OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Morbets Corporation
1838 Eighteenth Street
Golden, Colorado

pertaining to Exploration Project Contract No. Min-K1190, DMEA No. 4848, including Amendment Nos. 1 and 2, and Termination Agreement dated July 7, 1959, for the period May 6, 1958 to November 10, 1958, inclusive, covering a project for the exploration of Lead and Zinc on property known as Saints John Mine, located in Summit County, Colorado.

My review included an examination of the Monthly Reports (Form MP-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, 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 reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$12,929.67
Exceptions: (Schedule attached)		
Prior to this review	$209.14	
Less: Reinstatement by review	0	
Herewith	20.00	229.14
Total Accepted Cost		$12,700.53

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Six Thousand Three Hundred Fifty and 27/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable Operator	$6,350.27
Amount reimbursed	5,860.27
Balance due Operator	$ 490.00

September 1, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CONTRACT NO. ITM-K1190 Docket No. DRSA 4848

NORDUTE CORPORATION

(a) The Monthly Reports were supported by documentary proof of that portion ($5,240.00) of the costs which covered work performed at unit rates under independent contract and that portion ($5,660.53) which covered other costs for contribution by the Government on the basis of actual costs (Per Summary attached).

(b) The balance ($300.00) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

(c) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further disallowances thereunder.

SCHEDULE OF EXCEPTIONS

CONTRACT IBM-H1190 DOCKET NO. BMRA 4848

NORRIS CORPORATION

Exceptions by Field Team Prior to this Review

Supervision in excess of allowable maximum	$187.50	
Payroll Taxes applicable to excess Supervision	18.57	
Workman's Compensation applicable to excess Supervision	3.07	
Total Prior Exceptions		$209.14
During Review		
Four Assays by Henry E. Wood Laboratory; not acceptable because location was not indicated		20.00
Total Exceptions		$229.14

The Executive Officer, CMR Field Team, Region III, and the Auditor concur with the foregoing disallowances.

SUMMARY OF DOCUMENTED COSTS

CONTRACT NO. IDM-E1190 DOCKET NO. DMRA 4848

NORMUTE CORPORATION

Independent Contract			
Diamond Core Drilling			
AX Size			
9 ft.: 0-250 at $3.75/ft.	$ 33.75		
91 ft.: 250-500 at $4.25/ft.	386.75	$ 420.50	
BX Size			
741 ft.: 0-250 at $4.50/ft.	$3,334.50		
279 ft.: 250-500 at $5.00/ft.	1,395.00	4,729.50	
Reaming and Casing			
354 ft. at $2.00/ft.		708.00	
Cementing and Redrilling			
191 ft. at $2.00/ft.		382.00	
Total Independent Contracts			$6,240.00
Direct Costs			
Labor		$2,223.00	
Supervision		1,312.50	
Electric Power		389.76	
Miscellaneous Supplies (Sample Bags; Anti-Freeze; and Lubricating Oil)		103.53	
38 Core Boxes at $2.50/ea.		95.00	
Depreciation (2½ Months)		230.20	
Initial Rehabilitation and Repairs			
Labor and Parts			
Power Lines	$ 66.16		
Air and Water Lines, Connections	281.87		
Compressor	367.23	715.26	
Sampling and Analyses			
21 Samples (Average Cost $5.95/ea)		125.00	
Payroll Taxes		185.43	
Workmen's Compensation Insurance		80.85	
Total Direct Costs			$ 5,660.53
Fixed Unit Costs			
1 - 3 Directional Underground Drill Stations		$ 500.00	
1 - 2 Directional Underground Drill Stations		300.00	
Total Fixed Unit Costs			$ 800.00
Total Accepted Costs			$12,700.53

Memorandum

SEP 8 1959

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEM-4348 (Lead-Zinc)
Morbute Corporation
Contract No. Idm-E1190

Your Report of Review covering the subject project is acceptable and normal distribution is authorized after correction of the attached summary of documented costs by deletion of the words "on compressor" in the parenthetical explanation after the cost item of Depreciation. This correction has been made in the Washington copies.

EDTalbert/ama
September 4, 1959

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

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

DATE	INITIALS	CODE
		300

Building 20 - Federal Center
Denver 25, Colorado

September 29, 1959

Memorandum

TO: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. [illegible] 4848 (Lead-Zinc) Contract No. [illegible]-K1190
Horsets Corporation (Saints John mine) Summit County,
Colorado

Reference is made to the memorandum to you from this office dated January 20, 1959, whereby Form MF-104, Operator's Monthly Report and Voucher for the month of October 1958, was forwarded to you for processing and wherein it was requested that the sum of $500.00 be withheld from reimbursement to the Operator pending resumption of work after an over winter recess.

Instead of resuming work, the contract was terminated by mutual agreement effective November 10, 1958. A copy of the Termination Agreement was forwarded to you by copy of our letter to the Operator dated August 14, 1959.

The Operator has rendered a Final Engineering and Geologic Report as required by the contract; therefore, it is recommended that final payment be made to the Operator in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated September 1, 1959.

Original signed by

J. W. Townsend

JWT:ltm

cc: Chem. Op. Comm. (2)
MF-104 file, Reg. III
OME/DFC
Samp. file
Chron.

EXTRA COPY
O. M. E.
RECEIVED AUG 31 1959

DATE	INITIALS	CODE
		900

Building 20 - Federal Center
Denver 25, Colorado
August 28, 1959

Memorandum

TO: Donald T. Finch, GMK Auditor, Region III

From: Executive Officer, GMK Field Team, Region III

Subject: Docket No. [illegible] (Lead-Zinc) Contract No. [illegible]
Eustate Corporation (Eustate John mine) Summit County,
Colorado

The subject contract was terminated by mutual agreement effective November 10, 1958, by Termination Agreement dated July 7, 1959. A copy of the Termination Agreement is enclosed for your records. Also enclosed are a copy of the Operator's letter of June 8, 1959, and a copy of an Assay Certificate by the Colorado Assaying Company, pertaining to assay charges reported in the Operator's accounting report for October 1958.

The Operator has rendered a Final Engineering and Geologic Report and a final accounting as required by the contract; therefore, final payment of the Operator's account is in order contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs whichever the case indicates.

Acceptable units of work or service completed on a "Fixed Unit Cost" basis are as follows:

Preparation of 1-3 way drill station, and preparation of 1-2 way drill station.

Other acceptable units of work are as indicated on Form MF-104 and MF-104A, except, please disallow the analysis of 4 samples, c, d, e, and f, on the Henry E. Wood Assay Certificate accompanying the accounting report for the month of October 1958. The 4 samples are disallowed because the Operator was unable to provide the location where the samples were taken as indicated in his letter of June 8, 1959, a copy of which is attached.

The sum of $900.00 was withheld from reimbursement to the Operator in processing the final accounting report for the month of October 1958.

Enclosures
JWT:ltm
cc: Chem. Op. Coun.)w/cpy ltr. 6/8/59
Fin. Off. Reg. III) w/cpy ltr.
MF-104 file, Reg.III) 6/8/59 &
Corres. file Reg.III) Assay
Suspense file) Certificate
Chron.

Original signed by
J. W. Townsend

59-8

NORBUTE CORPORATION

Mines, Mills, Smelter

1808 19th Street, Golden, Colorado

OME
DEPARTMENT OF THE INTERIOR
JUN 9 - 1959
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E.
RECEIVED AUG 31 1959

DATE	INITIALS	CODE

June 8, 1959

Mr. J. W. Townsend
Executive Officer, OME
Field Team, Region III
Office of Minerals Exploration
224 New Customhouse
Denver, Colorado

Re: Docket No. DMEA 4848
Contract No. Idm-21190
Norbute Corporation
(Saints John Mines)
Summit County, Colorado

Dear Mr. Townsend:

Unfortunately all the data requested in your letter of June 4, above subject, could not be found in the current files that are now held in Golden. There are attached, however, five copies of the assay certificates from the Colorado Assaying Company corresponding to Item No. 1 in the letter under reply. The Henry E. Wood certificates to which you refer in Item No. 2 appear to correspond in assays on samples A and B to that found on Page 2, Core No. 1, between 261 and 282 feet, and 262.5 to 263. Unfortunately the field notes of Buchner, the geologist who was in charge of the work, are not available to me at the moment and might be difficult to locate. Therefore, there appears to be no other alternative than to disallow the cost of the balance of the Henry E. Wood certificates of October 24. AB/R 3

It is regrettable than I cannot be more specific, but the engineers who were in charge of this work, together with much of the data, are not available at the moment and I doubt that their memory would be sufficiently correct to give any further information on Item No. 2.

Very sincerely yours,

Aaron T. Bergey

dcd:s
enclosures

EXTRA COPY
O. M. E.
RECEIVED JAN 26 1959

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

January 19, 1959

Mr. Dewitt C. Deringer
Vice-President
Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

Re: Docket No. DMEA 4848 (Lead, Zinc)
Contract No. Idm-E1190
Norbute Corporation
(Sts. John mine)
Summit County, Colorado

Dear Mr. Deringer:

Reference is made to your letter of November 24, 1958 and to our subsequent correspondence and telephone conversation, pertaining to your request for revision of work units and costs under Stage I of the captioned contract.

The Government considers that the processing of an amendment to increase the supervision employment period for the minor consideration involved is not warranted; therefore, your request pertaining to this item is denied. The reported costs for supervision in excess of 2½ months will therefore be disallowed, together with applicable payroll taxes and liability insurance.

No amendment is necessary to increase those items of estimated work and cost which are not expressly designated "maximum". Therefore, adjustment can be made dependent on the merits of the case, as each occasion of the excess arises as long as neither the total allowable cost for the contract nor the total allowable cost for certain categories within each stage of work, are exceeded.

If you have any questions regarding the matter, please feel free to contact this office.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC/ad
cc: Chmn. Op. Comm. (2)
Harshman) w/copy Chmns.
Belser, OME/DFC) relative let.
Corres. File, Reg.3) of 1/13/59
Cooper , Chron.
Thru

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

EXTRA COPY O. M. E. RECEIVED OCT 7 1959		
DATE	INITIALS	CODE
		800

[illegible]

To: [illegible] A. [illegible]

From: [illegible], MF Field [illegible], Region III

Subject: [illegible] DFA [illegible] ([illegible]) [illegible] No. Ida-[illegible]1190
[illegible] ([illegible] Ida- [illegible] County,
[illegible]

Reference is made to the memorandum to you from this office dated January 20, 1959, wherein Form MF-1-4, Operator's Monthly Report and Voucher for the month [illegible] was forwarded to you for processing and wherein it was requested that the sum of $[illegible].00 be withheld from reimbursement to the operator pending resumption of work after a [illegible] period.

Instead of resuming work, the contract was terminated by mutual agreement effective November [illegible], 1958. A copy of the Termination Agreement was forwarded to you by copy of our letter to the Operator dated August 14, 1959.

The Operator has rendered a Final Engineering and Geologic Report as required by the contract; therefore, it is recommended that final payment be made to the Operator in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated September 1, 1959.

J. W. Townsend

$ 490.00
Naomi E. Stokes
DD:EO-60-10 10/1/59

OME
DEPARTMENT OF THE INTERIOR
OCT 2 1959
REGION III
DENVER, COLORADO

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

JAN 26 1959

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1958 Docket No. DMEA 4848 Contract No. Idm E-1190

Operator's Name Norbute Corporation Minerals Lead-zinc

Address Box 1700, Grand Junction, Colo.

Contract Amount, $190,760.00 Government Participation: 50 % Amount, $95,380.00

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 Contracts: ~~Short Term~~						
Drilling BX 0-241	1,084.50					
~~Bulldozing~~ AX 241-250	33.75	2,250.00	3,368.25			
~~Crosscutting~~ AX 250-341	386.75	1,395.00	1,781.75			
~~Drifting~~ Cas 0-311	622.00	338.00	960.00			
Cementing	70.00	60.00	130.00			
(2) Labor and Supervision:						
Labor	604.50	1,618.50	2,223.00			
Supervision	358.70	1,141.30	1,500.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
~~Timber~~ Core boxes	12.50	82.50	95.00			
Explosives						
~~Pipe~~ Power	204.00	385.76	589.76			
Track						
Lub. & Misc. Sup.	19.38	84.15	103.53			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation		230.20	230.20			
(5) Initial Rehabilitation and Repairs		715.26	715.26			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	59.30	144.70	204.00			
Liability Insurance	26.05	57.87	83.92			
(8) Contingencies (specify):						
1 3-way station		500.00	500.00			
1 2-way station		300.00	300.00			
Assaying	50.00	95.00	145.00			
TOTALS	3,531.43	9,398.24	12,929.67	3322.29	9,398.24	12,720.53

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

Date Jan. 2, 1959 *Payee NORBUTE CORPORATION

Per [signature] Title Manager, Western Mining Division

*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.

$50.00 Withheld

(Instructions on reverse)

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

$1161.15

Signature [signature]
(Authorized Certifying Officer)

Date 1/21/59 Voucher No. DMEA 59-82

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E1190 in accordance with the terms of the contract.

Signature Carl Belm (4-765-72) Title Mining Engineer Date 1/12/59

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature [illegible] Title Executive Officer Date JAN 19 1959

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

JAN 26 1959

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1958 Docket No. DMEA 4848 Contract No. Idm-E1190

Operator's Name Norbute Corporation Minerals Lead-zinc

Address Box 1700, Grand Junction, 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
Labor		604.50		2,223.00				
~~Drifting~~ Supervision	mo.	358.70	0.8	1,500.00	2.8	525.00		
~~Crosscutting~~ Core boxes	ea.	12.50	5	95.00	38	2.50		
~~Raising~~ 1 3-way sta.	ea.			500.00	1	500.00		
~~Shafts~~ 1 2-way sta.	ea.			300.00	1	300.00		
~~Winzes~~ Power		204.00		589.76				
Drilling: Core BX 0-241	ft.	1,084.50	241					
AX ~~Churn~~ 241-250	ft.	33.75	9	3,368.25	750	4.62		
AX ~~Auger~~ 250-341	ft.	386.75	91	1,781.75	360	4.94		
~~Stripping~~ Csg 0-311	ft.	622.00	311	960.00	480	2.00		
~~Trenching~~ Cmtg.	ft.	70.00	35	130.00	65	2.00		
~~Test Pits~~ Depreciation	mo.			230.20	2.5	92.08		
~~Roads and Trails~~ Prl tax	%	59.30		204.00				
Liability insurance	%	26.05		83.92				
Assaying	ea.	50.00		145.00				
Lub. & Misc. Supplies		19.38		103.53				
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Total Distributed Costs		3,531.43		12,214.41				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				715.26				
New Buildings, Improvements, etc.								
TOTAL COSTS		3,531.43		12,929.67				

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

REMARKS:

Date Jan. 2, 1959 Operator NORBUTE CORPORATION

Per [signature] Title Manager, Western Mining Division

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

(Instructions on reverse)

(For Government use only) [signature]

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

EXTRA COPY
O. M. E.
RECEIVED JAN 26 1959

DATE	INITIALS	CODE
		800

FINAL DISTRIBUTION

MADE JAN 22 1959

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

Administrative Audit Difference Statement

[redacted]
[redacted]
[redacted]

Date: [redacted]
Payee's
Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

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

Disallowed, Payroll Taxes and Insurance

The allowable cost for supervision for October 1958 is $171.20 ($358.70 - $187.50). The Operator has reported payroll taxes on $525.00, and liability insurance on $434.00 applicable to Supervision. Excess payroll taxes and insurance are disallowed, as follows:

Payroll taxes reported, $525.00 at 5.25 percent -----	$27.56	
Allowable payroll taxes, $171.20 at 5.25 percent ----	8.99	
Excess payroll taxes ----------		$18.57
Liability insurance reported, $434.00 at 1.165 percent ----------	5.06	
Allowable liability insurance, $171.20 at 1.165 percent ----------	1.99	
Excess liability insurance ----------		3.07
Payroll taxes and liability insurance disallowed ----------		21.64
Total amount disallowed ----------		$209.14

Withheld an amount of $500.00 from reimbursement to the Operator pending resumption of contract work. The project is recessed for the winter months.

224 New Customhouse
Denver 2, Colorado
January 20, 1959

Memorandum

TO: T. A. Christensen

From: Executive Officer, CME Field Team, Region III

Subject: Docket No. DMEA 4848 (Lead-Zinc) Contract Idm-E1190, Norbute Corporation, (Sts. John mine) Summit County, Colorado - Operator's Monthly Progress Report for the month of October, 1958

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.

