TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 5369

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Oak Ridge, Tennessee

10/5/59 (Date sent)

14-23-070-11 (Deposit N[redacted])

(3) The Sum of $ 15,208.85

Deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 15,208.85 (Im-E264 National Lead - Royalty Payment)		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5) Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

OCT 5 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 5 1959

DATE	INITIALS	CODE
10/5	RCW	225
		800

October 2, 1959

Memorandum

To: Certifying Officer, OME Region V -

From: Executive Officer, OME - Region V Knoxville, Tenn.

Subject: Royalty Payment - DMEA-2286, Idm-E264 (rutile)
National Lead Co., New York, N.Y.
A. C. & R. G. Skinner Tracts, Duval County, Flordia

Transmitted is a check dated September 29, 1959, No. 543, in the amount of $15,208.85 payment in full of the Government's participation in the subject contract.

No settlement sheets or other data accompanied the check.

Robert A. Laurence

sm.
cc
Ed. Talbert -OME
Lynch
Files

OCT 1 1959

Mr. J. Murray Johnston, Manager
Titanium Alloys Manufacturing Division
National Lead Company
111 Broadway
New York 6, New York

Re: Docket No. DMEA-2236 (Rutile)
National Lead Company
A. C. & R. G. Skinner Tracts
Duval County, Florida
Contract No. Idm-E264

Dear Mr. Johnston:

Reply has not been received to a letter dated August 20, 1959, wherein the Executive Officer, OME Field Team, Region V, Knoxville, Tennessee, requested payment of royalty and copies of settlement sheets showing the grade and tonnage of ore produced to date from the lands included in the area described in Article 2 of the subject contract. Under provisions of Article 9 of the contract and the certification of discovery or development issued by the Administrator, Defense Minerals Exploration Administration, dated January 21, 1953, the Government is entitled to a royalty on such production during a period of ten years from the date of the contract (May 12, 1952) or until the amount of the Government's contribution to the exploration costs, $15,208.85, has been repaid, whichever occurs first.

This office as successor to the Defense Minerals Exploration Administration is charged with the responsibility of enforcing provisions of contracts entered into by that Administration, including the collection of royalty due under repayment provisions of such contracts. Accordingly, demand is made for an accounting and payment of royalty due to date and for the payment of future royalty as it accrues.

Your early reply to this letter is requested.

CEFisher/ama
September 30, 1959

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Copy to: Docket
Dir. Read. File
CA & A Division
FT, Reg. V (2)

AL/zm
cc:
Opr. Com-2
Lynch-Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

August 20, 1959

EXTRA COPY
O. M. E.
RECEIVED AUG 24 1959

DATE	INITIALS	CODE
		800

Mr. J. Murray Johnston, Mgr.
Titanium Alloys Manufacturing Co.
National Lead Company
111 Broadway
New York 6, New York

Re: DMEA Docket - No. 2286(rutile)
A. C. & R. C. Skinner Tracts
Duval County, Florida
Contract No. Idm-E264

Dear Mr. Johnston:

An inspection of the mining operations of the National Lead Company in Duval County, Florida was made by a member of the Office of Minerals Exploration Field Team on August 17, 1959.

The inspection revealed that mining operations are confined to the A. C. Skinner Tract where dredging was started in October 1958. It was understood that about 14 acres of the R. G. Skinner Tract has been acquired by the Company and will be mined at a later date.

Both the A. C. Skinner and R. G. Skinner Tracts are within the area covered by the above cited exploration contract and of the Certification of Discovery, all minerals produced from either tract is subject to the Government's percentage royalty until the sum of $15,208.85 is repaid or until May 12, 1962. Please refer to Article 9 of the Exploration Contract and to Mr. Mittendorf's letter of January 22, 1953 to Mr. H. C. Wildner.

We will appreciate having your check payable to Office of Minerals Exploration, in payment of royalty due on all ore produced to date supported by settlement sheets showing the grade and tonnage of ore produced todate from lands included in the contract area. Payment of additional royalties, if any, should be made on a monthly basis.

Very truly yours,

EXECUTIVE OFFICER
OME FIELD TEAM
REGION V

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

National Lead Company

111 Broadway

New York 6, New York

pertaining to Exploration Project Contract No. Idm-E-264, dated May 12, 1952, Docket No. DMEA-2286, and including certain costs carried over from a prior contract dated February 4, 1952, for the period of February 4 to August 26, 1952.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, and a determination of the reasonableness and propriety of the costs.

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

(a) the administrative cost to the Government of an audit would be excessive in relation to ~~value~~ the estimated amount of possible disallowances thereunder;
(b) the Monthly Reports were supported by documentary proof of the costs incurred under the contract; and
(c) a major portion ($17,460.89) of the costs cover work performed under sub-contract.

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

Total cost as billed by Contractor	$ 20,997.16
Exceptions (schedule attached)	718.70
Total Accepted Cost	$ 20,278.46

The contract calls for a 75 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Fifteen thousand two hundred eight and 85/100 Dollars

— $ 15,208.85 —

is considered valid and proper, provided that the Regional Executive Officer accepts the exploratory work as having met the terms of the contract and the National Lead Company certifies that the sub-contractor's invoice No. J 775, dated August 25, 1952, is a true copy and that payment has been made in the amount thereof.

November 6, 1952

E. H. Talbert
Auditor

SCHEDULE OF EXCEPTIONS

National Lead Company, Idm-E-264, DMFA-2286

Claimed by Operator on Forms MF-104		
February	$ 3,536.16	
May, June and July	17,461.00	$20,997.16
Exceptions:		
(a) Pay of drillers and drill helpers for February 19-29 after completion of exploration work	$ 337.78	
(b) Services of superintendent for February 1, one work day prior to date of contract	19.84	
(c) Excess pay of foreman over rate of $102.00 per week for 2-1/5 weeks from February 4 to 18	360.97	
(d) Excess of claim for independent contract work over invoice	.11	718.70
Total Accepted Cost		$20,278.46

E H Talbert

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

November 20, 1952

Re: Contract Idm-C-264
Docket DMEA-2286

National Lead Company
111 Broadway
New York 6, New York

Gentlemen:

In connection with your claim for May, June and July under the above contract, payment is being made as follows:

Claimed:		
February	$3,536.16	
May, June & July	17,461.00	$20,997.16
Exceptions:		
(a) Pay of drillers and drill helpers for February 19-29 after completion of exploration work	337.78	
(b) Services of superintendent for February 1, one work day prior to date of contract	19.84	
(c) Excess pay of foreman over rate of $102.00 per week for 2-1/5 weeks from February 4 to 18	360.97	
(d) Excess of claim for independent contract work over invoice	.11	718.70
Total Accepted Cost		$20,278.46
75% of Accepted Cost		$15,208.85
Paid for February		2,113.18
Amount of this payment		$13,095.67

Very truly yours,

S. J. Wardell
Fiscal Officer

cc E.D.Talbert
R.A.Laurence

SJW:rs
Files
Day Files
cc Wardell

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Room 13, Post Office Building
Knoxville, Tennessee

November 10, 1952

Mr. Sam J. Wardell, Finance Officer
U. S. Bureau of Mines
Norris, Tennessee

Re: DMEA-2286, Idm-E26h
National Lead Co. (Rutile)

Dear Mr. Wardell:

We have today received Report of Review for the subject contract from Mr. Talbert.

Work on this project was carried out under the provisions of the contract and accomplished the objectives of the contract. There was no equipment purchased for the joint account of the Government and the Operator.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

Sincerely yours,

Robert A. Laurence
Executive Officer, DMEA
Region VII

RAL/sm
cc:
Beck
Lynch
Talbert
Opr. Com.
Files

Form MF-10[illegible] (Rev.)
(April 19[illegible])

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

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

Month of MAY / JUNE / JULY 1952 Docket No. DMEA 2286 Contract No.
Operator's Name National Lead Company Minerals RUTILE
Address 111 Broadway, New York 6, N. Y.
Contract Amount, $ 20,900.00* Government Participation: 75 % Amount, $ 15,675.00

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:	This form 104 is made for reimbursement of 75% of $17,461.00, viz. $13,095.75.					
Drilling						
Bulldozing						
Crosscutting	Application was made on form 104 on May 29, 1952 for reimbursement of 75% of $3,439.00 for which payment has been received.					
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:	For details see attachments.					
Timber						
Explosives		1. Invoice of Humphreys Gold Corporation dated August 25, 1952 for $17,460.89				
Pipe						
Track		2. Detailed Statement attached to the invoice				
		3. Copies of invoices, payrolls and charges comprising amounts listed on the detailed statement				
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS			17,460.89			

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

Date 10/20/52 *Payee National Lead Company

Per [signature] Title Manager

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

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

(Instructions on reverse)

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

$

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE264 in accordance with the terms of the contract.

Signature W. E. Beck Title Mining Engr. U.S.B.M. Date 10-28-52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title Executive Officer Region VII Date 10-28-52

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-10
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of MAY JUNE JULY 1952 Docket No. DMEA 2286 Contract No. _____

Operator's Name National Lead Company Minerals RUTILE

Address 111 Broadway, New York 6, N. Y.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits	Pit			17456.28	4	4364.07		
Roads and Trails								
TOTAL DISTRIBUTED COSTS				17456.28				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased				4.61				
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS				17460.89				

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 10/20/52 Operator National Lead Company

Per J. Chuny Johnson Title Manager

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

TITANIUM ALLOY MANUFACTURING DIV.
NATIONAL LEAD COMPANY

111 BROADWAY
New York 6, N. Y.

October 23, 1952

Mr. Robert A. Laurence, Executive Officer
DMEA FIELD TEAM, Region VII
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA 2286 (Rutile)
IDM-E264

Dear Sir:

The work on the subject contract has been completed and in that connection we enclose the following documents:

1. Five copies of Geological and Engineering Report supported by relative documents listed in the first page of the report.

