
Other (specify) small tools		331.82			331.82					
Totals	2289.70	5872.76	4709.61	1692.30	14564.37					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Scott W. Hazen Jr.
Remarks

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

March 22, 1965

Memorandum

To: Acting Director
Office of Minerals Exploration

From: Assistant Solicitor
Oil and Gas and Minerals Exploration

Subject: United States v. Carl H. Peterson, U.S.D.C., D. Colo., Civil No. 6167

Enclosed is a copy of a self-explanatory letter from the Assistant Attorney General, Civil Division, regarding the Government's claim in the subject litigation.

ROBERT W. LONG

Robert W. Long
Assistant Solicitor
Oil and Gas and Minerals
Exploration

Enclosure

[redacted]

[redacted]	CIVIL No. [redacted]
vs.	
[redacted]	[redacted]
Defendant.	

THIS MATTER coming on to be heard on Motion to Revive Judgment filed herein by the plaintiff, the plaintiff appearing by Ronald E. Gardner, Assistant United States Attorney for the District of Colorado, and the defendant not appearing in person or by counsel;

And the Court having examined the file herein, doth find that notice of said motion, with a copy of said motion attached, was duly served on said defendant, and that time for answer has expired;

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that the judgment of the plaintiff against the defendant hereinafter entered on February 5, 1959, in the sum of $6,616.15, together with costs in the sum of $27.50, together with interest as provided by law from the date of entry of judgment, is hereby revived against the said defendant, [redacted], and that the plaintiff, United States of America, recover from said defendant herein the costs of this action.

DONE by the Court, on this _____ day of February, 1965.

_____

JUDGE

'N THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

F AMERICA,

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA,

Plaintiff,

vs.

GEO. E. [illegible],

Defendant.

Civil No. [illegible]

Motion to revive judgment

COME NOW the plaintiff, by [illegible], Assistant U. S. Attorney, United States Attorney for the District of Colorado, and [illegible], Assistant United States Attorney for the District of Colorado, and moves the Court, under the provisions of Rule 69, Colorado Rules of Civil Procedure, to revive a judgment rendered herein on February 26, 1958, in the United States District Court for the District of Colorado in favor of the Plaintiff and against the Defendant, Geo. E. [illegible], in the sum of $[illegible], together with costs in the sum of $[illegible] for a total judgment and costs of $[illegible].

That there remains unpaid on said judgment the principal sum of $[illegible], together with interest as provided by law from date of entry of judgment and court costs, the amount of $[illegible].

The Plaintiff therefore moves the Court that the clerk of this Court be directed to issue notice regarding the judgment herein to the defendant within ten (10) days after service of the judgment should not be revived and that thereafter an order be entered reviving said judgment.

[illegible]
United States Attorney
For the District of Colorado

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

THE UNITED STATES OF AMERICA, Plaintiff,	)	CIVIL NO. 6267
vs.	)	
CARL H. PETERSON, Defendant.	)	NOTICE TO SHOW CAUSE

To: Mr. Carl H. Peterson
4397 Tejon Street
Denver, Colorado

NOTICE is hereby given to you that a motion has been filed in the above matter by the plaintiff to revive a judgment entered against you in the United States District Court for the District of Colorado on February 20, 1959, in favor of the Plaintiff, in which the sum of $8,010.39 principal remains unpaid, together with court costs and interest.

If you do not answer, or otherwise plead, within ten (10) days after service is made upon you, an order will be entered reviving said judgment.

Dated this _____ day of February, 1965.

A. WALTER ROGERS,
Clerk of the United States District Court

By _____
Deputy Clerk

Blue Bird Mining & Milling Co.
c/o M. Rex Jones
126 South Clarkson Street
Denver 9, Colorado

Re: DMA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Idm-E29
and
DMEA-1870 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Idm-E309

Gentlemen:

The information requested in your March 6 letter regarding the referenced contracts follows:

Docket No.	DMA-606	DMEA-1870
Contract No.	Idm-E29	Idm-E309
Royalty Expiration Date	June 27, 1965	May 1, 1965
Government Contribution	$41,240.31	$1,808.42
Royalty Payments	1,622.70	-o-
Balance Repayable	$39,617.61	$1,808.42

The royalty payments stated in the above tabulation include the $100.00 compromise settlement made on November 10, 1960. Also, the understanding expressed in the third paragraph of your letter is correct.

For your own protection, in the event of sale or lease of the property, provision should be made in the instrument of conveyance for payment of the Government's royalty. Notice of such sale or transfer also should be furnished to the Acting Field Officer, OME Region III, Building 20, Federal Center, Denver 25, Colorado.

Sincerely yours,

George Turnich Jr

Director

EDTalbert/hb (3/9/62)
cc to: Docket DMA-606
Docket DMEA-1870
Director's Reading File
Region III (2) w/copies of incoming letter
CA Div. (3)

Memorandu

To: A[illegible] Office [illegible]

From: Chief [illegible] of Mine[illegible]

Subject: Ch[illegible] [illegible], Con[illegible]
[illegible] 8[illegible], C[illegible]

Enc[illegible] for [illegible] the M[illegible] aneou[illegible] Rec[illegible] [illegible] Department of the Interior [illegible] chec[illegible] No. [illegible] dated October [illegible] in the amount of $[illegible] payable to the United States A[illegible] drawn on the Century B[illegible] of [illegible] Angeles, California [illegible] A[illegible] Fa[illegible]

The chec[illegible] bears the endorsement of Manue[illegible] L[illegible] [illegible] States Attorney, [illegible] the order of the Treasurer of [illegible] United States

Fran[illegible] E. J[illegible]

Enc[illegible]osures

FEJohnson/[illegible]a ([illegible]65)
cc to: D[illegible]rector - Read[illegible]ng F[illegible]e
D[illegible]on F[illegible]le
Econo[illegible] Geo[illegible] F[illegible]le
OME F[illegible]e DMA 6[illegible]6
OME F[illegible]e MEA 8[illegible]
OME Read[illegible] F[illegible]e
OME Re[illegible]on III

September 22, 1965

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: DMA-606 (Lead-Zinc)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract Ida-829
and
DMA-1870 (Lead-Zinc)
U. S. Metals Corporation
Joe and John Mine
San Juan County, Colorado
Contract Ida-2309

The royalty periods, 14 and 13 years, of DMA-606 and DMA-1870, terminated June 27 and May 1, 1965, respectively. Because of the lack of payment for overpayments, royalties due, and equipment liquidation, the matter was referred to the Attorney General on April 2, 1936, who secured a judgment against Carl H. Peterson, a goodly part of which was uncollectable. The case was reopened in the spring of 1965, basically as a protective measure because there was a possibility that the judgment debtor would acquire some real property upon the death of his wife. The file was again closed because of "present uncollectibility." Through inquiry and OGL-6448, there has been no recent production to date. The properties would require extensive rehabilitation for further production. In the circumstances the dockets can be closed and the sums written off, but closing letters should not be sent to either the Operator or to the lessor.

(signed) FRANK E. JOHNSON

Frank E. Johnson

CCSelfridge/mm (9/22/65)
cc: Director's Reading File
Division File
Economic Geology File
CA&A Div.
Budget and Finance, Room 5408, Int.
Region III
120M

500

JUL 18 1957

Mr. W. H. King
Executive Officer
DMA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-606 (Lead-Zinc-Copper)
U. S. Metals Corporation
Henrietta Mine
San Juan County, Colorado
Contract No. Idm-29

Dear Mr. King:

We have your memorandum of July 1, with enclosure, relating to the inadequate final report rendered by the cited operator. However, in view of the legal complexities already involved in connection with this contract, and since you have already made repeated attempts in this connection, we feel you may as well let the matter drop.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

WRGriswold/ar 7/16/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, BLM
Mr. Kiilsgaard, USGS
Mr. Jay Chambers, DMA
Chron.
Base Metals

Approved:

P. F. Yopes
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Government's copy

RECEIVED
DEC 19 1955

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606
CONTRACT NO. Idm-E-29

AMENDMENT NO. 14

Whereas, in fixing a period for suspension of the work in Amendment No. 12, dated November 1, 1954, the parties did not consider the fact that work had been performed during the period beginning October 26, 1953, and ending December 28, 1953, and;

Whereas, the parties desire to correct this error;

Now, therefore, it is agreed as follows:

1. In Amendment No. 12:

(a) In paragraphs 2(a) and 5(a), the date "December 28, 1953" is substituted for the date "June 4, 1953."

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed this 6th day of December 1955.

THE UNITED STATES OF AMERICA

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

U. S. METALS CORPORATION

By Ted N Peterson

DMEA
Date Rec'd.
SEP 13 1955
BUREAU OF MINES
Denver, Colorado

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
September 12, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: DMA 606, Contract I-DMA-E29 (Zinc-lead-copper) Henrietta mine, U. S. Metals Corporation, San Juan County, Colorado - Status of contract.

The Henrietta mine was examined on September 7, 1955. The mine was completely inaccessible due to bad air and the condition of the surface plant, tracks and dump and the removed ventilation equipment indicates conclusively that there has been no activity for the past year up to September 8, 1955.

According to the terms of Amendment No. 12 of the contract, work under the contract was to be renewed not later than July 1, 1955, or be terminated.

for John F. Shaw
C. M. Harrer
Mining Engineer

cc 9
MMHarshman
E29
Chron

CMH/cm

Government's Copy

RECEIVED
SEP 19 1955

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

AMENDMENT NO. 13

It is agreed this 5th day of August, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and U. S. Metals Corporation, that Exploration Project Contract Idm-E29, Docket No. DMEA-606, dated June 27, 1951, as amended, is further amended effective June 4, 1953, as follows:

1. In Amendment No. 12:

(a) In Paragraph 2 (a), the period for suspension of work is further extended to not later than September 1, 1955.

(b) In Paragraph 3, the period for completion is further extended to June 27, 1956.

(c) In Paragraph b. of Annex II, the period "fourteen years" is substituted for the period "thirteen years."

(d) In Paragraph 5, the date for resuming work is further extended to not later than September 1, 1955.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals Exploration Administration

U. S. METALS CORPORATION

By [signature]

36

[illegible]

[illegible]

[illegible]

Government's copy

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

AMENDMENT NO. 12

It is agreed this 1st day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and U. S. Metals Corporation, that Exploration Project Contract I-DMA-E29 (Docket No. DMA-606), dated June 27, 1951, as amended, is further amended effective June 4, 1953, as follows:

1. Amendments Nos. 10 and 11 are cancelled.

2. (a) Work under the Contract shall be suspended during the period beginning June 4, 1953, and ending not later than July 1, 1955. (Amendments Nos. 10 and 11 previously fixed July 1, 1954, and September 1, 1954, respectively, as dates terminating work-suspension periods.)

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

3. In Article 3 of the Contract form, the period "54 months" is fixed for completion of the work. (Amendments Nos. 9 and 10 previously extended the completion dates to "30 months" and "42 months," respectively.)

4. Annex II, attached hereto and made a part hereof, is substituted for Article 14 of the Contract form.

5. It is of the essence of this Contract that the work be resumed on or before July 1, 1955, and if the work is not resumed within the time limited, in a manner required to bring the project to completion as required:

31

[illegible]

(a) All obligation of the Government to contribute to costs not incurred before June 4, 1953, shall be and is hereby terminated except for necessary and reasonable costs and expenses incurred in--

(1) preserving and disposing of property to the cost of which the Government has contributed, and

(2) making and rendering reports, accounts, and winding-up and settlement actions provided for in the Contract.

(b) The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and shall promptly render to the Government a final report and a final accounting.