The work is being performed partly under independent subcontract, partly by the Operator on the basis of actual incurred costs, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances the rates for the work performed under independent subcontract are considered to be reasonable. The costs reported for work performed by the Operator have been reviewed by this office, and are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Disallowance Supervision

The contract provides for a maximum of 2.5 months supervision. The Operator has reported a total of 2.84 months through October, 1958, therefore the reported cost for all supervision in excess of 2.5 months is to be disallowed, as follows:

Total reported cost of Supervision to date,
2.84 months at $525.00 per month--------- $1500.00
Acceptable cost of Supervision 2.5 months
at $525.00 per month---------- 1312.50

Supervision costs to be disallowed----------$ 187.50

Disallowance, Payroll Taxes and Insurance

The allowable cost for supervision for October, 1958 is $171.20 ($358.70 - $187.50). The Operator has reported payroll taxes on $525.00, and liability insurance on $434.00 applicable to Supervision. Excess payroll taxes and insurance are to be disallowed, as follows:

Payroll taxes reported, $525.00 at 5.25
percent---------- $27.56
Allowable payroll taxes, $171.20 at
5.25 percent---------- 8.99
Excess payroll taxes---------- $ 18.57

Liability insurance reported, $434.00 at
1.165 percent---------- 5.06
Allowable liability insurance, $171.20
at 1.165 percent---------- 1.99
Excess liability insurance---------- 3.07
Payroll taxes and liability insurance to be disallowed------- 21.64

Total amount to be disallowed---------- $209.14

Withhold an amount of $500.00 from reimbursement to the Operator pending resumption of contract work. The project is recessed for the winter months.

Reconciliation With Amount Reported by the Operator on Form MF-104 for the month of October, 1958

Amount reported on Form MF-104 for October, 1958---------- $3531.43
Amount to be disallowed---------- 209.14
Acceptable cost for October, 1958---------- 3322.29

Government participation at 50 percent---------- 1661.14
Amount to be withheld---------- 500.00

Balance due the Operator---------- $1161.14

REMARKS:

Date of Report----------January 2, 1959
Date Received in Field Office----------January 7, 1959
Date Received in Region Office----------January 13, 1959

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JDC:hmh

cc: Chem. Op. Comm. (2)
Belser, OMK/DFC
MF-104 file, Reg. III
Barshman) w/copy of
Cooper) Engr's Report
Chron

OME
DEPARTMENT OF THE INTERIOR

JAN 13 1959
REGION III
DENVER, COLORADO

Jan. 12, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belser

Subject: Docket No. DMEA 4848 (Lead-Zinc) Contract Idm-E1190, Herbute Corporation (Sts. John mine) Summit County, Colorado -- Progress report of October 1958

Operations under the subject property were inspected on November 4, 1958. No one was at the property. The mine was entered and the drill was still set up over hole No. 4 where it had been since the month before. The core had been removed to the core house where the 341 feet of core was held in seven core boxes.

The operator has submitted in quintuplicate a narrative report with D. D. log of hole No. 4, and one copy each of the following:

1. Invoice No. 3, McPherson Drilling Company
2. Saints John pay roll of October 17
3. Saints John pay roll of October 31
Public Service Company of Colorado statement of October 31
Antlers Service Station invoice No. 862
Heated Stores invoice Nov. 3
Kellogg's Hardware, Inc. Statement of October 18
The Colorado Assaying Company statement of Nov. 1
The Henry E. Wood Assaying Company statement of Oct. 24

The several claims are analysed as follows:
Category 1, independent contractors -- the independent driller's statement appears to be correct. The item of Surveying is not included in the 104's.

Category 2, supervision -- Gordon Bruchmer's salary was $525.00 but only .683 percent of a month (not .8 as shown on the 104) has been charged on the 104 and is recommended for approval as .683 months -- $358.70.

Category 2, labor -- the sum of $604.50 is supported by statements and is recommended for approval. Under lubricants and miscellaneous is a statement for 150 sacks at $24.48 of which 75 are claimed up to November 1, leaving 75 sacks still to be accounted for and is recommended for approval.

Liability insurance and payroll tax has documentation to support it and is recommended for approval.

Assaying is supported by two statements and is recommended for approval.

Summary of Allowable Costs

Core drilling 241 feet at $4.50/ft.	$1,084.50
Core drilling 9 feet at $3.75/ft.	33.75
91 feet core drilling at $4.25/ft.	386.75
311 feet reaming and casing at $2.00/ft.	622.00
35 feet cementing and redrilling at $2.00/ft.	70.00
Supervision .683 of $525.00	358.70
Labor 255 hrs. at $1.95/hr. 36 hrs. at $2.925/hr.	604.50
5 core boxes at $2.50/ea.	12.50
Payroll taxes	59.30
Liability insurance	26.05
Assaying	50.00
Lubricants, miscel. supplies	19.38
Power	204.00
Total	$3,531.43

Payment of 50 percent of the above amount, or $1,765.72 is recommended.

Carl Belser

Carl Belser
Mining Engineer

CB/mr
cc:6
I&m-E1190
chron

January 7, 1959

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

Re: Docket No. DMEA 4848 (Lead-Zinc)
Contract Idm-E1190
Norbute Corporation
(Saints John Mine)
Summit County, Colorado

Dear Mr. Townsend:

Enclosed you will find the original and four copies of Forms MF 104 and MF 104a which are exact duplicates of those presented with our fourth monthly report on the above listed contract, with correction of the totals.

Very truly yours,

Abbott Charles

Abbott Charles, Manager
Western Mining Division

AC/b
Enc.

OME
DEPARTMENT OF THE INTERIOR
JAN 9 1959
REGION III
DENVER, COLORADO

OME
DEPARTMENT OF THE INTERIOR

JAN 6 1959
REGION III
DENVER, COLORADO

January 2, 1959

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

Re: Docket No. DMEA 4848 (Lead-Zinc)
Contract IDm - E1190
Norbute Corporation
(Saints John Mine)
Summit County, Colorado

Dear Mr. Townsend:

Herein presented is the fourth report on the above listed DMEA contract which covers the month of October, 1958.

Accompanying this report is a map showing the locations of the holes drilled to date, together with the proposed locations of the two additional holes which would complete Stage 1 of this contract. Also sent with this report are letters requesting change in the attitude of hole No. 2 and change of location of hole No. 5.

In the "Operator's Monthly Report and Voucher", the only items exceeding the "Estimated Cost of the Project" are: Casing costs which exceed the estimate by $360.00; power, lubricants and miscellaneous supplies which exceed the estimate by $93.29; and assaying which exceeds the estimate by $45.00. However, savings in other categories more than compensate for the increases in these categories; so that there will be no overall increase in the estimated total cost of Stage 1.

Very sincerely yours,

DeWitt C. Deringer
Vice President

AC/b

MONTHLY REPORT OF OPERATOR

Docket No. DMEA 4848 (lead-zinc)
Contract No. Idm-E1190
Norbute Corporation
(Saints John Mine)
Summit County, Colorado

This is the fourth report on the above listed project and covers progress made during the month of October, 1958.

Diamond core drilling was started on hole No. 4 on September 24 and the hole completed to a length of 341 feet on October 31. Through the entire hole, the ground was broken to such an extent that casing had to be kept to within ten feet of the drill bit. At 241 feet, the BX casing became firmly stuck, making it necessary to complete the hole at AX size. Cementing was tried without success and AX casing had to be carried to 311 feet.

Core recovery was poor, averaging 44.0% for the hole. Sludge samples were carefully taken. The presence of much cave material in each run made it difficult, if not impossible, to differentially separate such material in the sludge samples. Often after drilling a few feet and having the core barrel block, it was necessary to redrill as much as seven feet of cave material before further advance could be made.

No well mineralized core was recovered from this hole. A sample log was prepared from representative cuts of the sludge and examined under a microscope. The samples showing the most ore mineralization were assayed, with the following results:

Feet	Au	Ag	Pb	Zn
278-280	Tr	Tr	Tr	0.05
288-290	Tr	.10	.10	0.20
294-296	Tr	.20	.35	1.60
298-300	Tr	.20	.30	1.10

The character of the ground in the last 40 feet changed markedly to predominantly unaltered gneiss. Due to the condition of the ground cut by this hole, it is our feeling that no conclusion can be drawn from the meager evidence offered by the sludge samples, other than to confirm the presence of some mineralization between 294 and 300 feet, and continuance of the vein structure.

The first major snow fall started on November 5, while the drilling contractors were still trying to recover as much of their BX casing as possible from hole No. 4. It became apparent that there would be a considerable delay between each snowfall and the reopening of the road. The drilling contractor therefore insisted upon shutting down this program until underfoot conditions permit proper access to the property. All operations were suspended on November 11. It is estimated that work can be resumed by June 15, 1959.

At this point it would appear timely to review the results of the program to date.

Hole No. 1

This hole was drilled from No. 7 vein with the objective of cutting the Comstock vein normal to its strike. The following core samples were taken:

	Footage	Inches of core	Au	Ag	%Pb	%Zn	%Cu
1.	212 to 215 ft.	28	0.04	2.40	1.47	6.20 ✓	Tr
2.	238 to 239 ft.	12	Tr	0.05	0.16	0.90	Tr

Assuming the first assay as the Comstock vein, the dip of the Comstock is indicated to be 55 degrees. Hole No. 1 was completed at 339 feet.

Hole No. 2

In order better to establish the actual dip of the vein before drilling holes at an angle to the vein, it was decided to skip drill hole No. 2 temporarily and drill proposed hole No. 3 next.

Hole No. 3

The first 200 feet of this hole was through blocky ground which was expected due to the timber section at the drift level. Two ore sections were cut by this hole, giving the following assay values:

Footage	Inches of core	Au	Ag	%Pb	%Zn	%Cu
1. Core						
261-262	9	none	0.45	0.63	2.57	
262-262.5	4	0.01	4.60	1.90	37.40	0.15
262.5 - 263	4	none	0.50	0.14	3.88	
Sludge sample 257-259		Tr.	0.20	Tr.	2.8	0.10
2. Core						
269-272	6	0.01	5.90	2.0	30.8	0.15
Sludge sample 269-272		Tr.	0.20	0.40	0.80	0.05

Hole No. 3 was carried to a total length of 440 feet for it offered the best opportunity to cross the structure and assure us that the mineralization encountered was definitely the Comstock vein and that there was no adjacent parallel vein present.

Hole No. 4

This was the third hole drilled and has been reviewed above. The broken condition of the ground prevented us from gaining any additional information about the mineralization from this hole. It has, however, focused our attention on the questionable advisability of drilling proposed hole No. 5 as planned. A request for change of location for hole No. 5 is being made, a copy of the letter accompanying this report.

Completion of Stage I

Three of the five holes constituting Stage I of this program have been completed. The progress of the work to date has been a good deal slower than

anticipated even though due diligence by the drilling contractor has been shown. Both the swivel type and standard core barrel have been tried in an effort to gain maximum core recovery. In all cases, however, core recovery in the vein zone has been poor, apparently due to the alteration and broken ground present in this zone. Samples taken to date have indicated an increased ratio of zinc to lead over the sampling done at the drift elevation. There is no way that we have yet found to determine whether there is a differential loss between the lead and zinc mineral in the sludge samples due to their difference in size or specific gravity.

As soon as underfoot conditions permit reentry to the Saints John portal, it is planned that the two holes remaining in this project will be completed. Tentative plans call for the completion of hole No. 2 next, followed by hole No. 5. Under "Description of the Work" in the contract it is stated, "If less than three of the five drill holes encounter ore that, in the opinion of the Government, may be of commercial width and grade, no further work shall be performed under the contract". It is still possible that with two good ore intercepts on the remaining holes the work could be carried on to Stage II.

Stage II calls for an intercept of the vein at an elevation approximately 500 feet below the Saints John tunnel level, which would require holes of 750 feet in length. Considering the drilling and core recovery difficulties experienced to date, it would be optimistic in the extreme to hope that two out of the four holes would core sufficient values to justify the continuation of this program into Stage III.

In view of the foregoing, it might be well to examine the entire program in an effort to determine what possibilities remain. While the three completed holes did intercept a mineralized zone of approximately the width

originally anticipated, there is considerable doubt that this mineralization is commercial; because low core recoveries necessitated relying on sludge samples for assay values. If the low assays of these three completed holes preclude the government's authorizing continuation of the exploration program in some form after completion of Stage I, regardless of the results that may be obtained from the remaining two holes, then it is questionable whether Stage I should be completed. On the other hand, if the results to date do not preclude a favorable decision then there would appear justification for continuing the program.

Abbott Charles

Abbott Charles, Manager
Western Mining Division

January 2, 1959

SUMMARY OF CALCULATIONS

(1) MacPherson Drilling Co.

0-241 BX	241 @ $4.50	$1,084.50	
241-250 AX	9 @ $3.75	33.75	
250-341 AX	91 @ $4.25	386.75	
0-311 Reaming and casing	311 @ $2.00	622.00	
260-241 Cementing and redrilling	35 @ $2.00	70.00	
			$2,197.00

(2) Labor

	1-15	15-31	Total	
Loren R. Enyeart	$183.30	$	$ 183.30	
David A. Williams	179.40		179.40	
William Plandel	31.20	210.60	241.80	
				604.50

Supervision

Gordon W. Bruchner - salary 525.00

(3) Operating Materials and Supplies

Public Service Company of Colorado 204.00

Core boxes used 5 @ $2.50 12.50

Kelloggs Hardware, Inc.	$12.24	
Antler's Service Station	3.32	
Hested Stores	3.82	
		19.38

(7) Payroll Taxes

Labor	$604.50	FICA rate	2.25	
Supervision	525.00	Emp. Sec.	3.00	
	1,129.50	x	5.25	59.30

Liability Insurance

Labor	604.50	total		
	70.20	overtime		
	534.30	net @ 3.30 new rate	=	20.99
Supervision				
Maximum applicable $434.00 @ 1.165		" "	=	5.06
				26.05

Assaying

The Colorado Assaying Co.	$20.00	
The Henry E. Wood Assaying Co.	30.00	
		50.00

Duplicate invoices accompanying the October report

MacPherson Drilling Company - Invoice No. 3

Saints John payroll of October 17
Saints John payroll of October 31

Public Service Company of Colorado statement of October 21

Antler's Service Station Invoice #862

Hested Stores invoice November 3

Kellogg's Hardware, Inc. statement of October 18

The Colorado Assaying Company statement of November 1

The Henry E. Wood Assaying Company statement of October 24,

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

RECEIVED NOV 13 O.M.E.

1190

Month of September, 1958 Docket No. DMEA 4848 Contract No. IDM-E1109
Operator's Name Norbute Corporation Minerals Lead-zinc
Address Box 1700, Grand Junction, Colorado
Contract Amount, $190,760.00 Government Participation: 50 % Amount, $95,380.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling BX size						
~~Bulldozing~~ 0' to 250'	1,125.00	1,125.00	2,250.00			
~~Crosscutting~~ 250' to 440'	950.00	445.00	1,395.00			
~~Drifting~~ Rmg & csg	312.00	26.00	338.00			
Cementing & redrillg	60.00	00.00	60.00			
(2) Labor and Supervision:						
Labor	850.20	768.30	1,618.50			
Supervision	525.00	616.30	1,141.30			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
~~Timber~~ core boxes	152.50	00.00	152.50			
~~Explosives~~ Power	185.19	200.57	385.76			
Pipe						
Track						
Lub. & misc. sup.	28.97	55.38	84.35			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	46.04	184.16	230.20			
(5) Initial Rehabilitation and Repairs	00.00	715.26	715.26			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	72.20	72.50	144.70			
Liability Insurance	29.18	28.69	57.87			
(8) Contingencies (specify):						
1 3-way dd station	00.00	500.00	500.00			
1 2-way dd station	00.00	300.00	300.00			
Assaying	95.00	00.00	95.00			
TOTALS	4,431.28	5,037.16	9,468.44	4361.08	5037.16	9398.24

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

Date Oct. 9, 1958 *Payee NORBUTE CORPORATION

Per [signature] Title Manager, Western Mining Division

*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:

$ 2180.54

Signature RRD
(Authorized Certifying Officer)

Date 11-7-58 Vou. No. DMEA-59-60

(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. Id-E1190 in accordance with the terms of the contract.