2. Five copies of Form MF-104 and five copies of Form MF-104a. To the first copy of these forms, supporting invoices, payrolls and charges are attached.

We have previously been reimbursed for 75% of $3439 on subject contract, so that now we are entitled to reimbursement of 75% of the remainder of the contract amount.

We trust that the documents we are submitting here meet with your approval and that payment of our bill may be made promptly.

Very truly yours,

s/
P. E. Connell
For J. Murry Johnson
Manager

Copied by zm.
Oct. 28, 1952

Norris-3
Lynch
Beck
Laurence

Form 6-95

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

DATE 11/24/52

REFERRED TO:

1. E. D. Talbert
2.
3.
4.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 26 1952

FOR:

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

REMARKS:
Enclosed copy of National Lead Co report as promised.

Check (X) before the items needing attention.

S. J. Wardell
Initials of sender.

GPO 16—51162-1

M 104
(A 1951)

Zachere

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 13 1952

CERTIFICATION

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

National Lead Company
(Name of Company)

By J. Murray Johnston
(Signature of Authorized Official)

May 29, 1952
(Date)

Assistant Manager
(Title)

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

16—64008-1

MONTHLY SUMMARY COST STATEMENT

Name of operator National Lead Company
Project No. DMA DMEA 2286
Total contract amount $42,449.90
Government participation percent 75%

Distribution of Expenditures for Month of February 1952

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries						
Equipment purchase [1]						
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies		For Details See Attached Sheet				
Power						
Transportation						
Withholding taxes						
Compensation insurance						
Other insurance						
Contract work						
Other (specify)						
Total			$3,536.16	3439.00		
Totals previously reported						
Totals to date			$3,536.16	3439.00		

FOR GOVERNMENT USE ONLY

Checked by Robert A. Lawrence
Entered by
Approved by Robert A. Lawrence
Amount approved for payment $2,579.25
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

Expenditures in February 1952 for salaries, wages and expenses as per attached photostatic copies of payrolls and invoices. Similar photostats of these payrolls and invoices have been submitted to and approved by Engineering and Auditing Divisions of AEC at Washington and their approval has been received for the following expenditures subject to field audit.

National Lead Company (Payroll)	2/4-2/10	$ 502.23
	2/11-2/17	299.92
	2/18-2/24	196.05
	2/25-2/29	189.20
National Lead Company (Chas.E.Chase)	Feb. 1-15	208.34
	Feb. 15-29	208.33
Carpco Engineering and Manufacturing	Feb.	125.00
Humphreys Gold Corporation - Labor	Feb.	585.37
Humphreys Gold Corporation - Equip. Repairs		903.70
Humphreys Gold Corporation - Material		196.67
Humphreys Gold Corporation - Repairs		95.46
Humphreys Gold Corporation - Supplies (Jacksonville Paper Company)		24.82
		$3,536.16

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF .....

Name of operator .....
Project No. DMA .....
Total contract amount .....
Government participation percent .....

Type	Number	Man-Shifts	Rate	Total
Miners			$	$
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent				
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other				
Total				

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by .....
Entered by .....
Approved by .....
Remarks .....
.....
.....
.....

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF .....

Name of operator .....
Project No. DMA .....
Total contract amount .....
Government participation, percent .....

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by .....
Entered by .....
Approved by .....
Remarks .....

July 1, 1952

National Lead Company
111 Broadway
New York 6, New York

Gentlemen:

In connection with Form MF-104, submitted by you for February 1952 in connection with Contract E-264, Docket 2286, you are advised that it will be necessary to make the following disallowances:

Costs Claimed			Disallowances
National Lead (Payroll)	2/4 - 2/10	$502.23	$ 0
" " "	2/11- 2/17	299.92	0
" " "	2/18- 2/24	196.05	148.58(1)
" " "	2/25- 2/29	189.20	189.20(1)
National Lead (Supt.)	2/1 - 2/15	208.34)	19.84(2)
" " "	2/15- 2/29	208.33)	
Carpco (Testing)	2/13,14 & 17	125.00	0
Humphreys Gold (Foreman)	Feb.	585.37	360.97(3)
" " (Clearing & Reprs)	Feb.	903.70	0
" " (Materials)	Feb.	196.67	0
" " (Rprs,etc.)	Feb.	95.46	0
Jax Paper Co.(Supplies)	Feb.	25.89	0
Total		$3,536.16	$ 718.59

(1) Pay of drillers and driller-helpers for period of Feb. 19 to 29 after completion of exploration work on Feb. 18.
(2) Services of superintendent for Feb. 1, one work day prior to date of contract.
(3) Excess over maximum rate of $102. per week established by contract for the 2 1/5 weeks, from Feb. 4 to 18, that exploration work was performed under the contract.

On the basis of the foregoing, payment by the Government has been certified in the amount of $2,113.18, 75% of the allowable costs of $2,817.57.

Very truly yours,

Sam J. Wardell
Fiscal Officer, Region VII

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

800

Mr. Sam J. Wardell
DMEA Finance Officer
Bureau of Mines
P. O. Box 217
Norris, Tennessee

NOV 7 1952

Re: Docket DMEA-2286
Contract Ida-8264
National Lead Company

Dear Mr. Wardell:

As requested by your memorandum of October 31, 1952, the final MF-104 submitted for the referenced contract has been reviewed and a Report of Review prepared. The original and one copy of the Report of Review, together with all papers forwarded with your letter, are enclosed.

Your attention is called to the last paragraph of the Report of Review. Since the final report of Field Team has not been received and I have not verified the satisfactory performance of the work by personal contact with the Executive Officer or the examining engineer a definite statement that the work has been completed satisfactorily should be obtained from Mr. Laurence. Also, since Exhibit "A" of the contract provides that "the allowable costs of the project **** will be the payments made by the Operator to the independent contractor, plus the amount carried over ****" (underscoring supplied), it will be necessary to have the Operator either certify on the invoice that payment has been made to the sub-contractor or present evidence of such payment in the form of a copy of the paid invoice or a photostat of the canceled check.

The red pencilled checks and figures on the sub-contractor's invoices were made by me during my review. It will be noted there are several errors, the aggregate of which favors the sub-contractor. However, since the contract would allow payment of only a few cents more, these may be disregarded.

The face of the MF-104 indicates that payment has been received for the work done under the first contract. No copy of the MF-104 was received by this office. If payment was made please forward a copy to us.

Best regards,

(Signed) E. D. Talbert

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

EDTalbert/wb
November 6, 1952

Enclosure

Copy to: Docket, Admr. Reading File, Mr. Laurence, Mr. Talbert

800

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

NOV 7 1952

Mr. Robert A. Laurence
Executive Officer
DMEA Field Team, Region VII
Room 13, Post Office Building
Knoxville 01, Tennessee

Re: Docket DMEA-2286
Contract Idm-E-264
National Lead Company

Dear Mr. Laurence:

In accordance with a request from Mr. Wardell the final MF-104 on the referenced contract has been reviewed and a Report of Review prepared. One copy of the Report of Review, together with a copy of my letter of this date to Mr. Wardell is enclosed for your files.

Since the Field Team's final report has not been received and I have not personally ascertained from you or Mr. Beck that the work was completed satisfactorily, it would be appreciated if you would address a memorandum to Mr. Wardell, with copy to this Division, advising of your acceptance of the work.

Mr. Chambers had this project on his list of reviews to be made during his contemplated visit to Knoxville and Norris. Please advise him that the review has been made.

Sincerely yours,

(Signed) E. D. Talbert

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

Enclosure

EDTalbert/wb
November 6, 1952

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

October 31, 1952

Memorandum

To: Mr. F. D. Talbert, Assistant Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington, D.C.

From: Fiscal Officer, Region VII

Subject: DMEA-2286, Idm-E-264, National Lead Company

The above-mentioned contract is enclosed for review and audit prior to final settlement.

Sam J. Wardell

Sam J. Wardell

Enclosure

Coe
11-4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

October 31, 1952

Memorandum

To: Mr. F. D. Talbert, Assistant Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington, D.C.

From: Fiscal Officer, Region VII

Subject: DMEA-2286, Idm-E-264, National Lead Company

The above-mentioned contract is enclosed for review and audit prior to final settlement.

Sam J. Wardell

Enclosure

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON~~

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 30 1952

Room 13, Post Office Building
Knoxville 2, Tennessee

October 28, 1952

Mr. J. Murray Johnson, Manager
Titanium Alloy Mfg. Division
National Lead Company
111 Broadway
New York 6, N. Y.

Re: DMEA-2286 (Rutile)
Imd-E 264

Dear Mr. Johnson:

This will acknowledge receipt of 5 copies of forms MF-104 and MF-104A, and 5 copies of your final report on the subject exploration contract. The vouchers and supporting documents are being sent to the Regional finance office of the Bureau of Mines with certification by this office that the project has been completed in accordance with the terms of the contract.

DMEA regulations require that payment on the final voucher must be withheld until an audit of the project has been made. As soon as this has been completed, you will receive reimbursement for the approved portion of the expenditures.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region VII

RAL/mm
ocs
Beck
Lynch
Opr. Com.
Files-2

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
Room 13, Post Office Building
Knoxville 2, Tennessee

Beck
Talbert
Houk
Spencer
Opr. Com.
Files

June 26, 1952

Memorandum

To: Sam Cordell, Regional Finance Officer, TVA

From: Robert A. Lawrence, Acting Director, DMA-Region VII

Subject: Metal and Land Co., DMA-2206, DMA-2041 (rutile)

Mr. Beck and I have discussed with Mr. Talbert, the January 25-1952 and the undated letters, in Mr. Talbert's Memorandum of June 25 to you.

We concur with Mr. Talbert's interpretation of the several items listed, and concur in his recommendation that the vouchers be approved for payment in the amount of $6,113.18.