6. If the Government has not made a certification of discovery or development, the total net amount contributed by the Government shall nevertheless be repayable in the form of a percentage royalty on any minerals mined or produced from the land described in Article 2 of the Contract, in the manner and amount provided in the Contract.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mitchell
Administrator, Defense Minerals
Exploration Administration

U. S. METALS CORPORATION

By Earl H Peterson

32

[illegible]

(4) [illegible]

(5) [illegible]

(6) [illegible]

(7) [illegible]

[illegible]

[illegible]

[

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 26 1954

ANNEX II

The following provisions are in lieu of Article 14:

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 the final report and final account, 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, 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 or assaying, or transportation, performed or paid by the

*** The word "land" refers to the land described in Article 2 of the Contract form.**

‡ The period "thirteen years" is substituted for the period "ten years."

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) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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 when 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 ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

34

f. 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.

g. 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.

h. 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 mining or production operations.

i. 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.

Government's Copy

OCT - 8 1954

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

AMENDMENT NO. 11

It is agreed this 29th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and U. S. Metals Corporation, that Exploration Project Contract I-DMA-E29 (Docket No. DMA-606), dated June 27, 1951, as amended, hereinafter called the "Contract," is further amended, effective June 4, 1953, as follows:

1. In Amendment No. 10:

a. In paragraph 1 (a) and in paragraph 4, delete the date "July 1, 1954," and substitute the date "September 1, 1954."

b. In paragraph 4 (c), delete the words "Annex I attached hereto," and substitute the words "Annex II attached to Amendment No. 11."

2. Annex I attached to Amendment No. 10 is cancelled, and Annex II attached hereto and made a part hereof is substituted for the provisions of Article 14 of the Contract form.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals Exploration Administration

U. S. METALS CORPORATION

By _____

25

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

ANNEX II

The following provisions are in lieu of Article 14 :

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 the final report and final account, 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, 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 or assaying, or transportation, performed or paid by the

* The period "twelve years" is substituted for the period "ten years."

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) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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 when 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 ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

27

f. 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.

g. 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.

h. 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 mining or production operations.

i. 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.

58694

28

Consent to Lien

MF-203
(Revised July 1, 1954)

OCT - 8 1954

OWNER'S CONSENT TO LIEN

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

Henrietta mine comprising the Henrietta (15526A), Lizzie (15520), Mineral King (2051), Humbolt (15526A), Home Run (15526A), Mineral Queen (1622), Narrow Gauge (15526A), Prosperity (18621), and La Cross (18620), patented mining claims and the Tetrahedrite No. 1, Tetrahedrite No. 2, C.L.M. Moodie No. 1 and Moodie No. 2, unpatented mining claims all situated in the Red Mountain Mining District, Sec. 19, R. 8 W., T. 49 N.

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

2/ U.S. Metals Corporation
210 Mercantile Bldg.
Denver, Colorado

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ~~ten~~ 12 years have elapsed from the date of the contract, whichever occurs first.

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

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

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

29

(OVER)

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

4. Changes and added provisions _____

Dated this 23rd day of September, 1954.

BLUE BIRD MINING & MILLING COMPANY [Seal]

By: Naomi H. Jones [Seal]
Secretary-Treasurer

_____ [Seal]

30

11

U. S. METAL CORPORATION
208 Mercantile Building
Denver 2, Colorado

July 2, 1954

Mining Division
Date Rec'd
JUL 6 - 1954
BUREAU OF MINES
Denver, Colorado

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

RE: DMA#E29

Dear Mr. King:

We ask permission to extend the recess period on the subject contract from July 1, 1954 to September 1, 1954, due to the fact that it has been impossible to hire good men for this type of work.

All of the reputable and conscientious men have left Silverton, Colorado to work in the uranium fields in Western Colorado and Southeastern Utah.

As soon as we are able to employ suitable men we will notify you of our intentions to resume work on the project, on or before September 1, 1954.

Respectfully submitted,

U. S. METALS CORPORATION

Carl H. Peterson

Carl H. Peterson, Secretary

U. S. DEPARTMENT OF
THE INTERIOR BUILDING
Denver 2, Colorado

July 8, 1954

Mr. W. L. King, Secretary-Treasurer
United Gas, Region IV
Oil Gas Building
Denver, Colorado

Dear Mr. King:

We ask permission to extend the leases and of the subject contract from July 1, 1954 to September 1, 1954, due to the fact that it has been impossible to complete our for this type of work.

All of the requisite gas connections have been left intact, efforts to work in the terms of the in Western Colorado and Northwestern Utah.

As soon as we can be able to locate suitable men to drill results for of any information to venture that on the project, on or before September 1, 1954.

Respectfully submitted,

U. S. DEPARTMENT OF THE INTERIOR

Oil & Gas Supervisor, Geologist

Government's copy

Defense Minerals Administration
RECEIVED
JUN 14 1954

EXPLORATION PROJECT CONTRACT
U. S. METALS CORPORATION
DOCKET NO. DMA-606

AMENDMENT NO. 10

It is agreed this 15th day of February, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and U. S. Metals Corporation, that Exploration Project Contract I-DMA-E29, Docket No. DMA-606, dated June 27, 1951, as amended, is further amended, effective June 4, 1953, as follows:

1. (a) Work under the contract shall be suspended during the period beginning June 4, 1953, and ending not later than July 1, 1954.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

(c) The Operator, at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve the project work and any property in which the Government has an interest.

(d) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

2. In Article 3 of the contract form the period "30 months", provided by Amendment No. 9, is deleted and the period "42 months" is substituted.

3. The provisions of Annex I, attached hereto and made a part hereof, are substituted for the provisions of Article 14 of the contract form.

4. It is of the essence of this contract that work be resumed on or before July 1, 1954; and if the work is not resumed within the time limited, in a manner required to bring the project to completion as required:

20

(a) All obligation of the Government to contribute to costs not incurred before June 4, 1953, shall be and is hereby terminated except for necessary and reasonable costs and expenses incurred in--

(1) preserving and disposing of property to the cost of which the Government has contributed, and

(2) making and rendering reports, accounts, and winding-up and settlement actions provided for in the contract.

(b) The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and shall promptly render to the Government a final report and a final accounting.

(c) All rights of the Government with respect to a percentage royalty under the provisions of Annex I, attached hereto, shall be and are preserved.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mattendorf
Administrator, Defense Minerals
Exploration Administration

U. S. METALS CORPORATION

By Earl W Patterson

21

NOTTINGHAM UNIVERSITY LIBRARY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 14 1954

ANNEX I

The following provisions are in lieu of Article 14 :

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years*(or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

The period "twelve years" is substituted for the period "ten years."

53651

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MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JUN 4 1954

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

Henrietta mine comprising the Henrietta (15526A), Lizzie (15520), Mineral King (2051), Humbolt (15526A), Home Run (15526A), Mineral Queen (1622), Narrow Gauge (15526A), Prosperity (18621), and La Cross (18620), patented mining claims and the Tetrahedrite #1, Tetrahedrite #2, C.L.M. Moodie #1 and Moodie #2, unpatented mining claims all situated in the Red Mountain Mining District, Sec. 19, R.8W, T.49N.

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

2/ U. S. Metals Corporation
210 Mercantile Bldg.
Denver, Colorado

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

4. Changes and added provisions _____

Dated this 13th day of March, 1954.

BLUE BIRD MINING & MILLING COMPANY [Seal]

By: Naomi H. Jones [Seal]
Naomi H. Jones, Sec'y-Treas.

_____ [Seal]

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

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

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

23

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

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

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

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

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

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

24 Interior—Duplicating Section, Washington, D. C. 47318

10

COPY

May 24, 1954

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

Dear Mr. King:

We are in receipt of your letter of May 19th, 1954 relative to royalty payments due the Government.

Enclosed is our checks totaling $1034.52 covering shipments T-1 to T-7 and No. 1 to No. 4 inclusive according to the terms of the new Annex to amendment No. 10 of contract DMRA E-29.

We are not in a position at present to send you a check for royalties on the last shipments as we had held back royalties based on the settlements of Shenandoah Dives Mining Co. Mill which allowed for the deductions of milling and trucking in computing net smelter returns. Consequently, we have had to use the money held back from the last shipments to make up the difference on Lots T-1 to T-7 and No. 1 to No. 4 inclusive. The difference in computation amounts to $1033.79 as per enclosed check.

The Officers of U. S. Metals Corporation are making every effort to send the Government the balance of royalties due on the latter shipments as quickly as possible.

Respectfully submitted,

U. S. Metals Corporation

/s/ Carl H. Peterson

Carl H. Peterson
Secretary

GOVERNMENT COPY

No. 9

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and U.S. Metals Corporation is hereby amended as follows, effective as of the date of said contract:

> Referring to Amendment No. 6, dated August 20, 1952, that portion which amended Article "3. Exploration Project" of Exploration Project Contract Form MF-200, delete the substituted "24 months" and in lieu thereof insert "30 months".

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated APR 1 3 1953

U. S. METALS CORPORATION

By Carl H. Peterson
Carl H. Peterson, Secretary

By Robert C. Brown
Robert C. Brown, President

UNITED STATES OF AMERICA

By O. Meitzenheimer
Administrator, Defense Minerals Exploration Administration

Seal

19

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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APR 6 1953

COPY

March 31, 1953.

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

Re: DMA Docket 606
Contract I-DMA-E29

Dear Mr. King:

It appears that our contract I-DMA-E29 for the Henrietta Mine expires June 27, 1953 and as it seems impossible to complete this contract by this date it is imperative that we ask for an extension. We would like to have it extended until December 31, 1953.

Thanking you for your usual prompt attention, we remain,

Respectfully yours,

U. S. METALS CORPORATION

/s/ Carl H. Peterson

Carl H. Peterson,
Secretary

CHP:rd

No. 8

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and U. S. Metals Corporation, is hereby amended as follows, effective October 1, 1952:

> Referring to Amendment No. 6, dated August 20, 1952, which amended EXHIBIT "C" attached to Exploration Project Contract Form MF-200, further referring to said Amendment, EXHIBIT "C" caption "Operating Equipment", Subheading "(b) To be rented", delete the word "None" and in lieu thereof substitute the following:
>
> > 8 - Battery type Miners Lamps at $1.79 per lamp per month. The foregoing rental is allowable to the extent the 8-Lamps are used exclusively for the benefit of the Exploration Project.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated November 3 1952.

U. S. METALS CORPORATION

By Carl H. Peterson
Carl H. Peterson, Secretary

By Robert C. Brown
Robert C. Brown, President

UNITED STATES OF AMERICA

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

18

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
NOV 6 1952

18

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

~~WESTERN REGION~~

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 14, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Request for amendment

Please find enclosed the original and five copies of Russell R. McLellan's memorandum concerning the request for amendment on the subject contract.

McLellan recommends the above amendment to allow for electric mine lamps for the project effective October 1, 1952, subject to proration if used on the company's other projects in the area. I concur.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/amh

cc 5
E29
DMA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

~~WESTERN REGION~~
Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 14, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Request for amendment

The subject operator has requested an amendment for rental of battery-type mine lamps. This request is a result of the acquisition of new lamps on a rental basis to replace old worn out lamps used previously. There has been no charge to the project until June 1952. June and July 1952 rental charges were disallowed because of the lack of an amendment.

The mine lamps will be used on both the Henrietta and Joe and John projects and possibly on the Silver Bay - Blackhawk subcontract. The amendment request refers to the Henrietta only and presumably the operator expects to charge all the rental to that project.

The amendment is recommended with an effective date of October 1, 1952, suggested and subject to proration according to use.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

SWH/amh

cc 5
E29
DMEA Chron.