Signature Carl Belan (2,180,54) Title Mining Engineer Date 10/17/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature [illegible] Title Executive Officer Date NOV 5 1958

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 NOV 13 O.M.E.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1958 Docket No. DMEA 4848 Contract No. Idm-E1190
Operator's Name Norbute Corporation Minerals Lead-Zinc
Address Box 1700, Grand Junction, 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
Labor		850.20		1,618.50				
~~Drifting~~ Supervision	mo	525.00		1,141.30				
~~Crosscutting~~ core boxes	each	152.50	61	152.50	61	2.50		
~~Raising~~ 1 3-dim.dd sta	each	00.00		500.00	1	500.00		
~~Shafts~~ 1 2-dim.dd sta	each	00.00		300.00	1	300.00		
~~Winzes~~ Power		185.19		385.76				
Drilling: Core Bx 0-250	ft	1,125.00	250	2,250.00	500	4.50		
~~Churn~~ 250 to 440	ft	950.00	190	1,395.00	279	5.00		
~~Auger~~ Rmg. & csg	ft	312.00	156	338.00	169	2.00		
~~Stripping~~ Cement & redrl	ft	60.00	30	60.00	30	2.00		
~~Trenching~~ Depreciation	mo	46.04		230.20				
~~Test Pits~~ Payroll tax	%	72.20		144.70				
~~Roads and Trails~~ Liab.ins	%	29.18		57.87				
Assaying	each	95.00	15	95.00	15	6.33		
Lub. & misc. sup.		28.97		84.35				
TOTAL DISTRIBUTED COSTS		4,431.28		8,753.18				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs		00.00		715.26				
New Buildings, Improvements, etc.								
TOTAL COSTS		4,431.28		9,468.44				

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

REMARKS:

Date October 9, 1958 Operator NORBUTE CORPORATION

Per [signature] Title Manager, Western Mining Division

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

(Instructions on reverse)

(For Government use only) Carl Belan

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

FINAL DISTRIBUTION

EXTRA COPY
O. M. E.
MADE NOV 10 1958

RECEIVED NOV 13 1958

DATE	INITIALS	CODE
		800

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

Administrative Audit Difference Statement

Date: November 7, 1958
Payee's
Reference: September 1958

Marbate Corporation
P. O. Box 1700
Grand Junction, Colorado

Gentlemen:

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

Amount Claimed $ 4,431.20

Difference $ 70.20

Amount Approved $ 4,361.00

The reason for the difference was due to:

Disallowed cost of 25 core boxes at $2.50 each -- only 33 used. (Claim for others may be made as boxes are used.)	$70.00
Disallowed cash discount allowed by Salt Lake Hardware on Freshone but claimed on this 10%.	.20
	$70.20

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

Very sincerely yours,

N. E. Stokes
Audit Section

Randel R. Cooper
Authorized Certifying Officer

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

224 New Customhouse
Denver 2, Colorado
November 5, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, GME Field Team, Region III

Subject: Docket No. DMEA 4848 (Lead-Zinc) Contract Idm-K1190, Morbuta Corporation, (Sta. John mine) Summit County, Colorado - Operator's Monthly Progress Report for the month of September, 1958

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.

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Disallowance, Core Boxes</u>

The Operator has reported the cost of 61 core boxes; however, only 33 core boxes were used during the period. The reported cost for 28 core boxes is to be disallowed, as follows, but balance of costs may be claimed on subsequent vouchers, as the core boxes are used.

Disallow, reported cost for 28 core boxes at $2.50 per box---------- $70.00

Disallowance, Lubricants and Miscellaneous Supplies

The Operator has reported a cost of $10.20 for anti-freeze; however, the final billing indicates that a 2 percent discount was given by the vendor, and that the net cost was $10.00. The excess reported cost is to be disallowed, as follows:

Amount reported, 4 gallons anti-freeze	$10.20	
Final billing from The Salt Lake Hardware Company	10.00	
Amount to be disallowed		$ 0.20
Total amount to be disallowed		$ 70.20

Reconciliation With Amount Reported by the Operator on Form MF-104 for September, 1958

Amount Reported on Form MF-104 for September, 1958	$4431.28
Amount to be disallowed	70.20
Acceptable cost for September, 1958	$4361.08
Government participation at 50 percent	$2180.54

Remarks:

Date of Report	October 9, 1958
Date Received in Field Office	October 13, 1958
Date Received in Region Office	October 21, 1958

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JBC:hmh

cc: Chem. Op. Comm. (2)
Belser, OME/DFC
MF-104 file, Reg. III
Harshman) w/copy
Cooper) of Engr's Report
Chron

OME
DEPARTMENT OF THE INTERIOR

OCT 21 1958
REGION III
DENVER, COLORADO

Oct. 21, 1958

Memorandum

To: Executive Officer, OME

From: Carl Balser

Subject: Docket No. DMRA 4848 (Lead-Zinc) Contract IAm-M1190, Norbute Corporation (Ste. John mine) Summit County, Colorado -- Progress report for September 1958

Operations under the subject contract were inspected on October 8, 1958 in company with Gordon Bruckner, engineer. No. 3 hole had been finished at a total depth of 440 feet. At a depth of 262.5 feet, 4 inches of zinc-lead mineralization was cut and at 269 feet, 6 inches of zinc-lead material containing 5 ounces of silver was cut. Total core recovery was about 60% for the hole. Because the core was very altered and the manager did not think the small veinlets cut were the Comstock vein, drilling was continued but no other vein was cut. Bruckner now believes the vein to be flatter than originally figured. Hole No. 4 was down to a depth of 181 feet deep. The direction was due south and the dip 50°. No veins had been cut. Core recovery for Hole 4 was about 50 percent.

The operator has submitted in quintuplicate a narrative report with D. D. log of hole No. 3, and one copy each of the following:
1. Statement of MacPherson Drilling Company
2. Mine payroll and time distribution for period ending 9/15/58
3. " " " " " " " " 9/31/58
4. Statement of Public Service Co. of Colorado
5. 2 Antlers Service Station invoices
6. Salt Lake Hardware Company invoice.
7. Colorado Assaying Company statement of September 17
8. Brown Laboratory statement of Sept. 23
9. Ingersoll-Rand Company invoice
10. Wesley M. Bryant (core box) statement of Sept. 11

The several claims are analysed as follows:
category (1) independent contractors, appears to be correct.
The item surveying is not included in the 104's.
category (2) Supervision 1 month $525.00. Claim covers services of Gordon W. Bruckner for Sept. 1958. Recommended for approval.
category (2) labor - Compressor operator (L. R. Bryant and D. A. Williams) Bryant 24 hours overtime and Williams 32 hours overtime. Total $850.20. Recommended for approval.

Lubricants, miscellaneous supplies, power
Compressor parts (I-R) $10.87
Oil (Antlers) 7.90
Prestone (Salt Lake Hdwr.) 10.00
$28.77 (not $28.97)
Recommended for approval
Power (Amendment 1) Public Service $185.19
Recommended for approval
Core boxes (W. H. Bryant) 61 at $2.50/ea. $152.50
Recommended 33 at $2.50 or $82.50
Assaying - Colorado Assaying Co. $66.00
Brown Laboratory $29.00 (Total assaying $95.00)
Recommended for approval
Depreciation - 50 percent of $92.08 or $46.04
Recommended for approval
Payroll Tax $1,375.20 at 5.25 percent $72.20
Recommended for approval
Liability insurance $795.60 labor at 3.15 percent plus $434.00 supervision at .95 percent $29.18
Recommended for approval

Summary of Allowable Costs

250 feet core drilling at $4.50/ft.	$1,125.00
190 feet core drilling at $5.00/ft.	950.00
156 feet reaming and casing at $2.00/ft.	312.00
30 feet cementing and redrilling at $2.00/ft.	60.00
Supervision engineer 1 month at $525/mo.	525.00
Labor 2 men 1 month	850.20
Power	185.19
Oil, Prestone, and compressor parts (not 28.97)	28.77
Depreciation (month)	46.04
33 core boxes at $2.50/ea. (rest unused)(not 152.50)	82.50
Payroll taxes	72.20
Liability insurance	29.18
Assaying	95.00
Total	$4,361.08

Payment of fifty percent of the above amount, or $2,180.54 is recommended.

Carl Belser
Carl Belser
Mining Engineer

CB/mr
cc: 6 Idm-M1190 chron

OME
DEPARTMENT OF THE INTERIOR
OCT 10 1958
REGION III
DENVER, COLORADO

October 9, 1958

Mr. J. W. Townsend
Executive Officer
Minerals Exploration Administration
Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4848 (lead-zinc)
Contract Idm-E1190
Norbute Corporation
Saints John Mine
Summit County, Colorado

Dear Sir:

Herein presented is the third report on the above listed DMEA contract, which covers the month of September, 1958.

Accompanying this report is a geologic map of the Saints John level which was prepared by our geologist, Gordon Bruchner.

I would like to bring to attention the fact that there are not additional copies of the individual assays to include one set with each of the reports. It is presumed that should you require additional copies they could be made at your offices.

Very truly yours,

Abbott Charles

Abbott Charles, Manager
Western Mining Division

AC/b
Enc.

SUMMARY OF CALCULATIONS

(1) **MacPherson Drilling Co.**

0-250	250 @ 4.50	1,125.00	
250-440	190 @ 5.00	950.00	
Reaming and casing	156 @ 2.00	312.00	
Cementing and redrilling	30 @ 2.00	60.00	
			2,447.00

(2) **Labor**

	1-15	15-30	Total	
Leren Enyeart	195.00	218.40	413.40	
David Williams	218.40	218.40	436.80	
				850.20

Supervision

Gordon W. Bruchner - salary		525.00

(3) **Operating Materials and Supplies**

Wesley M. Enyeart, core boxes		152.50
Public Service Company of Colorado		185.19
Antler's Service Station	7.90	
The Salt Lake Hardware Co.	10.20	
Ingersoll-Rand Co.	10.87	
		28.97

(4) **Equipment and Property**

	Value
75 h.p. electric compressor	4,270.00
365 CFM diesel compressor	3,150.00
Truck	2,000.00
Air receiver	375.00
	9,795.00
Allowable depreciation	46.04

(7) **Payroll Taxes**

Labor	850.20	FICA rate	2.25
Supervision	525.00	Emp. Sec.	3.00
	1375.20	x	5.25

Liability Insurance 72.20

Labor 850.20 total
54.60 overtime
795.60 net @ 3.15 rate = 25.06
Supervision
Maximum applicable $434.00 @ .95 = 4.12 — 29.18

Assaying

Brown Laboratory	29.00	
Colorado Assaying Co.	66.00	
		95.00

Duplicate Invoices accompanying the September report

MacPherson Drilling Company - Invoice No. 2

Saints John payroll of September 15
Saints John payroll of September 30

Public Service Company statement of September 22

Antler's Service Station Invoices 709 and 748

Salt Lake Hardware Invoice G33050

Colorado Assaying Company statement of September 17

Brown Laboratory statement of September 23

Ingersoll-Rand Company invoice No. SO 48-608

Wesley M. Enyeart statement of September 11

MONTHLY REPORT OF OPERATOR

Docket No. DMEA 4848 (Lead-zinc)
Contract No. Idm-E1190
Norbute Corporation
(Saints John Mine
Summit County, Colorado

This is the third report on the above listed project, and covers the progress made during the month of September, 1958.

Diamond core drilling was continued on hole No. 3 until September 20th when it was completed to a total length of 440 feet. Considerable difficulty was encountered by the drilling contractors in overcoming a badly fractured portion of the ground. Eventually some 170 feet of casing was placed in the hole, which alleviated the principal difficulties, and the remainder of the hole was drilled without undue time lost.

Lead and zinc mineralization are found in the core starting at 233 feet. In the ten foot run between 253 and 263 feet, six feet ten inches of core was recovered. Poor sludge recovery was effected in this zone. No doubt a contributing factor was a caving condition present in the hole at 198 feet. This was not apparent, however, until after the vein zones were passed. A three inch section of core was recovered in a zone between 259 and 262.5 feet. The assay of half of this core ran: 0.01 ounces gold and 4.60 ounces silver per ton, 0.15% copper, 1.9% lead and 37.4% zinc. Sludge samples were taken every two feet. The sample between 257 and 259 feet assayed: trace gold, no silver, .10% copper, trace lead, and 2.8% zinc. Although it can be assumed that much of the heavier cuttings were lost in the hole, this section undoubtedly encompasses one portion of the vein. In the run between 268 and 273 feet, two feet two inches of core were recovered, showing significant mineralization. A six inch piece of core is all that was recovered

between 269 and 272 feet. Half of this core was sampled, which assayed: 0.01 ounces gold and 5.90 ounces silver per ton, and 0.15% copper, 2.0% lead and 30.8% zinc. The sludge sample for this three foot interval assayed: trace gold, 0.20 ounces silver per ton, 0.05% copper, 0.4% lead and 0.8% zinc. It is possible that this hole has intersected two three foot vein sections of ore value.

This hole was surveyed and found to have retained its bearing and inclination. The two mineralized bands intersected indicate the dip of the Comstock vein is from 54° to 55.5° in the 250 feet below the main haulage level. The hole was completed at a depth of 440 feet which affords a good cross section of the ground and is well beyond any reasonably expected change in the dip of the vein. A redesigning of the sludge box was made to eliminate the possibility of future loss in cuttings from the hole. Now that the attitude of the vein is more definitely defined, the hole can be conditioned to provide the most advantageous condition so that a minimum of cuttings will be lost in the hole itself.

In a recheck of diamond drill hole No. 1, it is found that the only section of mineralization encountered was between 212 and 215 feet. A 28-inch piece of core was recovered which represents a four foot section. This portion of core assayed: 0.04 ounces gold and 2.40 ounces of silver per ton, trace of copper, 1.47% lead and 6.20% zinc. This can be assumed to be the intersection of the Comstock vein. The average dip indicated is 54° to 55°, which checks the attitude of the vein as determined by hole No. 3. By using this corrected dip, a recalculation of the attitude of diamond drill hole No. 4 was made and the bearing of the hole was changed to a due south direction with attitude -50°

in an attempt to intersect the Comstock vein at 250 feet below the adit level.

Drilling was started on No. 4 hole and is continuing at a satisfactory rate.

Abbott Charles

Abbott Charles, Manager
Western Mining Division
Norbute Corporation

October 9, 1958

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DMEA
Budget Bureau No. 42-R1036.5
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August 1958 Docket No. DMEA 4848 Contract No. IDM-E1190
Operator's Name Norbute Corporation Minerals Lead-Zinc
Address Box 1700 Grand Junction, Colo.
Contract Amount, $190,760.00 Government Participation: 50% Amount, $95,380.00

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 BX size						
~~xxxxxxx~~ 0' to 250'	1,125.00	0	1,125.00			
~~xxxxxxx~~ 250'- 339'	445.00	0	445.00			
~~xxxxxxx~~ Reaming & Casing	26.00	0	26.00			
(2) Labor and Supervision:						
Labor	705.90	62.40	768.30			
Supervision	525.00	600.00	1,125.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
~~xxxx~~ Power	200.57	0	200.57			
Lubricants & misc. supplies	89.90	0	89.90			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	92.08	92.08	184.16			
(5) Initial Rehabilitation and Repairs	0	715.31	715.31			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes	64.62	33.72	98.34			
Liability Insurance	25.86	7.66	33.52			
(8) Contingencies (specify):						
1 3-directional dd sta	0	500.00	500.00			
1 2-directional dd sta	0	300.00	300.00			
TOTALS	3,299.93	2,311.17	5,611.10	3362.37	2311.17	5673.54
				1636.38		1636.38
				1674.79		5037.16

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

Date Sept. 5, 1958 *Payee NORBUTE CORPORATION

Per [signature] Title Manager, Western Mining Division

*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:

$1681.18

Signature [signature]
(Authorized Certifying Officer)

Date 10/8/58 Vou. No. DMA-59-47
(See other side)

4 Previous disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tow-E1190 in accordance with the terms of the contract.

Signature Carl Behn (C.J.632.71) Title Mining Engineer Date 9/15/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature E. M. Hawkman Title acting Executive Officer Date OCT 6 1958

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

DMEA
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

Month of August 195 58 Docket No. DMEA 4848 Contract No. Idm-E1190
Operator's Name Norbute Corporation Minerals Lead-zinc
Address Box 1700, Grand Junction, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
~~Drifting~~ Labor		705.90		768.30				
~~Crosscutting~~ Supervision	month	525.00	1	1,125.00	2	565.00	2½	600.00
~~Raising~~ Power		200.57		200.57				
~~Shafts~~ Lub. & misc.		89.90		89.90				
~~Winzes~~ Depreciation	month	92.08	1	184.16	2	92.08		92.08
~~Drilling-Core~~ Payrl tax	%	64.62		98.34				
~~Claims~~ Liab.Ins	%	25.86		33.52				
1 3-dimentional DD st	ea	0		500.00	1	500.00	1	500.00
1 2-dimentional dd st	ea	0		300.00	1	300.00	1	300.00
~~Stripping~~								
~~Trenching~~ BX 0-250	ft	1,125.00	250	1,125.00	250	4.50	1250	5.25
~~Test Pits~~ 250-339	ft	445.00	89	445.00	89	5.00	750	6.00
~~Roads and Trails~~								
Reaming and casing	ft	26.00	13	26.00	13	2.00		
TOTAL DISTRIBUTED COSTS		3,299.93		4,895.79				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs		0		715.31				
New Buildings, Improvements, etc.								
TOTAL COSTS		3,299.93		5,611.10				

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

Date Sept. 5, 1958 Operator Norbute Corporation

Per [signature] Title Manager
Western Mining Division

REMARKS:

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

(Instructions on reverse)

(For Government use only) Carl Bolen

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.