Robert A. Lawrence

RA/am

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 30 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

June 25, 1952

Memorandum

To: Mr. Sam J. Wardell, DMEA Finance Officer, Region VII

From: E. D. Talbert, Asst. Chief, Contract Administration and Audit Division, DMEA

Subject: National Lead Company, Contract E-264, Docket 2286

Reference is made to the Feb. MF-104, pertaining to the subject contract, which you submitted to the Contract Administration and Audit Division for review prior to payment.

On the basis of the operator's explanations outlined in his letter of June 19, 1952 (a certified copy of which is enclosed), and providing the DMEA Executive Officer for Region VII concurs, it is suggested that your certification and approval for payment of the MF-104 take into consideration the recommended disallowances indicated in the following listing:

Costs Claimed on Feb. MF-104			Recommended Disallowances
National Lead (Payroll)	2/4 - 2/10	$502.23	$ 0
" " "	2/11- 2/17	299.92	0
" " "	2/18- 2/24	196.05	148.58(1)
" " "	2/25- 2/29	189.20	189.20(1)
National Lead (Supt.)	2/1 - 2/15	208.34)	19.84(2)
" " "	2/15- 2/29	208.33)	
Carpco (Testing)	2/13,14 & 17	125.00	0
Humphreys Gold (Foreman)	Feb.	585.37	360.97(3)
" "(Clearing & Repra)	Feb.	903.70	0
" " (Materials)	Feb.	196.67	0
" " (Rprs,etc.)	Feb.	95.46	0
Jax Paper Co.(Supplies)	Feb.	25.89	0
Total		$3,536.16	$718.59

(1) Pay of drillers and driller-helpers for period of Feb. 19 to 29 after completion of exploration work on Feb. 18.

(2) Services of superintendent for Feb. 1, one work day prior to date of contract.

(3) Excess over maximum rate of $102. per week established by contract for the 2 1/5 weeks, from Feb. 4 to 18, that exploration work was performed under the contract.

On the basis of the foregoing the recommended allowable costs amount to $2,817.57. Since the contract calls for 75% participation by the Government payment to the contractor in the amount of $2,113.18 is recommended.

The MF-104 with supporting documents attached is returned herewith.

E. D. Talbert

Enclosure

cc: Mr. Laurence
Mr. Hank
Mr. Chambers

NATIONAL LEAD COMPANY

111 BROADWAY

NEW YORK 6, N.Y.

DEPARTMENT OF THE INTERIOR
Defense Mineral Administration
Received
JUN 20 1952

June 19, 1952

Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.

Attention - Mr. E. D. Talbot (Room 2612)

Dear Sirs:

We wish to furnish certain additional information which you have requested in connection with DMEA Contract #2286. The original voucher was submitted on Form MF-104 dated May 29, 1952.

1. The exploration work authorized under Contract #2286 was completed February 18, 1952. Drilling actually started on December 3, 1952 but no claim for reimbursement was made for work performed prior to the date of the government approval of the contract - February 4, 1952.

2. Invoices from Humphreys Gold Corporation, Nos. J-710, J-704, &-699, and invoice from Jacksonville Paper Company, cover materials and repairs for work performed during the period of February 4th to 18th 1952. Job #501 listed on invoice J-699 was for clearing of the land preparatory to the drilling operations performed during the same period.

3. Voucher for Chas. Chase for the two payroll periods February 1 - 15 and February 15 - 29, covers work authorized under Government contract #2286, which included clean-up work and the writing of the final report.

Very truly yours,

J. Murray Johnston

J. Murray Johnston

JMJ:avw

AIR MAIL

SPECIAL DELIVERY

Certified copies of this letter given to: Mr. Wardell on 6/25/52, Mr. Rawson on 6/26/52 EA

Copies to: Mail & Files (via mattendorf) Hawk on 6/30/52 EA

7-31-2GM

NATIONAL LEAD COMPANY

111 BROADWAY

NEW YORK 6, N. Y.

June 19, 1952

Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.

Attention - Mr. E. D. Talbot (Room 2612)

Dear Sirs:

We wish to furnish certain additional information which you have requested in connection with DMEA Contract #2286. The original voucher was submitted on Form MF-104 dated May 29, 1952.

1. The exploration work authorized under Contract #2286 was completed February 18, 1952. Drilling actually started on December 3, 1952 but no claim for reimbursement was made for work performed prior to the date of the government approval of the contract - February 4, 1952.

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3. Voucher for Chas. Chase for the two payroll periods February 1 - 14 and February 15 - 29, covers work authorized under Government contract #2286, which included clean-up work and the writing of the final report.

Very truly yours,

J. Murray Johnston

JMJ:avw

AIR MAIL
SPECIAL DELIVERY

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

Mr. Sam J. Wardell
Finance Officer
Bureau of Mines
P. O. Box 217
Norris, Tennessee

Re: Docket DMEA-2256
Contract No. Ida-2264
National Lead Company

Dear Mr. Wardell:

Receipt is acknowledged of your memorandum of June 11, 1952, transmitting the February MF-104 for the subject contract.

Mr. J. F. Bonner, the local representative of the National Lead Company, has been contacted and advised that the representation that the Non-Metallic Minerals Division and the Contract Administration and Audit Division had approved the costs covered by this MF-104 was not appreciated. The facts in this case are that Mr. Bonner presented certain documents purportedly covering the costs for the month of February which we casually reviewed for the purpose of preparing the new contract. It was determined that the amount of $3,439.00 represented the maximum amount of the costs in which the Government could participate. At that time Mr. Bonner was advised that the actual amount to be paid could not be determined because of insufficient identification of the costs, and it is evident from this submission that only part of the missing information has been supplied, namely, the identification by titles of the classes of labor.

Mr. Bonner again has been requested to obtain additional information to substantiate and identify the costs. It is hoped that such information will be available this week and it is my intention to bring this MF-104 with me on my contemplated visit to your office.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb
June 17, 1952

Copy to: Admr. Reading File
Mails & Files
Mr. Houk
Mr. Laurence, Region VII
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

June 11, 1952

Memorandum

To: Jay L. Chambers, Chief, Contract Administrative & Audit Division DMEA, Washington, D. C.

From: Fiscal Officer, Region VII

Subject: Idm-E-264, DMEA 2286, National Lead Company.

In view of the questions raised by the Executive Officer, DMEA, Region VII, in his memorandum of June 3, copy of which is enclosed, in connection with MF-104 submitted by the National Lead Company, the MF-104 in question is submitted for audit by your office.

Sam J. Wardell

Sam J. Wardell

Enclosure

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 13 1952

Bonner
Keystone 70148

FILE COPY
SURNAME:

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

Room 1, Post Office Building
Knoxville, Tennessee

June 3, 1952

Memorandum

To: Helen Miller, Administrative Officer, USBM, Norris

From: Executive Officer, DMA-Region VII

Subject: DMA-2286, Ids-E264 (rutile) National Lead Company

Enclosed herewith are 3 copies of form MF-104 covering work on the subject contract during February 1952, just received from the Operator.

The Operator states (see sheet attached to MF-104) that this has already been approved by Engineering and Auditing Divisions at Washington. Mr. Houk advised me, by phone, that Mr. Talburt looked over the statement, but neither audited nor approved it. According to Mr. Houk, Mr. Talburt stated that all items of cost submitted in the statement are payable under the contract. However, I would like to point out several apparent irregularities, status of which is not clear to me.

(1) Total amount of voucher is $3,536.16, however, Annex 2, of the revised contract, dated May 12, states that not to exceed $3,439.00 of the work performed earlier is to be carried over into the new contract. Therefore, $2,579.25 is the maximum amount which can be approved for payment on this voucher.

(2) Humphreys Gold Corporation invoice J699, dated March 17, shows $212.14 charged for "clearing." Presumably this means clearing brush, etc., preparatory to drilling, but it is not clear whether the charge is for labor, equipment rental, or damage to the property. If, it is for labor or rental, is it duplicated in other charges for these items on other Humphreys invoices? Is it an allowable charge?

(3) I suppose the 20% overhead charged on all the Humphreys invoices is provided for in the independent contract mentioned in the estimate of costs accompanying the revised contract.

(4) Presumably Mr. Chase is the Superintendent and Mr. Thompson (Humphreys invoice J 709) is the foreman. These men are provided for in the original contract at rates of $9,200 per year and $102 per week, respectively. Thus, while Mr. Chase's salary is well under the estimated figure, Mr. Thompson's (including overhead) is

$177.37 over the estimated figure. Should this amount be deducted? (It may be pointed out, however, that in addition to Mr. Chase, all 4 drillers were paid at a rate of $50.00 per week instead of $75.60 as estimated in the original contract).

On the Carpco invoice, which totals $489.50, only the three items which I have underlined in red are applicable to this contract. They total $125.00, as shown on the sheet accompanying the MF-104.

All this adds up to a lot of confusion as far as I am concerned. However, since the Washington office, by means unknown to us, arrived at the figures of $3,439.00 as the amount chargeable, I am approving it for 75% of that amount or $2,579.25.

Operator did not furnish narrative report, or unit cost data on page 4 of MF-104, Mr. Houk called them and was promised a narrative report and drill logs.

Robert A. Laurence

RAL/xm
cc:
Beck
Houk
Lynch
Files

FILE COPY
SURNAME:

Beck
Lynch
H. Miller
Houk
Opr. Com.Wash.
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
[redacted]
WASHINGTON 25, D. C.
Room 13, Post Office Building
Knoxville, Tennessee

June 3, 1952

Mr. J. Murray Johnston, Ass't Mgr.
National Lead Company
111 Broadway
New York, N.Y.

Re: DMA-2286 (rutile)
Idm-E264

Dear Mr. Johnston:

This will acknowledge receipt of your letter of May 29, and five copies of MF-104 covering work done in February on the subject contract.

Your voucher totals $3,536.16. Please note that Annex 2 of the revised contract dated May 12, states that "a sum in no event greater than $3,439.00..... is carried over into the new contract to which this is an annex, to be treated as one of the costs of said new contract in which the Government will participate under the provisions thereof". Therefore, 75% of $3439, or $2,579.25 is the maximum amount for which payment can be approved.