October 2, 1952

Mr. W. H. King,
Executive Officer
Field Team, Region IV
284 New Custom House
Denver, Colorado

Re: DYA-606 Contract I-DYA-H-89
DYA-1070 Contract I-DYA-E-309

Dear Mr. King:

In going over our Supplemental Contract dated August 20, 1952, we find that the rental for electrical lamps was over looked. This amounts to $20.00 per month so we are requesting your approval for this item. This, of course, does not change the over all item of supplies listed in our contract dated August 20, 1952.

Trusting this meets with your approval, we remain,

Very truly yours,

U.S. SEALS CORPORATION

By Carl A. Peterson
Carl A. Peterson, Secretary

CAP:w

No. 7

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and U.S. Metals Corporation is hereby amended as follows, effective as of the date of said contract:

Referring to Amendment No. 6, dated August 20, 1952, which amended Exhibits "A", "B", "C", "D" and "E" attached to Exploration Project Contract Form MF-200; further referring to said Amendment, caption "Exhibit "A", subheading "The Exploration Project", sub-item "(5)", add the following: Drifting around extensively caved sections of the Henrietta No. 7 Tunnel, in lieu of rehabilitation of that portion of the Tunnel, is allowable to the extent approved by the DMEA representative, if in his opinion the drifting in lieu of rehabilitation will effect a saving to the DMEA Project.

Referring to the said Amendment, caption "Exhibit "C", heading "Operating Equipment", subheading "(a) To be Purchased", add the following:

2 - Fire Extinguishers, estimated cost	$104.00
1 - Bench Grinder, estimated cost	60.80

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated October 1, 1952.

U. S. METALS CORPORATION

By Carl H. Peterson
Carl H. Peterson, Secretary

By Robert C. Brown
Robert C. Brown, President

UNITED STATES OF AMERICA

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

17

AMENDMENT OF CONTRACT: No. I-[illegible]

Contract Docket No. [illegible], dated [illegible] 27, 1952, between the United States of America and U.S. Metals Corporation is hereby amended as follows, effective as of the date of said contract:

Referring to Amendment No. 6, dated August 20, 1952, which amended Exhibits "A", "B", "C", "D" and "E" attached to Exploration Project Contract No. [illegible]-302, insert reference to said Amendment, caption "Exhibit "A", subheading "The Exploration Project", sub-item "(3)", add the following: Drilling around extensively caved sections of the Carlotta No. 7 Tunnel, in lieu of rehabilitation of that portion of the Tunnel, is allowable to the extent approved by the Exec. representative, if in his opinion the drilling in lieu of rehabilitation will effect a saving to the Exec. Project.

Referring to the said Amendment, caption "Exhibit "C", heading "Operating Equipment", subheading "(a) To be Purchased", add the following:

2 - Fire Extinguishers, estimated cost $104.00
1 - Bench Grinder, estimated cost 60.00

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

Dated October 1, 1952.

U. S. METALS CORPORATION

By Ernest M. Robinson, Secretary

UNITED STATES OF AMERICA

By Executive Officer, [illegible]
Field Room, Region IV

By Robert G. Moon, President

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
August 27, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Request for amendment

Please find enclosed the original and five copies of Scott W. Baxen, Jr.'s memorandum recommending approval of all items of the above amendment request except number six which is considered unnecessary for the exploration project. It could well be a concern of the contractor should he carry on after the present job is completed.

I agree with the recommendations.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/dd

cc 5
E29
DMMA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
August 25, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Scott W. Hazen, Jr.

Subject: DMA 606, Contract I-DMA-E29 (Lead-zinc), U. S. Metals Corporation (Henrietta mine), San Juan County, Colorado - Request for amendment

Carl H. Peterson, Secretary of the U. S. Metals Corporation, has, by letter dated August 8, 1952, requested an amendment to the subject contract. This request concerns the following items:

1. Drive a lateral drift around a new cave-in on the Henrietta drift;

2. Provide rental payments for two fans at $51.00 each per month, beginning August 1, 1952;

3. Purchase of two fire extinguishers at $52.00 each per request of the state mine inspector;

4. Purchase of a bench grinder at a cost of $60.80;

5. Reinstatement of the sum of money charged for gas, oil, and transportation costs during the past life of the project (This amount was deducted by the auditors when auditing the company accounts);

6. Allow purchase of pipe and labor cost for installing 4-inch pipe line between the Joe and John mine and the Henrietta mine in order to interlock compressors at the two mines.

Item 1: When the Henrietta mine was examined on July 16, 1952, the rehabilitation of the Henrietta drift had progressed about 60 feet beyond the intersection of the winze crosscut. The operator had nearly completed picking up a very bad cave which was approximately 50 feet long. He had spent most of the month on this work. Because

of bad air, it was impossible to crib between the top of the new timber placed and the back of the cave. The area being opened was quite wide, evidently a result of a double track or back switch along the Henrietta vein where the main Henrietta No. 7 tunnel intersected the Henrietta vein. A few days later the entire area being cleaned collapsed and completely refilled the 50 feet of advance within the cave. The height or extent of the cave is unknown but appears to be very extensive. The operator immediately decided to utilize the crosscut to the winze and, from a point near the winze, to drive a lateral drift around this cave. This was the logical decision as it could be done for less money than attempting to reopen the cave. From what could be seen beyond the caved area, it appeared that the remaining portion, or at least part of the Henrietta drift, was open. The lateral drift, after being extended about 50 feet, will be turned and cut back into the Henrietta drift beyond the newly caved area.

Approval of this lateral drift is recommended and, in the event the drift is caved beyond the last point of advance, it may be advisable to continue the lateral approximately another 100 feet to reach the end of the old Henrietta workings. Verbal permission can be given at this time to advance the lateral, with final amount of drifting determined after the lateral has been holed to the Henrietta drift and the drift investigated beyond this point.

Item 2: This item is automatically taken care of by the amendment to provide additional funds for the project wherein the purchase of two ventilation fans is allowed. Purchase of the fans will be cheaper than rental.

Item 3: The purchase of two fire extinguishers can be approved; however, they have been purchased and submitted on the June account.

Item 4: The purchase of the bench grinder can be recommended as an assistance to the work.

Item 5: These charges, which were deleted by the auditors, are all provided for in the recent amendment allowing additional funds for the project and are, therefore, allowed automatically from the original date of the contract.

Item 6: This, in my opinion, is a production problem and is not necessary to the exploration project. Although the operator alleges to have some 400 feet of pipe on hand, I rather believe this is pipe which has already been purchased for the exploration work and would, in reality, be an expense of the new installation. This item is not recommended.

Scott W. Hazen, Jr.
Scott W. Hazen, Jr.,
Mining Engineer

SWH:dd

cc 5
B29

August 6 1959

Mr. W. L. King, Executive Officer
Field Team, Region 7
224 Post Office Bldg
Denver, Colorado

Re: [illegible] Contract [illegible]
[illegible]

Dear Mr. King:

On July 10, 1959 we experienced a small cave in in the Henrietta Canal which was of sufficient concern to cause close [illegible] of our dredge which we had placed and break the [illegible] which we were operating overhead to prevent the dredging crew and also injured one man slightly. After looking the situation over very carefully we concluded that it was not feasible to attempt to continue operating this section of the dredge. The alternative was to drive around it from an adjacent canal out in the hope that we could by pass this cave in area. We informed Mr. Lewis of our opinions and decision and suggested that the change would result in speeding our objective at least cost to us and to the government, but to save time we would have made formal application to you or other Bureau of Rec authorization for the change in the nature of the work as best it would have qualified for government participation. We are now belatedly requesting official authorization to proceed with this known work and to have this work included in the loan project.

We expect to take into the old Henrietta ditch again in two weeks day or two and in the event that the conditions of the old workings are very bad and it would be extraordinarily costly and extra hazardous to reopen those old workings we are herewith requesting your approval of our intent to drift along side the old workings in solid ground if in the opinion of our staff this can be done at less cost than the reopening.

We are requesting herewith your approval for government participation in the rental payments for two fans beginning August 1, 1959, being used in the ventilation of the Henrietta tunnel project. The cost for each fan is $21.00 per month and two are required in as much as the tunnel has progressed beyond the capacity of the first fan.

We would also like to have the approval of the purchase of two fire extinguishers at $52.00 each or a total of $104.00. These two extinguishers are required as fire protection at the county jail lobby and at the jail located in the portal gate. These extinguishers were purchased on demand by the State Fire Inspector that we furnish this protection.

We would also like to have the approval for the purchase of a bench grinder at the estimated cost of $60.50 for grinding shell tools.

As a result of the recent audit of our contract on this project a claim for $58.42 was disallowed for oil and gasoline and minor repairs to jeeps which are used in the transportation of the gun fire adjustment in the mine. We request reconsideration of this item on the basis that the repairs may not be charged as transportation as set provided. In the event that approval cannot be given for this item retroactively we are requesting that consideration be given to inclusion of this item in our after August 1, 1949.

With reference to RA 643 and RA 3690 [illegible] which applies to the two dry kiln rare earths the point from the Hamilton there is at the Lebow property an electric driven compressor of ~~[illegible]~~ capacity to provide for both projects. We feel that it would be a good procedure to extend an existing air line from a point near the land to the Hamilton portal and connect it to our existing air line there. This work would provide us with a semi-by compressor for use at the Hamilton in the event of a break down there and likewise allow the present Hamilton compressor to serve the dry kiln in the event of electric failure. We can provide approximately 400 feet of 4-inch pipe which we have on hand at the mine now. The project would require an additional 570 feet of 4-inch pipe and the cost of labor to install the air line connection is estimated to be $270.00. We are requesting that you consider this proposal and if it meets with your approval that we be authorized to proceed with the work.

Very truly yours,

U.S. Navy Petroleum Reserves

By Lee S. Peterson

Lee S. Peterson, Secretary

GS:ag

224 New Customhouse
Denver 2, Colorado

September 26, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

Mr. Carl H. Peterson, Secretary
U. S. Metals Corporation
205-11-16 Mercantile Building
15th and Arapahoe Streets
Denver 2, Colorado

Re: DMA Docket 606
Contract I-DMA-E29

Dear Mr. Peterson:

Reference is made to your letter dated September 23, 1952, wherein you request authority to perform necessary work to improve the access road to the Henrietta No. 7 Tunnel.

The last sentence in paragraph (1) under EXHIBIT "A" of Amendment No. 6 to Contract I-DMA-E29, pertaining to construction and maintenance of an access road, is stated as follows: "This work is limited in extent to that approved by the DMEA representative".

Authority is herewith granted to exceed the funds allocated under EXHIBIT "B", item (1) of Amendment No. 6 to Contract I-DMA-E29, by an amount not to exceed $1,100.00, or a total expenditure of not to exceed $3,226.74, for the construction and maintenance of access roads to the Henrietta No. 7 Tunnel. Such costs shall include all labor, supervision, supplies, and the cost of operation of trucks, tractors, loaders and other necessary equipment, whether or not the equipment is scheduled under EXHIBIT "C", "Operating Equipment", "(e) To be furnished by Operator", which is a part of said Amendment No. 6. The increase of funds allocated as stated above will be deducted from funds allocated to the underground work.

This authority shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Very truly yours,

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

JWT:jp
cc Administrator DMEA (3)
Fiscal Officer, Reg. IV
WMTraver
Contract
Chron
AHKoschmann (2)

September 23, 1952

Mr. William H. King
Executive Officer
Field Team, Region 4
Rm 224, New Custom House
Denver 2, Colorado

Dear Mr. King:

About September 6th or 7th, I called your office from Silverton, in reference to doing work on the Lark Road and learned that you were in a conference, so I asked to talk to Mr. Townsend.

This road got to bad for trucking even transporting our men to and from work. The day I called you, we blew out two tires on our station wagon, so I asked Mr. Townsend's permission to allow us to repair the road with Government participation of 50%. Mr. Townsend thought this would be alright and asked me, that as soon as I get back to Denver, to write a letter for this request.

