DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED JAN 31 1957 D.M.E.A.

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Walby and Clifford, A Partnership Composed of
Hugh E. Walby and Earl Clifford
Care of Hugh E. Walby
P. O. Box 253
Ouray, Colorado

pertaining to Exploration Project Contract No. Idm-E917, Docket No. DMEA-3881 including Amendment No. 1, and Termination Agreement dated December 28, 1956, for the months of June, 1956 to August, 1956, inclusive, covering a project for the exploration of tungsten on property known as Tin Cup, Gypsy, and Big Ben Claims located in San Juan County, Colorado.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer, DMEA Field Team, 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 reason:

> All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs for work actually performed.

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

Total cost as billed by contractor		$10,344.00
Exceptions:		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$10,344.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Seven thousand, seven hundred fifty-eight and no/100ths Dollars

** $7,758.00 **

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

January 28, 1957

T. H. Brading, Auditor

DEC 21 1956

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

Re: Docket No. DMEA-3881 (Tungsten)
Hugh F. Melby and Earl Clifford
Timesp, Gypsy and Big Ben claims
San Juan County, Colorado
Contract No. ICm-F917

Dear Mr. Traver:

Reference is again made to your memorandum of December 11, 1956, and to our teletype of December 13, 1956, in regard to the above-cited contract.

It has not been, nor is it now, a policy of the Defense Minerals Exploration Administration to become a collection agent, but it has always been our aim to assist where possible in settling a claim between a contractor or a supplier and the operator of a project. It occurred to us, however, that if you call the claim of Mr. Johnson to the attention of the Operator, it might give consideration to settling the indebtedness. Therefore, as soon as you have performed this mission, if everything else is in keeping with the contract, you should make final payment to the Operator.

Sincerely yours,

Chairman, Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

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

JLChambers/wb/ama
December 20, 1956

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

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

Re: Docket No. DMEA-3881 (Tungsten)
Hugh E. Walby and Earl Clifford
Tinump, Gypsy and Big Bun claims
San Juan County, Colorado
Contract No. Xbs-8917

Dear Mr. Trever:

Reference is again made to your memorandum of December 11, 1956, and to our teletype of December 13, 1956, in regard to the above-cited account.

It has not been, nor is it now, a policy of the Defense Minerals Exploration Administration to become a collection agent, but it has always been our aim to assist where possible in settling a claim between a contractor or a supplier and the operator of a project. As this project is under a fixed unit cost contract, we must pay the Operator when the work has been done and judged acceptable to the Government. That is what we propose to do in the long run in this case. But it occurred to us that if we can call the claim of Mr. Johnson to the attention of the Operator, it might give consideration to settling the indebtedness. Therefore, we hope you understand that as soon as you have performed the mission cited above, if everything else is in keeping with the contract, you will make final payment to the Operator.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

O. M. Bishop
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

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

JLChambers/wb
December 14, 1956

Contract Admin. & Audit Division

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

[redacted]

DEC 13 1956

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

Your memorandum December 11 asks advice on paying Operator of Docket DMEA-3661, Contract Idm-2917, Walby and Clifford, in view of claim of Johnson Supply Company. Continue to withhold $500.00 and get full information from Operator on claim.

George C. Selfridge

George C. Selfridge
Chairman, Operating Committee

JLChambers/wb
December 13, 1956

Copy to: Docket
Admr. Reading File
Confirmation
Operating Committee
Mr. Holliday
Mr. Kiilsgaard
Mr. Martin
Mr. Chambers

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

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

224 New Customhouse
Denver 2, Colorado

AIR MAIL

December 11, 1956

800

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917, Walby and Clifford, Partnership (Tincup, Gypsy and Big Ben claims) San Juan County, Colorado

Attached are two photo copies of a statement from Johnson Supply Company of a past due account of $529.51 owed by the operators of the subject contract.

Mr. Johnson called long distance November 2, and it was explained to him that while legally the Government is not responsible for obligations incurred by project operators, if he would forward a statement it would be transmitted to the Washington Office for a policy decision.

You are presently preparing a termination agreement as indicated by your teletype of November 1, 1956, and in the meantime, we are holding $500.00 pending resolution of matters concerned with the project.

Please advise us promptly by teletype what action should be taken.

Original signed by
W. M. TRAVER

W. M. Traver

Attachment

WMT:jy
cc: Harshman
Shaw (2)
Townsend w/copy of statement
Corresp. E917
Chron.

HNSON SUPPLY COMPANY

CURTIS JOHNSON, Manager

Phone 613

MACHINERY AGENTS
PIPE AND STEEL
DURANGO, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
DEC 10 1956
REGION III
DENVER, COLORADO

November 13, 1956

Mr. W.A. Traver

Executive Officer of D.M.A.C.

3224 North Customs Building

Denver, 2, Colorado

Docket #3881

Contract #1d-E917

San Juan County

Dear Sir:

The following account was sold to Wallaby and Clifford of Silverton, Colorado, with the guarantee of payment by a D.M.A.C. loan.

To date, there has been no payments made. I would appreciate your assistance in collecting this account.

Yours truly,

Curtis C. Johnson

June 20, 1956	tic. #4828	Inv. #267-6	
2,000# 45% Ajax 2	1 1/8x8	21.45	$420.00
3,000' Black Monarch fuse		11.50	34.50
500 #6 Blasting caps		23.90	11.95
			475.45
		Colo. state tax	9.51
			484.96
July 30, 1956	tic. #5060	Inv. #185-8	
3,000' Black Monarch fuse		13.25	39.75
		Colo. state sales tax	.80
			40.55

October 6, 1956 Paid to Root and Norton, assayers, for assays given to Curtis Johnson for delivery. 4.00

Total account past due $529.51

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

WASHINGTON 25, D.C.