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GPO 872894

FINAL DISTRIBUTION
MADE OCT 8 1958

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

Administrative Audit Difference Statement

EXTRA COPY
O. M. E.
RECEIVED OCT 13 1958

DATE	INITIALS	CODE
		~~100~~
		800

Mortuus Corporation
Post Office Box 1700
Grand Junction, Colorado

Date: October 8, 1958
Payee's Reference: August 1958

Gentlemen:

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

Amount Claimed	$	3,299.93
plus		96.96
Difference minus	$	34.52
Amount Approved	$	3,362.37

The reason for the difference was due to:

Reinstated:

Supervision 4/23 of $525.00	$91.50	
Payroll taxes 5.25% of $91.50	4.79	
Liability Insurance 0.95% of $91.50	.87	
		$96.96

Disallowed:

Fire extinguishers	33.40	
Steel tape	1.90	
	34.90	
Less discount	.38	
		$34.52

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

Very sincerely yours,

RRC

Administrator
Accounting Division

Daniel R. Cooper
Authorized Certifying Officer

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

224 New Customhouse
Denver 2, Colorado
October 6, 1958

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 4848 (Lead-Zinc) Contract Idm-K1190, Horbute Corporation (Sts. John mine) Summit County, Colorado - Operator's Monthly Progress Report for the month of August, 1958

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.

The work is being performed partly under independent subcontract, partly by the Operator on the basis of actual incurred costs, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the costs are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used. Under the circumstances the rates for the work performed under independent subcontract are considered to be reasonable. The costs reported for work performed by the Operator have been reviewed by this office, and are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Reinstatement, Supervision, Payroll Taxes, and Insurance</u>

Supervision costs for July, 1958 were suspended pending receipt of documentation, and determination of the extent of allowability of the supervision costs. Documentation has now been received from the Operator, and is attached to the original of

of Form MF-104 for August, 1958. Review of the documentation reveals that four days were spent during July 1958 by Gordon Grunsher in supervising actual drilling operations, therefore, the reported cost of supervision for four days, including related payroll taxes and insurance, is to be reinstated as follows:

Reinstate:

1. Supervision, 4/23 of $525.00 ---------- $91.30
2. Payroll Taxes, 5.25% of $91.30 ---------- 4.79
3. Liability Insurance, 0.95% of $91.30 - 0.87

Total ---------- $ 96.96

Disallowance Lubricants and Miscellaneous Supplies, Category 3

The reported cost for two fire extinguishers and one 3 foot tape are not considered to be direct and necessary costs of the exploration project. The balance of the reported costs for lubricants and miscellaneous supplies are acceptable to this office. Disallowance is to be made as follows:

Amount reported, Lubricants and Miscellaneous supplies ---------- $ 89.90
Acceptable cost of Lubricants and Miscellaneous Supplies:

Oil	$ 4.85	
Belt Lacing and Freezene	17.89	
Sample sacks	32.64	
Total		$55.38

Amount to be disallowed ---------- $34.52

Reconciliation with Amount Reported by the Operator on Form MF-104 for the month of August, 1958

Amount reported on Form MF-104 for August, 1958		$3299.93
Amount to be reinstated	$96.96	
Amount to be disallowed	34.52	
Net reinstatement		62.44
Total Acceptable cost		$3362.37
Government participation at 50 percent		$1681.~~14~~ 18

Remarks:

Date of Report----------September 5, 1958
Date Received in Field Office----------September 9, 1958
Date Received in Region Office----------September 16, 1958

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JBC:hmh

cc: Comm. Op. Comm. (2)
Balser, CMR/NFC
NF-104 file, Reg. III
Harshman)-w/copy of
Cooper) Engr's Report
Caren

REGION III

DMEA
DEPARTMENT OF THE INTERIOR
SEP 16 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
Sept. 16, 1958

Memorandum

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

From: Carl Balser

Subject: Docket No. DMEA 4648 (Lead-Zinc) Contract IDm-K1190, Norbute Corporation (Ste. John mine) Summit County, Colorado -- Progress report for August 1958

Operations under the subject contract were inspected on September 3, 1958 in company with Gordon Bruckner, engineer. No. 1 hole was fixed and a 97 percent core was obtained for the entire depth of 339 feet. At 224 feet a six inch vein containing some sphalerite was cut. No. 3 hole was down 105 feet S. 50° E., dip 60° in broken ground and core recovery was only 50 percent. No veins have been cut. Sludge samples are saved.

The operator has submitted in quintuplicate a narrative report with D. D. log of hole No. 1, and one copy each of the following:

1. Mine payroll and time distribution for period ending 8/15/58
2. Mine payroll and time distribution for period ending 8/31/58
3. Statement of MacPherson Drilling Co.
4. Statement from Kellogg Hardware
5. 2 statements from Salt Lake Hardware
6. Statement from Antlers Service Station
7. Statement of Public Service Company of Colo.

The several claims are analyzed as follows:
Category (2) Personnel Services
Supervision 1 month $525.00
Claim covers services Gordon W. Bruckner for August 1958
Recommended for approval
(c) Labor - Compressor operator (L. R. Bayeart and D. A. Williams)
Bayeart 16 hrs. overtime $795.90
Recommended for approval

Power fuel, lubricants, miscellaneous supplies (Amendment No. 1)
Public Service, power $200.57

Antlers Service Station, oil	$4.85
Salt Lake Hardware, Belt Lacing, Prestone	17.89
Kellogg's " , 200 sacks	32.64
	$255.95

Disallowed Salt Lake Hardware
2 fire extinguishers and 8 ft. tape 35.60

The above four statements add to $90.98 instead of the $89.90 in this category shown in the 104's, a difference of 1.08.

Allowable costs are:

Core drilling 250 ft. at $4.50/ft.	$1,125.00
Core drilling 89 ft. at $5.00/ft.	445.00
Reaming and casing 13 feet at $2/ft.	26.00
Labor	705.90
Supervision	525.00
Power, fuel, lubricants, misel. supplies	255.95
Depreciation	92.08
Payroll taxes $1,230.90 at 5.25 percent	64.62
Liability insurance $690.90 at 3.15 percent and from operator's documentation $434.00 at .95%	35.86
Total	$3,[illegible].41

(3,[illegible].41 plus $35.60 less $1.08 is $3,299.93)

Payment of fifty percent of the above amount, or $1,632.71 is recommended.

Carl Belser

Carl Belser
Mining Engineer

CB/mr
cc: 6
Idm-X1190
ehrem

DMEA
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

September 5, 1958

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

Re: Docket No. DMEA 4848 (lead-zinc)
Contract Idm-61190
Norbute Corporation
Baines John Mine
Summit County, Colorado

Dear Sir:

Herein presented is the second report on the above listed DMEA contract. The period covered is the month of August, 1958.

During this period diamond drill hole No. 1 was completed and a second drill hole was advanced to 105 feet.

Included is a separate page titled "Summary of Calculation" where the complete computation of each category of expense for the month can be followed. Each item is supported as requested.

Very truly yours,

Abbott Charles

Abbott Charles, Manager
Western Mining Division

AC/b
Enc.

SUMMARY OF CALCULATION

(1) MacPherson Drilling Co.

0-250	250 @ 4.50	1,125.00	
250-339	89 @ 5.00	445.00	
Reaming and casing	13 @ 2.00	26.00	
			1,596.00

(2) Labor

	1-15	15-30	Total	
Loren Enyeart	195.00	187.20	382.20	
David Williams	193.05	130.65	323.70	
				705.90

Supervision

Gordon W. Bruchner - salary	525.00

(3) Operating Materials and Supplies

Public Service Company of Colorado, July 23-August 21		200.57
Lubricants and miscellaneous supplies:		
Salt Lake Hardware - belt lacing	4.52	
Prestone	13.02	
fire extinguisher	33.40	
steel tape	1.50	
tax	1.05	
	53.49	
less discount	1.08	
	52.41	
Antler's Service Station - 1 case oil	4.85	
Kellogg's Hardware, Inc., - sample sacks	32.64	
		89.90

(4) Equipment and Property

	Value
75 h.p. electric compressor	4,270.00
365 CFM diesel compressor	3,150.00
Truck	2,000.00
Air receiver	375.00
	9,795.00

Allowable depreciation rate	92.08

(7) Payroll Taxes

Labor	705.90	FICA rate	2.25	
Supervision	525.00	Emp. Sec.	3.00	
	1230.90	x	5.25	64.62

Liability Insurance

Labor	705.90	total	
	15.60	overtime	
	690.30	net @ 3.15 rate	= 21.74
Supervision			
Maximum applicable $434.00 @ .95			= 4.12
			25.86

DMEA
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

Duplicate Invoices accompanying the August report

MacPherson Drilling Co. - Invoice No. 1

Saints John payroll of August 29
Saints John payroll of August 15

Public Service Company statement of August 21, 1958

Antler's Service Station Invoice No. 284

Salt Lake Hardware Co. Invoice G25355
Invoice G31685

Kellogg's Hardware, Inc. - Invoice 81632

DMEA
DEPARTMENT OF THE INTERIOR
SEP 8 - 1958
REGION III
DENVER, COLORADO

MONTHLY REPORT OF OPERATOR

Docket No. DMEA 4848 (Lead-Zinc)
Contract No. Idm-E1190
Norbute Corporation
(Saints John Mine)
Summit County, Colorado

This, the second report on the above listed project, covers the month of August, 1958.

Diamond core drilling was started on July 28 on hole No. 1. The hole was collared from station U with a bearing of South 50° East with the objective of cutting the Comstock vein at a nearly 90° angle to its strike. The hole was started with inclination of 75° below the horizontal in an attempt to intersect the vein approximately 250 feet below the drift elevation.

Only the usual difficulties were encountered at the start of drilling. To insure a sufficient and dependable auxiliary air supply, our diesel operated Gardner Denver 365 cubic feet air compressor was placed in the line together with the old electric Imperial compressor. On August 1, drilling was put on a two shift basis. The first hole was completed at a depth of 339 feet on August 10. Total core recovery on this hole was 97%. The entire core recovered is stored at the mine, together with pertinent sludge samples taken of the cuttings. Accompanying this report is a geologic log of diamond drill hole No. 1.

The zone of attempted vein intersection of hole No. 1 contains less extensive stoping above the drift level than any other portion where the vein is exposed. Also the character of the vein development is such that it is not necessarily discouraging that an easily defined zone has not

been uncovered by this first hole. To this time, no samples from this hole have been sent for assay. It is our plan to select some samples for assay at the time the representative for DMEA examines the core, if he so desires.

Upon the completion of hole No. 1, it was decided to move the drill to Station V so that hole No. 3 could be drilled next. This hole was planned to intersect the vein in a similar manner to hole No. 1 but in an area of more favorable mineralization on the adit level. This hole was started on August 12 and has continued to a length of 105 feet on August 30. Considerable difficulty has been encountered in this hole due to the necessity of going through over 85 feet of heavy and caving ground. The hole was cased by placing a diamond bit on the end of the casing and rotating to cut the hole to EX size casing. Before reaching the objective of 105 feet, a sharp edge of rock severed the casing just above the diamond bit making it impossible to proceed. Therefore, NX casing was brought to the property and again with the diamond bit the NX casing was rotated around the EX casing in an attempt to recover the EX casing and the bit. At the time of writing this report the EX casing and bit had not been recovered. It is planned and hoped to recover the EX casing and bit and thereafter proceed with EX core.

Abbott Charles

Abbott Charles, Manager
Western Mining Division
Norbute Corporation

September 5, 1958

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

Budget Bureau No. 42-R1036.5

RECEIVED SEP 1958 D.M.E.A.

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

Month of June 28 - July 31, 1958 Docket No. DMEA 4848 Idn E-1190
Operator's Name Noranda Corporation Contract No. 24nc
Address Box 1700, Grand Junction, Colorado Minerals
Contract Amount, $ 190,760.00 Government Participation: 50 % Amount, $ 95,380.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	62.40	none	62.40			
Supervision	600.00	none	600.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	92.08	none	92.08			
(5) Initial Rehabilitation and Repairs	715.31	none	715.31			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	33.72	none	33.72			
Payroll Taxes	7.66	none	7.66			
Liability Insurance						
(8) Contingencies (specify):						
1 3-directional dd sta	500.00	none	500.00			
1 2-directional dd sta	300.00	none	300.00			
TOTALS	2311.17	none	2311.17	1674.79		1674.79

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

Date August 6, 1958 *Payee NORANDA CORPORATION

Per [signature] Title Manager, Western Mining Division

*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:

$ 837.40

Signature [signature] (Authorized Certifying Officer)

Date 9/2/58 Vou. No. 9 59-31

(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. E1190 in accordance with the terms of the contract.

Signature M. B. Falsbury #837.40 Title Mining Engineer Date 8-11-58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Checked for Engineering Allowability

Signature [illegible] Title alternate acting Executive Officer Date AUG 29 1958

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 June 25 -July 31 0 40484 Docket No. DMEA Contract No. Idn E-1190

Operator's Name NORTHERN CORPORATION Lead-Zinc Minerals

Address Box 1700, Grand Junction, 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 - Depreciation	per mo	92.00		92.00				
Winzes								
Drilling: Core								
Churn								
Auger	hrs	62.40	32	62.40				
Stripping - payroll charge		41.30		41.30				
Trenching - supervision	per mo	600.00	1	600.00	1	600.00		
Test Pits - Directional drill	per mo	500.00	1	500.00	1	500.00	1	500.00
Roads and Trails - Directional drill	per mo	300.00	1	300.00	1	300.00	1	300.00
Total Distributed Costs		1,595.80		1,595.80				Total Costs Authorized by Contract
Operating Equipment Purchased		715.31		715.31				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2,311.17		2,311.17				

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 6, 1958 Operator NORTHERN CORPORATION

Per [signature] Title Manager Titanium Mining Division

Remarks: 27368

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE SEP 5 1958

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

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

EXTRA COPY
RECEIVED SEP 8 1958

DATE	INITIALS	CODE
8/9	Cour	100
		80

[redacted]

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

Amount Claimed	$	[redacted]
Difference	$	[redacted]
Amount Approved	$	[redacted]

The reason for the difference was due to:

[redacted]

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

Accordingly, the amount of $600.00 is suspended pending receipt of further documentation from the Operator. The Operator will be requested to furnish additional documentation.

Amount suspended ---------- $600.00

Suspension - Payroll Charges

The Operator reports costs of $41.38 in payroll taxes and liability insurance under this category. Of the amount, acceptable documentation was provided for only $5.05. The difference is to be suspended pending receipt of further documentation from the Operator. The Operator will be requested to furnish additional documentation.

Reported costs, payroll taxes and liability insurance ----------	$41.38	
Acceptable costs, payroll taxes and liability insurance ----------	5.05	
Amount suspended ----------		$36.33
Total amount suspended ----------		$636.33
Total amount disallowed and suspended ----------		$636.38

224 New Customhouse
Denver 2, Colorado

August 29, 1958

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team, Reg. III

Subject: Docket DMEA 4848 (Lead-Zinc) Contract Idm-M190, Morbate Corporation (Saints John mine) Summit County, Colorado - Operator's Monthly Progress Report for the period June 25-July 31, 1958

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.

The work is being performed partly under independent subcontract, partly by the Operator on the basis of actual incurred costs, and partly at fixed unit costs. No work was performed under independent subcontract during the period. The costs reported for work performed by the Operator have been reviewed by this office and are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Disallowance - Initial Rehabilitation and Repairs</u>

The reported costs for initial rehabilitation and repairs (Category 5) exceeded the invoiced costs; therefore, the excess is to be disallowed as follows:

Reported costs for initial rehabilitation and repairs	$715.31
Acceptable costs for initial rehabilitation and repairs	715.26
Amount to be disallowed	$0.05

Suspension - Supervision

The services of D. C. Daringer, Abbot Charles, and Gordon W. Brushmer are stated to total $741.30, of which $600.00 for supervision is claimed by the Operator. However, the distribution of the several individual's time is not given, so it cannot be verified whether the claim is within the contract maximum for all elements of the category other than the maximum of $600.00 per month. Accordingly, the amount of $600.00 is to be suspended pending receipt of further documentation from the Operator. The Operator will be requested to furnish additional documentation.