It took us four days with the loader, truck and a small cat, to do this work and I request that we be allowed $15.00 an hour for the three pieces of equipment or 32 hours, which would amount to $480.00, and we are asking that the Government participate in half of this or $240.00. We consider this very reasonable for the amount of work performed, because the road is now in good shape.

On returning to our Denver office, I found a copy of a letter from Mr. Thomas H. McDonald, Commissioner of Public Roads, Bureau of Public Roads, Room 6004, G.A.S. Building, Washington 25, D.C., in which our request for the improvement for the Lark road has been granted. However, I learned from Mr. Traver that there isn't any money available in Washington for this road work at the present time.

If the Lark road work is not to be done immediately, would it be possible to include the road from the Lark Mine to the Henrietta, which is approximately 1200 feet and this would require a large and long flume crossing Prospect Creek. The road we are using makes it almost impossible to get across to the Henrietta on a wet day and when the snow comes the road where it crosses the Creek fills up almost immediately. We would be glad to do this work if the Government will participate on a 50-50 basis, otherwise we will not be able to use this road. We estimate that the maximum cost of this road would not be over $600.00, the Government would participate on the basis of $300.00.

Thanking you for giving this matter your usual prompt attention, I remain

Sincerely yours,
U.S. Metals Corporation

Carl H. Peterson

Carl H. Peterson
Secretary

CHP:av

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

224 New Customhouse
Denver 2, Colorado

August 29, 1952

Memorandum

To: Acting Administrator, Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 2 - Contract I-DMA-E29, Docket No. DMA-606, U. S. Metals Corporation (Lead-Zinc)

Amendment No. 2 to contract I-DMA-E29 was prepared because it was known that it is more economical to hire miners on a contract stage basis to do this particular type of work than to pay miners on a day's pay basis.

A copy of a letter from Mr. John P. Ost, engineer for the U. S. Metals Corporation, requesting this amendment is attached.

W. H. King
W. H. King

Enclosure

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

November 22, 1951

Received
Office
Denver
NOV 23 1951

Mr. S. M. Dust, Jr.
Executive Officer, F.S.A.
201 New Customs Bldg
Denver 2, Colorado

Dear Mr. Dust:

It is very doubtful to have you approve an amendment to our contract which will allow us to enter into a labor agreement with unions on reopening the Charlotte Tunnel.

I have been through this tunnel up to the point (Carpenter Vein) covered in our contract with your office. There are many different conditions that we will have to cope through. Part of the distance will be through unlimbered sections which will only have to be barred down, cleaned up, new timber, ties and pipe installed. Other sections will require considerable work to be removed and new timbers to be installed. This will require several different prices for this work on a footage basis. Therefore, I feel we should have a price ranging from $5.00 per foot to $10.00 per foot to meet the different conditions; the condition and price per foot to be determined by the engineer in charge on the condition change from time to time.

This agreement to be made only with the actual miners, not more than two (2) on a shift. This method of pay would put us in a much better position to get better miners and to get better work from those which we now have.

Very truly yours,

U.S. GYP & PLASTER CORPORATION

By John P. Ost
John P. Ost, Engineer

JPO:w

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

224 New Customhouse
Denver 2, Colorado

August 29, 1952

Memorandum

To: Acting Administrator, Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 1 - Contract I-DMA-829 (Lead-Zinc), Docket No. DMA 606, U. S. Metals Corporation

Contract I-DMA-829, as written, provides for repairs of a bulldozer. The bulldozer was to be used in leveling the area around the Henrietta No. 7 Tunnel, and for building the necessary roads. It was in the interests of the Government to delimit the amount of road building by the operator. Therefore Amendment No. 1 was prepared to include description of the allowable roads.

Exhibit D of the contract did not provide for a carpenter and a bulldozer operator. It was necessary to add these classifications because rehabilitating the tunnel required the construction of a small building to house the equipment, and it was necessary to hire a carpenter to do this work. A bulldozer operator was required to operate the bulldozer.

W. H. King
W. H. King

~~Enclosure~~

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

No. 6
GOVERNMENT'S COPY

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and/U. S. Oil and Development Corporation is U.S. Metals Corporation, formerly

hereby amended as follows:

Referring to the Amendment dated June 27, 1951, which amended "Exhibit A" and "Exhibit D" attached to Exploration Project Contract Form MF-200, said Amendment is hereby voided effective as of its effective date.

Referring to the Amendment dated December 18, 1951, which amended "Exhibit D" attached to Exploration Project Contract Form MF-200, said Amendment is hereby voided effective as of its effective date.

Referring to the Amendment dated January 24, 1952, which amended Article "3" of Exploration Project Contract Form MF-200, said amendment is hereby voided effective as of its effective date.

Referring to the Amendment dated February 15, 1952, which amended "Exhibit B" attached to Exploration Project Contract Form MF-200, said amendment is hereby voided effective as of its effective date.

Referring to the Amendment dated February 15, 1952, which amended "Exhibit D" attached to Exploration Project Contract Form MF-200, said amendment is hereby voided effective as of its effective date.

The matter hereinafter referred to, which in part replaces the foregoing, is made effective as of the date of said contract.

Referring to "EXHIBIT "A", "EXHIBIT "B", "EXHIBIT "C", "EXHIBIT "D"and "EXHIBIT "E" attached to Exploration Project Contract Form MF-200, delete said Exhibits and in lieu thereof substitute the following:

Exhibit "A"

The Exploration Project

(1) Construction and maintenance of an access road from Lark Mine road to the top of the dump of the Henrietta No. 7 tunnel and access roads in the vicinity of the tunnel to obtain timber from the mining claims. This work is limited in extent to that approved by the DMEA Representative.

(2) Extend the power transmission line from the main line near the Lark Mine to the Henrietta No. 7 tunnel approximately 1,000 feet.

Defense Minerals Administration
RECEIVED
JUN 30 1952

Justification in Docket File.

11

[illegible]

[illegible] Resolution [illegible], [illegible], dated June 14, 1962, [illegible] the [illegible] [illegible] [illegible]

(3) Construct and maintain snowshed, compressor house, change room and fan house at the Henrietta No. 7 tunnel portal.

(4) Repair H-D Allis-Chalmers Tractor-bulldozer, cost to include labor and parts.

(5) Rehabilitate approximately 1600 feet of the Henrietta No. 7 tunnel.

(6) Rehabilitate a 580 foot raise from Henrietta No. 7 to No. 1 Tunnel. The raise will be rehabilitated only to the extent necessary to provide air passage for ventilation.

(7) Drifting on the Henrietta, Surprise or other veins an aggregate maximum of 700 feet. Tentative location of drifts are shown on the attached map. Direction and extent of drifting is subject to prior approval by the DMEA Representative. Such drifting will be discontinued at any time the indications of mineralization, or structure, are unfavorable to justify continuation of the work.

(8) Raising or sinking on the Henrietta and Surprise veins not to exceed an aggregate maximum of 400 feet or to the extent of funds allocated or remaining for such work. Location and extent of such raises or winzes is contingent on conditions encountered in the drifts under item (7) above, and subject to prior approval in writing by the DMEA Representative.

Estimate of Project Costs

(1)	Access Road Construction and maintenance	$2,126.74
(2)	Power Line extension	384.58
(3)	Building construction and maintenance	3,829.98
(4)	Repairs to H-D Allis-Chalmers Tractor	5,655.48
(5)	Rehabilitation of Henrietta No. 7 Tunnel	42,547.12
(6)	Rehabilitation of 580 foot Raise	5,800.00
(7)	Drifting a maximum of 700 feet	24,500.00
(8)	Raising or sinking a maximum of 400 feet	16,000.00
	Equipment purchases	12,794.44
	Total estimated cost of project	$113,638.34

Details of the Estimated Project Costs

Exhibit "B"

Fixtures and Improvements

1 - Construction and maintenance of access roads - Labor, Supervision, Supplies and Other $2,126.74

12

(2) Advances and contingent expenses, [illegible] road and line access to the installation [illegible] 2.

(3) Repair and [illegible] maintenance-[illegible] cases, such as [illegible] labour and works.

(4) Rehabilitation operations [illegible] part of the [illegible] [illegible].

(5) Rehabilitation [illegible] road maintenance [illegible]. [illegible] [illegible]. [illegible] cases will be [illegible] only to the extent necessary to provide [illegible] [illegible].

(6) Building or the [illegible], [illegible] or other [illegible] [illegible] [illegible]

2 - Power Line Construction - Labor, Supervision, Supplies and Other	$ 384.58
3 - Construction and Maintenance of Snowshed, Change room, and Compressor-Fan house - Labor, Supervision, Supplies and Other	3,829.98
Total estimated cost of Fixtures and Improvements	6,341.30

Exhibit "C"

Operating Equipment

(a) To be purchased

	Estimated Cost
1 - Compressor, Chicago-Pneumatic, 315 c.f.m. with D8800 Caterpillar engine, skid mounted, with 42" x 10' air receiver and fuel tank, used	$3,500.00
1 - Power Saw, Electric driven	138.72
1 - Tramaire	1,779.90
1 - Rail Bender	90.20
1 - Welding Outfit	142.49
1 - Electric Drill	46.25
1 - Socket Wrench Set	61.88
1 - Wheelbarrow (Rubber tired)	35.00
1 - Electric Motor, 100 H.P. (for fan)	100.00
1 - Water Pump	200.00
10 - 1 Ton Mine Cars	1,000.00
2 - Jackhammers with pusher legs	1,000.00
2 - Ventilation Fans	1,250.00
1 - Drill Bit Grinder	190.00
1 - Hoist, air driven (1200 feet cable capacity)	760.00
600 Feet 12-inch Vent Pipe	840.00
800 Feet 10-inch Vent Pipe	960.00
700 Feet 8-inch Vent Pipe	700.00
Total Estimated Cost	$12,794.44

(b) To be Rented

None

(c) To be furnished by Operator

2 - Mucking Machines, Gardner-Denver No. 9
1 - Scaife water pressure tank
1 - Chicago-Pneumatic 60N Drifter
1 - Double screw column 3½" x 6', complete
1 - Barko Model J-29, exhaust-blower type driller
1 - 3/4 Ton pull-lift hand hoist

13

2 - Other fire protection - labour, [illegible] material, supplies and other [illegible]

3 - Construction and installation of [illegible], [illegible] and equipment - [illegible] labour, supervision, supplies and other [illegible]

Total estimated costs of fixtures and improvements [illegible]

(Sd) [illegible]

Providing Equipment

(a) Items purchased [illegible]

1 - Compressors, Ingersoll-Rand, 250 c.f.m. with Ingersoll Compressing engine, with [illegible] mounted, with [illegible] and [illegible] and [illegible] [illegible]

1 - Lower [illegible], electric driven [illegible]

1 - Exhauster [illegible]

1 - Drill presses [illegible]

1 - Medium Grinds [illegible]

1 - Deccalo [illegible]

1 - Bench [illegible] [illegible]

1 - Stereoscopes (Bausch [illegible]) [illegible]

1 - Electric [illegible], [illegible] (Fox [illegible]) [illegible]

1 - Lathes [illegible]

[illegible] - 2 Tool [illegible] [illegible]

[illegible] - Stationary with [illegible] [illegible]

[illegible] - Horizontal [illegible] [illegible]

1 - Drill [illegible] [illegible]

1 - Radial [illegible] driven (1500 [illegible] cable [illegible]) [illegible]

[illegible] feet 12-inch [illegible] [illegible]

[illegible] feet 10-inch [illegible] [illegible]

[illegible] feet 8-inch [illegible] [illegible]

Total estimated cost [illegible]

(b) [illegible] [illegible]

[illegible]

(c) [illegible] [illegible]

2 - [illegible], [illegible], [illegible] [illegible]

1 - [illegible] water pressure [illegible]

1 - [illegible] [illegible]

1 - [illegible] [illegible] [illegible] x [illegible], [illegible]

1 - [illegible] [illegible], [illegible], [illegible] [illegible]

1 - 3/4 [illegible] [illegible]

1 - Mine Transit, Buff and Buff
1 - Chicago-Pneumatic Jackhammer
1 - Power Saw, gasoline engine driven
1 - Drifter, Gardner-Denver No. 79
1 - Stoper, Gardner -Denver
1 - Pickup truck, Jeep, 4-wheel drive
1 - Command Car, Dodge 4-wheel drive
1 - Station Wagon, Jeep, 4-wheel drive
1 - Tractor-Bulldozer, Allis-Chalmers, Model H-D

The above listed equipment, except for initial repairs to the Tractor-Bulldozer, will be furnished free of charge to the DMEA Project work except for necessary reasonable repairs caused by ordinary wear and tear and for operating expense. In the event any of the listed equipment is used on work other than the DMEA project the repair and operation expenses shall be prorated on a basis which will provide an equitable distribution of the costs.