Please note that form MF-104 is to be accompanied by a narrative report of progress during the month, as well as unit cost data in the space provided on page 4 of MF-104. In the future, we will withhold approval of any vouchers until these data are received.

After discussing this with our Washington office, I am forwarding the voucher to the Regional Fiscal Officer, approving the amount of $2,579.25 subject, of course, to further audit by that office.

Yours very truly,

Robert J. Laurence, Executive Officer
DMA Field Team, Region VII

RJL/am

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~xWASHINGTON 25xD.C.x~~
Room 13, Post Office Building
Knoxville, Tennessee

June 3, 1952

Mr. J. Murray Johnston, Ass't. Mgr.
National Lead Company
111 Broadway
New York, N. Y.

Re: DMEA-2286 (rutile)
Idm-E264

Dear Mr. Johnston:

This will acknowledge receipt of your letter of May 29, and five copies of MF-104 covering work done in February on the subject contract.

Your voucher totals $3,536.16. Please note that Annex 2 of the revised contract dated May 12, states that "a sum in no event greater than $3,439.00.....is carried over into the new contract to which this is an annex, to be treated as one of the costs of said new contract in which the Government will participate under the provisions thereof". Therefore, 75% of $3439, or $2,579.25 is the maximum amount for which payment can be approved.

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After discussing this with our Washington office, I am forwarding the voucher to the Regional Fiscal Officer, approving the amount of $2,579.25 subject, of course, to further audit by that office.

Yours very truly,

Robert A. Laurence, Executive Officer
DMEA Field Team, Region VII

RAL/zm

COPY

Jacksonville, Florida

March 8, 1952

Mr. A. R. Reiser, Assistant Manager
Mining Department
National Lead Company
111 Broadway
New York, N.Y.

Dear Mr. Reiser:

During the period of February 4th through February 18th we were occupied with drilling miscellaneous check holes in the Skinner tract. We drilled a total of 45 holes on cross-sections No. 1, 1-A, 2, 3, 3-A, 4-A, 5 and 5-B. These holes totaled 2,026 feet of drilling.

Operating costs during this period totaled $2,304.06

Very truly yours,

s/s
Charles H. Chase

C O P Y

Jacksonville, Florida
March 8, 1952

Mr. A. R. Reiser, Assistant Manager
Mining Department
National Lead Company
111 Broadway,
New York, N.Y.

Dear Mr. Reiser:

Accompaning this letter are four prints each of the plan map and the set of profiles which illustrate the results of the drilling program which has been carried on in the area known as Skinner's Pasture in Duval County, Florida. Both the plan maps and the profiles cover cross-sections not considered as having economic significance, as well as two cross-sections drilled on the Anders land which may be disregarded also.

The samples upon which these results are based were obtained by using our established jet drilling procedure and sampling technique. Heavy mineral content of the samples was determined by our standard sink-float method.

Approximate economic mineral content of the heavy mineral in the ore strata in the A. C. Skinner tract, which covers the major portion of the area in question, was determined from a small composite sample made up of all the heavy-mineral from the sink float tests run on the drill hole samples from that strata.

Tonnages of overburden and of ore were calculated by letting each drill hole develop half the distance to the next cross-sections north and south and one half the distance to the next holes east and west. Area developed by each hole multiplied by thicknesses of ore and overburden at that hole give the respective tonnages of ore and overburden developed there. These tonnages are totalled to give the tonnage of overburden and ore for the economic length of each cross-section. For both ore and overburden the figure of 100 pounds per cubic foot is used.

The attached tabulation is based on an economic cut-off of 83 tons of overburden per ton of heavy mineral in that ore zone. Any area in which the average overburden exceeded 83 tons per ton of heavy mineral was regarded as uneconomic by Humphreys. A few holes in which the ratio was plus 83 were included in areas where the average was substantially lower than this.

This cut-off was determined by Humphreys Gold Corporation, the contractor currently mining this company's Jacksonville ore-body, and represents an appraisal which is their estimate of operating costs plus a nominal profit yield if they mine the Skinner tract.

Having determined the economic tonnage, the tonnage of recoverable economic mineral is computed by the following method:

Tons ore x 90% mining loss gives net tons of ore after mining.

Net tons ore x grade heavy mineral x 68.8% economic mineral gives tons economic mineral to wet mill.

Tons economic mineral in the wet mill feed x 80% gives tons economic mineral in the dry mill feed.

Tons economic mineral dry mill feed x 93% gives tons product of economic mineral.

Of the product, from J. H. Carpenter,

Rutile	=	15.9%
Illmenite	=	57.6%
Zircon	=	26.5%, thus

Tons total product	x 0.159	=	Tons Rutile
" " "	x 0.576	=	Tons Illmenite
" " "	x 0.265	=	Tons Zircon

It must be emphasized that these figures are all preliminary and can serve only as a guide. The sample upon which theeconomic mineral figures are based was extremely small and the results must be used with caution, also it is possible that the performance of mining and milling tests will throw a different light on the evaluations.

Yours very truly,

s/s
Chas. H. Chase

cc: Humphrey's Gold Corporation

ORE SUMMARY
SKINNER TRACT EVALUATION

Ore	9,039,000 Tons
Less 10% Mining Loss	8,135,000 "
Multiplied by 7.66 % Heavy	
Mineral x 68.8% Economic	
Mineral, given	428,000 Tons Economic Mineral to Wet Mill
Less 20% Wet Mill	342,000 Tons Economic Mineral to Dry Mill
Less 7% Dry Mill	310,000 Tons Product

Which gives:

310,000	x	.159	=	49,300 Tons Rutile
310,000	x	.576	=	178,500 Tons Illmenite
310,000	x	.265	=	82,200 Tons Zircon

March 8, 1952

A. C. Skinner & R. G. Skinner

Summary of Cross Sections

A. C. SKINNER

CROSS SECTION	O. B. M-TONS	ORE M-TONS	RATIO OB/ORE	GRADE % HM	ACRES	R. E. M. M-TONS	RATIO TOB/THM
1	1,500	957	1.6	6.0	39.2	27.0	25.6
1-A	6,050	1,346	4.5	7.1	84.8	44.6	62.8
2	2,426	535	4.5	7.85	29.5	19.6	57.8
2-A	2,489	673	3.7	10.	40.9	31.6	36.7
3	2,140	561	3.8	8.8	31.8	23.1	43.4
3-A	2,831	1,278	2.2	7.3	59.0	43.6	30.4
4	3,444	915	3.8	8.4	56.7	35.9	44.8
4-A	2,042	1,417	1.4	8.2	52.2	54.3	17.3
5	908	693	1.3	7.7	11.4	24.9	17.0
	23,830	8,375	28.5	7.78	405.5	304.6	36.6

R. G. SKINNER

5	469	347	1.4	7.7	11.4	12.5	17.5
5*B	418	317	1.3	4.7	13.6	6.9	28.2
	887	664	13.3	6.27	25.0	19.4	21.3
TOTAL	24,717	9,039	27.3	7.66	430.5	324	35.7

March 6, 1952

OUT

FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT	FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT
~~[illegible]~~		~~6/1/[illegible]~~			
	~~7 T~~				
~~4903~~	~~Murphy~~	~~7/[illegible]~~			
~~6167~~	~~Legal~~	~~9/30/63~~			
~~6204~~	~~Legal Detail~~				
~~6250~~	~~Legal~~				
~~2228~~	~~Selfridge~~	~~12/2/63~~			
~~6299~~	~~Murphy~~	~~12/4/63~~			
2286	12/6/63	120			
	9 T				

934666 U. S. GOVERNMENT PRINTING OFFICE

OUT

FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT	FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT
~~255~~		?	~~9595~~	[illegible]	[illegible]
2123	Consolidated To Base Metals	3-12-57	[illegible]	[illegible]	[illegible]
5056	Martin - 400	8-12-58	4216	[illegible]	11/14/62
[illegible]	[illegible]	[illegible]	3669	[illegible]	[illegible]
~~4993~~ 28 Burgh	~~P.E. Kell~~	~~12/14/61~~	2942	[illegible]	[illegible]
(in conjunction with contract on OME-6133)			~~1810~~	[illegible]	~~1/29/63~~
~~4889~~	~~Murphy~~	~~1/15/62~~			
3172	S.V. McCall	1/25/		37T	
302	Murphy	[illegible]			
			~~4541~~	~~Murphy~~	~~[illegible]~~
~~6190~~	[illegible]	~~[illegible]~~	~~66~~	~~Talbert~~	~~3/1/63~~
~~3398~~	~~Murphy~~	~~[illegible]~~			
~~2838~~	~~Selfridge (HB)~~	~~4/9/62~~	[illegible]	[illegible]	[illegible]
~~4149~~	~~Selfridge (HB)~~	~~4/9/62~~	2446	Murphy	[illegible]
~~4153~~	~~Selfridge (HB)~~	~~4/10/62~~	~~3940~~	~~Selfridge~~	6/6/63
~~4330~~	[illegible]	[illegible]	~~3670~~	~~Selfridge~~	~~6/10/63~~
~~4580~~	~~Talbert~~	~~5/10/62~~	~~3098~~	~~Murphy~~	6/12/63
~~4705~~	~~Talbert~~	~~5/11/62~~	[illegible]	[illegible]	[illegible]
4580	Selfridge (HB)	5/14/62	[illegible]	[illegible]	~~[illegible]~~
~~129~~	~~Discovered~~	~~5/16/62~~	~~3626~~	~~Talbert~~	~~[illegible]~~
~~3240~~	~~[illegible]~~	~~[illegible]~~			
3132	[illegible]	[illegible]			
3194	[illegible]	[illegible]			

DSFA-3 (February 1951)

934666 U. S. GOVERNMENT PRINTING OFFICE

[illegible]

CERTIFICATE OF THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: National Lead Company, a corporation
111 Broadway
New York 6, New York

Pursuant to the provisions of Exploration Project Contract No. 1dm-2064, dated May 12, 1952 (Amend No. DMA-2026), hereinafter called the "Contract", between you and the United States of America, hereinafter called the "Government", to establish and fix the claim and lien of the Government under the terms of the Contract, the Government hereby certifies that a discovery or development has resulted from the work under the Contract from which commercial production of ore may be made, in or upon that certain property situated in the State of Florida, County of Duval, described as follows:

> Section 11, Township 3 South, Range 27 East; Section 12, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 13, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; all of Section 14, Township 3 South, Range 27 East, except the South 1/2 of Government Lot 4; Lots 1, 2, 3, and 4, Section 35, Township 3 South, Range 27 East; Fractional Section 36, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Lots 3 and 4 and the S 1/2 of the SE 1/4 of Section 26, Township 3 South, Range 27 East; Section 23 Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 24, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

Commercial tonnages of rutile and ilmenite have been outlined and may be recovered by standard practice.