RECEIVED FEB 11 1957

DATE	INITIALS	CODE

January 29, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917
Walby and Clifford (Tin Cup, Gypsy and Big Ben)
San Juan County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of October 1, 1956, whereby we transmitted the final Form MF-104 Operator's Monthly Report and Voucher for the month of August 1956, and requested that you withhold the amount of $500.00, pending resolution of matters relative to closing the account. The Operator's final report has been received; therefore, we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated January 28, 1957.

Basis For Final Payment

Total Accepted Cost	$10,344.00
Government participation at 75 percent	7,758.00
Total prior payments	7,258.00
Balance Due The Operator	$ 500.00

Original signed by
W. M. TRAVER
W. M. Traver

$500.00

JDC:ytl
cc
Chmn. Op. Comm. (2)
Shaw (2)
Harshman
Townsend
Corres. Idm-E917
MF-104 File Idm-E917
Chron.

3/6/57 Dma 57-84

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

224 New Customhouse
Denver 2, Colorado

February 7, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917
Walby and Clifford (Tin Cup, Gypsy and Big Ben)
San Juan County Colorado - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated January 29, 1957, relative to final payment under the terms of the subject contract.

You are requested to void previous copy of the enclosed memorandum, originally mailed to you on January 29, 1957.

W. M. Traver

W. M. Traver

Enclosures

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2/12	C	220
12	Com	100
		800

Form MF-204 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
OCT - 8 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August 1956 Docket No. DMEA 5181 Contract No. 194-5917
Operator's Name Hugh E. Walby, [illegible] & Earl Clifford, Partnership Minerals Tungsten
Address Hugh E. Walby, Box 255, Ouray, Colorado
Contract Amount, $ 15,000.00 Government Participation: 75 % Amount, $ 9,750.00

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						
[illegible] Access Rd.		$1,000.00	$1,000.00			
Bulldozing		452.00	452.00			
Crosscutting						
Drifting	$2,952.00	5,760.00	8,712.00			
Adit Rehabilitation & Repr.		200.00	200.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2,952.00	$7,392.00	$10,344.00	2,952.00	7,392.00	10,344.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date August, 1956 *Payee Hugh E. Walby & Earl Clifford Partners
Per Hugh E. Walby Title Partner

*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:

$ 1714.00

Signature [illegible]
(Authorized Certifying Officer)

Date 10/3/56 Vou. No. DMA 57-42

(See other side)

Note:
Withhold $500.00

(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. Idm-E917 in accordance with the terms of the contract.

Signature C. M. Harron $2,214.00 Title Mining Engineer Date Sept. 27, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Mary Title Executive Officer Date OCT 1 1956

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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT - 8 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1956 Docket No. DMEA 5181 Contract No. 1041-8917

Operator's Name Hugh E. Walby & Earl Clifford, Partnership Minerals Tungsten

Address Hugh E. Walby, Box 255, Ouray, 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	Feet	$2,952.00	82	$9,712.00	242	$36.00	275	$36.00
Crosscutting	Feet	None	None	432.00	12	36.00	25	36.00
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails	Mile	None	None	$1,000.00	3/4 mi.		3/4 mi.	$1,000.00
Adit Rehabilitation & Repair	Feet	None	None	200.00	65	3.08	65	total 200.00
TOTAL DISTRIBUTED COSTS		$2,952.00		$10,344.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$2,952.00		$10,344.00				

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

Date August, 1956 Operator Hugh E. Walby & Earl Clifford Partners

Per Hugh E. Walby Title Partner

→ 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)

REMARKS: Items 1 & 2 of contract are completed. Rehabilitation completed, between 6/19 & 6/28/56 Drifting and Crosscutting started 6/30/56.
8/1/56-8/17/56: Unit drifting on vein 62 ft. Southeast. Blank zone then a small spot of hubnerite on hanging wall. Vein very badly broken up.

(For Government use only)

C. M. Harris

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 872894

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

RECEIVED
OCT - 8 1956

Administrative Audit Difference Statement

Dalby & Clifford
C/O Mr. Hugh E. Dalby
Box 253,
Ouray, Colorado

Date: October 3, 1956
Payee's Reference: August 1956

FINAL DISTRIBUTION
MADE OCT 5 1956

Conditional

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

Amount Claimed $ 8,092.00

Difference $ 500.00

Amount Approved $ 8,592.00

The reason for the difference was due to:

* Withhold $500.00 pending resolution of matters relative to closing the account.

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

Very sincerely yours,

N. E. Stokes
Audit Section

R-III-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

October 1, 1956

RECEIVED
OCT 4 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3881 (Tungsten) Contract Idm-E917, Walby and Clifford, partnership (Tincup, Gypsy and Big Ben claims) San Juan County, Colorado - Operator's Monthly Progress Report for the month of August, 1956 (FINAL)

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report, except for the following deduction.

Withhold an amount of $500.00 pending resolution of matters relative to closing the account. Contract work was discontinued August 17, 1956 and termination of the contract is pending in the Washington Office.

Remarks

Date of Report - - - - - - - - - - - _____
Date Received in Field Office - - September 26, 1956
Date Received in Region Office- -September 27, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E917
Sec. Op. Comm. (2)
Shaw (2)
Townsend)
Harshman) w/copy Engr's Report
Chron

RECEIVED
OCT - 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
Sept. 27, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3861 (Tungsten) Contract IAm-8917, Walby and Clifford partnership, San Juan County, Colorado -- Progress report for August 1956

Progress under the contract was examined on September 11, 1956, after contacting Hugh E. Walby. Mr. Walby is recuperating from serious illness. Exploration under the contract stopped August 17, 1956, when the operator's smoking machine broke. All equipment has been removed from the mine and no further work will be done this year.

Progress for the month of August is 82.0 feet of drift southerly under item 4 of the contract. Only 33 feet of drift remain to be driven in order to complete the contract.