Exhibit "D"

Labor and Supervision

Labor

Class	Maximum Base Rate of Pay
Miner	$1.75 per hour
Mucker	1.50 " "
Trammer	1.50 " "
Laborer	1.50 " "
Carpenter (1 allowed)	1.75 " "
Bulldozer Operator	2.00 " "
Mechanic	400.00 per month, maximum charge
Superintendent	500.00 per month, maximum charge

The labor involved in reopening the Henrietta No. 7 tunnel may be paid on the basis of units of work performed in lieu of the base hourly rate of pay. Payment to the crew in the heading shall not exceed a maximum of $10.00 per foot of completed advance including track and air line installation.

Crews engaged in advancing drift and raise headings may be paid on the basis of units of work performed, at a rate not to exceed $15.00 per foot of advance.

Crews engaged in sinking winzes may be paid on the basis of units of work performed, at a rate not to exceed $40.00 per foot of advance.

14

1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]
1 - [illegible] [illegible]

The above [illegible] [illegible] [illegible]

Hourly rates of pay are based on a 40-hour week with time and one-half allowable for overtime.

Total estimated cost of Labor and Supervision, including applicable taxes and insurance - $49,300.00

Exhibit "E"

Repairs and Rehabilitation	Estimated Cost
Repair of H.D. Allis-Chalmers Tractor-Bulldozer	
Total Labor and Parts	$ 5,655.48

Exhibit "F"

Material, Supplies and Other

Rail and track supplies, Pipe, Timber, Vent Tubing, Explosives, Power, Fuel and Lubricants, Power Line Supplies, Building Material and Supplies, Repair Parts, and any other Materials and Supplies necessary for completion of the Project work including costs of freight and haulage charges thereon.

Total estimated cost - $45,888.42

Summary of Estimated Project Costs

Exhibit "C" - Operating Equipment (Purchase)	$12,794.44
Exhibit "D" - Labor and Supervision	49,300.00
Exhibit "E" - Repairs and Rehabilitation	5,655.48
Exhibit "F" - Material, Supplies, Power and Other	45,888.42
Total estimated cost of Project	$113,638.34

Referring to Article "3. Exploration Project" of Exploration Project Contract Form MF-200, following the words "all properly designed to bring the project to completion within a period of", delete "6 months" and in lieu thereof substitute "24 months".

Referring to Article "11. Participation by the Government of Exploration Project Contract Form MF-200", delete the figures

15

[illegible] means of [illegible] based on [illegible] work [illegible] [illegible] [illegible] [illegible] for [illegible].

Total estimated cost of labor and [illegible] [illegible] [illegible] [illegible]

"23,825.00" and in lieu thereof substitute the figures "56,819.17"; delete the figures "47,650.00" and in lieu thereof substitute the figures "113,638.34".

Dated August 20th, 1952.

U. S. METALS CORPORATION, formerly
U. S. OIL & DEVELOPMENT CORPORATION

By Hugh M Patterson
Secy
Robert C. Brown.
Pres.

UNITED STATES OF AMERICA

By O O Mitchell
Acting Administrator
Defense Minerals Exploration
Administration

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C
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P
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AMENDMENT TO ARTICLES OF INCORPORATION
of
U. S. OIL & DEVELOPMENT CORPORATION

KNOW ALL MEN BY THESE PRESENTS that a special meeting of the stockholders of U. S. Oil & Development Corporation was held pursuant to call of the President of the company, and in compliance with the applicable statutes of the State of Colorado, at the principal office and place of business of said corporation in Denver, Colorado, on April 22, 1952, for the purpose of amending its Articles of Incorporation.

At such meeting, more than two-thirds of the stockholders of the company were present in person or by proxy.

On motion duly made, seconded and unanimously carried, it was:

RESOLVED, that Article I of the Articles of Incorporation be and the same hereby is amended to read as follows:

"ARTICLE I.

"The corporate name and style of our said corporation shall be U. S. METALS CORPORATION."

It was further resolved that such amendment be forthwith executed on behalf of the corporation by its proper officers and filed with the Secretary of State of the State of Colorado.

IN WITNESS WHEREOF, the above and foregoing amendment is made and executed by the President and Secretary of U. S. Oil & Development Corporation, on behalf of the said corporation, and its corporate seal hereunto affixed, at Denver, Colorado, this 25th day of April, A. D. 1952.

U. S. OIL & DEVELOPMENT CORPORATION

By /s/ Robert C. Brown
President

ATTEST:

/s/ Carl H. Peterson
Secretary

5

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and U. S. Oil and Development Corporation is hereby amended as follows, effective as of the date of said contract:

Referring to Exhibit B attached to Exploration Project Contract Form MF-200, under title Fixtures and Improvements: add the following:

"Snow Shed	
Labor	$250.00
Material	260.00
Change Room	
Labor	200.00
Material	225.00
Compressor and Fan House	
Labor	325.00
Material	350.00
TOTAL	$1,610.00"

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated February 15, 1952.

U. S. OIL & DEVELOPMENT CORPORATION

By [signature]

UNITED STATES OF AMERICA

By [signature]
Executive Officer - DMA

Reviewed by Division
NB 2/28

10

[illegible] (Exhibit No. [illegible])

Pursuant to notice [illegible], [illegible] and [illegible], 1941, hearings [illegible] the United States Senate [illegible] "[illegible] of commercial [illegible] energy sources in relation to the [illegible] of small business.

[illegible] the following [illegible] [illegible] and the following:

"Wood pulp	
Paper	[illegible]
Textile	[illegible]
Wood products	
Paper	[illegible]
Textile	[illegible]
Manufacture and [illegible]	
Paper	[illegible]
Textile	[illegible]
Total	[illegible]

This statement should not be considered to increase the estimated total cost of the project, the figures are total [illegible] within the [illegible] by [illegible] the accuracy of the costs within the [illegible] [illegible] the [illegible] of [illegible] in the [illegible].

[illegible], [illegible], 1941.

[illegible]

[illegible]

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA 606, dated June 27, 1951, between the United States of America and U. S. Oil and Development Corporation is hereby amended as follows, effective February 1, 1952:

> Referring to Exhibit D attached to Exploration Project Contract Form MF-200 under title "Labor and Supervision" delete the following: "1 Mechanic" insert the following: 1 Mechanic at $400.00 per month.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated February 15, 1952

U. S. OIL AND DEVELOPMENT CORPORATION

By Kel Peterson

UNITED STATES OF AMERICA

By

Executive Officer, DMEA

Reviewed by Division
NB 2/28

9

Contracts & Audit Division

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA-606, dated June 27, 1951, between the United States of America and U. S. Oil and Development Corporation is hereby amended as follows:

Referring to Article "3. Exploration Project" of Exploration Project Contract Form MF-200, after the words, "all properly designed to bring the project to completion within a period of"; strike out the following: 6 months. Insert the following: 13 months.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated January 24, 1952.

U. S. OIL AND DEVELOPMENT CORPORATION

By [signature]

UNITED STATES OF AMERICA

By [signature]
Executive Officer - DMEA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

JAN 31 1952

[illegible]

[illegible]

[illegible]

AMENDMENT OF CONTRACT: No. I-DMA-E29

Contract Docket No. DMA-606, dated June 27, 1951, between the United States of America and U. S. Oil and Development Corporation, is hereby amended as follows:

> Referring to Exploration Project Contract Exhibit "D", attached to the contract, under "Labor and Supervision", add the following:
>
> "The rate of pay of the miners engaged in reopening the Henrietta Tunnel may be determined by the amount of advance. The crew of miners in the heading will be paid a maximum of $10.00 per foot of advance.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated December 18, 1951.

U. S. OIL AND DEVELOPMENT CORPORATION

By Lil W Thurson

UNITED STATES OF AMERICA

By J. H. Everett
Executive Officer - DMA

AMENDMENT TO CONTRACT: No. I-[illegible]-29

Contract Number No. [illegible], dated June 24, 1951, between the United States of America and U. S. Oil and Development Corporation, is hereby amended as follows:

Referring to Exploration Project Contract Exhibit "B", attached to the contract, under "Labor and Supervision", add the following:

"The rate of pay of the miners engaged in removing the Hornitette Tunnel may be determined by the amount of advance. The crew of miners in the heading will be paid a maximum of $15.00 per foot of advance.

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

Dated December 18, 1951.

U. S. OIL AND DEVELOPMENT CORPORATION UNITED STATES OF AMERICA

By _____ By _____
President Executive Officer

I

AMENDMENT OF CONTRACT NO. I-DMA-E29

Contract Docket No. DMA-606, dated June 27, 1951, between the United States of America and U. S. Oil and Development Co., is hereby amended as follows:

1. Exhibit A is amended to permit construction of that portion of the road from the Lark road to the lower edge of the Henrietta dump which was built after June 27, 1951, the effective date of the contract. Exhibit A is also amended to permit construction of a road from the above road to the top of the dump, as well as a timber road in the vicinity of the portal after June 27, 1951. No further road work will be allowed unless prior permission is granted in writing by the Executive Officer, DMA, Region IV. Exhibit D is amended to provide for a carpenter at $1.75 per hour and a bulldozer operator at $2.00 per hour.

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

Dated June 27, 1951.

U. S. OIL & DEVELOPMENT COMPANY

By Carl S. Peterson
Carl S. Peterson, Secretary

By Robert C. Brown
Robert C. Brown, President

UNITED STATES OF AMERICA

By J. H. East, Jr.
J. H. East, Jr.
Executive Officer
Defense Minerals Administration

Chief, Contracts
Chief, Legal Branch
Initial SML
Reviewed Fatta
12/18/51

OCT 1 1951
RECEIVED
COMPTROLLER'S OFFICE

6

MODIFICATION OF CONTRACT No. [illegible]

Contract Docket No. DRA-[illegible], dated June 27, 1941, between the United States of America and W. S. [illegible] Development Co., is hereby amended as follows:

1. Exhibit A is amended to permit construction of that portion of the road from the back road to the lower edge of the Hermosita dump which was built after June 27, 1941, the effective date of the contract. Exhibit A is also amended to permit construction of a road from the above road to the top of the dump, as well as a timber road in the vicinity of the portal after June 27, 1941. The timber road work will be allowed unless prior permission is granted in writing by the Executive Officer, DRA, Region IV. Exhibit B is amended to provide for a compensation of $1.75 per hour and a bulldozer operator at $2.00 per hour.

While amendment shall not be construed to increase the estimated total cost of the project, the expenditure total should not exceed the Government may pay or the percentage of the costs which the Government may under the provisions of Article 13 of the contract.