Amount to be suspended ---------- $600.00

Suspension - Payroll Charges

The Operator reports costs of $41.38 in payroll taxes and liability insurance under this category. Of the amount, acceptable documentation was provided for only $5.05. The difference is to be suspended pending receipt of further documentation from the Operator. The Operator will be requested to furnish additional documentation.

Reported costs, payroll taxes and liability insurance	$ 41.38	
Acceptable costs, payroll taxes and liability insurance	5.05	
Amount to be suspended		36.33
Total amount to be suspended		$636.33

Reconciliation with Amount Reported by the Operator on Form MF-104 for the period June-July 1958

Amount reported on Form MF-104 for June-July 1958		$2,311.17
Amount to be disallowed	$ 0.05	
Amount to be suspended	636.33	
Amount to be disallowed and suspended		636.38
Acceptable cost for June-July 1958		$1,674.79
Government participation at 50 percent		$ 837.40

REMARKS:

Date of Report ---------- August 6, 1958
Date Received in Field Office ---------- August 8, 1958
Date Received in Region Office ---------- August 12, 1958

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures
MEM:jy
cc: Chm. Op. Comm. (2)
MF-104 File, Reg. III
Salisbury-BMEA/DPC
Harshman Cooper) w/copy of Engr's. rpt.
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

AUG 12 1958
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 8, 1958

Memorandum

To: Alternate Acting Executive Officer, DMEA Field Team, Reg. III

From: M. H. Salsbury

Subject: Docket No. DMEA 4048 (Lead-zinc) Contract I4n-K1190, Morbuke Corporation (Sts. John mine) Summit County, Colorado -- Progress report for period June 25 - July 31, 1958

Operations under the subject contract were inspected on August 5, 1958 by M. H. Salsbury in company with G. W. Bruchmar, supervisor, for the operator. Drilling of drill hole DH1 was in progress, a depth of 166 feet having been reached with good core recovery. The hole has encountered only minor mineralization to date but none was expected as the minimum calculated distance to the vein, which is the target, is 240 feet. No claim is made for drilling at this time.

The operator claims payment in the period June 25, 1958 through July 31, 1958 for initial rehabilitation and repairs, depreciation, supervision, labor, miscellaneous, and 2 underground drill stations totaling $2,311.17.

The operator has submitted in quintuplicate a narrative report with 2 maps, MF-104 and 104A forms together with one copy each of the following:

1. Mine payroll and time distribution (allocation) for period ending 6/30/58
2. Mine payroll and time distribution for period ending 7/15/58
3. Mine payroll and time distribution for period ending 7/31/58
4. Statement of equipment on which depreciation is based
5. 2 invoices from Antlers Service Station
6. Invoice from Public Service Company of Colo.
7. Invoice from Wagner Service (Wagner Armstrong, electrical contractor)
8. Summary of time distribution

The several claims are analyzed as follows:

Category (2) Personal Services
Supervisor 1 month $600.00

Claim covers services of D. C. Deringer, Abbott Charles, and Gordon W. Bruchmar for a total of $741.30. However, the distribution of the several individuals' time is not given so that it can be verified whether the claim is within contract maximums for this category other than the maximum of $600/mo. Recommended for suspension pending further documentation.

(c) Labor - compressor operator
Period July 27 through July 31 - 32 hrs at $1.95/hr. $62.40
Covers period during which drilling was done.
Recommended for approval.

Category (4) Operating Equipment
(c) depreciation on equipment as provided in contract and amendment No. 1: 1 month 92.08
Recommended for approval

Category (5) Initial rehabilitation and repairs
(a) Powerline and surface plant rehabilitation

Public Service Company of Colo. (itemized)	41.84	
Wayne Armstrong electrical contractor (not itemized)	226.30	
Labor snow shed removal (payroll)	22.50	
Payroll taxes and insurance (payroll distribution summary)	1.82	1/
	292.46	

Repairs and Connections, air and water lines, drainage
Labor (payroll) 260.75
Payroll taxes and insurance (payroll distribution summary) 21.12 1/
281.87

Total for subcategory (a) $574.33
The total for subcategory (a) does not exceed the contract maximum for the items included ($575.00)

1/ Total of taxes and insurance on payroll distribution sheets is $22.95 instead of $22.94 on payroll distribution summary

(b) Reconditioning 75 Hp. compressor

oil and supplies (itemized)	23.16	
Labor (payroll)	108.95	
Taxes and insurance (payroll distribution sheet)	8.82	1/*
Total subcategory (b)	140.93	

The total for subcategory (b) does not exceed contract maximum ($550.00)
Total Category (5) recommended for approval $715.26
Total claimed by operator for Category (5) $715.31
Recommended for disallowance $0.05
Note: Invoice from Wayne Armstrong, electrical contractor, is not itemized but this may not be required.

1/* Total of taxes and insurance on payroll distribution (allocation) sheets is $8.83 instead of $8.82 as shown in payroll distribution summary.

Category (7) Miscellaneous
Payroll charges

Payroll taxes and insurance on Supervisors' salaries	$36.22
Payroll, taxes, and insurance on labor of compressor operator	5.05
	41.27
Claimed by operator, Category (7)	41.38
Recommended for disallowance	.11
Recommended for suspension	36.22
(amount of taxes and insurance on supervisors' salaries which are also suspended)	
Recommended for approval	5.05

Fixed Unit Costs items

1 three directional underground drill station	$500.00
1 two directional underground drill station	300.00
Recommended for approval	$800.00

Summary of cost,

Category	Claimed	Recommended by inspector Disallowed	Suspended	Approved
(2a)	680.00	-	680.00	-
(2b)	62.40			62.40
(4)	92.08			92.08
(5)	715.31	.05		715.26
(7)	41.38	.11	36.22	5.05
Fixed Unit Cost Items	800.00			800.00
Totals	2,311.17	.16	636.22	1,674.79

The drill stations have been excavated in accordance with contract specifications. Both the electrically driven and the gas-powered compressors are in service, neither one have proved adequate alone.

The operator has checked dip and strike of the veins which are drilling targets at every available location and plotted part of the results on a plan map and vertical cross section of drill holes Nos. DD1 and DD2. The bearing and attitude at which these holes are being drilled are based on the survey results.

Payment of $837.40 is recommended for approval, or 50 percent of the amount claimed in the period June 25, 1958 through July 31, 1958, $2,311.17, less $0.16 recommended for disallowance, and $636.22 recommended for suspension pending further documentation of claims for supervisory costs under Category 2a.

M. H. Salisbury
Mining Engineer

MHS/mv
cc: 6 1190
Idm-2
chron

DMEA
DEPARTMENT OF THE INTERIOR
AUG 7 - 1958
REGION III
DENVER, COLORADO

August 6, 1958

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

Re: Docket No. DMEA 4848 (Lead-Zinc)
Contract Ida-21190
Norbute Corporation
Saints John Mine
Summit County, Colorado

Dear Sir:

Herein presented is the first report on the above listed DMEA contract. The period covered is from June 25 through July 31, which encompasses the most difficult accounting portion of the first phase of this program. From this time forward most of the work will be covered by the independent drilling contract under Category 1, with only minor ancillary charges.

The charges under Category 2, labor and supervision, are shown broken down in the allocation of time of the Saints John payroll which accompanies the original of the report. Only the compressor operator's time during the drilling period has been charged under this category. The time of staff members of Norbute Corporation as shown listed are independent and separate job performances and do not represent more than one person performing a specific task at any one time. On July 28 Mr. Gordon Bruchner was employed specifically for the supervision of the work at the mine, logging of core, and geologic studies. Subsequently his time only is to be charged to the DMEA portion of this program.

Under Category 5a, power line and surface plant rehabilitation, the major portion of this work was done by the Public Service Company of Colorado and Mr. Wayne Armstrong, electrical contractor, as shown in the accompanying billings. A specific breakdown in the subcategory is shown below.

Public Service Company of Colorado	$ 41.84
Wayne Armstrong, Electrical Contractor	226.30
Snow shed removal, labor	24.32
Repairs and connections, air and water lines, drainage, labor	281.91
	$574.37

Under Form MB-200 (Rev. June 1954) page 3, subcategory (a) states that the estimated total for this subcategory is a maximum, which is not herewith exceeded.

Under Category 5b, reconditioning of the compressor has been entirely performed to date by employees on the job. Replacement bearings for the fly wheel and springs for the compressure valves have been ordered and will be subsequently added to this classification. The materials purchased from the Antlers Service Station in Dillon, for which the billing is enclosed, were used in the reconditioning of this piece of machinery.

Under Category 7, payroll taxes and liability insurance have been separated only for those services listed under Category 2. All labor under Category 5 has been inclusive of such payroll charges.

It is hoped that this information is presented in sufficient clarity of detail to be easily cross checked by your offices.

Very truly yours,

Abbott Charles

Abbott Charles, Manager
Western Mining Division

AC/b
Enc.

MONTHLY REPORT OF OPERATOR

Docket No. DMEA 4848 (Lead-Zinc)
Contract No. Idm-E1190
Norbute Corporation
(Sts. John Mine)
Summit County, Colorado

This is the first report on the progress of the above listed exploration program.

Work was first started on Stage I on June 25, 1958. Two miners were employed to clean up and recondition the Saints John adit level. At the same time work was started on the repair of the electrical connections necessary to test the performance of the 75 h.p. motor and the Imperial 10 air compressor which is installed on the property. After freeing and cleaning the valves and cooling system, and checking bearings, replacing seals, etc., the compressor appears to be operating efficiently enough to allow for its use on the initial drilling program. The shaft of the fly wheel is slightly warped but the slow speed of this machine should permit its use without excessive wear. The old springs on the cylinder valves will have to be replaced. New ones have been ordered but not as yet received. The equipment necessary to properly check the volume of air produced by this compressor was not available. The theoretical volume calculated on this machine does not offer much excess in the demands required for maximum efficiency of the diamond drill rig and the water pumps. A Diesel compressor will be kept available for installation at the site should additional volume of air be required.

The property was inspected by the Colorado Bureau of Mines, Mine Safety Department, who recommended that the fire hazard at the portal be removed and that a fire door be placed in serviceable condition. This was done, as well as timber installed where necessary to relieve old sets and keep access to the work stations safe. Sloughed material was removed from the drifts and, where necessary, drifts barred down for safety. The air line was repaired and fittings tightened. Two diamond drill stations were then put in and timbered.

Diamond drilling was started on July 28th at Station U. At the end of the month 69 feet of drilling was completed. Core recovery to date has been excellent.

Attached hereto are two sketch maps. The first shows the location of the two drill stations as well as the direction and attitude of the five proposed diamond drill holes to be drilled from these two stations. The second shows sections through holes No. 1 and 2 as estimated. The calculation of attitude on the drill holes was checked and approved by D.M.B.A.

Abbott Charles

Abbott Charles, Manager
Western Mining Division
Norbute Corporation

August 5, 1958

FEB 29 1960

Marbuto Corporation
1806 - 19th Street
Golden, Colorado

Re: Docket No. DMEA-4848 (Lead-Zinc)
Marbuto Corporation
Saints John Mine
Summit County, Colorado
Contract No. Ide-X1190

Gentlemen:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

We appreciate your interest and participation in the DMEA exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

JWAlt/gla
2-29-60
cc to: Director's Reading File
CAAA Division
Code 500
CME Field Team, Region III (2)
Docket
Chron

Audit's copy

TERMINATION AGREEMENT

It is agreed this 7th day of July, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the Government, and the Norbute Corporation, hereinafter called the Operator, parties to that certain Exploration Project Contract Idm-E1190, Docket No. DMEA-4848, dated May 6, 1958, as amended, hereinafter called the Contract, that:

1. Effective November 10, 1958, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the actual 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 respecting certification of discovery or development, percentage royalty and liens to secure the payment thereof, reports (including preservation of the Operator's records), accounts, audits, and the right to recover any overpayment are hereby 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 Frank E. Johnson
Acting Director, Office of
Minerals Exploration

THE NORBUTE CORPORATION

By W. H. Garbade
W. H. Garbade

Title Vice President

EXTRA COPY O. M. E. RECEIVED JAN 19 1959		
DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado
January 16, 1959

Memorandum

To: Chairman, Operating Committee, OME

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

Subject: Docket No. MEMA 4848 (Lead-Zinc) Contract Ida-X1190, Marbate Corporation, (Mt. John mine) Summit County, Colorado

Enclosed are three copies of Approval issued by the OME Field Team, Region III, for change of direction of Hole No. 2, and for change of location, direction, and inclination for Hole No. 5.

Also enclosed are three copies of a joint memorandum dated January 15, 1959, from R. W. King, Geologist, Geological Survey, and Carl Belser, Mining Engineer, Bureau of Mines, pertaining to the matter. Two copies each of the Operator's two letters of January 2, 1959, were forwarded by copies of our memorandum of January 6, 1959, to the field examiners.

Copies of the approval have been distributed to the Operator, the Finance Office, and others mentioned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDE:bmh

cc: Finance Office, Reg. III - w/copy work approval
Harshman } w/copy of
Belser, OME/BFC } work approval and
Corres. file, Reg.III } joint memo. of 1/15/59
Cooper
Chren

JAN 19 1959

224 New Customhouse
Denver 2, Colorado
January 16, 1959

Mr. Dewitt C. Deringer
Norbute Corporation
1808 Nineteenth Street
Golden, Colorado

Re: Docket No. IMEA 4848 (Lead-Zinc)
Contract Idm-K1190
Norbute Corporation
(Sts. John mine)
Summit County, Colorado

Dear Mr. Deringer:

This constitutes approval by the Government for the following changes in requirements for drilling of Stage I holes 2 and 5, as requested by your letters of January 2, 1959.

Hole No. 2 is to be drilled at a bearing of S 21° W rather than at the originally authorized bearing of S 4.5° E. The collar location, and the inclination of this hole remain unchanged.

Hole No. 5 is to be drilled at a bearing of N 41° E, and at an inclination of -60° from horizontal. The hole will be located in the Saints John tunnel at a point 100 feet southeasterly from the originally authorized location. Excavation of a drill station for hole No. 5 will be at your sole expense, as the contract does not provide for the cost of an additional drill station.

Nothing in this approval shall be construed to increase the 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 expressly designated "maximum".

Very truly yours,

OME Field Team

By E. W. Harshman

JDC:hmh

cc: Chmn. Op. Comm. (2)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
Belser, OME/DFC
Corres.file, Reg.III
Cooper
Chron

IN REPLY REFER TO:

OME
DEPARTMENT OF THE INTERIOR
JAN 15 1959
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

January 15, 1959

EXTRA COPY
O. M. E.
RECEIVED JAN 19 1959

DATE	INITIALS	CODE

Memorandum

To: Executive Officer, OME Field Team, Region III
Through: E. N. Harshman

From: R. U. King
Carl Belser

Subject: Docket DMEA 4848 (Lead-zinc), Contract Idm-E 1190, Norbute Corporation (Sts. John mine), Summit County, Colorado

The operator in two letters dated January 2, 1959, requests a change in the bearing of approved hole No. 2, to S 21° W, and changes in the location, bearing, and inclination of approved hole No. 5 to a site 100 feet east of its present site, a bearing of N 41° E, and an inclination of -60°.

The proposed change in bearing of hole No. 2 is justified because drilling to date (3 holes) has shown that the Comstock vein dips flatter (55°) than expected. Alternative procedures to decrease the angle of intersection with the vein and thus guarantee intersection at the same depth (250 feet) are to alter the bearing or alter the inclination of a hole. We concur with the operator's selection of method.

The proposed change in location of hole No. 5 is justified because of the presence of a zone of broken and sheared rock through

which the hole would have to penetrate if drilled from its present location. This zone of broken rock is represented in the adit by a 100-foot heavily timbered section. Moving the hole 100 feet to the east to avoid the broken zone would result in a smaller drill hole intersection angle with the Comstock vein but would not be likely to destroy the value of the drilling results.

It is recommended that the operator's requests be approved.

It should be noted that such a move for hole No. 5 probably will require a new drill station cut-out, for which no provision exists in the contract, and the operator probably should be so advised.

R. U. King
Geologist

Carl Belser
Mining Engineer

Audit's

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 12 1958

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
NORDUTE CORPORATION
DOCKET NO. DMRA-1848

AMENDMENT NO. 1

It is agreed this 2nd day of December, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and Nordute Corporation, hereinafter called the "Operator", that Exploration Project Contract No. I&m-8110, Docket No. DMRA-1848, dated May 8, 1958, as amended, hereinafter called the "Contract", is further amended, effective November 10, 1958, as follows:

1. (a) Work under the Contract shall be suspended during the period beginning November 10, 1958, and ending not later than July 15, 1959.