The vein strikes about N. 15° W. and dips 40° W. It is 2 to 3.5 feet thick and consists of crushed wall rock, quartz, and clay with minor amounts of pyrite. Parts of the vein are weakly stained with limonite and contained pockets of drusy quartz. At 238 feet in from the portal set, two small patches of huebnerite were noted in drusy quartz; one along the hanging wall and one along the foot wall of the vein. At this location the vein dipped 45° W. and was 3.5 feet wide. The vein continued for an additional 62 feet but is barren of tungsten.

The following units of work and their costs remain unexpended under the contract.

Items	Units	Unit costs under contract	Actual total cost	Cost allowed under contract
Drifting	33 ft.	$36.00	$1,188.00	$1,188.00
Crosscutting	13 ft.	36.00	468.00	468.00
Timbering	133 ft.	6.00	798.00	800.00*
WO_3 assays	40	5.00	200.00	200.00
			$2,654.00	$2,656.00*

*error in contract costs

The operator's forms MF-104 and MF-104A and his narrative report are correct.

Payment is recommended for a total of $2,952.00. Government participation of 75 percent is $2,214.00.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mw
cc: 6
IAm-8917
Chron

RECEIVED
OCT - 8 1956

COPY

NARRATIVE REPORT

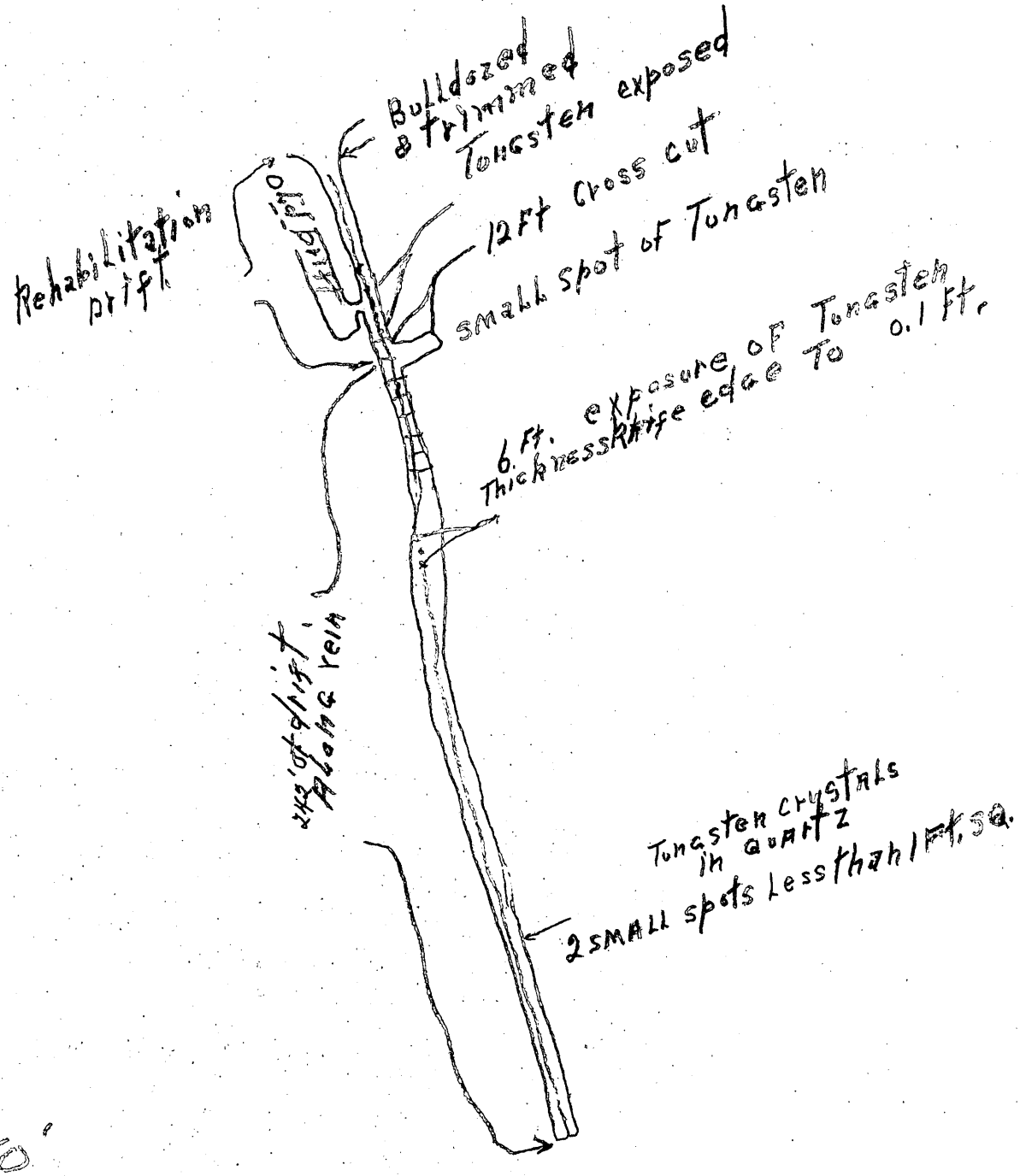
We drifted 82 feet by the 17th of August, and had a breakdown on the mucking machine, and as I have been in the hospital most of the last six weeks and couldn't take care of the work, we decided to stop work for this time. We would like to have the contract extended so I could finish next July.

HUGH E. WALBY & EARL CLIFFORD, PARTNERS

Hugh E Walby

Hugh E. Walby, Partner

Dated September 1, 1956



SCALE 1" = 50'

Exploration drift Clifford Walby prospect

San Juan County Colo

DMEA 3881 Contract IDM-E917

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 1956 Docket No. DMEA 3181 Contract No. IDM-E917
Operator's Name Hugh E. Walby & Earl Clifford, Partnership Minerals Tungsten
Address Hugh E. Walby, Box 253, Ouray, Colorado
Contract Amount, $ 13,000.00 Government Participation: 75 % Amount, $ 9,750.00

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~~ Access Road	None	$1,000.00	$1,000.00			
Crosscutting	$432.00	None	432.00			
Drifting	5760.00	None	5,760.00			
Adit Rehabilitation & Repairs	200.00	None	200.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$6392.00	$1,000.00	$7,392.00	6,392.00	1,000.00	7,392.00

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

Date August 1, 1956 Payee Hugh E. Walby & Earl Clifford, Partners

Per Hugh E. Walby Title Partner

*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.