Dated June 27, [illegible], 1941.

U. S. CONSERVATION CORPS

[illegible]
Joseph F. Peterson, Secretary

[illegible]
Robert W. Brown, Treasurer

W. S. [illegible] DEVELOPMENT CO.

[illegible]
[illegible], Jr.
President and Director
[illegible]

No. SC 1

STATE OF COLORADO

OFFICE OF THE SECRETARY OF STATE

UNITED STATES OF AMERICA,
STATE OF COLORADO. } ss.

CERTIFICATE.

I, George J. Baker, Secretary of State, of the State of Colorado, do hereby certify that the annexed is a full, true and complete copy of Amendment to Articles of Incorporation of U. S. OIL & DEVELOPMENT CORPORATION changing name to

U. S. METALS CORPORATION

filed in this office on the TWENTY-EIGHTH day of MAY, A. D. 1952, at 3:30 o'clock p. m., and admitted to record.....

..... IN TESTIMONY WHEREOF I have hereunto set my hand and affixed the Great Seal of the State of Colorado, at the City of Denver, this ---SEVENTEENTH--- day of -----JULY------ A. D. 1952

Geo. J. Baker
SECRETARY OF STATE.

BY Jan W. Graham Jr.
DEPUTY.

STATE OF COLORADO 1876

C. F. HOECKEL CO., DENVER.

[illegible] special meeting
[illegible] Corporation was
[illegible] the company, and in
[illegible] State of Colo-
[illegible] of business of said
[illegible] 28, 1922, for the pur-
[illegible] incorporation.
[illegible] than two-thirds of the stock-
[illegible] in person or by proxy.
[illegible], resolved and unanimously car-
[illegible]

[illegible] of the Articles of Incor-
[illegible] proposed to read as follows:
[illegible]
[illegible] style of our said
[illegible] Incorporation."
[illegible] that such amendment be
[illegible] by its proper
[illegible] of the State of
[illegible]

[illegible] foregoing amend-
[illegible] Secretary of U. S.
[illegible] of the said corporation,
[illegible], Colorado,
[illegible]

[illegible] Corporation
[illegible]

121387

Certificate of Amendment

RECORDED

BOOK 619 PAGE 33

This document has been [illegible]
and [illegible]
cords of [illegible]

OK

Date June 2, 1955

White Clerk

MME Form 14
March 1961

Contract No. Idm-E) 20
14-23)

Docket No. DMEA) 665
MME)

Date of Action ~~September 1, 1961~~
Reobligation

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Fiscal Section, Office of the Secretary

From: Chief, Division of Administrative Management

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

U. S. Metals Corp.
205-11-16-Mercantile Building
Denver, Colorado

Date of Contract	Region	State	Commodity
June 20, 1951	III	Colorado	Lead-Zinc-Copper
	Reserve		Obligation
Prior Amount	0		$36,562.53
Increase	0		4,677.78
Decrease	0		0
Revised Amount			$41,240.31

Remarks:

Increase in obligation because Atty. General has determined that overpayments are uncollectible

cc: 110
800
210

88995-61

MME Form 14
Sept. 1958

Contract No. Idm-E) 29
~~14-23~~)

Docket No. DMEA) 606
~~MME~~)

Date of Action May 20, 1959
Additional Release

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

U. S. Metals Corporation
205-11-16 Mercantile Building
Denver 2, Colorado

Date of Contract	Region	State	Commodity
June 28, 1951	III	Colorado	Lead-Zinc-Copper

	Reserve	Obligation
Prior Amount	0	39,087.53
Increase	0	0
Decrease	0	2,525.00
Revised Amount	0	36,562.53

Remarks:

cc: 800 ✓
210

43244

Docket No. 606

Commodity Lead-Zinc-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 29

Date of Contract ~~or Amendment~~: June 28, 1951

Name and Address of Operator:

U. S. Metals Corporation
205-11-16 Mercantile Building
Denver 2, Colorado

Amount of Government participation ____ $56,819.17

Percent of Government participation 50 %

Region: III State: Colorado

Note: Please release $17,731.61. Contract terminated.

E. L. Talbert
(Name)

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

Date Delivered to Bureau of Mines, Washington. 4/23/56

54458

Docket No. 606

Commodity ~~Lead-Zinc~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 29

Date of ~~Contract~~ Amendment: #6 ~~July 30, 1952~~

Name and Address of Operator:

U. S. Metals Corporation(formerly U. S. Oil and Development Corp.
205-11-16 Mercantile Building
Denver 2, Colorado

Amount of Government participation $ 56,819.17

Percent of Government participation 50 %

Region: IV State: Colorado

Note: This document cancels the previous obligation of $23,825.00 and establishes the amount shown above.

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

(Title)

Date Delivered to Bureau of Mines, Washington. August 13, 1952

13908

MF-200
(April 1951)

Docket No. DMA 606
Commodity Zinc, Lead & Copper

I-DMA-E29

I-DMA E29

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Index
No. Card
Card
Reviewed

RECEIVED
JUL 11 1951
G.A.O.

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 27th day of June, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2]

U. S. Oil and Development Corporation
205-11-16 Mercantile Building
15th & Arapahoe Streets
Denver 2, Colorado

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Colorado, County of San Juan described as follows: [3]

Henrietta mine comprising the Henrietta (15526A), Lizzie (15520), Mineral King (2051), Humbolt (15526A), Home Run (15526A), Mineral Queen (1622), Narrow Gauge (15526A), Prosperity (18621), and La Cross (18620), patented mining claims and the Tetrahedrite #1, Tetrahedrite #2, C.L.M., Moodie #1 and Moodie #2, unpatented mining claims all situated in the Red Mountain Mining District, Sec. 19, R.8W, T.49N.

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] Lead - Zinc - Copper; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] 6 months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

RECEIVED
JUL 16 1951
CONTRACT SERV. SECT.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

Supplement No. _____, dated 6-27-51 Attached 16-17-18

16—64066-1

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, and other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in the contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, or any other indirect costs not expressly allowed by these regulations, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $23,825.00, which is 50 percent of the agreed estimated total cost of this project, $47,650.00.

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

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

14. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the property which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

15. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

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

Executed in triplicate the day and year first above written.

U.S. Oil & Development Corp
(Operator)

By Jack L. Peterson Secy.
Robert C. Brown Pres.

THE UNITED STATES OF AMERICA

By [signature]
Administrator
Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

DOCKET NO. DMA - 606 (Zinc-Lead-Copper)

U. S. Oil and Development Corporation

Exploration Project Contract

EXHIBIT "A"

Rehabilitation of the Henrietta No. 7 tunnel, approximately 1,600 ft. and of a raise to the No. 1 tunnel.

Supplies	Estimated Costs	
Drill steel and bits	$ 600.00	
Pipe - 3,500 ft.	1,675.00	
Vent pipe - 1,500 ft.	900.00	
Timber	3,000.00	
Rail, ties, spikes, etc.	1,700.00	
Powder, fuse and caps	530.00	$ 8,405.00
Labor		11,520.00
		$19,925.00

Drift on the Surprise vein in the No. 7 tunnel - 100 ft. @ $35.00 per ft. Labor $1,920.00 Supplies 1,580.00		$ 3,500.00
Equipment purchase		13,225.00
Freight and trucking		2,500.00
Supervision		2,500.00
Power poles and wire		1,000.00
Repair of bulldozer		3,000.00
Electric power (5 months @ $400.00 per month)		2,000.00
Total cost of Project		$47,650.00

EXHIBIT "B"

Fixtures and Improvements:	Estimated Costs
3 Power poles and wire	$1,000.00

EXHIBIT "C"

Operating Equipment to be purchased:	Estimated Costs
10 - 1 ton mine cars @ $100.00 each	$ 1,000.00
1 - Mucking Machine	2,812.00
1 - Leyner-drifter	785.00
1 - Jack hammer	330.00
1 - Air compressor (420 cu. ft.)	4,800.00
1 - Large air receiver	150.00
1 - 5 H.P. Exhaust fan (12 in.)	450.00
1 - Air trammer complete	1,800.00
1 - Tugger hoist	818.00
2 - Air hoses @ $75.00 each	150.00
2 - Water tanks @ $65.00 each	130.00
Total	$13,225.00

DOCKET NO. DMA - 606 (Zinc-Lead-Copper)

U. S. Oil and Development Corporation

Exploration Project Contract

EXHIBIT "D"

Labor and Supervision

6 Miners, 1 mechanic and 1 laborer for 140 shifts each @ $12.00 average per shift.	$13,440.00
1 Superintendent - 5 months @ $500.00 per month	2,500.00

EXHIBIT "E"

Repairs and Rehabilitation:

Repair of H. D. Allis-Chalmers caterpillar bulldozer	$3,000.00

No rental charge shall be made for the use of the equipment on the project

4

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of San Juan, State of Colorado, described in a certain Exploration Project Contract dated June 27, 1951, 195__, between U. S. OIL AND DEVELOPMENT CORPORATION, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated January 1, 1951, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 21st day of June, 195_1

BLUE BIRD MINING AND MILLING COMPANY

By: Naomi H. Jones
Secy-Treas.

U. S. GOVERNMENT PRINTING OFFICE 940768

5

Contract

NO 7 LEVEL

SCALE 1" — ~~60~~ 74.9 FT.