THE UNITED STATES OF AMERICA

By C. D. Mitteudorf
Administrator
Defense Minerals Exploration
Administration

Dated: JAN 2 1 1953

LFiearns:gad 12/23/52

Mr. Jess Larson, DMA
Mr. [illegible] Johnson
Mr. Markland, 6020
Mr. Hunt
Docket File

Copy to: Admr. [illegible] File
Operating Committee
Mr. Rodgers, 4004
Field Team, Region VII
Mr. Chambers
Mr. Thayer, 3216 [illegible] Bldg.

600 NAT

Mr. H. C. Wildner
Vice-President
National Lead Company
111 Broadway
New York 6, New York

Subject: Docket No. [illegible] - Antine
A. G. Skinner and E. W. Skinner
Tracts
National Lead Company
Aural County, Florida
Exploration Project Contract
No. [illegible] $[illegible]

Dear Mr. Wildner:

Transmitted herewith is Certification of Discovery or Development under Contract No. [illegible] on the A. G. Skinner and E. W. Skinner tracts.

By the terms of the Exploration Project Contract and of the Certification, all ore produced from the aforesaid tracts from the date of the Exploration Project Contract [illegible] is subject to the Government's percentage royalty as set forth in the contract until the sum of $15,[illegible].85 is paid or until May 14, 1962, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, Defense Minerals Exploration Administration, Field Team, Region VII, Room 13, Post Office Building, Knoxville 4, Tennessee. Checks should be payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check direct to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quality and grade of the ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

C. D. Mittendorf

Administrator

Copy to: Docket File
Admr. R. File
Operating Committee
Mr. F. E. Johnson
Mr. Hedges, 4604
Mr. Thayer, 5216 GSA Bldg.
Enclosure
Filearranged 12/23/52

Field Team, Region VII
Mr. Chambers, 2612

Mr. Houk

Docket No. DMEA 2286

Commodity Battle

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 264

Date of Contract ~~or Amendment~~: May 12, 1952

Name and Address of Operator:
National Lead Company
111 Broadway
New York, 6, N. Y.

Amount of Government participation $ 15,675.00

Percent of Government participation 75 %

Region: VII State: Florida

Please release 8466.15; Authority Records of Contract Administration and Audit Division

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

(Title)

Date Delivered to Bureau of Mines, Washington. Jan. 12, 1953

13908

Docket No. 2286

Commodity Rutile

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E ~~264~~ *

Date of Contract or Amendment: May 12, 1952

Name and Address of Operator:

National Lead Company
111 Broadway
New York 6, New York

Amount of Government participation $ 15,675.00

Percent of Government participation 75 %

Region: VII State: Florida

NOTE: This document cancels the previous obligation of $31,637.42 and establishes the amount shown above.

* Drawn up on new contract form.

(Name)

S.L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. May 22, 1952

13808

Docket No. 2286

Commodity Rutile

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 264

Date of Contract or ~~Amendment~~ February 4, 1952

Name and Address of Operator:

National Lead Company
111 Broadway,
New York 6, New York

Amount of Government participation $ 31,837.42

Percent of Government participation 75 %

Region: VII State: Florida

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

(Title)

Date Delivered to Bureau of Mines, Washington. 13908
February 26, 1952

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET No. DMEA 2286

COMMODITY Rutile

Idm-E264

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

Government's Copy

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 12th day of May, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] National Lead Company, a corporation, 111 Broadway, New York 6, New York Contract No. Idm-E264, dated February 4, 1952, between the same parties, is terminated and merged into this contract, as to which see Annex 2, attached hereto. hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Florida, County of Duval, described as follows: [3]

See Annex 1

the Operator represents and undertakes: [4]

~~(a) That the Operator is in possession and entitled to possession, and that the property is subject only to the~~ ~~encumbrances, if any, set forth in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this agreement.~~

(b) That the Operator is a lessee, in possession and entitled to possession, ~~under a lease or contract to be executed~~ The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] Rutile in or upon the described land; and shall bring the project to completion within a period of six (6) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(b) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(c) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(a) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the 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 and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related initial allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs; or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) Compliance with requirements.—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 75 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $15,675.00, which is 75 percent of $20,900.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 10. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* None

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Acting Administrator, Defense Minerals Exploration Administration

NATIONAL LEAD COMPANY
(Operator)

By [signature]

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

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

EXPLORATION PROJECT CONTRACT
NATIONAL LEAD COMPANY
DOCKET NO. DMEA-2286

EXHIBIT "A"

Description of the Work

Obtain by dragline 100 tons of mineral sands from four pits, approximately 50x50x32 feet each, at points a,b,c, and d, as shown on map attached hereto. Back-fill the pits, separate the 100-ton sample by gravity methods, dry the sample, make electrostatic and electromagnetic separation of the rutile, ilmenite, and zircon fractions, and deliver the rutile fractions to the Operator's plant at Niagara Falls, New York.

Estimate of Costs

I Independent Contracts. All of the described work is to be performed under an independent contract between the Operator and Humphreys Gold Corporation, Jacksonville, Florida, and the allowable costs of the project referred to in Article 6 of the contract form will be the payments made by the Operator to the independent contractor, plus the amount carried over from Contract Idm-E264 referred to in Annex 2. These estimated costs are the following:

(a)	Carry over from Contract Idm-E264 (subject to audit)		$3,439.00
(b)	Excavation of 100-ton sample and backfill	$11,573.80	
(c)	Trucking 100-ton sample	226.00	
(d)	Pilot-plant gravity separation and drying	1,924.20	
(e)	Magnetic and electrostatic separation	1,500.00	
(f)	Packing and shipping concentrates to Niagara Falls	150.00	
(g)	Contingencies	2,087.00	17,461.00
	Total		$20,900.00

ANNEX I

Section 11, Township 3 South, Range 27 East; Section 12, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 13, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; All of Section 14, Township 3 South, Range 27 East, except the South 1/2 of Government Lot 4; Lots 1, 2, 3, and 4, Section 35, Township 3 South, Range 27 East; Fractional Section 36, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Lots 3 and 4, and the E 1/2 of the SE 1/4 of Section 26, Township 3 South, Range 27 East; Section 25, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 24, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10.

ANNEX 2

WHEREAS, these parties are parties to Contract Idm-E264, dated February 4, 1952; and

WHEREAS, nearly all of the work described in said Contract Idm-E264 was performed by the Operator before the date of said Contract, i.e., before February 4, 1952, and consequently the Government did not contribute to the costs of said work; and

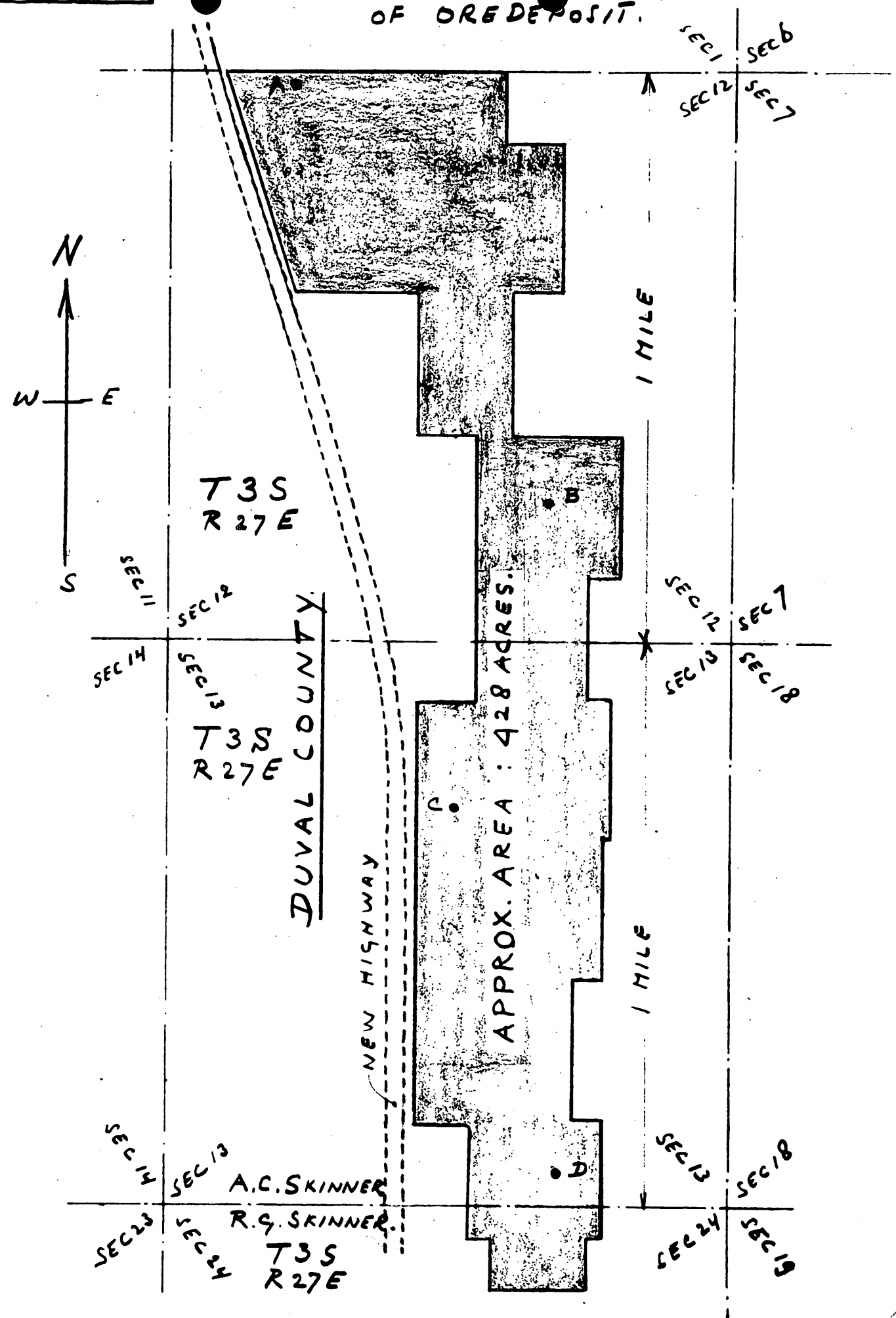
WHEREAS, the costs of the work performed by the Operator under said Contract Idm-E264 approximated the sum of $3,439.00, subject to final audit;