RECEIVED AUG 20 1956

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:

$ 4794.00

Signature (Authorized Certifying Officer)

Date 8/14/56 Vou. No. DMA 57-19

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E 917 in accordance with the terms of the contract.

Signature C. M. Harrer $4,794.00 Title Mining Engineer Date Aug. 6, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Carey Title Executive Officer Date AUG 9 1956

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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1956 Docket No. DMEA 3181 Contract No. IDM-E917

Operator's Name Hugh E. Walby & Earl Clifford, Partnership Minerals Tungsten

Address Hugh E. Walby, Box 253, Ouray, 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	Feet	$5760.00	160	$5760.00	160	$36.00	275	$ 36.00
Crosscutting	Feet	432.00	12	432.00	12	36.00	25	36.00
~~Raising~~ Rehabilitation & Repair	Feet	200.00	65	200.00	65	3.08	65	200.00 total
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails				1000.00	3/4 mile			$1000.00
TOTAL DISTRIBUTED COSTS		$6392.00		$7392.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$6392.00		$7392.00				

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

Date August 1, 1956 Operator Hugh E. Walby & Earl Clifford, Partners

Per Hugh E. Walby Title Partner

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)

REMARKS: *Items 1 & 2 of contract are completed. Rehabilitation completed between 6/15 and 6/28/56. Drifitng and crosscutting started 6/30/56.

(For Government use only)

C. M. Harrer

RECEIVED
AUG 20 1956

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 872894

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

224 New Customhouse
Denver 2, Colorado

August 9, 1956

FINAL DISTRIBUTION
MADE AUG 16 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3881 (Tungsten) Contract Idm-E917, Walby and Clifford, Partnership (Tincup, Gypsy and Big Ben claims) San Juan County, Colorado - Operator's Monthly Progress Report for the month of July, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report - - - - - - - - - - - - - - - - - August 1, 1956
Date Received in Field Office- - - - - - - - - August 2, 1956
Date Received in Region Office- - - - - - - - August 7, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E917
Sec. Op. Comm. (2)
Shaw (2)
Chron.

RECEIVED
AUG 20 1956

DMEA
Date Rec'd.

AUG 7 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 6, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3881 (Tungsten) Contract Ldm-8917, Walby and Clifford partnership, San Juan County, Colorado -- Progress report for July 1956

Progress under the contract was examined July 31, 1956 in the company of Hugh E. Walby. The access road to the property (Item 1) was completed last month. Progress for the month of July consisted wholly of underground work under items 2, 3 and 4 under the contract.

Under item two, 65 feet of old adit was rehabilitated at a cost of $200.00.

Under item three, of the contract, 12 feet of crosscut was completed east of the adit and into the footwall without encountering significant mineralization. During the adit rehabilitation (Item 2) slabbing operations, 40 feet in from the portal, holed into a parallel adit about 3 feet to the west. This parallel adit ended 35 feet in from the portal and showed no evidence of tungsten. In consequence, crosscutting to the west is no longer necessary. The cost of work completed under item 3 of the contract is $432.00.

Under item four of the contract, the adit was advanced 160 feet southerly along the vein at a cost of $5,760.00. Within this distance, two small exposures of Ishcerite were exposed. The first tungsten exposure is 15 feet south of the start of item 4 of the contract and consisted of a small spot of no apparent commercial significance. The second exposure was encountered 80 feet south of the start of item 4 of the contract and consisted of a 6-foot streak along the vein hanging wall, with a maximum thickness of 0.1 foot of combined ishcerite and quartz. The vein in general consists of quartz and pyrite with occasional crystals of galena. It strikes about N 12° W and dips 36° to 37° westerly.

The operator's forms MV-104 and MV-104A and his narrative report are correct.

Payment is recommended for a total of $6,392.00. Government participation or 75 percent is $4,794.00.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/ww
cc: 6
Lam-EQLT
Chron

N A R R A T I V E R E P O R T

Work under contract started 15th of June. Rehabilitation adit, which includes cleaning out 36 feet of old tunnel, laying rails, timbering portal and slabbing the drift to make room to work the Joy Mucker safely, and in slabbing drift we broke through the west hanging wall into old drift that runs southerly and parallel to main drift, and the hole is large enough to allow a man to crawl through and examine same, which was done, and nothing worth while was located in there. Then we ran a crosscut 12 easterly in the foot wall with no results; thence 160 feet southerly along vein. After drifting about 15 feet from old breast, we hit a small spot of Hubnerite, then 67 feet on southerly there is Hubnerite exposed on hanging wall for about 6 feet long; it starts out about knife thickness to 1/10th of an inch thick. Our vein at this time seems to be turning to iron pirites and does not look very favorable for Hubnerite at this time.

HUGH E. WALBY & EARL CLIFFORD, PARTNERS

Hugh E. Walby

Hugh E. Walby, Partner

Dated August 1, 1956.

COPY

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUL 25 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of [illegible], 1956 [illegible] Docket No. DMEA [illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
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:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
[illegible]	[illegible]	None	[illegible]			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	[illegible]	None	[illegible]	1,000.00	—	1,000.00

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

Date [illegible] *Payee [illegible]

Per Hugh E. Walbre Title [illegible]

*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:

$750.00

Signature [illegible]
(Authorized Certifying Officer)

Date 7/20/56 Vou. No. [illegible] -10

(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. Idm-E 917 in accordance with the terms of the contract.