(b) The Government shall not contribute to any costs incurred by the Operator during the period of suspension or to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

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, or the amount of any item designated as "maximum".

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Director, Office of Minerals Exploration

NORDUTE CORPORATION

By DeWatt L. Demps

Title Vice President

800

224 New Customhouse
Denver 2, Colorado
October 17, 1958

Memorandum

To: Chairman, Operating Committee, OME

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

Subject: Docket No. DMEA 4-43 (Lead-Zinc) Contract Idm-[illegible],
Norbute Corporation, (Sainte John mine) Summit
County, Colorado

Enclosed are three copies of confirmation of verbal approval issued by the OME Field team, for reduction of hole No. 4 from BX to AX size.

Also enclosed are two copies of a letter from the subject operator dated October 14, 1958, requesting approval for the reduction in size.

Copies of confirmation of approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC:hmm

cc: Finance Office, Reg. III
Amendment file, Reg. III
Harshman) w/copy of Operator's
Belser, OME/DFC) letter of
Corres. file,) 10/14/58
Cooper
Chrun

22A New Customhouse
Denver 2, Colorado
October 17, 1958

Mr. Abbott Charles, Manager
Western Mining Division
Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

Re: Docket No. DMEA 4343 (Lead-Zinc)
Contract Idm-41190
Norbute Corporation
(Saints John Mine)
Summit County, Colorado

Dear Mr. Charles:

In reference to your letter of October 14, 1958, this constitutes confirmation of verbal approval by the Government, which was given on October 13, 1958, to reduce hole No. 4 from BX to AX size due to broken and caving conditions encountered in the hole.

Nothing in the verbal approval or this confirmation thereof shall 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."

Very truly yours,

OME Field Team, Region III

By R. N. Harshman

JDC:hmh

cc: Chmn. Op. Comm. (3)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
Belser, OME/DFC
Corres. file, Reg. III
Cooper
Chron

NORBUTE CORPORATION

Western Mining Division: URANIUM CENTER BUILDING, P. O. BOX 1700, GRAND JUNCTION, COLORADO—CHapel 2-8257

October 14, 1958

OME
DEPARTMENT OF THE INTERIOR
OCT 15 1958
REGION III
DENVER, COLORADO

Mr. J. W. Townsend
Executive Officer
Minerals Exploration Administration
Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4848 (lead-zinc)
Contract Idm-E1190
Norbute Corporation
Saints John Mine
Summit County, Colorado

Dear Sir:

This letter is a formal application for permission to reduce the size of core on hole No. 4 from BX to AX. Tentative approval for this change has been given after a telephone conversation with Mr. Harschman on October 13th.

Core drilling was started on Diamond Drill hole No. 4 on September 27th. The ground from 66 feet has been soft and broken with caving, continually plaguing the drilling contractor. BX casing was advanced to a depth of 209 feet by October 9. At this point, the casing became stuck in the hole. The hole, itself, has been advanced to 231 feet but there has been additional caving, especially in a zone from 213 to 215 feet. Cementing has been tried three times without success. By reducing the size of this hole, it will be possible to case from 209 feet with AX and continue this hole to its objective. It is anticipated that the hole will intersect the vein-zone at 310 to 330 feet.

I would appreciate your favorable action on this request at the earliest possible date.

Very truly yours,

Abbott Charles

Abbott Charles, Manager
Western Mining Division

ACIw

Audit Copy

EXPLORATION PROJECT CONTRACT
NORBUTE CORPORATION
DOCKET NO. DMEA 4848
CONTRACT NO. Idm-E1190

AMENDMENT No. 1

It is agreed this 18th day of July, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Norbute Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1190, dated May 8, 1958, hereinafter called the "Contract," that the Contract is amended, effective May 8, 1958, as follows:

1. Referring to Exhibit "A" attached to the contract, caption "Estimated Costs of the Project," subheading "Stage I, Category (3), Operating Materials and Supplies," change the words, "Fuel, lubricants and miscellaneous supplies," to read "Power, fuel, lubricants and miscellaneous supplies."

2. Referring to Exhibit "A" attached to the contract, caption "Estimated Costs of the Project," subheading "Stage I, Category (4), Operating Equipment (c) Depreciation," delete the material thereunder in its entirety and in lieu thereof substitute the following:

" *75 h.p. electric compressor, value	$4,270.00	
*365 CFM diesel compressor, value	3,150.00	
Dump truck, vehicle value	2,000.00	
Air receiver, value	375.00	
Total value	$9,795.00	
2½ months at $92.08 monthly		$230.20 $230.20"

*Note - The electric and diesel compressors may be used alternately or concurrently as needs demand. However, use of both compressors at the same time will not increase the aggregate monthly depreciation rate established.

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 quintuplicate the day and year first above written.

NORBUTE CORPORATION

By DeWitt C Denny

Title Vice President

(Seal)

UNITED STATES OF AMERICA

By [illegible]
Alternate Acting Executive Officer, DMRA Field Team, Region III

800

224 New Customhouse
Denver 2, Colorado
July 22, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4346 (Lead-Zinc), Contract No. Idm-E1190, Berkuta Corporation (Sta. John mine), Summit County, Colorado

Enclosed are the Government's and Audit copies of Amendment No. 1 to Contract No. Idm-E1190, which has been executed to provide for the use of the 75 h.p. electric compressor on a depreciation basis as well as the 365 CFM diesel compressor. Also enclosed are two copies each of the Operator's letters of July 15 and July 17, 1958, pertaining to the matter.

The contract provides for reconditioning of the 75 h.p. electric compressor. However, through oversight, the field report of examination failed to provide for the use of it. Consequently, it was omitted as well from the contract. The amendment was executed to provide for the use of the compressor and necessary power charge under Category (3).

In addition, the field report and the contract failed to provide a description of the "vehicle", listed under Category (4)(c) as having a value of $2,000.00, and it was believed that the matter should be clarified for future reference, which was also accomplished in the amendment.

Copies of the amendment have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
J. W. TOWNSEND

JWT:prl

J. W. Townsend

cc: Finance Office,
Region III - w/copy of Amendment No. 1.
Harshman) w/copies of enclosures
DMEA/DFC-Salsbury)
Corres. file)
Cooper
Chron.

EXT. OFFICE
DMEA
RECEIVED JUL 28 1958
DATE | INITIALS | COPY

July 17, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUL 18 1958
REGION III
DENVER, COLORADO

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

Re: Docket No. DMEA 4848 (lead-zinc)
Contract Idn-D1190
Horbute Corporation
(Saints John Mine)
Summit County, Colorado

Dear Mr. Townsend:

Supplementing my letter of July 15 in which a request was made for revision of classification under certain categories, it occurs to me that under Category (4) (c) the item listed as "vehicle" might be better listed as "dump truck 2-3 tons". We have not in this office the detailed description nor serial number of this truck.

Also may I suggest that in the revision in classification under (4) (c) the Imperial 10x8 compressor be listed as additional equipment in such a manner as to permit the use of either the electrically driven Imperial compressor or the diesel compressor as necessity may require, with, of course, the understanding that the monthly allowance of $98.98 for depreciation will apply whichever compressor is used.

Very sincerely yours,

DeWitt C. Herinjor
Vice President

DCH/b

July 15, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUL 17 1958
REGION III
DENVER, COLORADO

Mr. J. E. Rom and
Alternate Acting Executive Officer
DMEA Field Team, Region III
334 New Customhouse
Denver 2, Colorado

Re: Docket E . DMEA 4848 (1 d-site)
Contract 14n-11130
Marbute Corporation
(Saints John Mine)
Summit County, Colorado

Dear Mr. Rommel:

After a trial period, it appears that the 75 h.p. electric compressor located at the Saints John adit level runs well enough to be used for the first stage of the above listed exploration program. This will necessitate some revision in the scheduled cost of the project under Categories 3 and 4 of Stage I, reported in your letter of July 2, 1958.

The following items are therefore requested under Estimated Costs of the Project.

Stage I

Categories (1) and (2) - unchanged

Category (3) Operating Materials and Supplies

Core boxes (nine)	$400.00
Fuel, electric power, lubricants and miscellaneous (nine)	600.00
	$1,000.00

Category (4) Operating Equipment

(a) and (b) none

(c) Depreciation

Imperial 10 x 8 Compressor 16 x 16: 9 x 12 with 75 h.p. motor, complete and installed, value	$4,270.00	
Vehicle, value	2,000.00	
Air receiver, value	375.00	
	$6,645.00	
24 months @ $276.88 monthly	$230.23	$230.20

Categories (5), (6) and (7) - unchanged.

The only changes effected are the addition of the classification "electric power" under category 3 and the substitution of the electric compressor replacing the Diesel compressor originally scheduled under depreciation in category 4 (c).

Very sincerely yours,

DeWitt C. Deringer
Vice President

DC/b

MME Form 14
Sept. 1958

Contract No. Idm-E) 1190
~~1423~~)

Docket No. DMEA) 4848
~~MME~~)

Date of Action ~~September 9, 1959~~
Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor:

Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

Date of Contract	Region	State	Commodity
May 8, 1958	III	Colorado	Lead-Zinc

	Reserve	Obligation
Prior Amount	0	$95,380.00
Increase	0	0
Decrease	~~0~~	~~89,029.73~~
Revised Amount	0	6,350.27

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1190

Docket No. 4848

Executed contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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
May 8, 1958	III	Colorado	Lead-Zinc

Name and Address of Operator: Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

	Reserve	Obligation
Prior Amount	95,380.00	0
Increase	0	95,380.00
Decrease	95,380.00	0
Revised Amount	0	95,380.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit copy

MF-200
(Revised June 1954)

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 27 1958
DATE | INITIAL | CODE

Docket No. DMEA 4848

Commodity Lead-zinc

Contract No. Idm-E 1190

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 6 MAY 1958 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] Norbute Corporation, a Minnesota corporation, whose mailing address is P. O. Box 1700 Grand Junction, 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-200), the attached Exhibit "A," Annex I, and 2 maps, Figures 2 and 3.

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 Summit, 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] ....., [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: interests of E. G. Wolfle (Mrs. F. R. Wolfle, and J. W. Barnes, guarantors

(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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

.....

.....

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead and zinc ore. The work to be performed is described in Exhibit "A." The Operator on or before July 15, 1958 of contract shall commence the work, and on or before 2 years from date (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A." , except as otherwise provided with respect to Stages of 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) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $190,760.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $95,380.00: *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 or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

(See Article 13.)

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article ~~9.~~ 8. (See Article 13.)

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved 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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) 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 therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

(a) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the Contract.

(b) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

(c) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A' as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mitterdorf

Administrator, Defense Minerals Exploration Administration

NORBUTE CORPORATION
(Operator)

By Nicolas M. Salgo

Title PRESIDENT

I, Kenneth Kriegel, certify that I am the Assistant secretary of the corporation named as Operator herein; that Nicolas M. Salgo who signed this contract on behalf of the Operator, was then President 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.

Kenneth Kriegel

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
NONSUCH CORPORATION
DOCKET NO. [illegible]

ANNEX I

The land referred to in Article 2 of the Contract consists of patented and unpatented lode mining claims which are partly shown on the attached map, figure 2, and listed as follows:

Patented Claims

Claim Name	Patent No.	Claim Name	Patent No.
Comstock	128	Prima	3031
Tunnel Lode #9	1639A	Celtic	1583
Tunnel Lode #7	7867	Mark Twain Ext.	1788
Tunnel Lode #5	973	Morning Star	1988
Tunnel Lode #2	7068A	Evening Star	1576
Weston Mill Site	7068B	Hancock	2011
Mill Site	541	Robert E. Lee	1901
Mill Site	546	Register	357
St. Cloud	1505	Trumpet	1854
Tiger Exten.	744	Windsor	2083
Coley Exten.	368		

Unpatented Claims

Claim Name	Book	Page	Claim Name	Book	Page
Tunnel Lode Ext. #7	20	344	Bacoma	25	368
			Silver Ridge	25	369
See 1/ Tunnel Lode #10	13	496	Blue Bird	24	142
Amended Tunnel Lode #11	-	-	Golden Rule	24	142
Location Tunnel Lode #12	-	-	End Line	24	143
Below Rocky Point	20	297	Fraction	21	252
Pure	20	296	Jerry Amended	22	273
Climax	20	296	Comstock Ext.	30	395
Portland	20	298	Freyburg	9	254
Vindicator	20	297	Celtic Mill Site	18	496
Adjoining Claim	20	417			
Pinnacle	24	143			
1/ Tunnel Lode No. 10 Amended Location	33	262			

The Patents and the Notices of Location of the said mining claims are recorded in the official records of Summit City, Colorado, and the descriptions therein are incorporated herein by reference.

The Operator acquired all the land, except the Windsor Claim, by quitclaim deed dated June 7, 1957, from E. S. Wolfe (Mrs. F. R. Wolfe) and J. W. Barnes.

SPECIAL PROVISION

Notwithstanding any other provisions in this contract, it is agreed that, in connection with Stage III, the Operator will acquire a sufficient interest, for the purpose of this contract, in the Mark Twain, St. Andrew and St. Elmo claims, and as much other land to the west of Tunnel Lode No. 2 claim, bounded by Tunnel Lode No. 7, Adjoining, Weston Mill Site, Tempest and Greenfield claims, etc. (indicated in heavy blue dashed lines on the attached map "Figure 2") as the Government deems necessary, and these claims and land will be added to Annex I as land included in the contract.

Should the Operator fail to acquire a sufficient interest in as much land as the Government deems sufficient for the purposes of Stage III, no Stage III work shall be performed.

EXPLORATION PROJECT CONTRACT
NORBUTE CORPORATION
DOCKET NO. DMSA-4848

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore for ores of lead and zinc, by means of diamond drilling, crosscutting and drifting. The work is set forth below in three stages. The Operator shall perform Stage I, and thereafter shall perform as much of Stages II and III as is approved in advance by the Government.

General Conditions

Diamond core drilling under all stages shall be NX size or larger, except that in cases where difficult conditions may require a reduction to AX size to complete a hole, such reduction may be made with Government approval.

All holes shall be reamed and cased or cemented and redrilled as necessary.

All drifts and crosscuts shall be timbered as necessary with standard drift sets and shall be approximately 5 feet by 7 feet in the clear of timber.

All drill core shall be saved until examined by the Government. All significantly mineralized core will be split and one-half sampled and assayed for copper, lead, zinc, gold and silver, as may appear desirable. The remaining half shall be made available to the Government.

Sludge samples shall be taken and, in significantly mineralized areas, if the core recovery is less than 70 percent the sludges in such areas shall be sampled and assayed in the same manner as core. The remaining half of such sludge samples shall be made available to the Government.

Work to be performed in Stages I and III is indicated in part on the map, Figure 3.

Stage I

Five diamond drill holes shall be drilled from two drill stations (one two-directional and one three-directional) at the approximate underground locations shown on the attached map entitled, "Figure 3," to intersect the Comstock vein approximately 250 feet below the St. John tunnel level. It is estimated that each hole will be approximately 400 feet long, with a total combined length for the five holes of approximately 2,000 feet. If less than three of the five drill holes encounter ore that, in the opinion of the Government may be of commercial width and grade, no further work shall be performed under the Contract.

Stage II

Four diamond drill holes shall be drilled, from locations approved in advance by the Government, to intersect the Comstock vein at an elevation approximately 500 feet below the St. John tunnel level. It is estimated that each of such holes will be approximately 750 feet long for a combined total length of approximately 3,000 feet.

If less than two of the four drill holes under Stage II encounter ore that in the opinion of the Government may be of commercial width and grade, no further work shall be performed under the Contract.

Stage III

The drift or crosscut, from the Jerry No. 5 Tunnel shall be continued approximately as shown on the attached map, "Figure 3," for a distance of approximately 2,000 feet or until the projection of the Comstock vein

is encountered on the tunnel level. Thereafter, 2,000 feet of drifting may be done on the Comstock vein, as approved by the Government. During the progress of such crosscutting and/or drifting, approximately 2,000 feet of diamond drilling may be done to probe the walls for presently unknown parallel veins. Should diamond drilling encounter veins considered to be promising, crosscutting and drifting may be done to explore such veins, subject to the prior approval of the Government, but only to the extent that the total of 4,000 feet of crosscutting and drifting allocated to Stage III is not exceeded.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Diamond drilling to depths of 250 feet, 1,250 feet at $5.25/ft.	$6,562.50	
Diamond drilling, depth from 250 feet to 500 feet, 750 feet @ $6/ft.	4,500.00	
Reaming and casing, 200 feet @ $3/ft	600.00	
Cementing and redrilling, 200 feet @ $2.50/ft.	500.00	$12,162.50

In cases where diamond drill size is reduced from BX to AX in order to complete a drill hole, the independent contract cost allowance for such drilling shall be reduced by 75 cents per foot from the BX allowance.