Raise

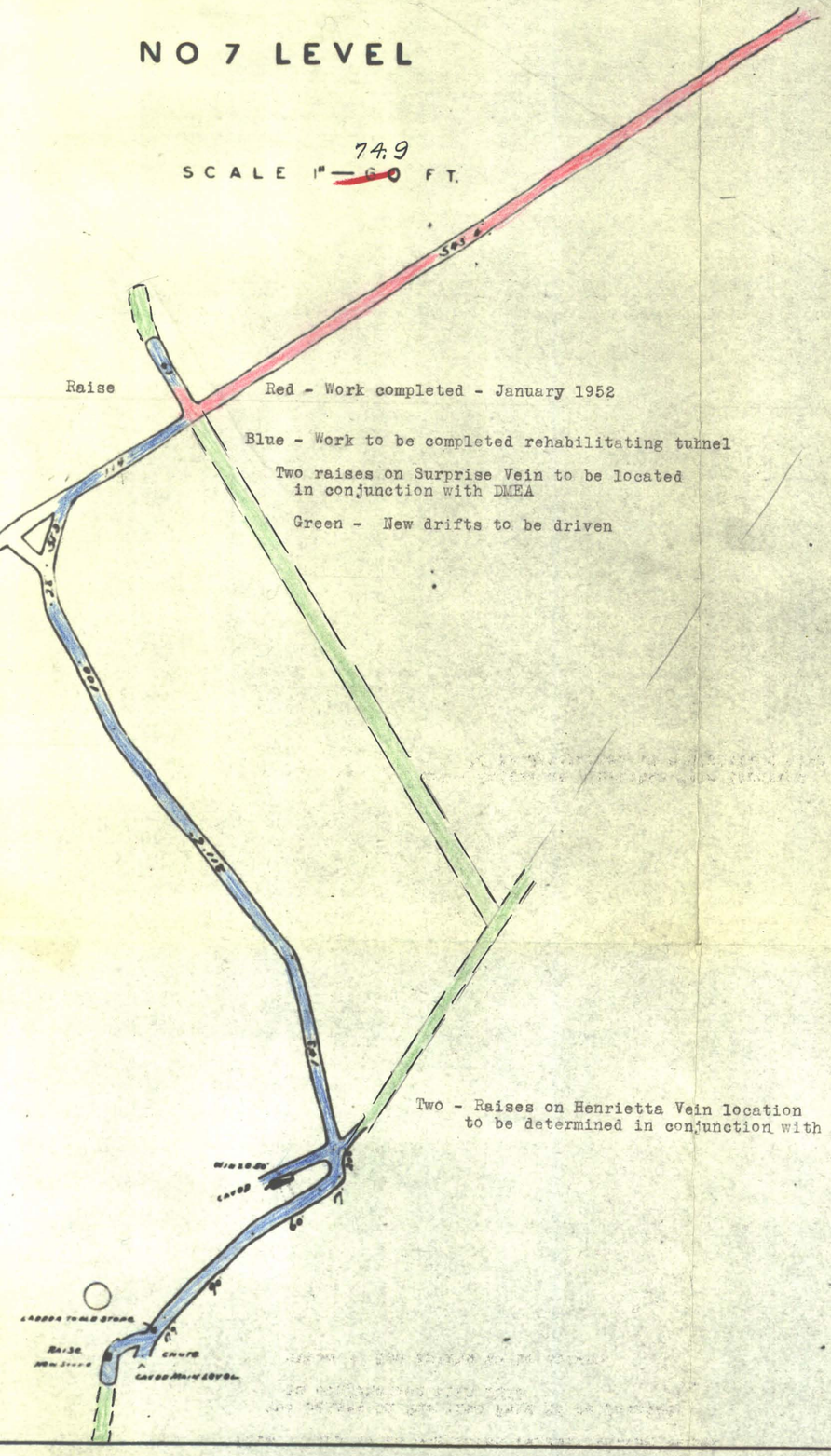
Red - Work completed - January 1952

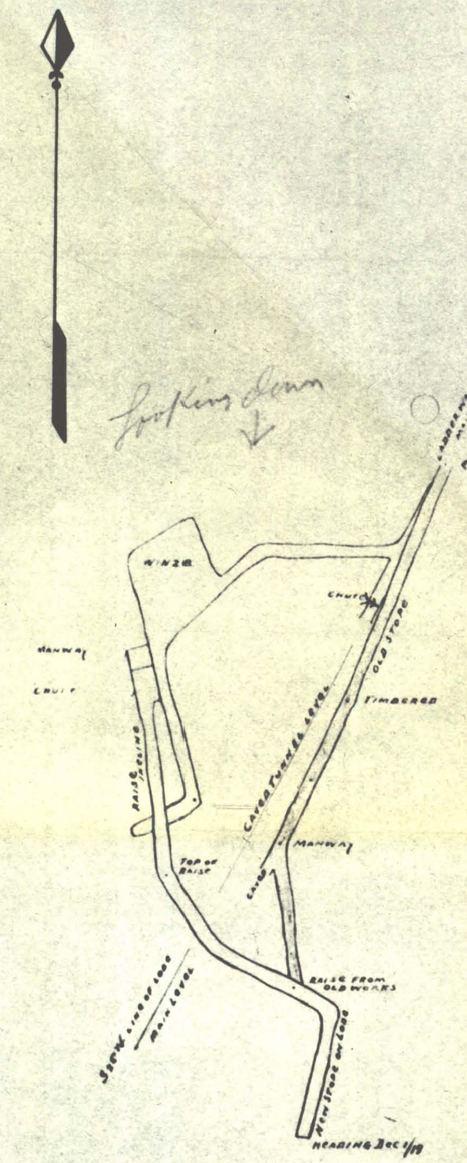
Blue - Work to be completed rehabilitating tunnel

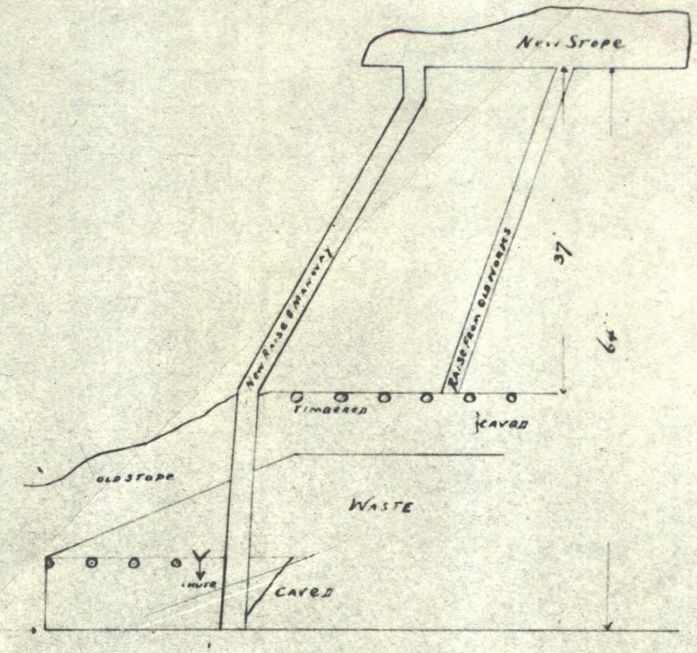
Two raises on Surprise Vein to be located in conjunction with DMEA

Green - New drifts to be driven

Two - Raises on Henrietta Vein location to be determined in conjunction with DMEA







HENRIETTA COPPER MININC CO

SCALE 1" — ~~10~~ FT.

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. METALS CORPORATION

Henrietta & Surprise

June 1 to 30 1952

	June 1952	Sam Milano (1)	Joseph N Trudgeon (2)	Chas. Moore (3) 1	2	3	4	5	Max Andreatti (4) 1	2	3	4	5
1	" 1 " Sunday no work												
2	" 2 " Monday		8										
3	" 3 " Tuesday		8	8									
4	" 4 " Wednesday		8		road			8					
5	" 5 " Thursday				cont			4 4					
6	" 6 " Friday		8	8									
7	" 7 " Saturday		8		road			8					
8	" 8 " Sunday no work												
9	" 9 " Monday		8		road			8	8				
10	" 10 " Tuesday	8	8	10									
11	" 11 " Wednesday	8	8	8									
12	" 12 " Thursday	8	8										
13	" 13 " Friday	8			road			8					
14	" 14 " Saturday	8		8									
15	" 15 " Sunday no work												
16	" 16 " Monday	8	8		road			8					
17	" 17 " Tuesday	8	8	8									
18	" 18 " Wednesday	8	-		road			8					
19	" 19 " Thursday	8	8	8									
20	" 20 " Friday	8	8	8									
21	" 21 " Saturday	8	8	9									
22	" 22 " Sunday no work												
23	" 23 " Monday	8	8	8									
24	" 24 " Tuesday	8	8	8									
25	" 25 " Wednesday	8	8	8									
26	" 26 " Thursday	8	8	8									
27	" 27 " Friday	8	8	8									
28	" 28 " Saturday	8	8	8									
29	" 29 " Sunday no work												
30	" 30 " Monday	8	8										
31		144	176		road			52					
32				123	cont			4	none				

	June 1952	Chas Setterquist (5) 1	2	3	4	5	John F Gallegos (6) 1	2	3	4	5	Harry B Mulliken (7) 1	2	3	4	5	Fay Lee VanHouten (8) 1	2	3	4	5	Kenneth Waggoner (9) 1	2	3	4	5	Utah Stout (10) 1	2	3	4	5	P. Ray Chavez (11) 1	2	3	4	5	Roland C Davis (12) 1	2	3	4	5
1	" 1 " Sunday no work																																										
2	" 2 " Monday	8					8					8					8					8						(lbr)	8													
3	" 3 " Tuesday		8				8						8		cont			8	cont			8						(pipe)	8													
4	" 4 " Wednesday		8										8		"			8	"			8																				
5	" 5 " Thursday	8											8		"			8	"			8											8									
6	" 6 " Friday	8					8						8		"			8	"			8											8									
7	" 7 " Saturday		road			8							8		"			8	"			8											8 8									
8	" 8 " Sunday no work																																										
9	" 9 " Monday	8					8					8			DP		8					8										8						8				
10	" 10 " Tuesday	8										8			"		8					8											8									
11	" 11 " Wednesday		8										8		cont			8	"			8											8								(Lbr)	8
12	" 12 " Thursday		8									8			"			8	"			8												8									
13	" 13 " Friday			8								8			"			8	"			8																					
14	" 14 " Saturday	8										8			"			8	"			8																	8				
15	" 15 " Sunday no work																																										
16	" 16 " Monday		8									8			"			8	"			8																					
17	" 17 " Tuesday		8									8			"			8	"			8																	8				
18	" 18 " Wednesday											8						8																									
19	" 19 " Thursday		8									8						8																					8				
20	" 20 " Friday		8									-	-					8				8																					
21	" 21 " Saturday		8									8						8				8																	8				
22	" 22 " Sunday no work																																										
23	" 23 " Monday		8									8			cont			8	cont			8																	8				
24	" 24 " Tuesday		8									8			"			8	"			8																	8				
25	" 25 " Wednesday		8									8			"			8	"			8																	8				
26	" 26 " Thursday		8									8			"			8	"			8																					
27	" 27 " Friday		8									8			"			8	"			8																	8				
28	" 28 " Saturday		8									8						8				8																	8				
29	" 29 " Sunday no work																																										
30	" 30 " Monday			8								8						8				8																					
31		40	road	8	32				24					24					32						Lbr	8			24					80				Lbr	8				
32		104							168					176					152						Pipe	8			32									Out				
33				16																				Out																		

1	Henrietta Days pay	$ 3.55
2	Henrietta contract	3.44
3	Surprise days pay drift	.80
3	Surprise cont drift	4.00
4	Surprise stope	-0-
5-8	Ore bins & Misc - road	.60 Out
5	Ore bins Lbr & trk	..44 Out
6	Mechanic	1.44
7	Supervision	1.76
		16.03

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

	June	1952	1 Wm. D. Peregrine 1	2	3	4	5	2 Parfino Chavez 1	2	3	4	5	3 Ed Short 1	2	3	4	5	4 Raymond D McCause 1	2	3	4	5		5 Frank M Orstrom 1	2	3	4	5	6	7	8	9	10	11	12	
1	" 1	"																					1													1
2	" 2	"																					2													2
3	" 3	"																					3													3
4	" 4	"																					4													4
5	" 5	"																					5													5
6	" 6	"																					6													6
7	" 7	"																					7													7
8	" 8	"																					8													8
9	" 9	" Monday	8					8															9													9
10	" 10	" Tuesday						8															10													10
11	" 11	" Wedensday						8					Lbr				8						11													11
12	" 12	" Thursday						8															12													12
13	" 13	" Friday								8			Trk & driver				8						13													13
14	" 14	" Saturday	8																				14													14
15	" 15	" Sunday no work																					15													15
16	" 16	" Monday																					16													16
17	" 17	" Tuesday																					17													17
18	" 18	" Wednesday																					18													18
19	" 19	" Thursday																					19													19
20	" 20	" Friday																					20													20
21	" 21	" Saturday																					21													21
22	" 22	" Sunday																					22													22
23	" 23	" Monday																					23													23
24	" 24	" Tuesday																8					24	8												24
25	" 25	" Wednesday																		8			25			8										25
26	" 26	" Thursday																		8			26			8										26
27	" 27	" Friday																		8			27			8										27
28	" 28	" Saturday																					28													28
29	" 29	" Sunday																					29													29
30	" 30	" Monday																					30													30
31			16					32					Lbr			8		8					31	8												31
32										8			Trk Driver			8				24			32			24										32
33																							33													33
34																							34													34
35																							35													35
36																							36													36
37																							37													37
38																							38													38
39																							39													39
40																							40													40
41																							41													41
42																							42													42
43																							43													43
44																							44													44