Signature C.W. Harrer $750.00 Title Mining Engineer Date July 16, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Inave Title Executive Officer Date JUL 19 1956

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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUL 25 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1956 Docket No. DMEA 3181 Contract No. 1DM-E917

Operator's Name Hugh E. Walby & Earl Clifford, Partners Minerals Tungsten

Address c/o Hugh E. Walby, Box 253, Ouray, 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 *	3/4 Mi.	$1,000	3/4 Mi.	$1,000	3/4 Mi.	$1,000	3/4 Mi.	$1,000
TOTAL DISTRIBUTED COSTS		$1,000		$1,000				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,000		$1,000				

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 3, 1956 Operator Hugh E. Walby and Earl Clifford, Partners

Per Hugh E. Walby Title Partner

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)

REMARKS: * Access road completed during June 1956

(For Government use only)

C. M. Harrer

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 872894

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

RECEIVED
JUL 25 1956

224 New Customhouse
Denver 2, Colorado

July 19, 1956

FINAL DISTRIBUTION
MADE JUL 23 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3881 (Tungsten) Contract Idm-E917, Walby and Clifford partnership (Tincup, Gypsy and Big Ben claims) San Juan County, Colorado - Operator's Monthly Progress Report for the month of June, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report---------- July 3, 1956
Date Received in Field Office---------- July 12, 1956
Date Received in Region Office---------- July 18, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E917
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd.
JUL 18 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
July 16, 1956

RECEIVED
JUL 25 1956

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917, Walby and Clifford partnership, San Juan County, Colorado--First progress report; June 1956

Progress under the contract was examined on July 10, 1956 in the company of Hugh E. Walby and Earl Clifford. Work under the contract started June 1, when San Juan County endeavored to establish the access road to the mine portal. The county relinquished the contract to James Porter, a private contractor, on June 8, 1956. Between June 8 and 20, 1956, Mr. Porter completed the access road under item one of the contract. This road averages 10 feet in width and is in excess of 3/4 mile length.

In addition, the operator has improved the portal site and is engaged in rehabilitation of the existing adit and drifting therefrom.

The operator's forms MF-104 and MF-104A and his narrative report are correct.

Payment is recommended for the completed access road for a total of $1,000.00. Government participation of 75 percent is $750.00.

C. M. Harrer
C. M. Harrer
Mining Engineer

CMH:sh

cc 6
Idm-E917
Chron.

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N A R R A T I V E R E P O R T

Work under contract on access road to Gypsy and Tin Cup Claim was begun on June 1st, 1956, by San Juan County. The County relinquished the contract to private contractor, James Porter, June 8, 1956. Access road (Item One) to Gypsy and Tin Cup Claim was completed June 20, 1956. This road averages 10 feet in width and is approximately 3/4 mile long.

Hugh E Walby & Earl Clifford Partners

Hugh E Walby H. E. Walby Partner

HUGH E. WALBY

JUL 26 1957

Walby and Clifford
c/o Mr. Hugh L. Walby
Box 253
Ouray, Colorado

Re: Docket No. DMEA 3831 - Tungsten
Tin Cup, Gypsy and Big Ben claims
San Juan County, Colorado
Contract No. 14m-[illegible]

Gentlemen:

This is with reference to the subject exploration contract between you and the Government.

It is not our intention to issue a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

SHHolt/eef - 7/26/57
cc to: Docket
Code 110
Code 400
Code 800
Admr. Read. File
FT RDB III
R. W. Holliday, OSBM
T. Killingsord, USGS

Government's Copy

OFFICIAL FILE COPY
DMEA
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DATE	INITIALS	CODE
1-28	C	220
		800

TERMINATION AGREEMENT

It is agreed this 28th day of December, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Walby and Clifford, a partnership, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E917 (Docket No. DMEA-3881), dated February 6, 1956, as amended, hereinafter called the "Contract," that:

1. Effective August 17, 1956, all obligations of the parties under the Contract are terminated, except as otherwise herein expressly provided.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All rights of the Government with respect to certification of discovery or development, percentage royalty, and liens for its payment; and all rights of the Government with respect to records, audits, and recovery of any overpayment, as provided in the Contract, are preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mitchelson
Administrator, Defense Minerals
Exploration Administration

WALBY AND CLIFFORD

Hugh E. Walby
Hugh E. Walby, partner

Earl Clifford
Earl Clifford, partner

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SEP - 4 1956

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD, A PARTNERSHIP
DOCKET NO. DMEA 3881
CONTRACT NO. IDM-E917

AMENDMENT NO. 1

It is agreed this 13th day of August, 1956 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Walby and Clifford, a partnership comprised of Hugh E. Walby and Earl Clifford, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E917, Docket No. DMEA 3881, dated February 6, 1956, hereinafter called the "Contract," that the Contract is amended effective February 6, 1956 as follows:

1. The date fixed in Article 3, on or before which work shall be commenced, is extended from May 1, 1956 to June 1, 1956.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Executed in sextuplicate the day and year first above written.

UNITED STATES OF AMERICA

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

WALBY AND CLIFFORD

By Hugh E. Walby
Hugh E. Walby, partner

By Earl Clifford
Earl Clifford, partner

COPY

Ouray, Colo.
August 6, 1956

RECEIVED
SEP - 4 1956

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

Dear Mr. Traver:

In answer to your letter of August 6, as to when the work started on Contract Idm-E917. We started on June the first and finished the road and started on the drift the 15th of June.

I am writing this letter for my husband as he is in the hospital and too sick to do it himself but I know from the books the date he started. I am sure he will be able to sign the contract when it comes back as he is improving.

Very truly yours,

/S/ Mrs. Hugh E. Walby

Re: Docket DMEA 3831 (Tungsten)
Contract Idm-E917
Walby and Clifford
Silverton, Colo.

Docket No. 3881

OURAY, COLO.

June 7, - 56

D. M. E. A.

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SEP - 4 1956

Gentlemen

We are starting to build road to the Tin Cup and Gypsy tungsten claims this morning June 7 - 56.