NOW THEREFORE, it is mutually agreed that said Contract Idm-E264 shall be and is hereby terminated as of the date of the Contract to which this is an annex, and the Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Contract Idm-E264, except for the following:

The costs expended by the Operator under said Contract Idm-E264 in a sum in no event greater than $3,439.00, subject to final audit and any necessary correction or revision that will not increase that amount, shall be and is carried over into the new contract to which this is an annex, to be treated as one of the costs of said new contract in which the Government will participate under the provisions thereof.

EXHIBIT A

MAP SHOWING LOCATION OF ORE DEPOSIT.



A. E. HUMPHREYS, PRESIDENT
I. B. HUMPHREYS, VICE-PRESIDENT
JAY P. WOOD, VICE-PRESIDENT

JUDSON S. HUBBARD
VICE-PRESIDENT AND TREASURER
WILLIAM C. BENTON
VICE-PRESIDENT AND COUNSEL

HUMPHREYS GOLD CORPORATION

RUTILE-ILMENITE-ZIRCON DIVISION
P. O. BOX 5492
JACKSONVILLE 7, FLORIDA

May 6, 1952

Mr. J. Murray Johnston, Assistant Manager
Titanium Alloy Manufacturing Division
National Lead Company
111 Broadway
New York 6, N. Y.

Dear Murray:

This letter is written to confirm the understanding reached between your company and our company in regard to the sampling project on the A. C. Skinner tract, Duval County, Florida.

We will excavate four pits spaced at one-half mile intervals through the barren overburden sand and through the underlying ore for the purpose of examining mining conditions with particular reference to the occurence of hardpan in the ore. The pits will be made so that no overburden will cave or run into the pit in the ore itself. A representative sample of approximately forty tons of the ore will be removed from each pit and trucked to our plant for pilot plant concentration tests. Each pit will be not less than 50' by 50' in area by the depth necessary to reach the bottom of the ore. Depth is estimated to be approximately as follows:

Pit No.	Depth O. B.	Depth Ore	Total Depth
1	33	18	51
2	27	14	41
3	22	11	33
4	17	9	26

Separate wet gravity concentration tests will be made on the material from each pit. The products recovered as concentrates will be delivered to Carpco Engineering, Jacksonville, Florida, for magnetic and electrostatic concentration tests. The final products produced by Carpco Engineering will be shipped to Niagara Falls for your disposal. Costs are estimated as follows:

Excavation - 4 pits	11,573.80
Trucking samples	726.00
HGC pilot plant tests	1,924.20
Carpco Engineering	1,500.00
Freight on products to Niagara Falls, N. Y.	150.00
Total	15,874.00
Contingencies 10%	1,587.00
Total not to be exceeded	17,461.00

Very truly yours,

Jay P. Wood

Accepted 5/8/52
J. Murray Johnston

AB 57

D. M. E. A. DOCKET NO. 3286
EXPLORATION DRILLING FOR RUTILE ON THE PROPERTIES
OF A. G. AND R. G. SKINNER IN DUVAL COUNTY, FLORIDA

- FINAL REPORT -

A drilling program was initiated to ascertain the rutile content of the underlying sands on the properties of A. G. Skinner and R. G. Skinner in Duval County, Florida.

The drilling started December 3, 1951, and on February 4, 1952, the Defense Minerals Exploration Administration awarded Contract DMEA No. 3286 in which this authority granted a loan not to exceed 75% of the estimated expenses of $42,449.90.

The drilling program under this contract was concluded on February 18, 1952. In the period from the date of the contract until completion, 44 holes were drilled, as listed in Exhibit I, and shown on the map, Exhibit 2. In this final period the cross-sections 1A and 2A were completed. Cross-section 5B and a few holes on other sections were drilled to determine the economical limits of the ore body and to check some earlier results. The approximate boundaries are shown in a double line on the map, Exhibit 2.

The complete drilling program, as started on December 3, 1951, and concluded on February 18, 1952, has resulted in the discovery of a substantial ore body, located mainly on the property of A. G. Skinner and extending only for less than one-quarter mile southward into the property of R. G. Skinner. Some ore was found under and west of the proposed highway, which will divide these properties lengthwise. However, those deposits underlying and west of the highway were not considered in calculating the ore reserves.

Because of the satisfactory results near the northern border of the A. G. Skinner tract, two cross-sections were drilled later in the adjacent property of Mr. Anders. The results of this drilling established ore reserves in the Anders tract that increased previous reserves.

All holes drilled since the start, December 3, 1951, are shown on the map, Exhibit III. For each case where ore was found, the thickness in feet of the overburden and the percentage of heavy minerals contained therein are shown above the thickness and heavy mineral content of the mineral sands.

The following tables show the results in the better parts of the deposit:

TABLE I

Name of Tract	Area in Acres	Million Tons of: Overburden	Mineral Sands	Ratio OB/MS
Anders	112	4.61	2.70	1.7
A. C. Skinner	405	23.83	8.38	2.8
R. G. Skinner	25	0.89	0.66	1.3
Total Area	542	29.33	11.74	2.5

TABLE II

	Average Depth in Feet: Overburden	Mineral Sands	Heavy Minerals in Mineral Sands %	Tons
Anders	16.8	8.9	8.0	162,000
A. C. Skinner	24.6	9.0	7.8	653,600
R. G. Skinner	15.0	10.5	6.3	41,600
Total Area	22.5	9.0	7.3	857,200

The percentages of heavy minerals in the A. C. Skinner tract were determined by floating the lighter minerals in a heavy liquid. The so cleaned heavy mineral concentrates were subjected to high tension and magnetic separations to obtain rutile and ilmenite concentrates and rejects of zircon and other heavy minerals, mostly garnet, staurolite and andalusite. The results of these separations indicate the distribution of mineral products as given in Table III.

TABLE III

Mineral	Average Content in Percent	Total Tonnage Present: Anders	A.C.Skinner	R.G. Skinner	Total
Rutile	11.1	17,982	72,550	4,618	95,149
Ilmenite	40.4	65,448	264,054	16,806	346,309
Zircon	18.6	30,132	121,570	7,736	159,439
Others	29.9	48,438	195,426	12,438	256,303
Total	100.0	162,000	653,600	41,600	857,200

COPY

These figures show the presence of substantial tonnages of the valuable minerals, rutile and ilmenite. The minerals like zircon and others have no value at present.

The overburden which averaged about 0.8% heavy minerals will probably not be of economic importance since tests showed that the heavy minerals carried only 8.9% rutile and 29.8% ilmenite, while these minerals were of much finer size than those encountered in the mineral sands, from which a low recovery may be predicted.

CONCLUSION

The drilling program has exposed substantial tonnages of rutile and ilmenite on the A. G. Skinner tract and the adjacent tracts of Anders and R. G. Skinner. The heavy mantle of overburden which covers the mineral sands forms a new mining problem in this area, for which the drilling program could not supply the answers.

The real values of these deposits can only be determined after digging several pits of adequate size. This work will enable us to determine the proper mining procedure and to estimate the costs of mining. It must be followed up by concentration tests on the mineral sands dug from these pits and separation tests on the heavy mineral concentrates produced, to determine the actual quantities of rutile and ilmenite, which may be expected.

COPY

Vdb

J. Vandenberg

May 8, 1952
JV:etk

IF-200
(June 1951)

Docket No. DMA 2286
Commodity Rutile
Idm-E-264

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

GOVERNMENT'S COPY

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 4th day of February, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] National Lead Company, 111 Broadway, New York 6, New York

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Florida, County of Duval described as follows: [3]

See Annex I

with respect to which the Operator represents and undertakes: [4]

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached.~~

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] Rutile; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] six (6) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 75 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $31,837.42, which is 75 percent of the agreed estimated total cost of this project, $42,449.90.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

NATIONAL LEAD COMPANY
(Operator)

By [signature]
VICE PRESIDENT

THE UNITED STATES OF AMERICA

By [signature]
Acting Administrator, Defense Minerals Exploration Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX I

Section 11, Township 3 South, Range 27 East; Section 12, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 13, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; All of Section 14, Township 3 South, Range 27 East, except the South 1/2 of Government Lot 4; Lots 1, 2, 3, and 4, Section 35, Township 3 South, Range 27 East; Fractional Section 36, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Lots 3 and 4, and the E 1/2 of the SE 1/4 of Section 26, Township 3 South, Range 27 East; Section 25, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10; Section 24, Township 3 South, Range 27 East, except that portion thereof granted as a right-of-way for State Road No. 10.