Category (2) Personal Services

(a) Supervision and (b) Technical services

One engineer or geologist 2½ months @ $600/mo.	$1,500.00	
(c) Labor	2,500.00	4,000.00

Category (3) Operating Materials and Supplies

Core boxes, wooden, 25 feet capacity 80 @ $5/each	$400.00	
Fuel, lubricants and miscellaneous supplies	600.00	$1,000.00

Category (4) Operating Equipment

(a) and (b) None

(c) Depreciation

365 CFM diesel compressor, value	$3,150.00		
Vehicle, value	2,000.00		
Air receiver, value	375.00		
	$5,525.00		
2½ months @ $92.08 monthly		$230.20	$230.20

Category (5) Initial Rehabilitations and Repairs

(a) Power lines and surface plant rehabilitation	$300.00	
Repairs and connections, air and water lines, drainage	275.00	
(b) Reconditioning 75 HP compressor	550.00	$1,125.00

Category (6) New Buildings, etc.

None

Category (7) Miscellaneous

Payroll charges, insurance, compensation, etc.	$352.40	
20 samples for assay @ $5/sample (or $1.00 per determination)	100.00	$452.40

Fixed Unit Cost Items

(The completed item constitutes the unit)

1 Three directional underground drill station, including tail

raise and enlargement of existing drift to permit 10-foot pulls	$500.00	
1 Two directional underground drill station, including tail raise and enlargement of existing drift to permit 10-foot pulls	300.00	800.00
Estimated total cost, Stage I		$19,770.10

Stage II

Category (1) Independent Contracts

Diamond drilling to depths of 250 feet, 1,000 feet @ $5.25/ft.	$5,250.00	
Diamond drilling to depths from 250 feet to 500 feet, 1,000 feet @ $6/ft.	6,000.00	
Diamond drilling to depths from 500 feet to 750 feet, 1,000 feet @ $7/ft.	7,000.00	
Reaming and casing, 300 feet @ $3/ft.	900.00	
Cementing and redrilling, 300 feet @$2.50/ft.	750.00	$19,900.00

In cases where diamond drill size is reduced from BX to AX in order to complete a drill hole, the independent contract cost allowance for such drilling shall be reduced by 75 cents per foot from the BX allowance.

Category (2) Personal Services

(a) and (b) Supervision and Technical services

One engineer or geologist, 3 months @ $600/month	$1,800.00

(e) Labor	$3,000.00	$4,800.00

Category (3) Operating Materials and Supplies

Fuel, lubricants, miscellaneous supplies	$600.00	$600.00

Category (4) Operating Equipment

(a) and (b) None

(c) Depreciation

365 CFM diesel compressor, value	$3,150.00
Vehicle, value	2,000.00
Air receiver, value	375.00
	$5,525.00

3 months @ $92.08 monthly	$276.24	$276.24

Categories (5) and (6)

None

Category (7) Miscellaneous

Payroll charges, insurance, compensation, etc.	$422.88	
16 samples for assay @ $5/each (or $1.00 per determination)	80.00	$502.88

Estimated total cost, Stage II $26,079.12

Stage III

Category (1) Independent Contracts

Diamond drilling to depths of 250 feet, 1,000 feet @ $5.25/ft.	$5,250.00

Diamond drilling depths from 250 to 500 feet, 1,000 feet @ $6/ft.	$6,000.00	
Reaming and casing, 200 feet @ $3/ft.	600.00	
Cementing and redrilling, 200 feet @ $2.50/ft.	500.00	$12,350.00

In cases where diamond drill size is reduced from BX to AX in order to complete a drill hole, the independent contract cost allowance for such drilling shall be reduced by 75 cents per foot from the BX allowance.

Category (2) Personal Services

(a) and (b) Supervision and Technical Services

Engineer or geologist @ $600 monthly half time allowable, at 18 months	$5,400.00	
(c) Labor	79,600.00	$85,000.00

Category (3) Operating Materials and Supplies

Explosives	$11,268.00
Timber	2,982.00
Drill steel and bits	4,170.00
Fuel oil, lubricants, gasoline, etc.	3,560.00
Small tools	800.00
4-inch air line, with couplings, 4,000 feet @ $0.52/ft.*	2,080.00*
1-inch water pipe with couplings, 4,000 feet @ $0.15/ft.*	600.00*
20-inch galvanized ventilation pipe, 3,925 feet @ $0.70/ft.*	2,747.50*

Track (20 lb. rail), complete with rails, ties, bolts, plates, spikes, etc., 4,000 feet @ $0.95/linear ft.*	$3,800.00*	$31,427.50

Category (4) Equipment (Operating)

(a) and (b) None

(c) Depreciation

Drifter drill and column, value	$1,540.00
Air receiver, Value	375.00
Mucking machine, Eimco 12B, value	3,570.00
Diesel Compressor, 365 CFM, value	3,150.00
Two vent fans, value	1,600.00
Three 28-cu.ft. dump cars, value	1,250.00
One diesel trammer, value	3,600.00
One vehicle, value	2,000.00
One mine car transfer, value	590.00
Miscellaneous equipment, value	1,800.00
	$19,875.00

18 months @ $331.25 monthly	$5,962.50	$5,962.50

Categories (5) and (6)

None

Category (7) Miscellaneous

Payroll deductions, insurance, compensation, etc.	$7,494.55	
Maintenance of operating equipment	596.23	
400 samples for assay @ $5/sample (or $1.00 per determination)	2,000.00	$10,090.78

Estimated total cost, Stage III	$144,910.78

S U M M A R Y

Estimated total cost, Stage I	$19,770.10	
Estimated total cost, Stage II	$26,079.12	
Estimated total cost, Stage III	$144,910.78	
Estimated total cost of project		$190,760.00
Government's participation, 50 percent		$95,380.00

---

*The Government will contribute to the unit cost of an asterisked item only to the extent of the estimated unit cost, and to the estimated total cost of such item only to the extent of the asterisked total shown. The Government shall have no equity in asterisked items.

EX
RECEI
DATE
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224 New Customhouse
Denver 2, Colorado
June 25, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4848 (Lead-Zinc), Contract No. Idm-E1190, Norbute Corporation (Sts. John mine), Summit County, Colorado

Enclosed are the following:

1. The Government's and Audit copies of executed Contract No. Idm-E1190, which was forwarded by your letter of May 8, 1958 for signature by the Applicant after certain requirements had been met.

2. The original and one copy of SALES CONTRACT between Emmett F. Brophy and J. W. Barnes, pertaining to the Windsor Lode, Survey No. 2083.

3. Original and one copy of "Assignment" assigning the above Sales Contract from J. W. Barnes to Norbute Corporation.

4. Two copies of Amended Location Certificate pertaining to the Tunnel Lode No. 10 claim, and letter of transmittal thereof from the Applicant, dated June 18, 1958.

5. Two copies of the Operator's letter of June 18, 1958, returning the executed copies of the contract to this office.

6. Two copies of the letter from this office, dated June 23, 1958, by which we forwarded the "Operator's Copy" of the contract.

The missing book and page numbers of recording data have been inserted in Annex I, the SPECIAL PROVISION supplied in your letter of June 12, 1958 has been added to Annex I, and the map, "Figure 2," attached thereto.

The Applicant was unable to supply the book and page numbers of recording of the Tunnel Lode Nos. 11 and 12. They state in their letter of May 27, 1958 that they are no longer considered valid locations, as their positions are now occupied by the Pinnacle claim, as far as they can determine.

The contract, dated May 8, 1958, provides for exploration work estimated to cost $190,760.00, toward which the Government will contribute 50 percent, or not in excess of $95,380.00.

Copies of the contract have been distributed to the Finance Office and others concerned in Region III.

Original signed by
J. W. TOWNSEND
J. W. Townsend

Enclosures

JWT:prl

cc: Ransome
Finance Office,) w/copy of contract
Region III) and letter to
DMEA/DFC) Operator.
Harshman - w/copy of enclosures 1-5, inclusive.
Corres. file - w/copy of enclosures 2-5, inclusive.
Townsend
Chron.

EXTRA COPY
DMEA
RECEIVED JUN 23 1958

DATE		CODE

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

JUN 23 1958

Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

Re: Docket No. DMEA 4848 (Lead-Zinc)
Contract No. Idm-E1190
Norbute Corporation
(Sts. John mine)
Summit County, Colorado

Gentlemen:

Enclosed is the "Operator's Copy" of Exploration Project Contract No. Idm-E1190, Docket No. DMEA 4848.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado.

The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form. Each set of the combined forms is to be accompanied by a map or sketch, showing the location and extent of work performed, and a <u>signed</u> narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of Forms MF-104 and MF-104A will be sent you each month on receipt of your report for the prior month.

For your information, and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress on the project and review your accounts, after which the report forms will be forwarded to this office for administrative

examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

In the matter of your claim for reimbursement of drilling costs under the terms of the contract, reimbursement to you will be on the basis of a hole or holes completed to the objective, which has, or have been, drilled in compliance with the conditions under the "General Conditions" section of Exhibit "A" of the contract and the special conditions pertaining to the drilling under each stage. Therefore, your monthly report should include only such holes which are completed to that extent and the required records made a part of your claim for reimbursement.

The contract is prepared on form MF-200, and as outlined in Exhibit "A" attached to the contract, the estimated allowable costs are a combination of "Actual Costs" and "Fixed Unit Costs". The costs on an Actual Cost basis are broken down into categories which conform to the numbered "Categories" in Article 6 of the contract form, and also conform to the numbered items for reporting on Form MF-104. Please refer to Article 6 of the contract form, which may be further qualified by special notations in Exhibit "A", for information as to which unit costs and extended total amounts are "allowable maximums" to which the Government will contribute its share as provided for in the contract. Under the provisions in Article 6, the work outlined under Category (1) is to be performed by an independent contractor and charges for such work must be documented by signed or certified true copies of billings from the subcontractor. For further information relative to documentation of costs, please refer to instructions on the reverse side of Form MF-104. Also, please refer to the instructions on the reverse side of Form MF-104A regarding preparation of that form.

In reference to the drilling work under Category (1) of Exhibit "A", please refer to added provisions under Article 13(a) of the contract form pertaining to the average unit cost. If costs incurred any month cause the average unit cost to be in excess of the maximum allowable average unit cost, such excess costs will be suspended, subject to reinstatement at a later date within the aggregate of such suspensions, should the costs incurred any subsequent month cause the average unit cost to fall below the maximum allowable average unit cost. The foregoing applies to each separate class of drilling under each work "Stage."

In the event you desire to perform the work under Category (1) on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms MF-104 and MF-104A.

The locations of the holes to be drilled under Stage I are indicated as approximate on the map, "Figure 3," attached to the contract. Should conditions encountered necessitate any appreciable change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that work under both Stages II and III is contingent upon results of the work completed under the prior Stage, and that performance of the work is subject to prior written approval of the Government.

When the work under a stage has been completed, or sufficiently so to permit evaluation of the results of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the locations of holes previously drilled and the locations of the holes you propose to drill under the next stage. Your request should be complete with drill logs, results of radiometric probing, chemical analyses, and any other pertinent data which will be of value to the Government in appraising the work performed under the prior stage.

If the work under Stage I is completed in its entirety before you request approval for work under Stage II, you should anticipate a suspension of operations between stages of work, to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of serious consideration, you should expedite the forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the

Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or by the DMEA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

Enclosures

JWT:prl

cc: Chem. Op. Comm. (2)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
DMEA/DFC
Cooper
Corres. file
Chron.

ORIG. COPY
D.M.E.A.
RECEIVED JUN 23 1958
DATE | CODE

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That J. W. BARNES, hereinafter called "assignor", for and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration paid by NORBUTE CORPORATION, a Minnesota Corporation, hereinafter called "assignee", has sold, transferred, set over, assigned and granted, and by these presents does sell, transfer, set over, assign and grant to assignee, its heirs, executors, administrators and assigns, all his right, title and interest in and to that certain Sales Contract dated May 26, 1958, whereby Emmett F. Brophy sold unto J. W. Barnes the following described real estate, with the appurtenances, situate in Summit County, Colorado, to-wit:

> Windsor Lode, U. S. Survey No. 2083, located in Township 5 South, Section 35, and Township 6 South, Section 3, all in Range 87 West.

Assignor makes no representations or warranties as to the title to said property. This assignment has been made to include the within described property with that conveyed by that certain Mining Deed dated June 7, 1957, between R. G. Wolfle, also known as Mrs. F. R. Wolfle, individually and as sole surviving member of the last board of directors of Florado Mining Company, a Colorado corporation dissolved by expiration of its charter, and J. W. Barnes, collectively referred to as "grantors", and Norbute Corporation, a Minnesota corporation, grantee.

IN WITNESS WHEREOF, assignor has executed this instrument on the 23rd day of June, 1958.

J. W. Barnes

STATE OF COLORADO)
) ss
COUNTY OF MESA)

On the 23rd day of June, 1958, before me personally appeared J. W. Barnes, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed. Witness my hand and notarial seal.
My commission expires April 29, 1961

Vera L. Thomas
Notary Public

NORBUTE CORPORATION

Executive Offices: 405 PARK AVENUE • NEW YORK 22, N. Y. • *PLaza 1-4800*

June 18, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUN 20 1958
REGION III
DENVER, COLORADO

Executive Officer
DMEA Field Team, Region III
224 New Custom House
Denver 2, Colorado

Re: Docket No. DMEA 4848 (Lead-Zinc)
Norbute Corporation
(Sts. John mine)
Summit County, Colorado
Proposed Exploration Project
Contract No. IDm-E1190

Dear Sir:

In accordance with your letter of June 17, 1958, we are enclosing all copies of DMEA Contract No. Idm-E1190, all signed as requested.

We have already inserted in Article 3 the date on or before which work will be commenced: namely, July 15, 1958.

Thank you for your help in this matter. We await further instructions outlining procedure to be followed in corresponding with your office.

Very truly yours,

NORBUTE CORPORATION

Nicolas M. Salgo

NMS/kk:lw

EXTRA COPY
DMEA
RECEIVED JUN 27 1958
DATE | CODE

SALES CONTRACT

THIS AGREEMENT, made and entered into this 26th day of May, 1958, between EMMETT F. BROPHY, hereinafter called the "vendor", and J. W. BARNES, hereinafter called the "purchaser",

WITNESSETH: That the vendor agrees to sell and the purchaser agrees to buy the following described real estate, with the appurtenances, situate in Summit County, Colorado, to-wit:

Windsor Lode, U. S. Survey No. 2083, located in
Township 5 South, Section 35, and Township 6 South,
Section 3, all in Range 67 West.

The terms and conditions of this contract are as follows:

The purchase price is Two Thousand Dollars ($2,000.00), of which One Hundred Dollars ($100.00) has been paid, the receipt of which is hereby acknowledged, and the balance of said purchase price shall be paid as follows:

Three Hundred Dollars ($300.00), October 14, 1958
Eight Hundred Dollars ($800.00), October 14, 1959
Eight Hundred Dollars ($800.00), October 14, 1960

Purchaser may enter into possession June 1, 1958.

The purchaser agrees to pay all taxes and assessments that may, as between grantor and grantee, hereafter become a lien on said property, except that vendor agrees to pay the 1957 property tax.

The vendor agrees, on full payment of said purchase price, to make, execute and deliver to the purchaser a good and sufficient deed of the said described property.

Improvements by the purchaser are to remain his sole property and the same removable at his will, provided that the vendor will be compensated for any physical damage to the realty as a result of such removal.

Vendor agrees that the property may be subjected to a first lien by the purchaser, if the same is necessary to secure a loan with the Defense Minerals Exploration Administration.

Vendor consents to mining exploration and development work being conducted on the premises.

This contract constitutes the entire agreement between the parties and all prior agreements are of no effect whatsoever.

In the event that payment in full should not be completed for any reason, vendor shall retain title to the property and shall retain all payments received as liquidated damages.

This contract shall be binding on the parties, their heirs, executors, administrators, successors and assigns.