Mr. Earl Clifford my partner wish to sell out his interest in these claims and the man he is wanting to deal with is O.K. with me. Please advise me if he can sell with the loan on the property and what procedure to go thru to get the other man's name on the loan or if it can be done.

Yours very truly

WALBY & CLIFFORD

By /s/ H. M. Walby

Docket No 38[illegible]
Idm-E 917

Ouray Colo
4/30/56

DMEA
Date Rec'd.
MAY 1 1956
BUREAU OF MINES
Denver, Colorado

U.S. Department of the Interior
Mr W.M. Traver

Owing to the fact that the snow is slow melting this spring we wont be able to start on the job for maybe 2 more weeks
Will keep you informed.

Yours Very Truely
Wally + Clifford
By. Hugh E Wallby
Box-253
Ouray Colo

Contra[illegible] No. Idm-E 917

Docket No. [illegible]

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
February 6, 1956	III	Colorado	Tungsten

Name and Address of Operator: Walby A. Clifford
Box 253
Ouray, Colorado

	Reserve	Obligation
Prior Amount	0	09,750.00
Increase	0	0
Decrease	0	1,992.00
Revised Amount	0	07,758.00

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 2/28/57

989

Government's copy

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MAR 12 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3881

Commodity Tungsten

Contract No. Idm-E 917

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this FEB 6 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Walby and Clifford, a partnership comprised of Hugh E. Walby and Earl Clifford, whose mailing address is c/o Mr. Hugh E. Walby, Box 253, Ouray, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Colorado, County of San Juan, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

16—70618-1

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Tungsten. The work to be performed is described in Exhibit "A." The Operator on or before May 1, 1956 shall commence the work, and on or before December 1, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $13,000.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $9,750.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 7. *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 a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

WALBY AND CLIFFORD
(Operator)

By Hugh E Walby (Partner)

By Earl Clifford (Partner)

THE UNITED STATES OF AMERICA

By C Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD
DOCKET NO. DMEA-3881

RECEIVED
MAR 12 1956

ANNEX I

The land referred to in Article 2 of the contract, and shown on the attached Figure 2, Claim and Exploration map, consists of two patented lode mining claims and one unpatented lode mining claim, all located in the S. ½ of section 29, T. 42 N., R. 7 W. N.M.P.M., Eureka Mining District, San Juan County, Colorado, as follows:

The Tin Cup and Gypsy Patented Claims, U. S. Survey No. 19588, are owned by the Operator, as evidenced by County Commissioner's Deed recorded in San Juan County Treasurer's Office in Book No. 176 at pages 306-308. Earl Clifford is the locator of the Big Ben unpatented claim, the location notice of which is recorded in Book 183, at page 178, County Clerk's records. The Consent to Lien of Earl Clifford is attached to this contract.

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD
DOCKET NO. DMEA-3881

RECEIVED
MAR 12 1956

EXHIBIT "A"

Description of the Work

Work Items

1. Build about 3/4 mile of access road to exploration site at existing adit.

2. Rehabilitate adit, including timbering, approximately 65 feet.

3. From the present face of the adit, near the west end of the Gypsy claim, crosscut easterly and westerly, the total not to exceed 25 feet, to locate hanging wall and foot wall and possible parallel vein or veins. These crosscuts shall be not less than 4 feet by 6 feet in the clear.

4. From the face of the adit, continue drift southerly along the vein a maximum distance of 275 feet. This drift shall be not less than $4\frac{1}{2}$ feet by $6\frac{1}{2}$ feet in the clear.

It is estimated that 133 feet of crosscutting and drifting (work items 3 and 4) may require timbering.

Where the mineralization so warrants, sample and assay for WO_3. The work is shown in part, on map entitled "Figure 3 Plan Showing Geology in Open Tunnel . . ."

Estimated Cost of the Project

Fixed Unit Costs

Build access road	$ 1,000.00 1/	
Rehabilitate adit, including timbering approximately 65 feet	200.00 1/	
Crosscut and drift 300 feet @ $36.00/ft.	10,800.00	
Timber (work items 3 and 4) 133 feet @ $6.00/ft. (rounded to)	800.00	
Assay 40 samples for WO_3 @ $5.00/each sample	200.00	
Estimated Cost of Project		$13,000.00
Government Participation @ 75%		$ 9,750.00

1/ The completed work constitutes the unit.