EXPLORATION PROJECT CONTRACT
NATIONAL LEAD COMPANY
DOCKET NO. DMEA-2286

EXHIBIT "A"

Statement of the Work

The work shall be performed in two stages. The Operator shall jet drill (water), sample, assay and test the tracts shown in accompanying Map I, and provide the Government with the maps and assay data resulting therefrom. Work on this project was begun before the date of this contract, and is continuing at the date hereof, but no part of the work performed or cost incurred before the date of this contract shall be considered as part of the project or costs in which the Government will participate.

Stage I

Time required: 3 months

The Operator shall jet drill approximately 207 holes through the ore horizon and not more than 10 feet into the barren sand (approximately 11,000 feet of hole). Two separate and complete drilling units shall be employed. The first line of holes shall start near the corner of sections 12, 13, 7 and 18, and proceed westerly along the section line at approximately 300-foot intervals to the western edge of the tract or to the end of the mineralization, whichever occurs first. The second line will start approximately 1/2 mile south of the beginning hole on the first line and proceed westerly on 300-foot centers. The tract will be drilled on 1/2 mile lines on 300-foot centers until the south boundary of the south tract has been drilled. See Map II attached.

Stage II

Time required: 3 months

Stage II will be undertaken only after the completion of Stage I and with the approval of the Government, which approval will be dependent upon the results of Stage I.

Jet drill approximately 235 holes in 12 lines on same pattern as Stage I beginning on line 10 which is near the SE corner of NE 1/4 of SE 1/4 of Section 36. Line 11 is to begin 1/2 mile north of beginning point of line 10 and proceed in this manner until line 21 in the northern boundary of the tract is drilled.

Estimated Costs

23,000 feet of drilling @ $1.8456	$42,449.90

Details of Estimated Costs

Fixtures and improvements

None

Operating Equipment

To be rented:

1—2½ ton half track truck equipped with C. Kirk Hillman "airplane placer drill" and accessories, all in good operating condition, to be leased from Humphreys Gold Corp. of Jacksonville, Fla., for six months	$ 10.00	
Repairs and maintenance in course of operations and terminal overhaul (estimated) to above equipment	2,500.00	$ 2,510.00

To be furnished by Operator:

1—2½ ton 6 x 6 truck completely equipped with C. Kirk Hillman "airplane placer drill" and accessories, all in good operating condition, valued at $4,545.00, depreciation allowance $75.75 per month for 6 months	454.50	
Repairs and maintenance (estimated) to above equipment	806.16	
1—1½ ton stake body truck valued at $1,600.00, depreciation allowance $26.66 per month	160.00	1,420.66

To be purchased:

Heavy media laboratory complete with screens	1,500.00	
Bromoform for beginning operation	200.00	
Gas and oil 1/	2,574.00	
Laboratory supplies 1/	2,604.68	
Miscellaneous supplies 1/	2,485.60	9,364.28

1/ Based on previous drilling July 30, 1951 to December 23, 1951.

Labor and supervision		
1—Superintendent @$9,200.00 per year	$4,600.00	
1—Foreman @ $102.00 per week	2,652.00	
Workmen's compensation and State and Federal unemployment insurance for the above @ $0.0696	358.57	
4—Drillers @ $75.60 per week each	7,862.40	
8—Drill helpers @ $44.00 per week each	9,152.00	
1—Laboratory technician @ $50.60 per week	1,315.60	
1—Laboratory helper @ $44.00 per week	1,144.00	
Workmen's compensation for the above @ $0.0396	771.17	
State and Federal Unemployment insurance for the above @ $0.03	584.22	$28,439.96
Metallurgical testing		
Concentrating composite sample		
8 laboratory man days @ $50.00 per man day		400.00
Preparing report		
3 man days @ $50.00 per man day		150.00
Consultant (J. H. Carpenter), 1 day @ $100.00 per man day		100.00
Miscellaneous chemicals and supplies		65.00
Estimated total		$42,449.90

AGREEMENT

AGREEMENT MADE AND ENTERED THIS 9th DAY OF JANUARY 1952, BETWEEN THE UNITED STATES OF AMERICA, ACTING THROUGH THE DEPARTMENT OF THE INTERIOR, DEFENSE MINERALS EXPLORATION ADMINISTRATION (HEREINAFTER CALLED THE "GOVERNMENT"), AND NATIONAL LEAD COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF NEW JERSEY, WITH AN OFFICE LOCATED AT 111 BROADWAY, NEW YORK 6, NEW YORK (HEREINAFTER CALLED THE "OPERATOR"),

W I T N E S S E T H :

WHEREAS, THE OPERATOR HAS ENTERED OR IS ABOUT TO ENTER INTO A CONTRACT WITH THE GOVERNMENT DESIGNATED AS AN EXPLORATION PROJECT CONTRACT FOR THE EXPLORATION OF RUTILE AND ASSOCIATED MONOZITE, ZIRCON AND ILMENITE IN THE STATE OF FLORIDA; AND

WHEREAS, THE SUBORDINATION AGREEMENT OF THE LESSOR OR LESSORS, REQUIRED BY PARAGRAPH 2, (B) OF THE SAID EXPLORATION PROJECT CONTRACT HAS NOT BEEN OBTAINED; AND

WHEREAS, THE GOVERNMENT HAS AGREED TO WAIVE THE REQUIREMENT THAT A SUBORDINATION AGREEMENT BE EXECUTED BY THE LESSOR OR LESSORS,

NOW, THEREFORE, IN CONSIDERATION OF SAID EXPLORATION PROJECT CONTRACT AND OF THE FOREGOING, THE OPERATOR HEREBY UNDERTAKES AND AGREES TO PAY ALL SUMS THAT MAY FALL DUE AND OWING TO THE UNITED STATES OF AMERICA UNDER THE TERMS OF SAID CONTRACT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE

SUBORDINATION AGREEMENT OF THE LESSOR HAD BEEN GIVEN. IF FOR ANY REASON THE NET SALES FROM OPERATIONS THAT WOULD BE SUBJECT UNDER SAID CONTRACT TO SUCH PAYMENTS TO THE GOVERNMENT ARE NOT AVAILABLE AS A MEANS OF MEASURING THE AMOUNT OF SUCH PAYMENTS, THEN THE OPERATOR AGREES AND UNDERTAKES TO MAKE SUCH PAYMENTS ACCORDING TO THE BEST ESTIMATES OF THE AMOUNTS THAT CAN REASONABLY BE MADE, AND IN THE EVENT OF DISPUTE AS TO SUCH ESTIMATES, THE OPERATOR AGREES THAT THE DETERMINATION THEREOF BY EITHER THE ADMINISTRATOR OF DEFENSE MINERALS EXPLORATION ADMINISTRATION OR BY THE DIRECTOR OF THE UNITED STATES BUREAU OF MINES SHALL BE FINAL AND BINDING UPON THE OPERATOR.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THESE PRESENTS TO BE EXECUTED THE DAY AND DATE HEREINABOVE SET FORTH.

NATIONAL LEAD COMPANY

BY _____
VICE PRESIDENT

ATTEST:

_____
SECRETARY

UNITED STATES OF AMERICA

BY _____

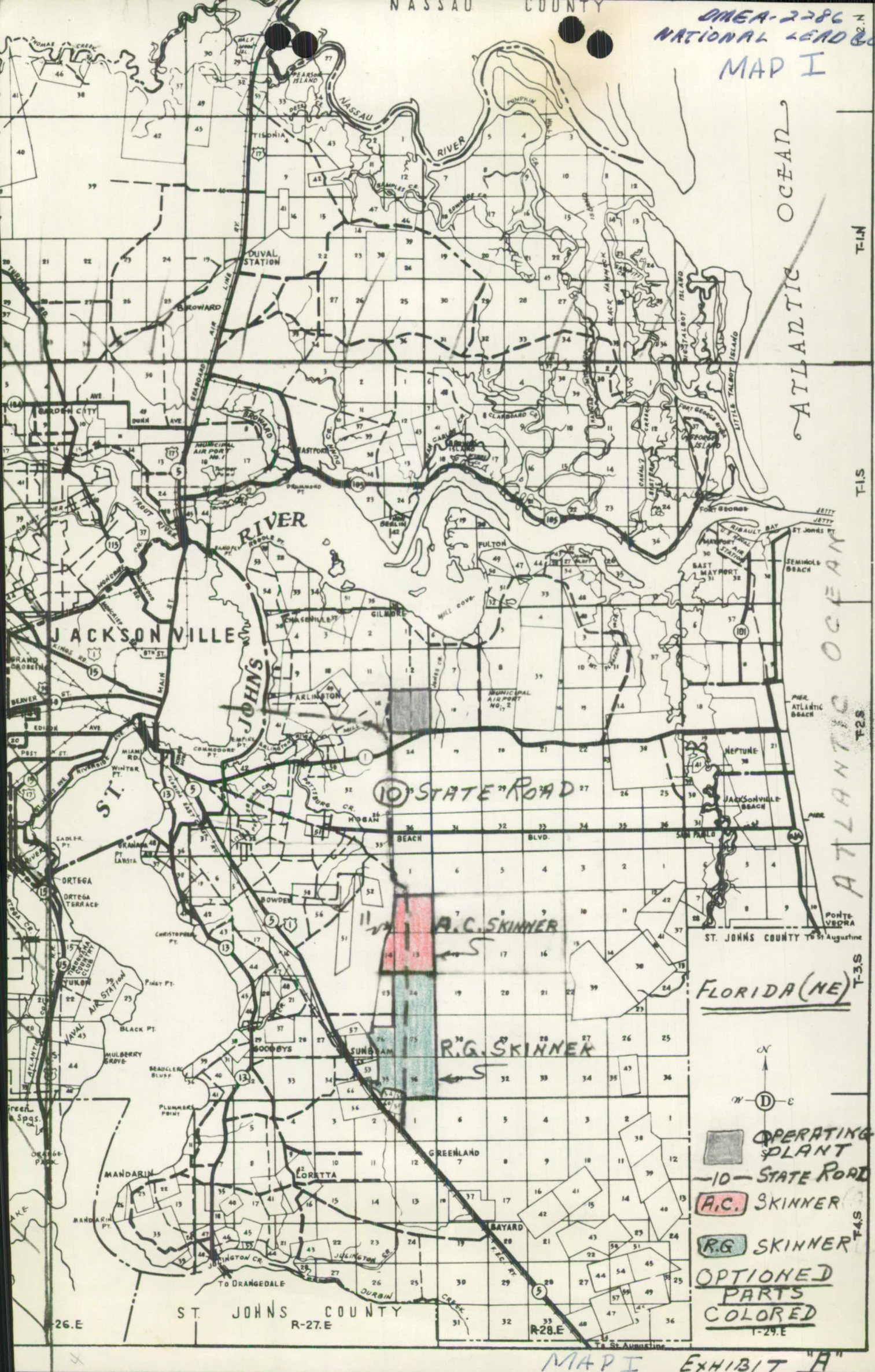
STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