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

Emmett F. Brophy
Vendor

J. W. Barnes
Purchaser

STATE OF COLORADO)
) ss
COUNTY OF Summit)

On the 24 day of June, 1958, before me personally appeared Emmett F. Brophy, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed. Witness my hand and notarial seal. My commission expires _____

Doris E. Gore, Deputy County Clerk
Notary Public

STATE OF COLORADO)
) ss
COUNTY OF MESA)

On the 23rd day of June, 1958, before me personally appeared J. W. Barnes, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed. Witness my hand and notarial seal. My commission expires April 29, 1961

Vera F. Green
Notary Public

DEWITT C. DERINGER
MINING ENGINEER
1808 NINETEENTH STREET
GOLDEN, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
JUN 18 1958
REGION III
DENVER, COLORADO

June 18, 1958

Mr. J. W. Townsend,
Executive Officer, Region III
224 New Customhouse,
Denver, Colorado.

DMEA Docket No. 4848
Norbute Corporation
Sts John- Lead Zinc.

Dear Sir:

Herewith are four certified copies of amended location certificate on the "Tunnel Lode No. 10" from the office of the Summit Country Clerk & Recorder. These copies were not trimmed because of the seal in the margin.

Very truly yours,

DeWitt C. Deringer

Recorded at 1:40 P.M. June 12, 1958
Reception No. 79221

Recorder

No. 114. ADDITIONAL AND AMENDED LOCATION CERTIFICATE.
—Bradford-Robinson Ptg. Co., Mfrs. Robinson's Legal Blanks, 1824-46 Stout St., Denver, Colorado

STATE OF COLORADO,
County of Summit } ss.

KNOW ALL MEN BY THESE PRESENTS,

That the Norbute Corporation, by its agents,

the undersigned, has this 11 th day of June, 19 58, amended, located and claimed and by these presents do amend, locate and claim, by right of the original discovery and this Additional and Amended Location Certificate, in compliance with the Mining Acts of Congress, approved May 10, 1872, and all subsequent acts, and with Sections 169 and 182, Chapter 110, 1935 Colorado Statutes Annotated, and with local customs, laws and regulations 1,500 linear feet and horizontal measurement on the Tunnel Lode No. 10 lode, vein, ledge or deposit, along the vein thereof, with all its dips, angles and variations, as allowed by law, together with 300 feet on the northwest side, and 300 feet on the southeast side of the middle of said vein at the surface, so far as can be determined from present developments, and all veins, lodes, ledges or deposits and surface ground within the lines of said claim, approximately 620 feet running South 57° West from center of discovery in tunnel and approx. 880 feet running North 57° East from center of discovery in tunnel, said discovery in tunnel being situated upon said lode, vein, ledge or deposit, and within the lines of said claim, in Snake River Mining District, County of Summit and State of Colorado, described by metes and bounds as follows, to-wit:

Beginning in Corner No. 1, whence the southwest corner of section 35, T. 5 S., R. 76 W., 6th P. M., bears approximately South 0° 07' East, 2,130 feet, more or less, thence South 57° West, 1,500 feet to Corner No. 2, thence South 33° East 600 feet to Corner No. 3, thence North 57° East, 1,500 feet to Corner No. 4, identical with Corner No. 4, Tunnel Lode No. 2, Sur. No. 7068A, thence North 33° West, 600 feet to Corner No. 1, the place of beginning.

This being the same lode originally located on the 15th day of July, 1898 ~~19~~, and recorded on the 29 th day of August 1898, in Book 13 Page 496 in the office of the Recorder of Summit County. This further Additional and Amended Certificate of Location is made without waiver of any previously acquired rights, but for the purpose of correcting any errors in the original location, description or record, and of taking in and acquiring all forfeited or abandoned overlapping ground, and of taking in any part of any overlapping claim which has been abandoned, and of securing all the benefits of said Sections 169 and 182, Chapter 110, 1935 Colorado Statutes Annotated.

Said lode was discovered the 15th day of July A. D. ~~19~~ 1898

ATTEST:

Date of Additional and Amended Certificate June A. D. 19 58

Gordon Bruchner INTEREST. [SEAL]
Gordon Bruchner and
Asa Ramsay INTEREST. [SEAL]
Asa Ramsay, agents for the
Norbute Corporation INTEREST. [SEAL]
INTEREST. [SEAL]
INTEREST. [SEAL]
INTEREST. [SEAL]

STATE OF COLORADO }
COUNTY OF SUMMIT } ss

I, Helen Knight

County Clerk and Ex-Officio Recorder of Deeds, in and for the County aforesaid, do hereby certify that the foregoing is a true, full, correct and complete Copy

as the same appears of record in my office in Book 33 Page 262

Witness my hand and Official Seal this 17 day of June A. D. 19 58

Helen Knight
County Clerk and Recorder

By _____
Deputy

DMEA Form 14

Contract No. Idm-E 1190

Docket No. 1848

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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
May 8, 1958	III	Colorado	Lead-Zinc

Name and Address of Operator: Norbute Corporation
P. O. Box 1700
Grand Junction, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	95,380.00	0
Decrease	0	0
Revised Amount	95,380.00	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 5/8/58

22845

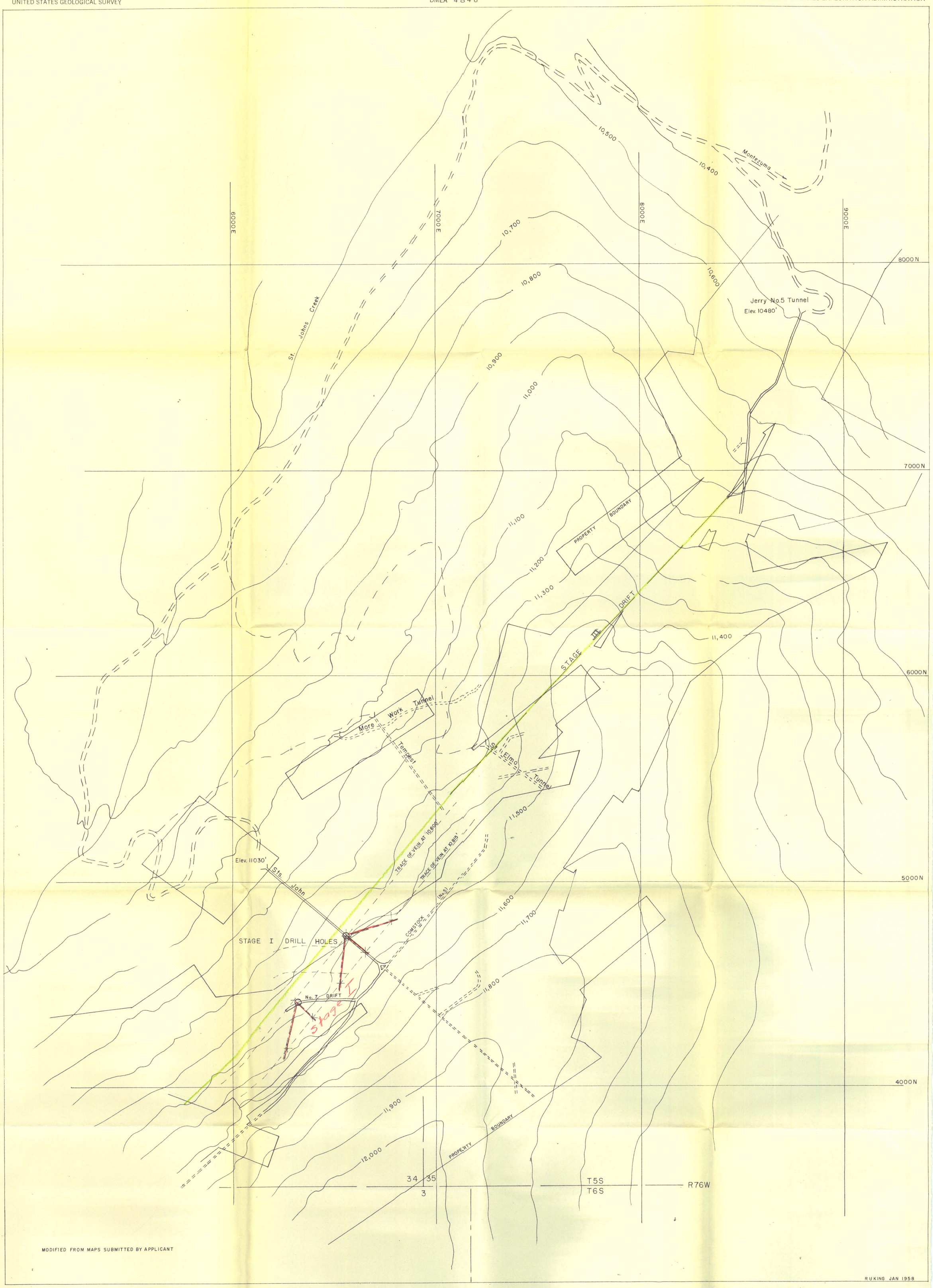


FIGURE 3.-- MAP OF STS. JOHN AND JERRY TUNNELS SHOWING RECOMMENDED EXPLORATION, NORBUTE CORPORATION, SUMMIT COUNTY, COLORADO.

UNITED STATES BUREAU OF MINES.

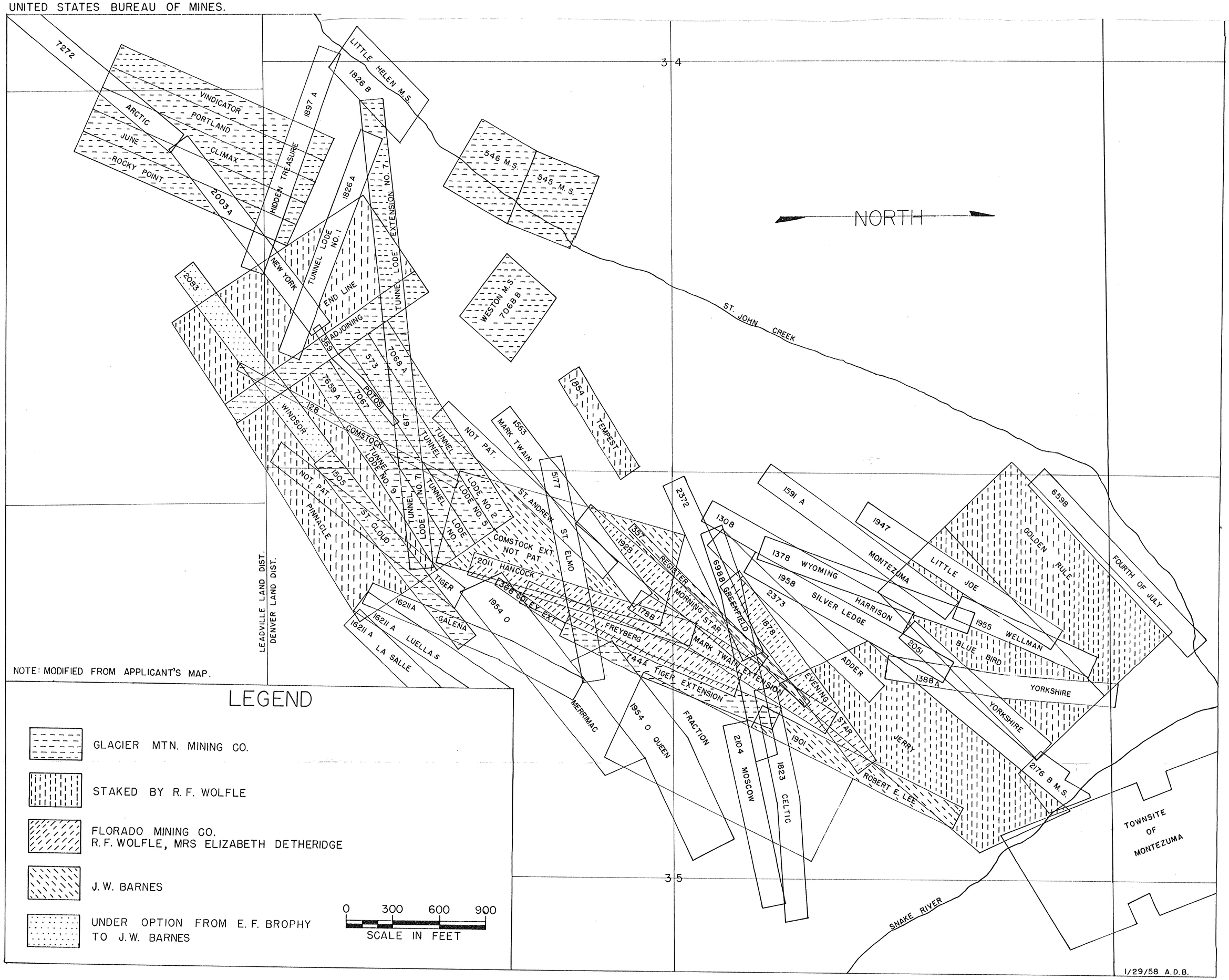
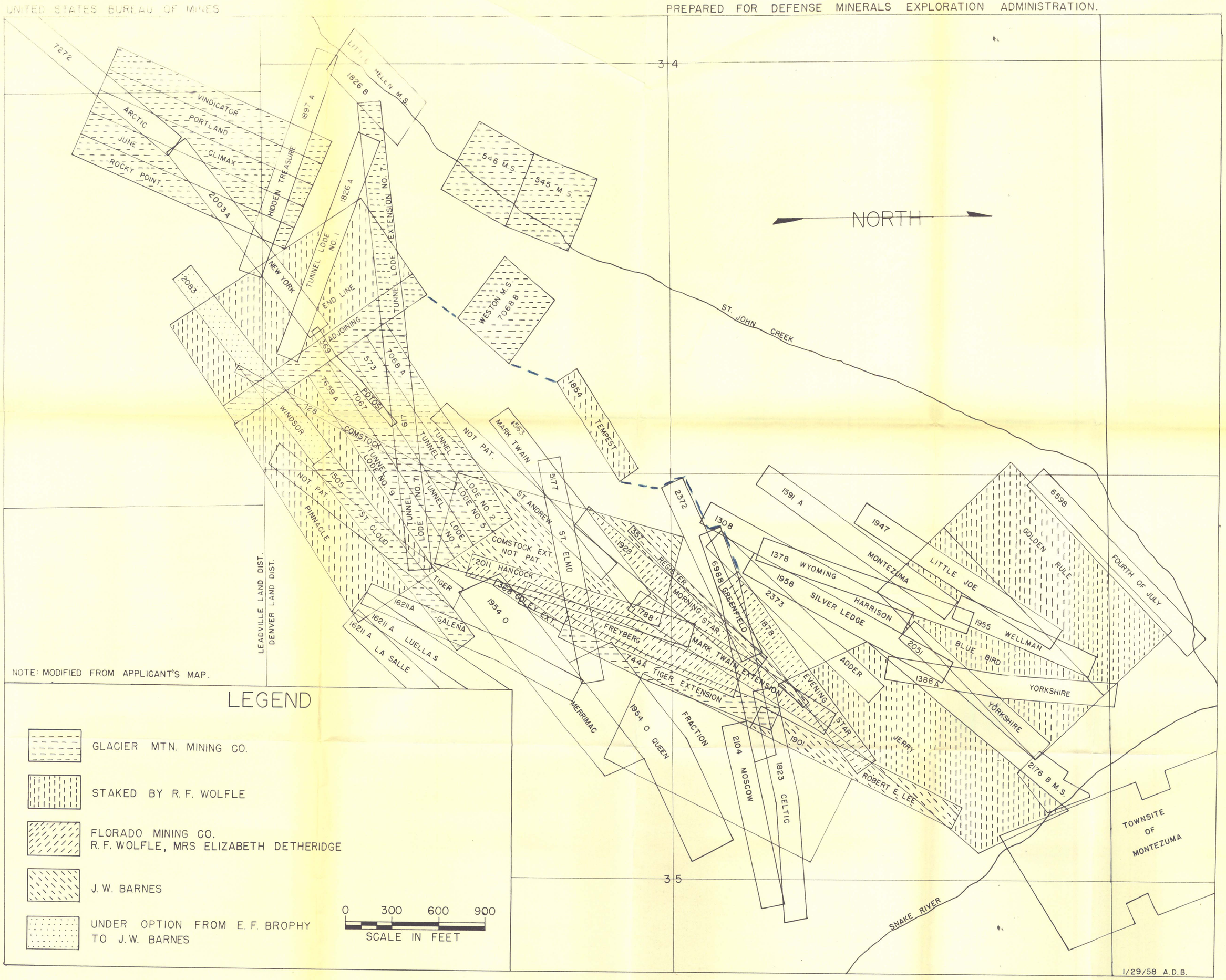


FIGURE 2. CLAIM AND OWNERSHIP MAP, NORBUTE CORPORATION (SAINTS JOHN MINE), SUMMIT COUNTY, COLO.

D.M.E.A. DOCKET 4848.

UNITED STATES BUREAU OF MINES

PREPARED FOR DEFENSE MINERALS EXPLORATION ADMINISTRATION.



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D.M.E.A. DOCKET 4848.