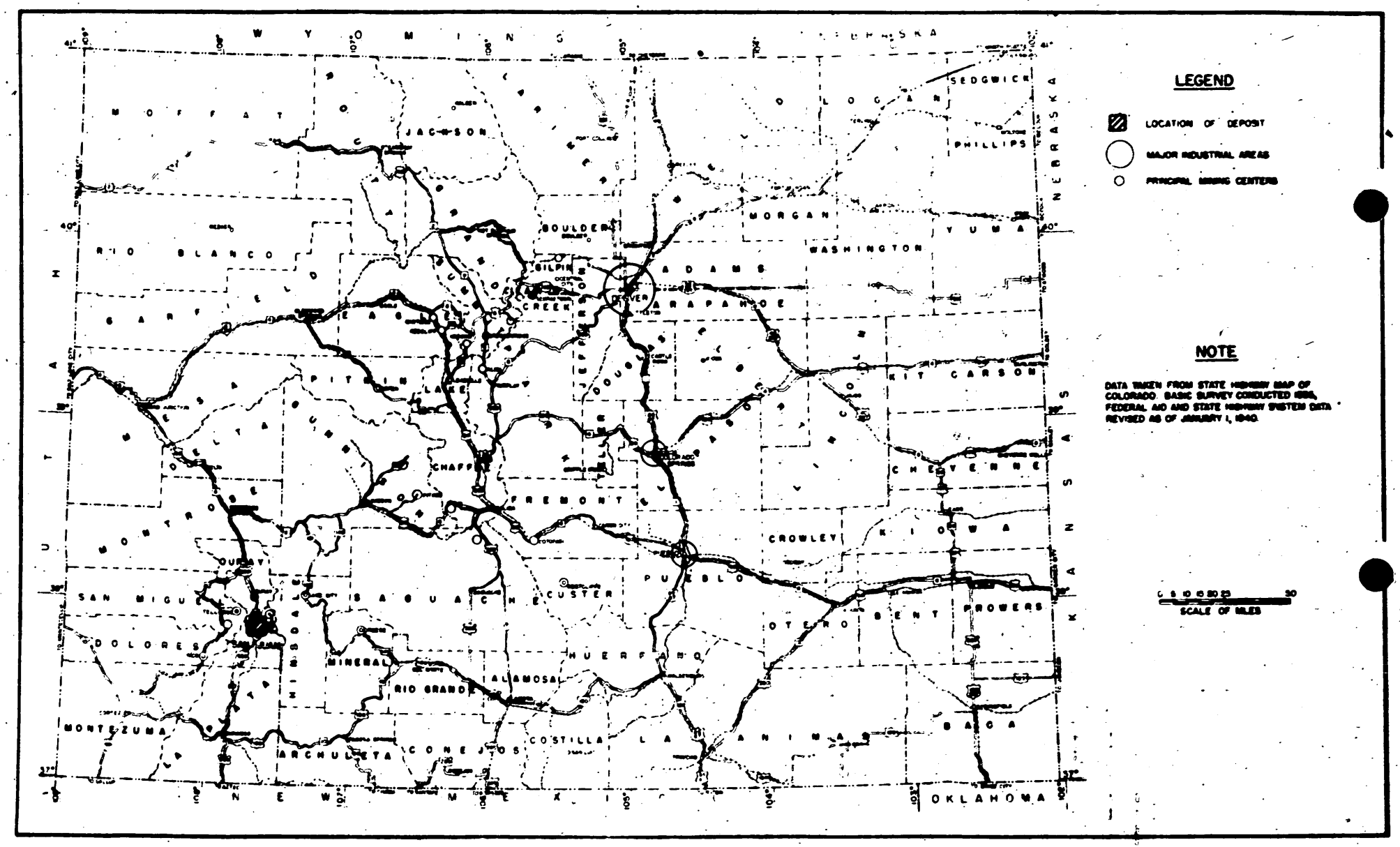

FIGURE 1 - LOCATION MAP, H.E. WALBY AND E. CLIFFORD (GYPSY AND TINCUP) CLAIMS, SAN JUAN COUNTY, COLO. DMEA 3881

RECEIVED
MAR 1 2 1956

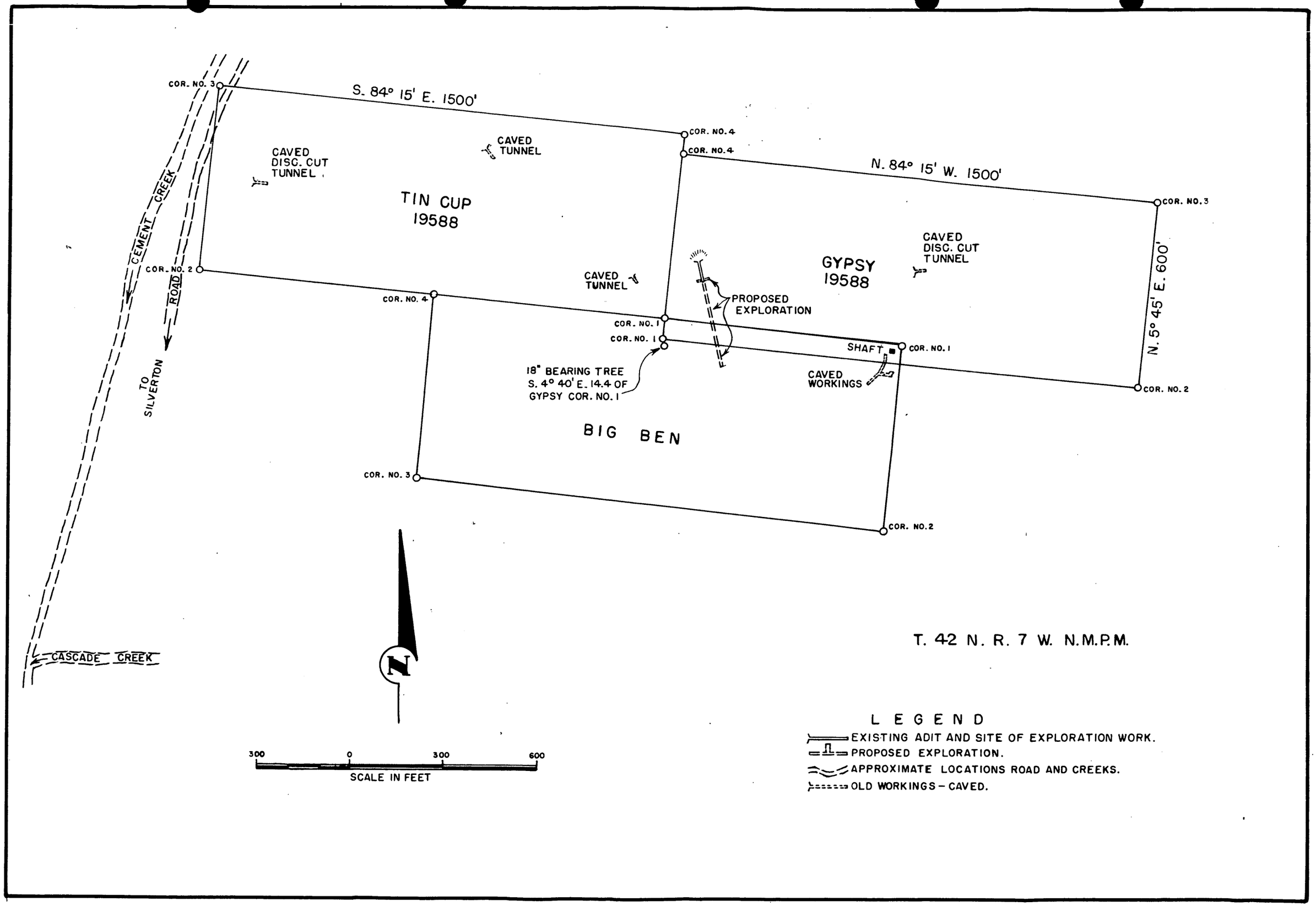

FIGURE 2 - CLAIM AND EXPLORATION MAP, H. E. WALBY AND E. CLIFFORD (GYPSY AND TIN CUP) PROPERTY, SAN JUAN COUNTY, COLO. DMEA 3881