ON THIS 9th DAY OF January, IN THE YEAR ONE THOUSAND NINE HUNDRED AND FIFTY-TWO, BEFORE ME PERSONALLY CAME H. T. WARSHOW TO ME KNOWN, WHO, BEING BY ME DULY SWORN, DID DEPOSE AND SAY THAT HE RESIDES IN NEW YORK, N.Y. THAT HE IS VICE PRESIDENT OF NATIONAL LEAD COMPANY, THE CORPORATION DESCRIBED IN AND WHICH EXECUTED THE ABOVE INSTRUMENT; THAT HE KNOWS THE SEAL OF SAID CORPORATION, THAT THE SEAL AFFIXED TO SAID INSTRUMENT IS SUCH CORPORATE SEAL; THAT IT WAS SO AFFIXED BY ORDER OF THE BOARD OF DIRECTORS OF SAID CORPORATION, AND THAT HE SIGNED HIS NAME THERETO BY LIKE ORDER.

Evelyn A. Vitzthum
NOTARY PUBLIC

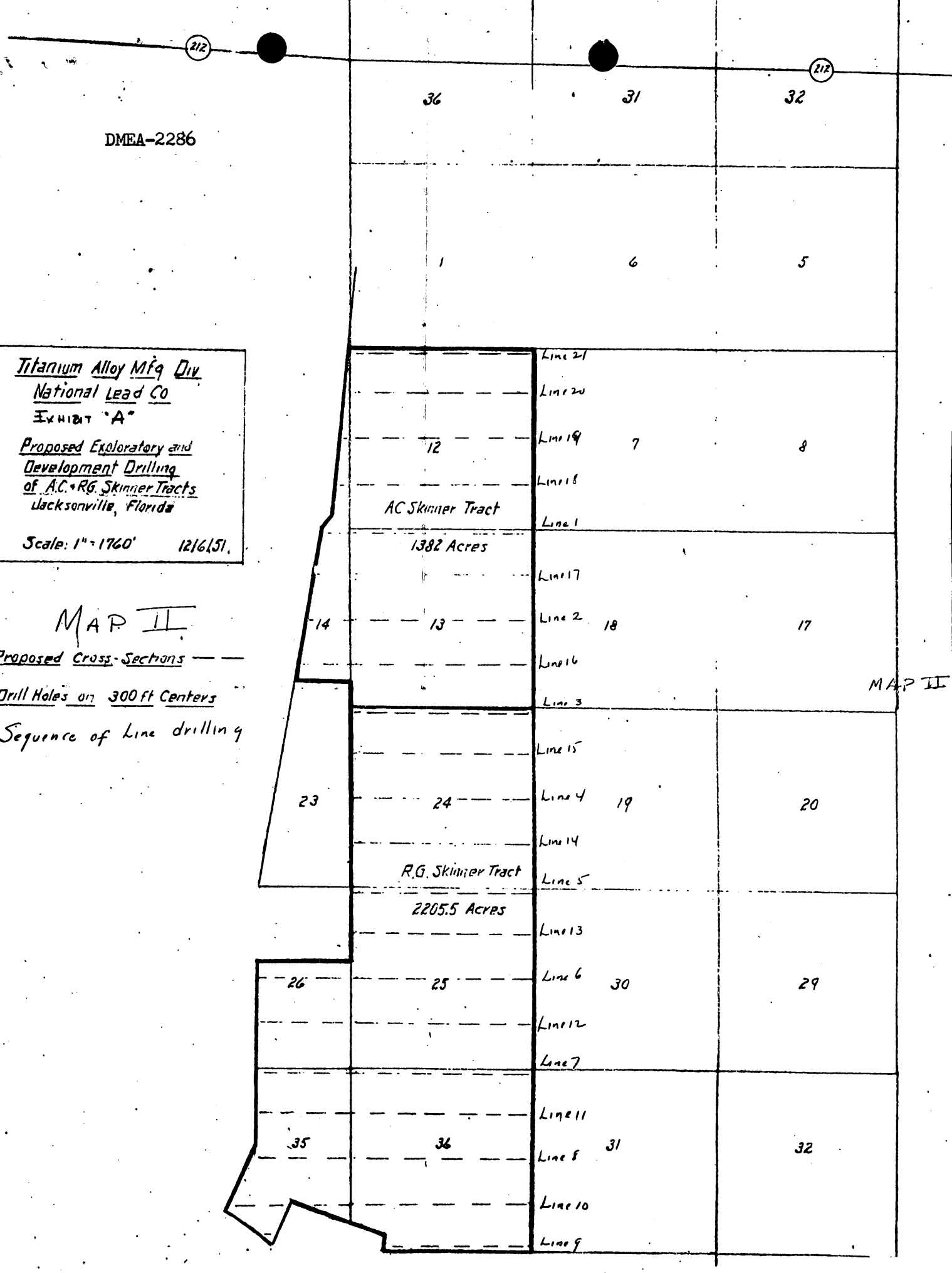
EVELYN A. VITZTHUM
NOTARY PUBLIC, STATE OF NEW YORK
No. 41-4105350
Qual. in Queens Co., Certs. filed with
N. Y. Co. Clk., Queens & N. Y. Co. Registers
Term expires March 30, 1953

OMEA-2286 N.
NATIONAL LEAD CO.
MAP I



MAP I EXHIBIT "A"

DMEA-2286


Titanium Alloy Mfg Div
National Lead Co
Exhibit "A"
Proposed Exploratory and Development Drilling of A.C. + R.G. Skinner Tracts
Jacksonville, Florida
Scale: 1" = 1760'
12/6/51.
MAP II
Proposed Cross-Sections
Drill Holes on 300 ft Centers
Line __ Sequence of Line drilling
212
36
31
32
1
6
5
12
7
8
AC Skinner Tract
1382 Acres
14
13
18
17
23
24
19
20
R.G. Skinner Tract
2205.5 Acres
26
25
30
29
35
36
31
32
Line 21
Line 20
Line 19
Line 18
Line 1
Line 17
Line 2
Line 16
Line 3
Line 15
Line 4
Line 14
Line 5
Line 13
Line 6
Line 12
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Line 11
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Line 10
Line 9
MAP II

Jacksonville, Florida

November 30, 1951

National Lead Company
111 Broadway
New York, N. Y.

Lease of Drill Rig and Equipment

Gentlemen:

In accordance with the agreement reached by your Mr. Reiser with our Mr. Wood on behalf of their respective Companies as to your possession and use of our Drill Rig for your use in drilling on lands in Duval and St. Johns Counties, the undersigned, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable considerations paid to us, receipt of which we hereby acknowledge, does hereby lease to you its Drill Rig mounted on half track truck; Humphreys Gold Corporation Vehicle No. 17, Motor No. 40009, Serial M-3-A-10509 W and accessory and incidental drilling equipment as listed on attached inventory, all now in good repair and condition, to be used by you in exploratory drilling in the Counties of Duval and St. Johns, Florida, upon and subject to the terms, provisions and agreements as follows:

1. The term of the lease shall be six months beginning November 30, 1951, and ending May 31, 1952;

2. In consideration of said lease National Lead Company, herein called Lessee, covenants and agrees as follows:

(a) That it assumes and shall have full responsibility for the possession, use, care, maintenance and operation of the Rig and equipment hereby leased, both on and off the highway, until said Rig and equipment are returned to us at the original point of delivery;

(b) It will safely keep and carefully use, repair, maintain and operate said property at its expense, risk and liability and return same to the undersigned in as good condition as the same now is, reasonable wear and tear excepted;

(c) It will procure, furnish and pay for insurance on said property in such amounts and for such coverages assuring and/or indemnifying Humphreys Gold Corporation from and against liability to person and property as may be adequate and reasonable, and will, in every event, be liable for all loss, injury and/or damage to person and/or property arising out of or in connection with its possession, use, repair, maintenance, transporting and operation of said Rig and equipment until the termination of this lease and the return of said property to the Lessor as provided herein, and will indemnify and hold the Lessor harmless from and against any and all claim made against the Lessor by reason of such possession, use, repair, maintenance, transporting and

National Lead Company November 30, 1951

operation of said Rig and equipment.

The Lessor has executed two copies of this lease. Upon your approval and acceptance of this lease, you will please, execute both copies and return one to us.

Very truly yours,

HUMPHREYS GOLD CORPORATION

By Jay P. Wood

Its Vice-President

In the presence of:

C. E. Jackson

In the presence of:

Gloy M. Wiles

The foregoing lease approved and executed by the undersigned Lessee.

NATIONAL LEAD COMPANY

By [illegible]

Its Vice-President