1 - Henrietta - Day pay
2 - Henrietta - Contract
3 - Henrietta - Tunnel Ore Bins

U.S. Metals Corporation
Henrietta - Surprise July 1932

		4 - 7 - Superintendent			Joseph B Tradgson	Sam Allano	Charles Moore	Fay Lee Van Houten	Perry B Williams	Fay Barnes	Charles Ostergulas	Roland Schlecht	Herbert Frey	Jack Williams	Jerry Joyner	Juan Jaramillo	Stanley Thompson	Thomas Thompson	Franklin Moya	Lawrence Ogdeber
	5 - Misc'l.	Regular	Over																	
	6 - Mechanic	Time	Time		7	8	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Ug.1	1932 Fri.	48			8	8		8	8	8			8							
" 2	" Sat.	16	24		8	8			8	8 vent tube	8									
" 3	" Sun.				-	-	-													
4	" Mon.	40			8	8		8	8	8 timber										
" 5	" Tues.	40			8	8		8	8	8 track										
" 6	" Wed.	48			8	8		8		8 0.3			8 00	8						
" 7	" Thurs.	40			8	8		8	8				8 00							
" 8	" Fri.	24			8	8		-					8 road							
" 9	" Sat.	16	24		8	8			8				8 road		8					
" 10	" Sun				-	-		-												
" 11	" Mon.	32			8	8			8						8					
" 12	" Tues.	32			8	8			8						8					
" 13	" Wed.	56			8	8			8	8 00	8 00		8 00							
" 14	" Thurs	60			8	8	4		8	8 00	8 00		8 00		-	8				
" 15	" Fri.	56			8	8			8	8 00	8 00		8 00		-	8				
" 16	" Sat.	8	48		8		8		8	8 00	8 00		8 00		8	8 track				
" 17	" Sun.				-	-														
" 18	" Mon.	34			8	-	-		-	8 00	8 00		8 00		8	8 drilling	8	8		
" 19	" Tues.	72	1		8		1			8 00	8 00		8 00		8	8 "	8	8	Surveying 16	
20	" Wed.	56			8		8			8 00	4 4 track & Drilling		8 00		8	8 "	8	8		
" 21	" Thurs.	72			8		8			8 00	8 water line		8 00		8		8	8	" 8	
" 22	" Fri.	56			8					8 00	8 Rust & track		8 00		8		8	8	" 10	
" 23	" Sat.	8	33		8		8			4 00	8 timber		8 00		8				"	
" 24	" Sun.		16				8						8 Waterline							
" 25	" Mon.	59			8		8		8	8 water line			8 "		8		8	8		
" 26	" Tues.	56			8		8		8	-			8 "		8		8	8		
" 27	" Wed.	56			8		8		8				8 "		8		8	8		
" 28	" Thurs.	64			8		8		8				8 timber		8		8	8		8 Timbering
" 29	" Fri.	64	4		8		10		8				10 mechanic		8		8	8		8 "
" 30	" Sat.	8	48		8		11		8				11 Waterline		8					
" 31	" Sun.	-	-														8	8		
		1301	1169	198	200	104	80	40	144	118	4	73	9	108	9	120	16	10	10	16
										pays charged		pays charged		pays charged			32	72	72	24
																				not charged

O.J. - Ore Bin
S.J. - Surprise Stope

Material and/or services received
and payment approved.
U.S. METALS CORP.
By Robert C. Green

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. Metals Corporation
Items chargable to the Federal Loan
Henrietta Mine
July 1958

1958		Ck. No.		Total Amount	Freight and Hauling	Auto & Truck Expense	Mine Equipment	Equipment Repairs	Mine Supplies Expense	Miscellaneous Expense	Misc'l.
7-12	Sanderson-Taylor Mchy. Co.	3170	Equipment repairs	64.60				64.60			
7-10	E.I. DuPont DeNemours & Co.	3209	Detonator	22.70			22.70				
7-21	Hendrix & Dollhoff Mfg. Co.	3210	600' 3-conductor cable	230.67					230.67		
7-21	Sanderson-Taylor Mchy. Co.	3213	Equipment repair (compressor)	11.11				11.11			
7-23	State Compensation Ins. Fund	3219	Compensation Ins.	112.36							112.36
7-23	Sanderson-Taylor Mchy. Co.	3231	Equipment repair	4.67				4.67			
7-17	Rio Grande Motorway	3103	Hauling	9.33	9.33						
8-5	Carl D. Castle Co.	3290	Hauling	22.70			22.70				
8-5	Hall Tool Co.	3310	Equipment repair	12.00				12.00			
8-5	Mine Safety Appliance Co.	3287	Mine Expense	20.74					20.74		
8-5	Silverton Electric Light Co.	3301	Light & Power	24.30						Light & power	24.30
8-5	Starr Bros.	3293	Equipment-repair	9.02				9.02			
8-5	Teagley Motor Parts Co.	3304	Equipment repair	63.20				63.20			
8-5	Triangle Service Station	3240	Auto & Truck Expense	9.30		9.30					
8-5	Silverton Blacksmith Shop	3306	Mine expense	8.70					8.70		10.70
8-5	Craig Service	3293	Auto & truck expense	101.63		101.63					
8-5	Social Security tax - part only			49.26						Soc. Sec. tax.	49.26
				806.27	9.33	110.92	22.70	166.22	292.39		204.71

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. METALS CORPORATION

Henrietta - Surprise Vein

July 1 to 15 1952

	July	1952	Total	Powder Caps	(1) Sam Milano 1 2 3 4 5	(2) Joseph H Prudgeon 1 2 3 4 5	(3) Chas. Moore 1 2 3 4 5	(4) Fay Lee VanHoutten 1 2 3 4 5	(5) Harry B Mulliken 1 2 3 4 5	(6) Myron B Jones 1 2 3 4 5	(7) Frank Ostrum 1 2 3 4 5	(8) Danny Roy Gerald 1 2 3 4 5	(9) Chas. Setterquist 1 2 3 4 5	(10) Jarry Joyner 1 2 3 4 5	(11) Joe Kobel 1 2 3 4 5	(12) Claire Zufelt 1 2 3 4 5
1	" 1	" Tues.	57		8	8	9	8	8	8	8					
2	" 2	" Wed.	72		8	8	8	8	8	8	8	8	8			
3	" 3	" Thurs	72		8	8	8	8	8	8	8	8	8			
4	" 4	" Fri.	48		8	8		8	8	8		8				
5	" 5	" Sat.	48		8		8	8	8	8		8				
6	" 6	" Sun.	8		8											
7	" 7	" Mon	56		8	8		8	8	8		8	8			
8	" 8	" Tues.	64		8	8		8	8	8		8	8	8		
9	" 9	" Wed.	58		8			8	8	8		8	8	8	2	
10	" 10	" Thurs.	64		8			8	8	8		8	8	8	8	
11	" 11	" Fri.	72		8	8		8	8	8		8	8	8	8	
12	" 12	" Sat.	56		8	8			8			8	8	8	8	8
13	" 13	" Sun	-		-	-	-	-	-	-	-	-	-	-	-	-
14	" 14	" Mon.	88		8	8		8	8	8		8	8	8	8	8
15	" 15	" Tues.	80		8	8		8	8	8		8	8	8	8	8
16			843		112	80	33	96	104	96	24	96	40	42		24
17													32	48		

Breakdown of work July 1 to 15, 1952

1 -	Henrietta Days pay	1131
2 -	Henrietta contract	240
3 -	Surprise Days Pay drift	
4 -	Surprise stope	272
5 -	Ore Bin & Misc.	
6 -	Machanic	114
7 -	Supervision	80
	Total hours worked	837

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
July 1 to 15 1952	91	288	-	272	-	112	80	843
July 16 - 31 1952	404	32	120	132	88	64	96	936
	495	320	120	404	88	176	176	1779

July 14 Mon

Merritt Brimley 1	2	3	4	5
8				
8				
16				

"EYE-EASE" No. 5512
BUFF No. 3512

	Initials	Date
Prepared By		
Approved By		

U.S. METALS CORPORATION
Henrietta and Surprise

July 16 to 31st 1952

	July	1952	Cars Waste	Cars Ore	Powder	Caps	Sam Milano 6	Fay Lee VanHouten 1	2	3	4	5	Harry B Mulliken 1	2	3	4	5	Myron L. Jones 1	2	3	4	5	Danny Ray Gerald 1	2	3	4	5	Chas. Setterquist 1	2	3	4	5	Charles Moore 1	2	3	4	5	Joseph N Trudgeon 7	Jerry Joyner 1	2	3	4	5	Merritt Bromley 1	2	3	4	5	Roland C Davis 1	2	3	4	5	Joe Kobel 1	2	3	4	5	T. Hrs
1	" 16	" Wed.					8			8			8								8				8			8										8	8					8					8							8			80
2	" 17	" Thurs					8			8											8									8									8	8					8															64
3	" 18	" Fri.					8	8										4				4						8										8				8					8					8							64
4	" 19	" Sat.					8	8					8								8				8					8									8	8					8															48
5	" 20	" Sun.		10	3-76	19	8	8														8									8		8						8																					48
6	" 21	" Mon.		3	H-85	21	8	8					8								4	4								4	4		4						8	4			4		4															6
7	" 22	" Tues	12				8	8					8								4	4								4	4		6						8	8					8															7
8	" 23	" Wed.					8	8					8								8									8			8							8					8															8
9	" 24	" Thurs.			3-80	19		8					8									8									8		4						8	8																				9
10	" 25	" Fri.	2	2	3-50	11		8					8									8									8		8									8					8													10
11	" 26	" Sat.	no work																																																								11
12	" 27	" Sun.	no work																																																								12
13	" 28	" Mon.						8					8															8					J&J			8			8	8					8															13
14	" 29	" Tues.	16	10	H-60	14		8					8								8										8		6						8	8					8															14
15	" 30	" Wed.	12		H-40	9		8						8																	8					8			8					8															15
					H-90	14																																																					
16	" 31	" Thurs.			S-140	20						8		8																	8		8						8											8									16
17					H-275	58		88					72					4						8				24					52			16			96	68				8	36			8		16							8			17
18					S-346	69				16		8		16						40									32															8		16		8			16									18
19																						36									56									12							12												19
20							Herbert F. Grey						Roy C. Barnes										Roland Schlecht																																				20
21																																																											21
22							1	2	3	4	5	1	2	3	4	5		1	2	3	4	5																																					22
23	July 16	1952 Wed.																																																									23
24	" 17	" Thurs.																																																									24
25	" 18	" Fri.																																																									25
26	" 19	" Sat.																																																									26
27	" 20	" Sun.																																																									27
28	" 21	" Mon.					4																72																																				28
29	" 22	" Tues.							8														78																																				29
30	" 23	" Wed.					8																72																																				30
31	" 24	" Thurs.								8				8									60																																				31
32	" 25	" Fri.								8				8									72																																				32
33	" 26	" Sat.	no work																																																								33
34	" 27	" Sun	no work																																																								34
35	" 28	" Mon.					8						8										72																																				35
36	" 29	" Tues.								8				8									70																																				36
37	" 30	" Wed.							8						8								72																																				37
38	" 31	" Thurs.					8						8									8	64																																				38
39							28		8		24	16				8						8	936																																				39
40										8							24																																										40
41																																																											41
42																																																											42
43																																																											43
44																																																											44

Breakdown of work from July 16-31 1952

1	2	3	4	5	6	7	
					64		
88	16			8			
72	16		8				
4		40	36				
		8					
24		32	56				
52				16			
						96	
68		12	8	8			
36		12	8				
16							
		8					
28		8	8	24			
16			8	24			
404	32	120	132	88	64	96	= 936

Legend

1 - Henrietta Day Pay
2 - Henrietta contract
3 - Surprise Days pay drift
4 - Surprise stope
5 - Ore bins, misc.
6 - Mechanics
7 - Supervision