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MAR 1 2 1956

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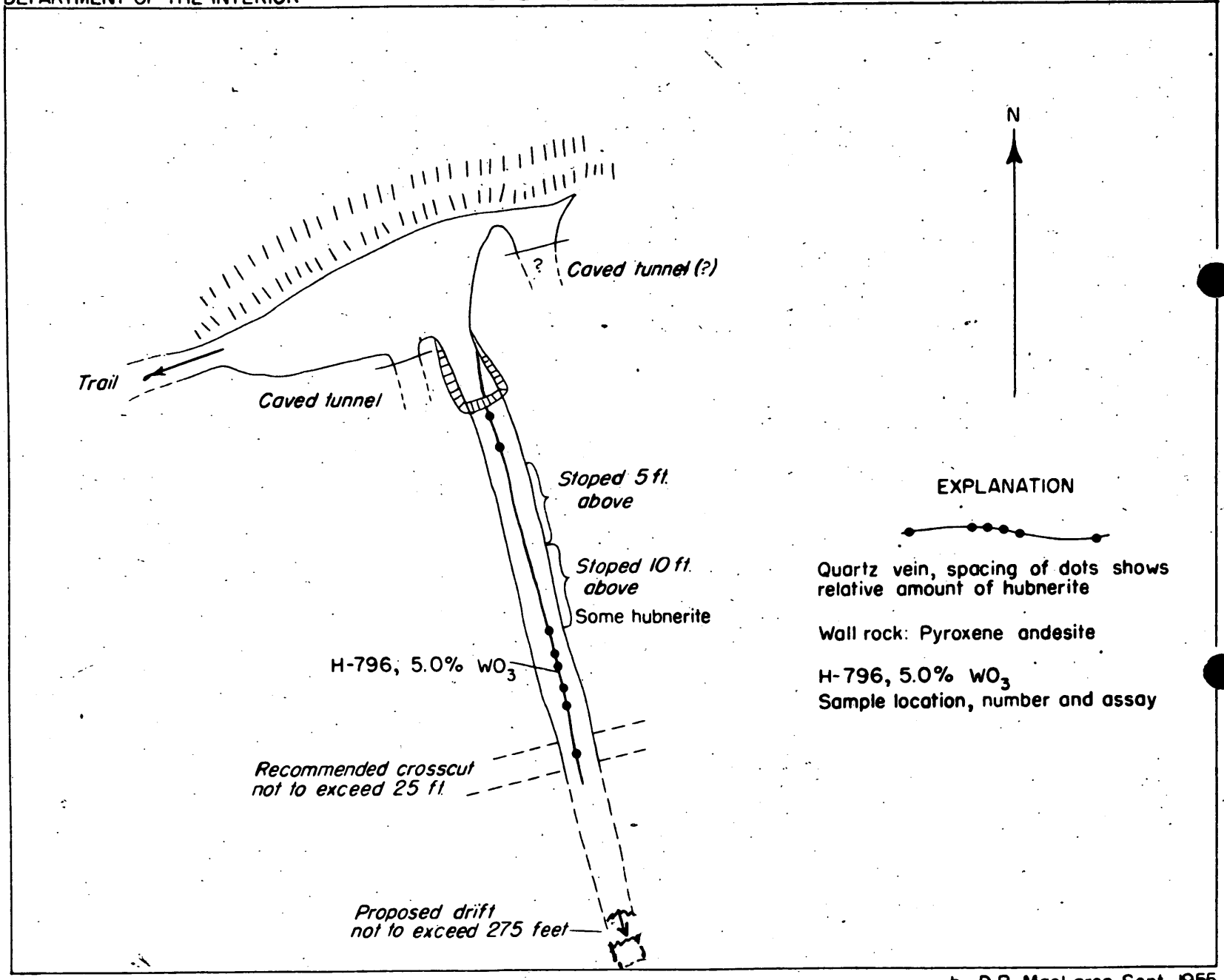

by D.R. MacLaren Sept, 1955

FIGURE 3 PLAN SHOWING GEOLOGY IN OPEN TUNNEL AND RECOMMENDED EXPLORATION CROSSCUT AND DRIFT. WALBY AND CLIFFORD PROSPECT, SAN JUAN COUNTY, COLORADO.

20 10 0 20 Feet

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MAR 1 3 1953

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Walby and Clifford
Docket No. DMEA- 3881
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

RECEIVED
MAR 12 1956

To the United States of America:

Referring to that certain land in the County of San Juan, State of Colorado, described as follows:1/

Big Ben, unpatented lode mining claim, notice of location of which is recorded in Book 183, at page 178, in the office of the Clerk of San Juan County, Colo.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby—

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and None

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 None, and recorded in book None page None 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/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of FEB 6 1956, 195__.

Earl Clifford [Seal]
Earl Clifford

_____ [Seal]

_____ [Seal]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ [Corporate Seal]

Docket No. 3881

Commodity Tungsten

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 917

Date of Contract ~~amendment~~: February 6, 1956

Name and Address of Operator:

Walby & Clifford
Box 253
Ouray, Colorado

Amount of Government participation $9,750.00

Percent of Government participation 75 %

Region: III State: Colorado

E. N. Gilbert
(Name)

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

Date Delivered to Bureau of Mines, Washington. 2/6/56

54458